

Japan Tops U.S. Investment for the Fifth Consecutive Year in 2023: Analyzing the Trend

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In July 2024, the U.S. Department of Commerce announced that the inward direct investment balance in the United States at the end of 2023 reached \$5.3941 trillion, marking a 4.4% increase from the previous year ([refer to the U.S. Department of Commerce website](#)). The balance of direct investment from foreign countries expanded by \$227 billion compared to the end of the previous year, surpassing the prior year's low growth rate of 2.0%. Japan was the largest investor for the fifth consecutive year, with notable increases in major sectors such as chemicals, transportation machinery, computer and electronic products, and wholesale trade. This article provides an overview of foreign direct investment trends in the United States in 2023 using inward direct investment balance statistics (Note 1), examines investment trends from Japan based on cases identified in the same year (Note 2), and looks ahead to future developments.

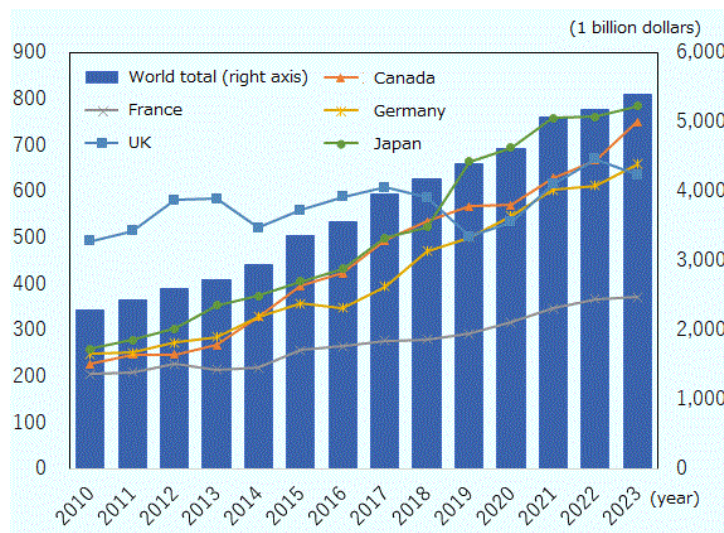
Manufacturing Accounts for Over 40% by Industry

Among the top five investing countries, Japan maintained its top position for the fifth consecutive year since 2019, with an increase of 2.9% year-on-year, reaching \$783.3 billion. Following Japan were Canada (up 12.5% to \$749.6 billion), Germany (up 7.6% to \$657.8 billion), the United Kingdom (down 4.9% to \$635.6 billion), and France (up 1.0% to \$370.5 billion) (see Figure 1) (Note 3). Among the top five countries, the UK, second last year, fell to fourth place due to a decrease in investment balance. In contrast, Canada moved up to second place, and Germany to third place, each raising by one position. While Japan's investment balance increased by \$22.1 billion, Canada and Germany saw significant increases of \$83.6 billion and \$46.3 billion, respectively, narrowing the gap. As a result, Japan's share of the U.S. inward direct investment balance fell from 14.7% to 14.5%, while Canada's share rose to 13.9% (from 12.9%) and Germany's to 12.2% (from 11.8%).

In 2023, notable large-scale investments by Canadian companies in the U.S. included the acquisition of Westinghouse Electric by a consortium led by uranium mining company Cameco (\$7.9 billion), the acquisition of U.S. digital marketplace IAA by Canadian industrial machinery auction company Ritchie Brothers Auctioneers (\$7.0 billion), and the construction of transmission networks in New Mexico and Arizona by Canadian clean energy company Pattern Energy (CAD 4.0 billion). Significant investments by German companies included the

announcement by Scout Motors, a Volkswagen (VW) subsidiary, to build a \$2.0 billion electric vehicle (EV) manufacturing plant in South Carolina. According to the Financial Times' fDi Markets database, the number of greenfield investments announced by German companies in the U.S., such as factory construction and infrastructure investments, increased to 196 in 2023 from 141 in the previous year.

