

# Transatlantic Business & Investment Council (TBIC) Quarterly: Transatlantic Foreign Direct Investment Analysis & Trends

## 1<sup>st</sup> Quarter 2022

[Data for Q3 2021]

The Transatlantic Business & Investment Council (TBIC) is the official European representative of selected counties, cities and corporations from over 30 U.S. States. It is our mission to promote transatlantic trade and investment. To that end, the TBIC bridges the gap between U.S. Economic Development Organizations (EDOs) and European investors looking to enter or expand in the U.S. market.

This latest issue of our quarterly features an analysis of the newly published preliminary (p) data for Q3 2021 and partially revised data (r) for Q2 2021, as recently released by the [U.S. Bureau of Economic Analysis \(BEA\)](#). With USD 118.1 billion worth of investment, the third quarter of 2021 witnessed the strongest inflows of FDI to the United States since 2018. In light of the steady financial inflows recorded in the first three quarters of 2021, U.S.-bound FDI has already surpassed the recovery scenario set by UNCTAD for 2021.

Encouraging signs of FDI expansion are observed across several industries such as the food and machinery sectors, which both received their highest quarterly investment since the beginning of the pandemic. Meanwhile, the transport equipment sector remains a robust and reliable source of U.S. FDI with quarterly investments continuously averaging USD 3.5 billion for the fifth consecutive quarter.

Similarly, German investments continue to be a driving force of U.S.-bound FDI. In the third quarter of 2021, an investment volume of USD 10.4 billion can be traced back to German investors. This constitutes the second highest quarterly investment flow from Germany to the United States since the onset of the pandemic. Meanwhile, FDI from the United Kingdom reached a volume of USD 5.2 billion. Swiss foreign direct investments to the United States topped USD 3 billion for the second consecutive quarter.

This edition also includes a time series focussing on Austrian foreign direct investments to the United States. Austria has been the second fastest growing source of U.S. FDI since 2015, supporting more than 30,000 U.S. jobs as of 2020.

In this analysis, the TBIC corroborates relevant country data with its own experience of working at the frontier of transatlantic investments: the TBIC regularly visits key markets in Europe that have become drivers of FDI in the United States as part of delegation trips offered exclusively to our members. These trips feature meetings with decision-makers from companies looking to invest in the United States as well as key multipliers from diplomatic missions and industry

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associations. After more than a year of online events, the TBIC switched back to the in-person format in September 2021. While closely monitoring the evolution of the epidemic situation and latest travel regulations, the TBIC will maintain in-person visits whenever it is safe and reasonable. To find out more, please click [here](#).

In addition to our FDI analysis, this edition features our latest spotlight article “Wrapping up 2021”, which reviews TBIC performances and activities in 2021. Thanks to a return to in-person events in September, we were able to connect our members with more than 100 European businesses throughout the year. Read on for a full account of TBIC challenges and successes in 2021.

