

What Is Foreign Direct Investment?

Foreign direct investment, commonly called FDI, is simply **when a company headquartered in another country builds, buys, or expands a business operation in the United States.**

When a Japanese automaker opens an engine plant in Michigan, that is FDI. When a German chemical company builds a facility in Monroe County, that is FDI. When a Korean battery manufacturer invests in a joint venture with an American automaker, that is FDI.

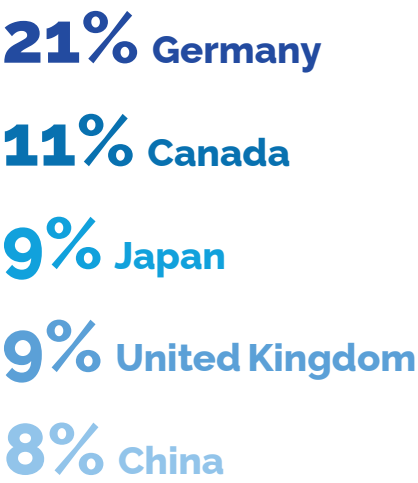
FDI is not foreign aid, and it is not a foreign government acquiring American land. It is a private business making a long-term financial commitment to operate in a specific community, employ local workers, pay local taxes, and participate in the local economy. The investment is governed by U.S. Federal and State laws, in addition to local ordinances.

For Detroit Region communities, FDI is not new.

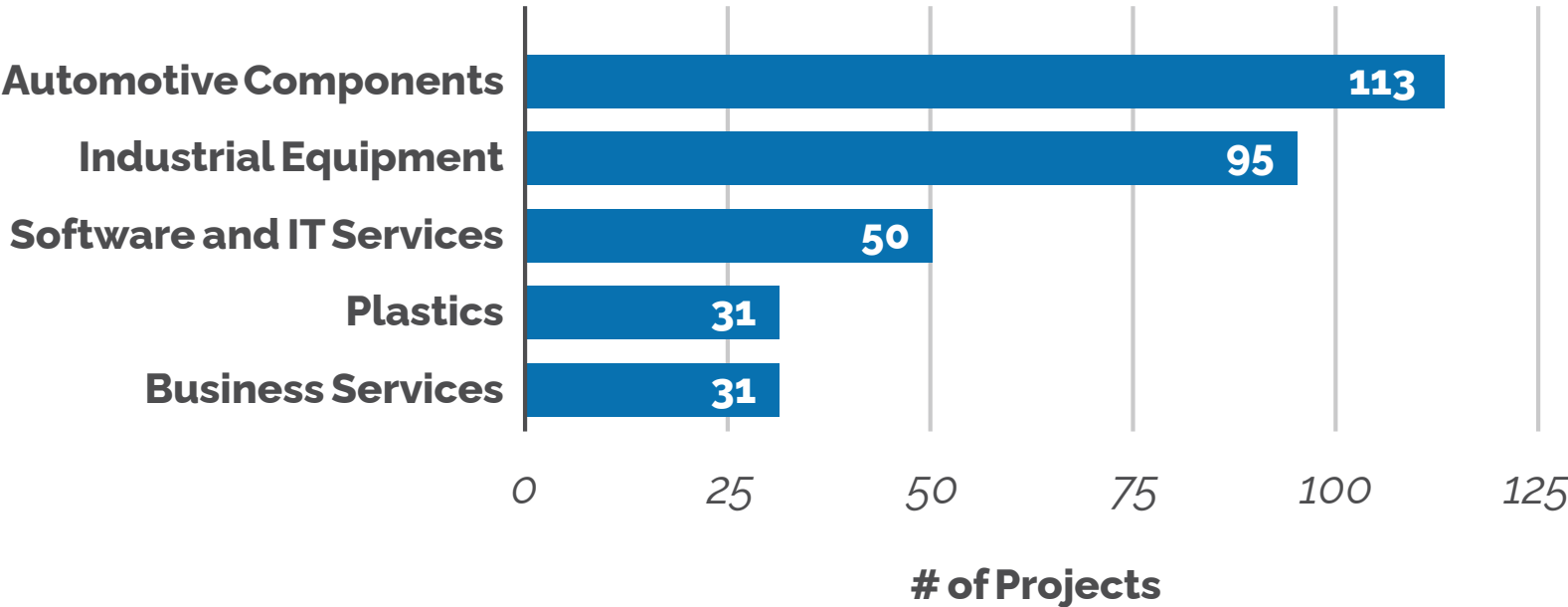
Foreign investment has been part of the region's economic fabric for more than four decades. Companies from Japan, Germany, South Korea, the United Kingdom, Canada, and other nations operate major facilities throughout the 11-county region. Many of these companies are among the area's most stable employers.