Figure 1: Trends in the U.S. Inward Direct Investment Position (UBO Basis)



Note: Aggregated values are based on the country where the entity that ultimately owns or controls the investment entity (Ultimate Beneficial Owner, UBO) is located.

Source: Created from the U.S. Department of Commerce's Bureau of Economic Analysis (BEA) statistics.

In terms of industry, manufacturing accounted for 41.2% of the U.S. inward direct investment balance, making it the most significant investment destination (see Table 1). Within manufacturing, the chemicals sector, which had the highest investment balance, increased by 2.1% year-on-year (an increase of \$15.5 billion) to \$766.7 billion. This was followed by the transportation equipment sector, which saw a 3.3% rise (an increase of \$7.3 billion) to \$229 billion. In the non-manufacturing sector, the financial and insurance industry, which is the most significant, decreased by 0.8% (\$4.6 billion) to \$573.8 billion. Meanwhile, the second-largest, wholesale industry expanded by 8.1% (an increase of \$40.4 billion) to \$541.2 billion.

In 2023, the manufacturing sector saw significant investments related to electric vehicles (EVs) by Korean manufacturers. In May, Hyundai Motor Company and LG Energy Solution announced the establishment of a joint venture to manufacture EV battery cells in Georgia, with each company holding a 50% stake and a total investment of over \$4.3 billion. In June, General Motors (GM) and Korea's Samsung SDI revealed plans to invest over \$3 billion to build a battery cell

manufacturing plant in Indiana. By October, Stellantis and Samsung SDI announced an investment of over \$3.2 billion to construct a second EV battery plant in Indiana.

Conversely, in the semiconductor sector, which has seen significant investment announcements in recent years, there were no considerable investment announcements by non-U.S. companies in 2023 (Note 4). However, investment announcements by non-U.S. semiconductor manufacturers have become active again in 2024. Notable announcements include Taiwan Semiconductor Manufacturing Company's (TSMC) construction of a third plant in Arizona, with a total investment of over \$65 billion for the first, second, and third plants combined, and Korea's SK Hynix's construction of a semiconductor packaging plant in Indiana, with an investment of \$3.9 billion (Note 5).

In the non-manufacturing sector, 2023 witnessed significant mergers and acquisitions (M&A), such as the acquisition of Store Capital, a real estate investment trust (REIT), by Singapore's sovereign wealth fund GIC for \$13.8 billion, and the acquisition of the U.S. used car digital marketplace IAA by Canada's Ritchie Brothers Auctioneers for \$7 billion (see Table 2)

Table 1: Inward Direct Investment Balance by Industry (1 million dollars) (△ negative value)

	2021	2022	2023	Comp Ratio (%)	YoY (%)	YoY
Total	5,066,419	5,167,142	5,394,095	100.0	4.4	226,953
Manufacturing	2,149,821	2,164,970	2,223,555	41.2	2.7	58,585
Food	111,532	100,590	107,385	2.0	6.8	6,795
Chemicals	817,685	751,112	766,652	14.2	2.1	15,540
Metals	95,710	100,614	106,493	2.0	5.8	5,879
General Machinery	102,003	112,893	131,933	2.4	16.9	19,040
Computers and Electronic Products	191,614	191,233	194,747	3.6	1.8	3,514
Electrical Equip	72,062	74,108	79,086	1.5	6.7	4,978
Transportation Equip	213,407	221,733	229,010	4.2	3.3	7,277
Other	545,808	612,686	608,248	11.3	△ 0.7	△ 4,438
Wholesale	455,546	500,796	541,203	10.0	8.1	40,407
Retail	174,528	188,356	198,572	3.7	5.4	10,216
Information Industry	259,867	254,691	261,295	4.8	2.6	6,604
Depository Institutions	217,500	214,034	238,754	4.4	11.5	24,720
Finance and Insurance (excl. Depository)	632,465	578,476	573,833	10.6	△ 0.8	△ 4,643
Real Estate and Leasing	185,612	191,793	213,329	4.0	11.2	21,536
Professional Services	212,236	227,146	238,732	4.4	5.1	11,586
Other Industries	778,844	846,879	904,822	16.8	6.8	57,943