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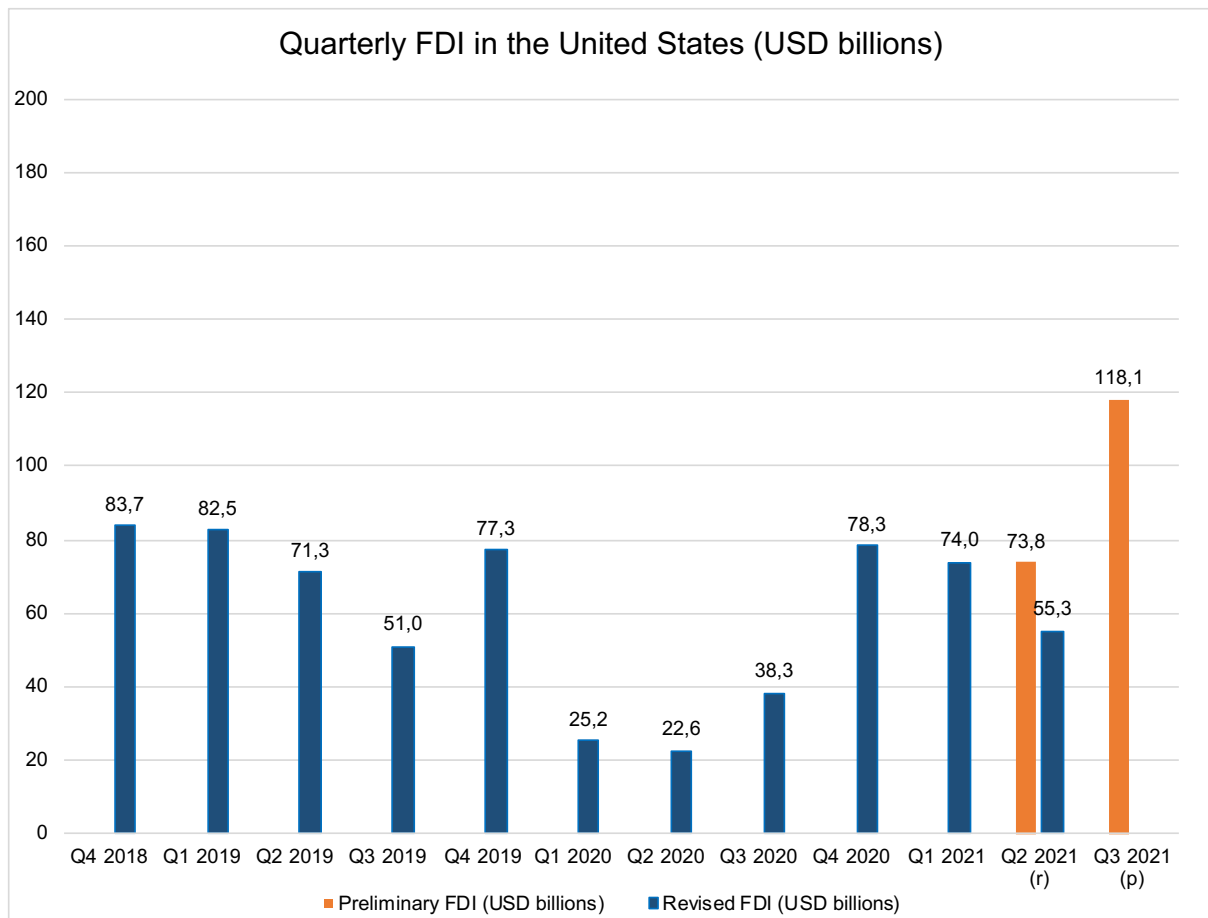
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## Foreign Direct Investment in the United States: Key Figures



Source: Bureau of Economic Analysis (BEA), U.S. International Transactions, Third Quarter 2021, December 2021.  
 United Nations Conference on Trade and Development (UNCTAD), Investment Trends Monitor 2021, June 2021.

- In the recently published data of the [U.S. Bureau of Economic Analysis \(BEA\)](#), the quarterly FDI inflows for the second quarter of 2021 were revised downward from USD 73.8 to 55.3 billion.
- Meanwhile, the preliminary data for the third quarter of 2021 projects a volume of inwards investment of USD 118.1 billion. Such a high volume of quarterly investment had not been observed in more than 3 years. On a year-to-year basis, FDI inflows in Q3 2021 were three times higher than in Q3 2020.
- UNCTAD's June 2021 [World Investment Report](#) estimated that FDI inflows to North America would bounce back by 10 to 20 percent in 2021. Thanks to a successful vaccination campaign and the resumption of international travels in the second half of the year, foreign direct investments to the United States have already beaten these expectations. Taken together, FDI inflows to the U.S. in the first three quarters of 2021 – USD 247.4 billion – already surpass by 50 percent the volume of FDI flows recorded in 2020 – USD 164.4 billion.

