



Indiana & The European Union

Foreign Direct Investment

2009, Issue 2

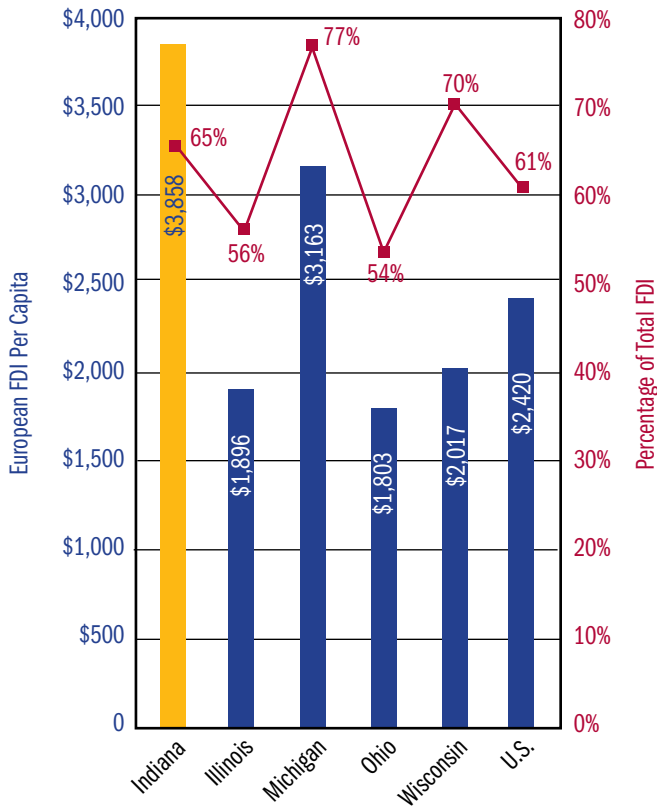
Companies from the European Union's (EU's) 27 member states play an important role in Indiana's economy. Foreign Direct Investment (FDI) – foreign corporations establishing local branches or investing in local companies – is key to Indiana's economy. The EU is by far Indiana's largest international investor. EU firms invested more than \$24 billion in Indiana in 2006, employing 88,500 Hoosiers, which represents 3% of Indiana's workforce. As the graph below shows, Indiana depends more on the EU for investment than its neighbors.

Indiana ranked sixth in the nation in 2005 in terms of total FDI as a percentage of Gross State Product (GSP) and second out of ten Midwest states in percentage of workers employed by foreign firms. EU firms are the biggest international investors in Indiana, accounting for 65% of all foreign direct investment (the national average is 62%). EU firms also make up 46% of all foreign companies investing in Indiana.

European FDI is particularly important for Indiana's manufacturing sector, as EU manufacturers employ 48,000 people across Indiana, representing 8.4% of all Indiana manufacturing employees, which is the highest in region. Four of the top seven foreign investors in Indiana are based in EU member states, including the \$3 billion BP refinery in Whiting.

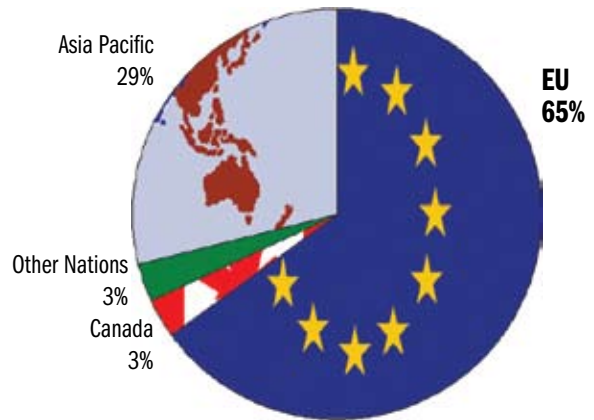
Although FDI has fallen across the nation since 2002, Europe's FDI to Indiana has increased by 24%; while other states are losing business, these increases in inflows are giving Indiana a competitive edge. This trend indicates that business with the EU will likely comprise an increasing portion of Indiana's economy in the coming years.

European FDI to the Midwest States (2008)*



Source: U.S. Department of Commerce's Bureau of Economic Analysis

Indiana Foreign Direct Investment by Region (2008)



* The U.S. Bureau of Economic Analysis provides analysis of Europe, not the EU. With Switzerland excluded from the European figures, the statistical differences between Europe and the EU are thus minute.

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