Source: Created from statistics by the U.S. Department of Commerce's Bureau of Economic Analysis (BEA)

Table 2: Top 10 Cross-Border M&A Deals in the U.S. (2023)

Date of Completion	Acquiring Company			Acquired Company		Amount (million dollars)	Post-Acquisition Equity Ratio (%)
	Company Name	Nationality	Industry	Company Name	Industry		
Feb 2023	Investor Group	Singapore	Investment, Securities, Trust	Store Capital Corp	Investment, Securities, Trust	13,817	100.0
Nov 2023	Investor Group	Bermuda	Investment, Securities, Trust	Westinghouse Electric Co LLC	General Equipment	7,900	100.0
Mar 2023	Ritchie Bros Auctioneers Inc	Canada	Wholesale (Durable Goods)	IAA Inc	Wholesale (Durable Goods)	6,988	100.0
Aug 2023	Aurora Acquisition Corp	United Kingdom	Investment, Securities, Trust	Better Holdco Inc	Software	6,626	100.0
Feb 2023	Takeda Pharmaceutical	Japan	Pharma	Nimbus Lakshmi Inc	Business Services	6,000	100.0
Jul 2023	Astellas Pharma Inc	Japan	Pharma	IVERIC bio Inc	Business Services	5,316	100.0
Jul 2023	Saudi Arabia	Saudi Arabia	Software	Scopely Inc	Software	4,900	100.0
Jun 2023	ASSA ABLOY AB	Sweden	Repair Services	Spectrum Brands Holdings Inc- Hardware & Home Improvement Segment	Repair Services	4,300	100.0
Sep 2023	John Swire & Sons Ltd	United Kingdom	Investment, Securities, Trust	Swire Pacific Holdings Inc	Food Products	3,900	100.0
Dec 2023	Thales SA	France	Aerospace/ Aircraft	Imperva Inc	Software	3,600	100.0

Notes:

1. The nationality of the acquiring company is based on the nationality of the ultimate parent company.
2. Ranking is based on the amount of a single transaction.
3. Industry classification is based on the definition by Workspace (LSEG).

Source: Created from Workspace (LSEG)

Significant Investments by Japanese Companies in Pharmaceuticals and EV-related Sectors

As of 2023, Japan's direct investment balance in the U.S. stood at \$783.3 billion. The largest share, 20.6%, was in the chemicals sector, which increased by 4.0% year-on-year (an increase of \$6.2 billion) to \$161.7 billion (see Table 3). In the same industry, notable mergers and acquisitions (M&A) in 2023 included Takeda Pharmaceutical's acquisition of U.S. biopharmaceutical company Nimbus Lakshmi for \$6 billion in Massachusetts, Astellas Pharma's acquisition of Iveric Bio for \$5.316 billion in New Jersey, and Ajinomoto's acquisition of Forge Biologics, a contract development and manufacturing organization (CDMO) for gene therapy drugs, for \$554 million in Ohio (see Table 4). Among these, the acquisitions by Takeda Pharmaceutical and Astellas Pharma ranked 5th and 6th, respectively, in terms of the largest foreign M&A deals in the U.S. in 2023. The trend continued into 2024, with Ono Pharmaceutical acquiring U.S. biopharmaceutical company Deciphera Pharmaceuticals in Massachusetts for approximately \$2.4 billion in April, indicating ongoing acquisitions of U.S. companies by Japanese pharmaceutical companies.

Regarding greenfield investments, Fujifilm announced an investment of approximately \$200 million in its cell therapy CDMO (Contract Development and Manufacturing Organization) facilities in Wisconsin and California. Additionally, Asahi Kasei Medical's U.S. subsidiary in California revealed plans to enhance its biopharmaceutical CDMO capabilities. Fujifilm has consistently announced significant investments over the past four years, including the construction of a biopharmaceutical manufacturing facility in North Carolina in 2021 (\$2 billion), the establishment of a new production facility in the same state in 2022 (\$190 million), and an additional investment of \$1.2 billion in its biopharmaceutical manufacturing facility in North Carolina in April 2024.