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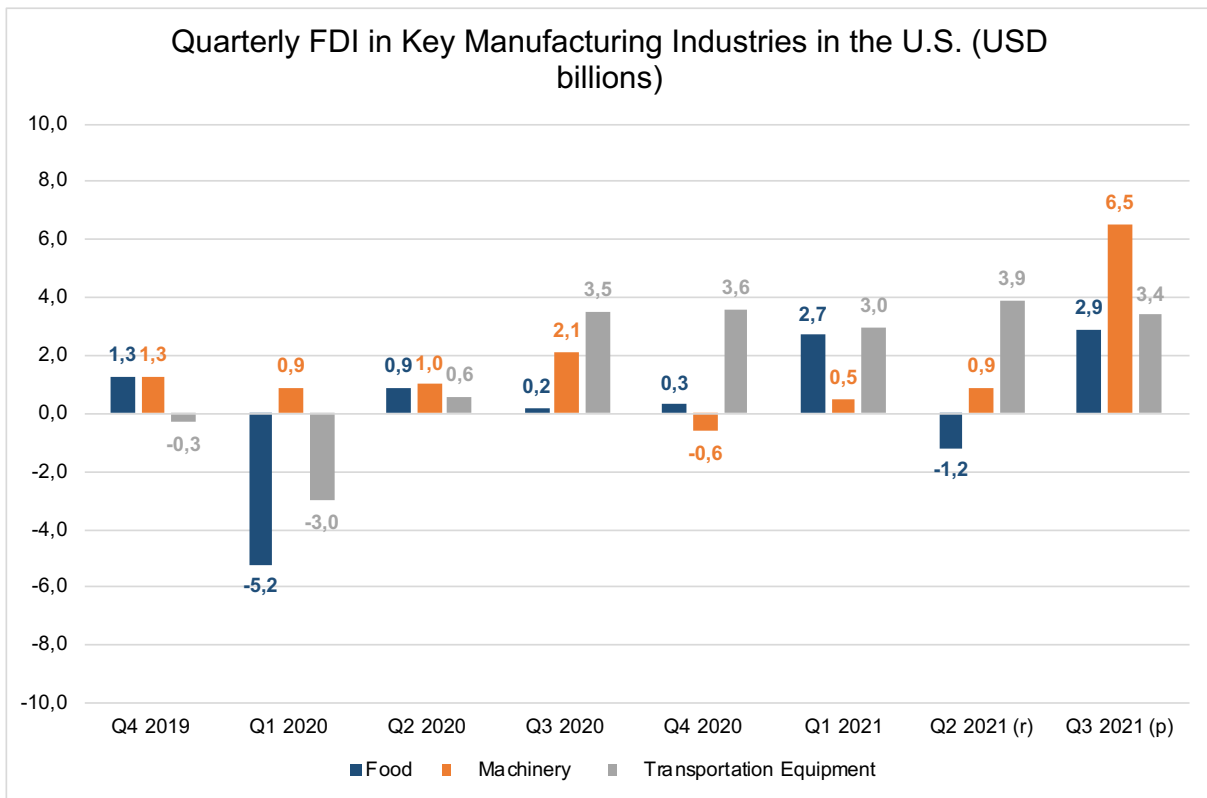


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Source: Bureau of Economic Analysis (BEA), Foreign Direct Investment in the United States: Country and Industry Detail for Financial Transactions, December 2021.

- The newly released BEA dataset includes minor downward readjustments for the second quarter of 2021; net FDI flows in the food sector were revised from USD minus 0.8 to minus 1.2 billion, investment flows in the machinery sector were halved from USD 1.7 to 0.9 billion, and transportation equipment investments were adjusted from USD 4.5 to 3.9 billion.
- With the preliminary data of the third quarter of 2021, the transportation equipment sector has been registering a steady flow of investment averaging USD 3.5 billion USD for the fifth quarter in a row.
- The preliminary data indicates a strong rebound for the machinery sector FDI in Q3 2021, with an expected USD 6.5 billion quarterly investment flow, making it the strongest quarter in over two years for this sector.
- Similarly, investments in the food industry also expanded during the third quarter of 2021, with a financial flow estimated at USD 2.9 billion. Accordingly, Q3 2021 is expected to be the strongest quarter for FDI to the food sector since the onset of the pandemic.

