






Foreign Direct Investment in Florida

The business and natural climates of the Sunshine State entice a significant number of foreign companies to invest in Florida through buying or opening businesses in our state. Nationally, Florida ranks 8th in total value of holdings by majority foreign-owned firms, and 6th in employment by foreign companies.¹ Foreign Direct Investment (FDI) is a physical investment that a foreign-controlled company (holding 10 percent or more of the ownership stake in the business) makes in another country.

Aside from providing jobs to approximately 239,500 Floridians,² there are other advantages to having foreign companies invest in Florida by opening branches in our state. These companies can bring new products, specialized processes, and new expertise to Florida, as well as help to diversify and expand Florida's economy to other countries and their business cycles, some of which are currently experiencing growth rates higher than Florida and the U.S. as a whole.

The top five countries whose companies have invested in Florida are: The United Kingdom, Canada, Germany, Spain, and France. Together, these countries have established more than 1,200 companies in multiple sectors of the Florida economy including Industrial Materials and Components, Financial Services, Engineering, Construction, and Transportation. Companies from the United Kingdom alone employ more than 16,000 Floridians.

Table 1: Top 5 Countries with Companies Investing in Florida

Country by Rank (1-5)	Companies in FL	Leading Sector (companies)
 United Kingdom	340	Business Services (50)
 Canada	275	Financial Services (102)
 Germany	252	Industrial Materials & Components (65)
 Spain	214	Financial Services (59)
 France	180	Consumer Products (52)

Source: Enterprise Florida

¹ Florida Trend. "Top Reasons to Do Business in Florida". <http://www.floridatrend.com/article/14697/5-global-access>

² Congressional Research Service. "Foreign Direct Investment in the United States: An Economic Analysis". October 2012. <http://www.fas.org/sgp/crs/misc/RS21857.pdf>

Most foreign-held companies in Florida are located in major metropolitan areas, mainly in the Southeast Florida, Tampa, and Orlando regions. However, foreign direct investment also brings development to smaller localities, many of them rural areas, as at least 24 companies provide jobs in Hamilton, Monroe, Hardee, Putnam, Sumter, and Walton counties. Some of the countries whose companies have invested in these areas include Mexico, Canada, Australia, the United Kingdom, Sweden, and Honduras.

Florida has Potential for FDI growth

Companies from at least 70 countries directly invest in Florida, and 57 percent of all FDI jobs come from companies based in the European Union, followed by Asia-Pacific countries (21 percent), Canada (9 percent) and Latin America, and the Caribbean (8 percent).

There is a substantial difference between the countries of Florida's top foreign investors and the top buyers of Florida-origin exports, most of whom are Latin American countries. The lack of Latin American countries investing directly in Florida could indicate a potential opportunity for increased FDI in our state from that region of the world. Countries such as Brazil, Colombia, Chile, and Mexico (all geographically accessible to Florida) have been experiencing high levels of growth during the past few years, and represent attractive potential investors in the state.

The role of EB-5 Visas

In order to attract investors from abroad, Florida can take advantage of its 14 existing international offices, trade missions, and the international contacts of investors already established in Florida. In addition, an investor visa offered by the Federal government, the EB-5, can also be used to bring the right businesses to the state.

Table 2: Countries of Top Foreign Investors vs. Top Florida-Origin Export Destinations
(by dollar value)



The EB-5 visa for foreign investors was created by the 1990 Immigration Act. When granted, this visa provides permanent residency status to foreigners who qualify by investing in the United States. To be eligible for the EB-5 visa, investors must meet several requirements, such as a minimum qualifying investment of \$1 million (or a minimum of \$500,000 in a rural or high unemployment area); the creation or preservation of at least 10 full-time jobs for U.S. nationals within a two-year span after the investor receives a “Conditional Permanent Residency;” and the creation of a new commercial enterprise.

There are almost 300 Immigrant Investor Regional Centers located throughout the United States. Of these, 27 are located in Florida.³ The main goal of these centers is to facilitate the EB-5 application process for foreign investors interested in investing in their state. Also, regional centers provide an approved U.S. Citizen and Immigration Services (USCIS) list of targeted economic sectors and available business projects. Some of the Florida target areas are: Manufacturing, Accommodations, Finance, Insurance, Health Care, and Real Estate.

The EB-5 visa program is beneficial to both the state and the national economy, as it creates jobs, generates tax revenues (from the new companies, the individual investors, and their employees), and increases tourism. While EB-5 visas are an opportunity to increase FDI, they do not represent the only means for investors to locate their companies within the U.S., as they can choose to open offices in Florida or buy U.S. businesses while still operating from abroad.

Conclusion

FDI is beneficial to Florida’s state and local economies, as it creates jobs and helps integrate Florida’s economy into international business cycles. It allows for the transfer of expertise, technology, capital, processes, products and management skills which may not be obtained via financial investments or trade in goods and services.⁴ It also helps our state keep a positive balance of trade, as many foreign firms manufacture products within Florida and later export them as “Florida-origin exports.”

While Florida is a popular destination for Foreign Direct Investors, there are still several opportunities for further FDI growth. Florida should continue to use both trade missions and our international offices to promote our state, expand our international business contacts, and promote the EB-5 visa for investors interested in obtaining a permanent residency. At the same time, our state education system must continue to focus on improving work skills and strengthening the foreign language skills of our workforce, to meet the needs of these new businesses.

In Perspective: Large Foreign Investors in Florida

CAE USA Inc. (formerly Canadian Aviation Electronics), is a Canadian company that provides simulation and modeling technologies, and integrated training services for civil and defense aviation customers around the world. CAE employs almost 500 people in the Tampa Bay area.

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Aircraft Service International Group, a U.K. transportation firm, employs 4,000 Floridians in the Orlando region. The company offers fuel services, operates and maintains fuel facilities at airports, and provides ground handling and passenger services.

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With more than 3 South American non-stop destinations, LAN (Linea Aerea Nacional) Chile employs more than 700 Floridians and has a direct impact on one of our top industries, the tourism industry, as it brings in millions of tourists from Latin America, one of our top visiting regions. LAN recently merged with Brazilian TAM airlines, which could potentially increase visitation to Florida from TAM customers.

³ U.S. Citizenship and Immigration Services. Immigrant Investor Regional Centers. www.uscis.gov

⁴ Daily FT. “Why is FDI so important?” December 2011. <http://www.ft.lk/2011/12/09/why-is-fdi-so-important/>

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