Furthermore, in 2023, Japanese pharmaceutical companies continued to announce the establishment of new bases in the U.S. aimed at collaboration and innovation. These included Kyowa Kirin in New Jersey, Astellas Pharma in Massachusetts, and Nippon Shinyaku in Massachusetts. The expansion of medical-related businesses by Japanese companies across the U.S. is driven by factors such as the increasing prevalence of chronic diseases, the growing demand for pharmaceuticals due to an aging population, the need to expand their development pipelines and workforce, and initiatives by the Biden administration to increase research and development budgets and strengthen the pharmaceutical supply chain.

Table 3: Inward Direct Investment Balance by Industry from Japan (UBO-based)

(1 million dollars) (△ negative value)

	2021	2022	2023	Comp Ratio (%)	YoY (%)	YoY
Total	758,357	761,180	783,261	100.0	2.9	22,081
Manufacturing	358,037	361,155	375,680	48.0	4.0	14,525
Food	5,777	5,975	6,287	0.8	5.2	312
Chemicals	155,547	155,502	161,653	20.6	4.0	6,151
Metals	11,166	12,236	13,110	1.7	7.1	874
General Machinery	19,781	20,688	22,240	2.8	7.5	1,552
Computers and Electronics	39,797	41,606	43,757	5.6	5.2	2,151
Electrical Equip and Parts	2,594	3,508	4,265	0.5	21.6	757
Transportation Equipment	72,620	66,351	66,641	8.5	0.4	290
Other	50,755	55,289	57,728	7.4	4.4	2,439
Wholesale	125,897	133,715	141,589	18.1	5.9	7,874
Retail	—	—	—	—	—	—
Information Technology	15,771	16,476	17,130	2.2	4.0	654
Depository Institutions	32,523	32,982	32,812	4.2	△ 0.5	△ 170
Finance and Insurance (excl. Depository)	127,011	105,098	100,646	12.8	△ 4.2	△ 4,452
Real Estate and Leasing	28,362	31,349	34,469	4.4	10.0	3,120
Professional Services	11,002	11,095	11,306	1.4	1.9	211
Other Industries	—	—	—	—	—	—

Note: "—" indicates non-disclosure for individual company data protection.

Source: Created from statistics by the U.S. Department of Commerce's Bureau of Economic Analysis (BEA)

Table 4: Top 10 Cross-Border M&A Deals in the U.S. by Japanese Companies (2023)

Date of Completion	Acquiring Company		Acquired Company		Amount (million dollars)	Post-Acquisition Equity Ratio (%)
	Company Name	Industry	Company Name	Industry		
Feb 2023	Takeda Pharmaceutical	Pharmaceutical	Nimbus Lakshmi Inc	Business Services	6,000	100.0
Jul 2023	Astellas Pharma Inc	Pharmaceutical	IVERIC bio Inc	Business Services	5,316	100.0
Dec 2023	Tokyo Gas Co., Ltd.	Petroleum & Natural Gas (refining)	Rockcliff Energy II LLC	Petroleum & Natural Gas (refining)	2,700	100.0
Dec 2023	Investor Group	Investment, Securities, Trust	Silicon Carbide LLC	Electronic & Electrical Equip	1,000	25.0
Oct 2023	Fujifilm Holdings Corporation	Precision Instruments	KMG Chemicals Inc	Chemical Products	700	100.0
Dec 2023	Ajinomoto Co., Inc.	Food Products	Forge Biologics Inc	Business Services	554	100.0
Jul 2023	SoftBank Group Corp.	Telecommunication	Symbotic Inc	Software	500	29.0
Nov 2023	Otsuka Holdings Co., Ltd.	Food Products	Bonafide Health LLC	Healthcare Services	425	100.0
Oct 2023	Sanken Electric Co., Ltd.	Electronic & Electrical Equip	Crocus Technology Inc	General Machinery	420	100.0
Nov 2023	Mizuho Financial Group, Inc.	Investment, Securities, Trust	Greenhill & Co Inc	Investment, Securities, Trust	371	100.0

Notes:

1. The nationality of the acquiring company is based on the nationality of the ultimate parent company.
2. Ranking is based on the amount of a single transaction.
3. Industry classification is based on the definition by Workspace (LSEG).