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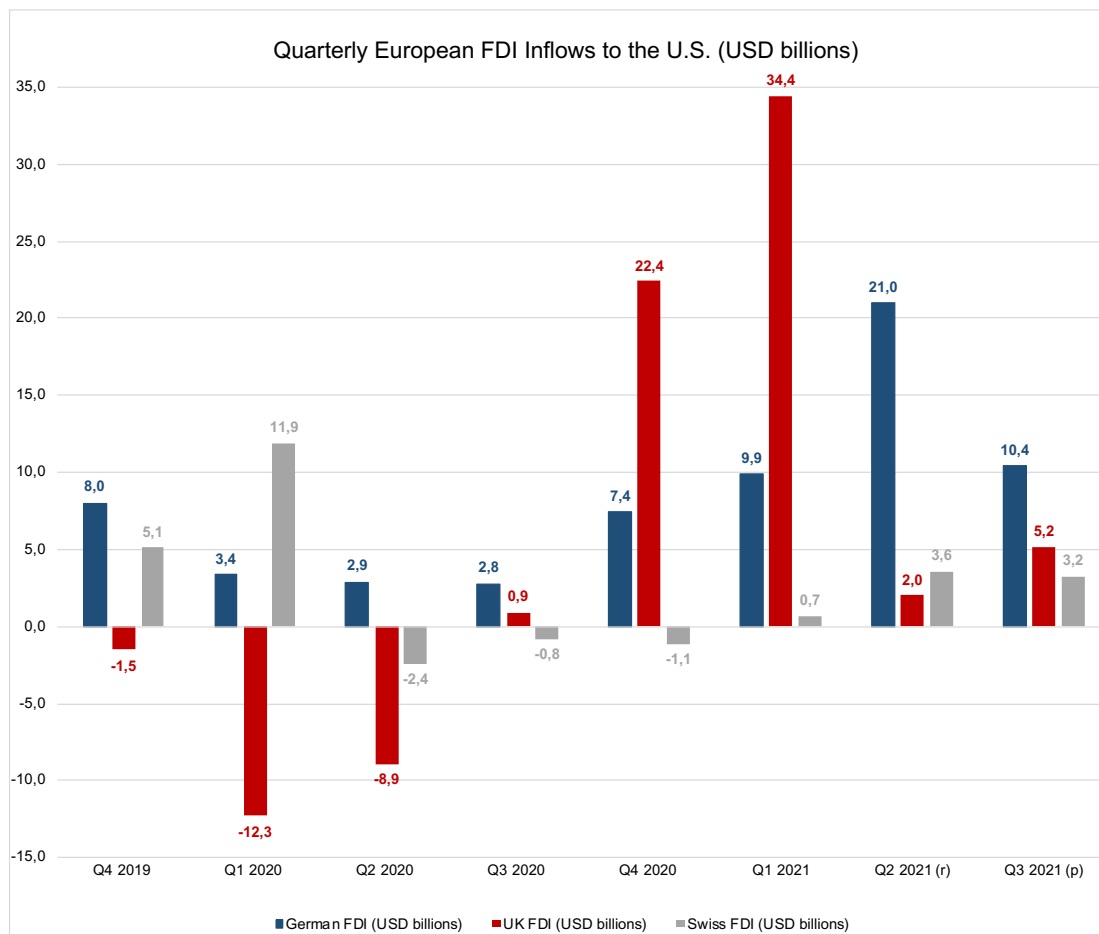


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Source: Bureau of Economic Analysis (BEA), Foreign Direct Investment in the United States: Country and Industry Detail for Financial Transactions, December 2021.

