

The Regulation of Foreign Direct Investment
In the United States of America

EXECUTIVE SUMMARY

The United States monitors foreign investment under several statutes. The Agricultural Foreign Investment Disclosure Act and the International Investment Survey Act impose data reporting requirements. The Committee on Foreign Investment in the United States (CFIUS), an inter-agency Committee created in 1974, has powers to monitor and review investments made by foreigners, foreign governments or corporations controlled by governments which may have implications for U.S. national interests.

The U.S. federal government directly and indirectly restricts foreign investment in many "national interest" sectors, including the maritime, aviation, broadcasting and telecommunications, energy, certain natural resource, and defence sectors. In addition, many states impose some conditions on foreign ownership, particularly in real estate, insurance, mining and utilities.

The increasing flow of foreign direct investment into the United States is generating increased attention and concern within the U.S. This concern was expressed most recently by both the U.S. Administration and the U.S. Congress in the case of the attempted acquisition of a computer chip manufacturing company (Fairchild) by a Japanese multinational electronics firm (Fujitsu). It is also reflected in various amendments to U.S. trade legislation currently before the U.S. Congress which would impose stricter reporting requirements on foreign investors and provide the President with the explicit authority to restrict foreign investment in cases where the national interest is impaired by the investment.