Source: Created from Workspace (LSEG)

In the manufacturing sector, the investment balance in transportation equipment, second only to chemicals, increased by 0.4% (an increase of \$300 million) to \$66.6 billion. The Biden administration's Inflation Reduction Act (IRA) of 2022, which promotes the adoption of clean vehicles such as EVs through tax credits for purchases and manufacturing, has spurred new and expanded production facilities by automakers and battery manufacturers. This, along with the recovery of the new car sales market and the rising share of EVs and hybrid vehicles, led to continued investment announcements by Japanese manufacturers in 2023 (Note 6).

Among automakers, Toyota Motor Corporation announced in June that it would begin EV production at its Kentucky plant in 2025 (Note 7) and expand its EV battery testing facility at its R&D headquarters in Michigan with a \$50 million investment. In November, Toyota also announced an additional \$8 billion investment in its EV battery plant under construction in North Carolina. This extra investment brings Toyota's total investment in the North Carolina battery plant to approximately \$13.9 billion, creating over 5,000 jobs.

In terms of investments by parts manufacturers, Toyota Boshoku announced the construction of a new plant in Kentucky with an investment of \$225 million, Hitachi Astemo announced an expansion investment of \$153 million its production base in Kentucky, OTICS announced an expansion investment of \$147 million in Tennessee, Topre announced expansion investments

of \$140 million in Ohio and Tennessee, Toyota Industries announced the establishment of a new plant in Georgia with an investment of \$69 million, and Denso announced an additional investment of \$63 million in its Michigan manufacturing facility.

Following the previous year, there were multiple investments related to EV batteries. Dai Nippon Printing announced an investment of \$233 million to build a battery pouch manufacturing plant in North Carolina. Asahi Kasei revealed plans to enhance its lithium-ion battery separator coating capacity in North Carolina, and Toyo Ink announced the establishment of its second North American base in Kentucky. These examples show that most automotive-related investments are concentrated in the Midwest to Southeast regions. States in these regions, led by their governors, are actively working to attract investments by offering subsidies and tax incentives based on the amount of investment and the number of employees.

In terms of transportation equipment other than automobiles, Honda Aircraft announced an investment of \$55.7 million in its North Carolina facility to produce a new business jet. SkyDrive, which is developing flying cars, announced the establishment of a base in South Carolina. Additionally, Komatsu revealed its acquisition of an EV battery manufacturer in Michigan.

Activity in Semiconductors, Food, Real Estate, and Other Sectors

In other major industries, the investment balance in computer and electronic products expanded by 5.2% (an increase of \$2.2 billion) to \$43.8 billion. Under the Biden administration's CHIPS and Science Act (CHIPS Plus Act) of 2022, which provides \$39 billion in subsidies to boost domestic semiconductor manufacturing capacity, major semiconductor manufacturers have established new production bases. This, along with the increasing demand for semiconductors due to the spread of artificial intelligence (AI) and the electrification of automobiles, has led to investment announcements by Japanese companies in recent years.

Investment projects announced in 2023 include Denso and Mitsubishi Electric's investment in a U.S. company engaged in the manufacture of silicon carbide wafers (totaling \$1 billion, Delaware), Fujifilm's acquisition of a semiconductor process chemical business (worth \$700 million, Texas), Resonac's establishment of a semiconductor back-end process R&D base in Silicon Valley, California, Mitachi's establishment of a subsidiary for the sale of semiconductors and electronic components in Michigan, and Nippon Express Holdings' opening of a semiconductor-dedicated warehouse in Arizona.

While major semiconductor companies from Taiwan and South Korea are advancing the construction of semiconductor plants with large investments supported by subsidies, loans, and

investment tax credits under the CHIPS Plus Act, Japanese companies are primarily investing in materials, chemicals, semiconductor manufacturing equipment and components, and manufacturing-related services upstream in the semiconductor supply chain.