- Quarterly inflows from Germany, the United Kingdom and Switzerland for Q2 2021 were revised by the BEA. German and British FDI inflows were corrected downwards from USD 23 to 21 billion for the former and from USD 4.6 to 2 billion for the latter. Meanwhile, Swiss FDI was readjusted upwards, from USD 2 to 3.6 billion.
- German FDI is expected to reach USD 10.4 billion in the third quarter of 2021. As proof of the regained vitality of German FDI to the United States, quarterly investments more than tripled on a year-to-year comparison with Q3 2020.
- After two quarters marked by exceptionally high investments in Q4 2020 and Q1 2021, FDI from the United Kingdom dropped to USD 2 billion in Q2 2021. In Q3 2021, FDI flows from the United Kingdom's rose to 5.2 billion. Meanwhile, Swiss FDI went down from USD 3.6 to 3.2 billion between the second and third quarter of 2021.
- The large fluctuation observed in FDI from the United Kingdom can be partially attributed to the global financial hub of London. Because foreign direct investments merely measure the financial flows between two countries, investments flows that transit through the City are still counted as coming from the United Kingdom.

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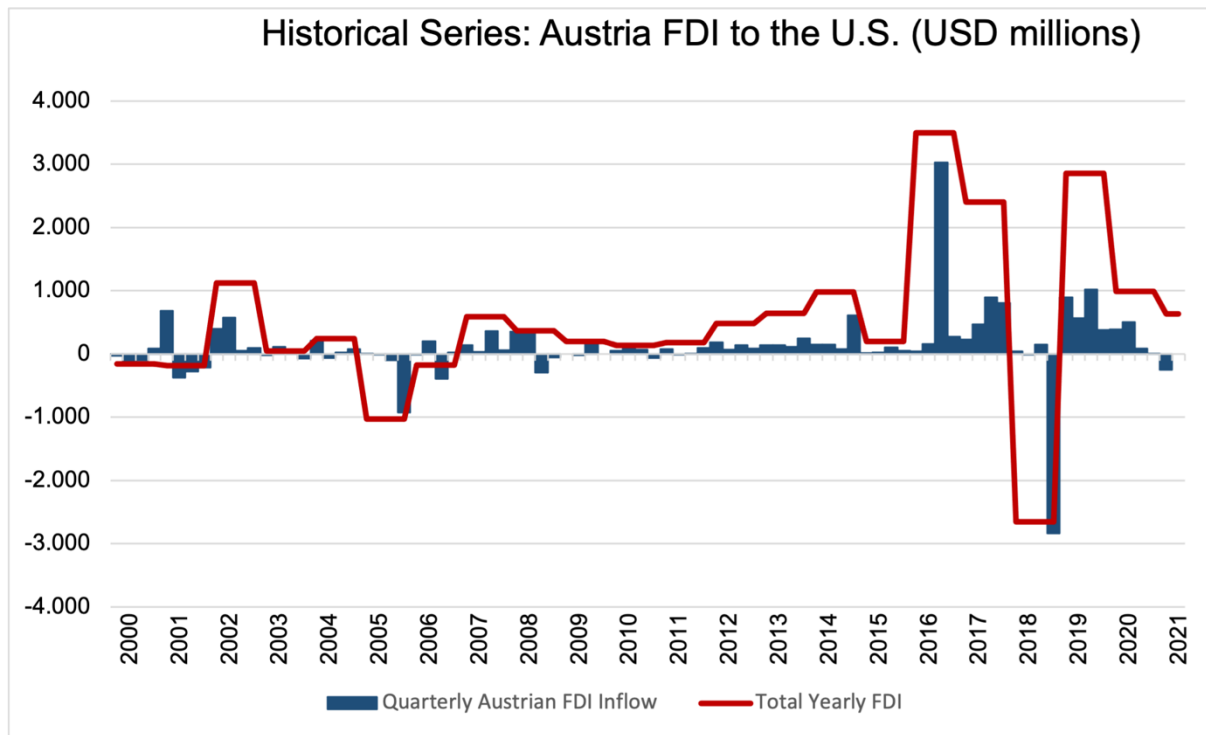


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Source: Bureau of Economic Analysis (BEA), Foreign Direct Investment in the United States: Country and Industry Detail for Financial Transactions, December 2021.