Although smaller in scale compared to other industries, the investment balance in the food sector expanded by 5.2% (an increase of \$300 million) to \$6.3 billion. In 2023, Yakult announced the establishment of a manufacturing base in Georgia (estimated at \$305 million), Nissin Foods announced the construction of a new plant in South Carolina (\$228 million), and Asahi Shuzo announced the opening of a sake brewery in New York. In terms of M&A, Otsuka Pharmaceutical's U.S. subsidiary announced the acquisition of Bonafide Health, a company specializing in products for women's health, for \$425 million in New York.

Japanese food manufacturers have been actively building factories in recent years, particularly in the Southeast and Midwest. In addition to the aforementioned investments, Kewpie announced the establishment of a new production base in Tennessee in 2022 (\$62 million). In 2024, Kikkoman announced the construction of its third U.S. plant in Wisconsin in January (\$560 million), and Morinaga announced the construction of its second plant in North Carolina in July (\$136 million). These moves are driven by the growing popularity of Japanese food, the long-term population growth expected in the U.S. market, and manufacturers' desire to promote further local production and consumption after experiencing supply chain disruptions during the COVID-19 pandemic.

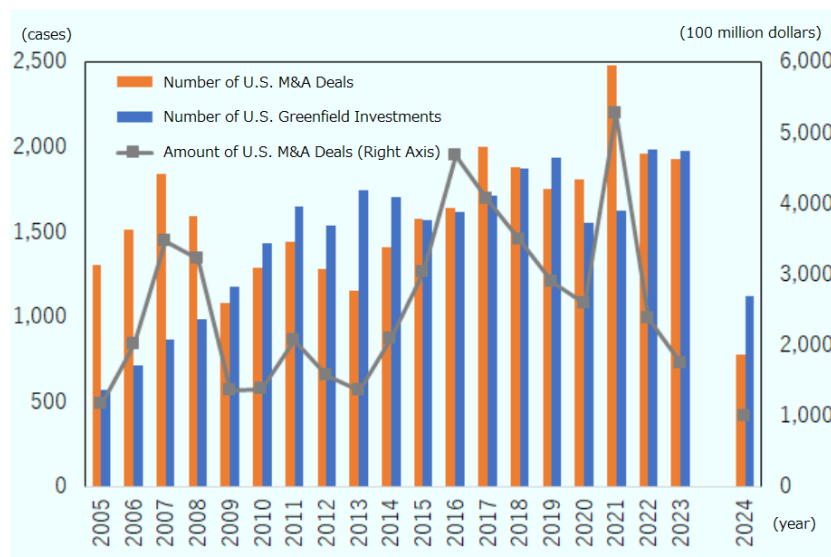
In the non-manufacturing sector, the most significant investment balance in 2023 was in wholesale, which increased by 5.9% (up \$7.9 billion) to \$141.6 billion. This was followed by finance and insurance, which decreased by 4.2% (down \$4.5 billion) to \$100.6 billion, and real estate and leasing, which increased by 10.0% (up \$3.1 billion) to \$34.5 billion (Note 8). Among these industries, real estate and leasing saw the highest growth from the previous year. In July 2023, Mitsubishi Estate and Taisei Corporation announced their participation in a large-scale mixed-use development project centered on rental housing in Atlanta, Georgia (total project cost approximately ¥52.5 billion). In recent years, Japanese real estate developers and homebuilders have been increasingly active in housing development, particularly in the southern Sunbelt region, which continues to experience population growth. In April 2024, Sekisui House acquired M.D.C. Holdings, a U.S. homebuilding company based in Colorado, for approximately \$4.9 billion to strengthen its supply system for single-family homes in the U.S. Additionally, in the same year, Kyushu Electric Power announced its participation in a logistics facility development project in Illinois, NRS announced the establishment of a comprehensive logistics hub in Arizona, and Daiso Industries announced the opening of a logistics center in Texas. Daiso Industries opened its 100th U.S. store in July 2023 and aims to expand the number of

stores in the U.S. to 1,000 by 2030. These moves are in response to the steady domestic consumption and increased logistics volume following the pandemic.