- The graph above features our second time series, dedicated to the development of Austrian foreign direct investments to the United States. As of 2020, [Austrian FDI](#) was supporting 33,500 jobs in the United States, primarily in industrial equipment, IT services, plastics, metal products and food & beverages.
- FDI inflows from Austria to the U.S. were relatively marginal in the period 2000-2015, before witnessing a remarkable growth since 2015. Between 2015 and 2020, Austria became the second fastest growing source of FDI in the United States, with a FDI position estimated at USD 17.2 billion USD in 2020, a 440 percent increase since 2015.
- The USD 1 billion [investment by Voestalpine](#) was the most important investment to date from an Austrian business to the United States. With this investment, the company constructed a state-of-the-art direct reduction plant in Corpus Christi, Texas, between 2013 and 2016.
- Aware of the many opportunities that this fast-growing source of FDI has to offer, the TBIC regularly visits leading companies and business executives in Austria to assist them in their expansion to the U.S. market.

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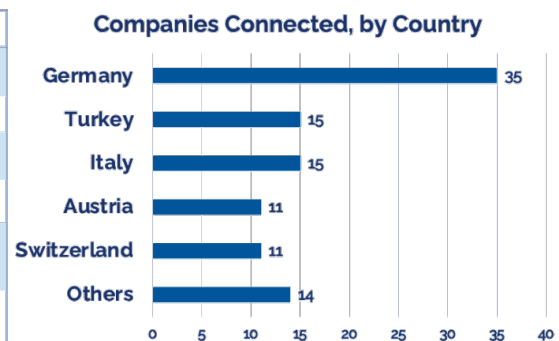


## Spotlight Article: The State of Industry Trade Shows in 2021

Throughout 2021, the TBIC managed to adapt its offers and services in the face of a still somewhat more volatile epidemic situation and travel restrictions than many had hoped for. While we were forced to continue the virtual format throughout much of the first half of the year, we were finally able to pivot back to in person activity starting in September and managed to accomplish more than during 2019 and 2020 by many metrics. As not all of you were able to participate in either event format, and to celebrate the successes of a challenging year, this article summarises the accomplishments of TBIC throughout the year with some key dates and figures.

### The year 2021 in Numbers: Activities Organized & Companies Connected

Activities 2021 (2020 / 2019)	
Delegation Trips to Europe	2 (1 / 7)
Virtual Meeting Rounds/Virtual Recruitment Trips	6 (4 / 0)
TBIC Market Insights	6 (6 / 6)
RFIs sent to Members	8 (5 / 7)
Number of European Multipliers that have been connected with TBIC Members	11 (7 / 45)
Number of European companies that have been connected to TBIC Members	101 (38 / 97)



The graph above (left) compares a few key components of TBIC activities in 2021 with those of the two previous years. While we obviously did not yet match the absolute amount of in-person delegations of 2019, we managed to lead two physical delegations to Europe in the second half of 2021, first to Austria and the IAA in Munich in September, and again in November to Switzerland and Northern Italy. To compensate for this reduced number of possible in-person formats, the TBIC organised no less than six virtual FDI trips and virtual meeting rounds. Among the countries visited, Turkey, Israel, Germany and Switzerland particularly stood out in terms of the number of companies connected to our members, as the graph on the right shows. We were able to send out eight RFIs to our members, which is more than the total number of RFIs sent in both 2020 (5) and 2019 (7). Here, we would also like to thank all of our members for their active involvement and for their great submissions!

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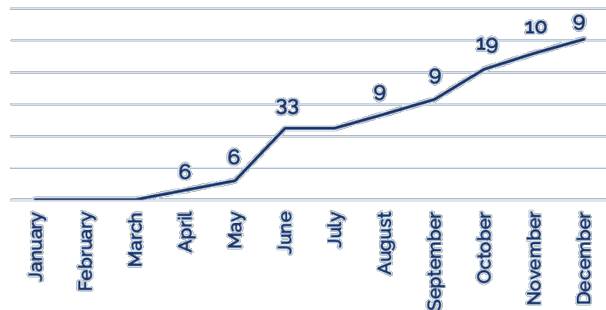
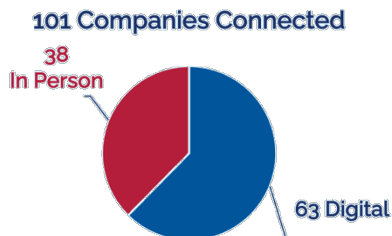


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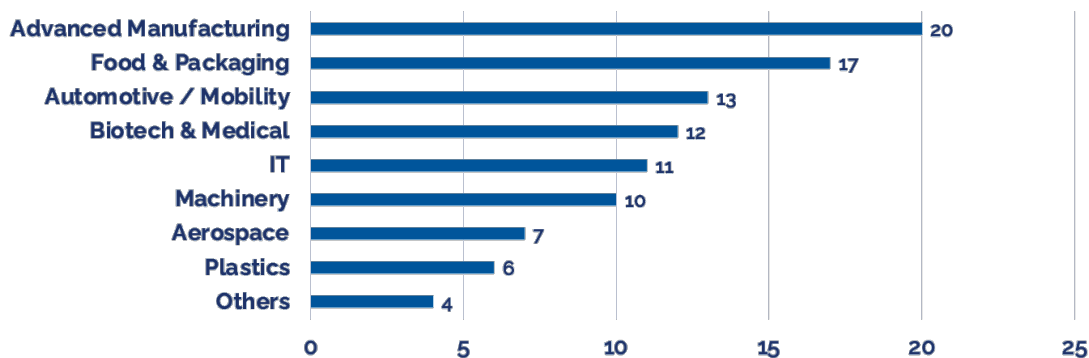
## TBIC Activities in 2021 by Numbers: Companies Connected throughout 2021

- A successful year despite Covid-19 restrictions
- 101 companies connected throughout the year
  - 29 during Digital SelectUSA alone



With 101 European businesses introduced to our members throughout 2021, we broke our previous records in this category. Out of these 101 companies, around 60 percent were encountered digitally while the remaining 40 percent were met in person – a great ratio given the predominance of virtual events in the first half of the year! Due to the prolonged lockdown over the winter 2020-2021, our first company meetings took place during the re-opening of the economy, with a virtual FDI trip to the Hannover Messe in Germany in April. Over the summer, we managed to connect a record of 29 companies to our members during the virtual SelectUSA Summit alone. Finally, we achieved a steady flow of 9 to 19 companies connected every month between August and December, many of which were met in person during our in-person trips to Austria, Germany, Switzerland and Italy as well as several trade shows in Germany.

## Companies connected, by Industry



Finally, you can see above an illustration of the individual industries most encountered in 2021. Advanced manufacturing is the most frequently represented sector, which is coherent with our members' overall inclination toward this industry. Unsurprisingly, food & packaging has become the second most important sector. This trend is largely driven by heightened spending on groceries and convenience food due to the lack of external dining options under lockdown conditions, and resulting strains on the supply chain, which have in turn driven activity in the logistics, packaging, cold-storage and other related industries in 2020 and 2021. Further trends of the industry, such as sustainability and digitalisation, have further accelerated its growth.

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The automotive & mobility sectors were also well-represented, with a growing proportion of companies active in the e-mobility industry. On the downside, we met fewer companies from the aerospace sector, largely due to the continued cancellation of major aerospace events in 2021. Looking forward, we fully intend on reversing this trend by attending the Farnborough and ILA airshows in London and Berlin, respectively.

To conclude, 2021 was a challenging year for transatlantic business attraction due to the prolonged travel restrictions, but we managed to finish strong, with a safe and successful return to in-person events with both our FDI trips and the attendance of major trade shows in Germany such as the IAA, Anuga, MEDICA and the Battery Show. Thanks to this highly productive second half 2021, we were able to meet more companies this year than in 2020 and 2019. Recent industrial trends, from innovation in the food sector to the electrification of mobility, are continuing unabated and will fuel future FDI projects. All these factors reinforce our optimistic outlook for 2022, a year in which we hope to finally put the aftershocks of the pandemic behind us and see many more of our members again, both in person and virtually!

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