High Investment Appetite of Japanese Companies, but Attention to Policy Change Risks

As seen in the aforementioned investment examples, greenfield investments have maintained high levels, particularly in the manufacturing sector. This is due to domestic industrial promotion measures targeting strategic security areas (such as EVs, batteries, semiconductors, pharmaceuticals, and renewable energy) under the Biden administration's 2022 IRA and CHIPS Plus Act, the rapid recovery of domestic demand following the COVID-19 pandemic, and the promotion of local production for local consumption by companies aiming to avoid geopolitical risks. According to the Financial Times database, the number of foreign companies' greenfield investment announcements in the U.S. reached a record high of 1,984 in 2022, the highest since data became available in 2003, and remained almost flat at 1,975 in 2023 (see Figure 2). From January to May 2024, the number of investment announcements was 1,121, already exceeding half of the previous year's annual total, suggesting a potential new record if this pace continues. Japanese companies' investment announcements also increased from 109 in 2022 to 125 in 2023, and from January to May 2024, there were 66 announcements, already surpassing half of the previous year's total. While global greenfield investments have been declining in 2024, the situation in the U.S. stands out.

Figure 2: Trends in Cross-Border M&A and Greenfield Investments in the U.S. by Foreign Companies



Notes:

1. Data for 2024 includes M&A from January to June and Greenfield investments from January to May.
2. Greenfield investment figures are based on announcements.

Source: Created from Workspace (LSEG) (as of August 8, 2024), and fDi Markets (Financial Times)

Cross-border M&A targeting U.S. companies has remained sluggish. In 2023, the number of U.S.-bound M&A deals was 1,923, with a total value of \$173.7 billion, down from the previous year (1,960 deals, \$236.4 billion). From January to June 2024, the number of U.S.-bound M&A deals was 779, significantly lower than the 1,065 deals in the same period of the previous year, though the value increased by 6.5% year-on-year, indicating no rapid recovery within 2024. M&A typically contributes to the increase in investment balances, but in 2023, only one large-scale acquisition exceeded \$10 billion. Due to a combination of factors such as the recent strong dollar, rising capital costs due to high interest rates, persistent inflation, stricter corporate acquisition reviews, concerns about a global economic downturn, and heightened geopolitical risks, cross-border M&A has remained sluggish globally, leading to relatively low growth in inward direct investment balances in 2023 (Note 9). However, despite these conditions, Japanese companies' U.S.-bound M&A deals increased to 208 deals worth \$21.4 billion in 2023, up from 171 deals worth \$9.1 billion in the previous year, demonstrating the resilience of Japanese companies' investment appetite. From January to June 2024, the number of deals decreased (from 104 in the same period of the previous year to 73), but the value saw a significant increase of 63.4% year-on-year. Further increases are possible if factors such as capital costs and inflation decrease.

The United States is set to hold a presidential election in November 2024, and depending on the outcome, there could be significant changes to policies closely related to the U.S. investment environment. These include investment incentives such as grants and tax credits under the IRA, interest rates, corporate acquisition and merger reviews, corporate tax systems, various environmental and labor regulations, tariff policies, and immigration policies. As mentioned, while greenfield investments by foreign companies in the U.S. remained strong in 2023, M&A activity was sluggish. Amidst this, Japanese companies have been accelerating their investments in the U.S. market, which they consider crucial for global sales. One notable example is Nippon Steel's announcement in December 2023 of its acquisition of U.S. Steel, which, if approved by the Committee on Foreign Investment in the United States (CFIUS), would be one of the largest U.S.-bound M&A deals by a Japanese company. According to a JETRO survey, the proportion of Japanese companies in the U.S. planning to expand their operations in the next one to two years has increased, and the U.S. is the most frequently cited destination for future business expansion, surpassing Vietnam and China (Note 10). Given the risk of policy changes that may result from the outcome of the November presidential election, it will be closely watched how companies from Japan and other countries will proceed with their investment in the U.S. in the future.

***Note 1:** The U.S. Department of Commerce compiles statistics related to foreign direct investment, including (1) statistics based on balance of payments data, such as [foreign direct investment transactions](#) (net, flow) and [inward direct investment positions](#) (stock) and (2) statistics based on data obtained from surveys of foreign-owned companies in the U.S., such as [new foreign direct investment](#) and [the activities of U.S. affiliates of multinational enterprises](#). In this article, we use the inward direct investment position statistics, which are created based on internationally standardized investment accounting principles, do not excessively reflect the activities of specific companies, and indicate the ultimate beneficial owner of the investment entity, thereby providing data that more accurately represents the actual state of foreign investment in the U.S.

***Note 2:** The inward direct investment position (book value basis) includes (1) "Equity other than reinvestment of earnings," which encompasses M&A and greenfield investments by foreign companies in U.S. companies; (2) "Debt instruments," which indicates financial transactions such as loans and bond acquisitions between the headquarters of foreign companies and their U.S. subsidiaries or affiliates; and (3) "Reinvestment of earnings," which pertains to retained earnings of U.S. subsidiaries of foreign companies. The increase in the direct investment positions each year does not necessarily match the cumulative investment amounts announced by companies. Additionally, in the case of greenfield investments, the announced investment amounts may be recorded in the investment position over multiple years until the project is completed.

***Note 3:** The top five countries account for 59.3% of the total inward direct investment position in the U.S. Following these five countries, significant sources of investment include Ireland, Switzerland, and the Netherlands. In the Asia-Pacific region, Australia ranks 9th, South Korea 12th, and China 20th.

***Note 4:** In 2023, U.S. semiconductor manufacturers announced several projects, including Texas Instruments' construction of a semiconductor plant in Utah (\$11 billion) and Amkor Technology's construction of a semiconductor packaging and testing facility in Arizona (\$2 billion).

***Note 5:** The U.S. Department of Commerce has announced grants for these semiconductor manufacturers under the CHIPS and Science Act (CHIPS Plus Act). As of August 30, 2024, grants have been announced for 16 companies, starting with BAE Systems ES in December 2023 (\$35 million), followed by TSMC (\$6.6 billion), Samsung Electronics (\$6.4 billion), GlobalWafers (\$400 million), and SK Hynix (\$450 million).

***Note 6:** While the industry classification is based on the North American Industry Classification System (NAICS), some investment projects may be classified under industries other than transportation equipment, such as chemicals, general machinery, computer and electronic products, and electrical equipment and components.

***Note 7:** Subsequently, the company announced an additional investment of \$1.3 billion in its Kentucky plant for EV production in February 2024 and a \$1.4 billion investment in its Indiana plant for EV and battery pack production in April.

***Note 8:** In Table 3, investments classified under other manufacturing or other industries (amounts not disclosed) include several energy sector investments by Japanese companies in the southern U.S.

in 2023. It was revealed that Tokyo Gas acquire a natural gas development and production company in Texas and Louisiana for \$2.7 billion in December, Itochu Corporation invest in a new wind power plant in Texas in February, Mitsui & Co. participate in a shale gas and tight gas development and production project in Texas in April, Osaka Gas develop a solar power plant in Texas in May, and Mitsui O.S.K. Lines invest in a clean ammonia production and transportation project in Louisiana in June. These investments are driven by support for renewable energy development under the Biden administration's IRA, the anticipated global increase in electricity demand due to the proliferation of AI and the electrification of vehicles, and the need for lower-carbon energy sources.

***Note 9:** The average annual growth rate of the inward direct investment position from 2010 to 2023 was 7.1%.

***Note 10:** In September 2023, JETRO [surveyed](#) the activities of 1,694 Japanese companies in the U.S. (response rate: 42.7%). The survey found that 49.9% of companies plan to expand their U.S. operations in the next one to two years. Additionally, from mid-November to mid-December 2023, JETRO [surveyed](#) 9,384 Japanese companies' head quarter in Japan (response rate: 34.1%) with a high interest in overseas business. For the third consecutive year since 2021, the U.S. was the most frequently cited destination for future overseas business expansion.

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