TOP SOURCES OF FDI IN MICHIGAN

(528 Total Announced Greenfield Projects)



TOP INDUSTRY SECTORS IN MICHIGAN



Sources: FDI Markets (Data from July 2015 -June 2025) and U.S. Bureau of Economic Analysis (Last updated: August 2025)

FDI: Eyes Open

Foreign direct investment has been a net positive for the Detroit Region for decades, but communities should enter FDI negotiations with the same rigor they'd apply to any major development.

Incentive packages need enforceable guardrails. The Foxconn project in Mount Pleasant, Wisconsin is the most visible cautionary tale. Billions in public incentives committed against job creation promises that largely didn't materialize. Incentive agreements can include specific milestones, automatic claw back provisions, and independent reporting.

Decisions may be made far from here. When a parent company shifts global strategy, local plants can be closed with little warning. Communities can mitigate this by diversifying their industrial base so no single employer represents an outsized share of tax revenue or employment.

Not every foreign buyer plans to build. Some entities acquire land speculatively without near-term development plans. Purchase agreements should include development timelines and reverter clauses that protect against indefinite land banking.

The bottom line. FDI is not inherently riskier than domestic investment, but the risks are different in character. Communities that negotiate with clear benchmarks, enforceable claw backs, and honest communication get the benefits without giving away the leverage that protects them.

Common Misconceptions About FDI

Foreign companies take jobs away from Americans.

The opposite is generally true. Foreign-owned companies operating in the U.S. directly employ millions of American workers nationally and hundreds of thousands across Michigan. These jobs are filled by local residents, managed under U.S. labor law, and often come with competitive wages and benefits. FDI creates jobs; it does not export them.

Foreign investment means foreign control of our community.

Foreign-owned facilities in the U.S. operate under the same zoning codes, building standards, environmental regulations, and tax obligations as any domestic company. Your community retains full regulatory authority. A planning commission reviews a site plan the same way regardless of whether the applicant is headquartered in Detroit or Dusseldorf.

They'll leave as soon as the incentives run out.

Because of the large upfront cost to invest in the region, FDI projects can be more durable than domestic investments. When a company ships manufacturing equipment across an ocean and invests hundreds of millions of dollars in a facility, they are making a long-term commitment. The sunk costs of FDI projects are substantial. That said, communities should always structure agreements with performance milestones and claw back provisions as standard practice.

We should only support American companies.

Global supply chains are deeply interconnected. Many "American" companies have significant foreign ownership, and many "foreign" companies have operated in the U.S. for decades, paying taxes, employing workers, and investing in communities just as domestic firms do. The practical question for a local official is not where a company's headquarters sits, it is whether the company will be a responsible employer and community partner.



Why FDI is Necessary and Common

The scale of modern industrial investment often exceeds what domestic capital alone can support. The transition to electric vehicles, the “on-shoring” of semiconductor manufacturing, and the buildout of data center and energy infrastructure each require hundreds of billions of dollars in new investment. That level of investment requires participation from global companies.

Michigan's automotive heritage makes it a natural destination for foreign investment. The state's supplier networks, skilled workforce, engineering talent, and established logistics infrastructure are competitive advantages that attract global companies. The Detroit Region sits at the center of one of the most concentrated manufacturing ecosystems in North America.

FDI is also driven by federal policy. Recent federal legislation has created incentives for both domestic and foreign companies to invest in U.S.-based manufacturing. Communities that position themselves to capture these investments will benefit. Those that resist may see opportunities move to other regions.

How FDI Supports Local Communities

The local impact of FDI can be seen across a range of impacts. These are not much different from domestic investments.

Tax revenue. Foreign-owned facilities pay property taxes, utility fees, and generate income tax revenue through their employees. A single large FDI project can represent the largest taxpaying entity in a township or city.

Job creation and workforce development. FDI projects create direct employment and stimulate job creation in supplier companies, service businesses, and construction trades. Many foreign-owned companies invest heavily in workforce training programs, often in partnership with local community colleges and career technical centers.

Infrastructure investment. Large FDI projects frequently trigger utility upgrades like new power substations, water main extensions, or road improvements that benefit the broader community beyond the project site itself.

Supply chain anchoring. A major FDI project can attract additional supplier investments to the area, creating a cluster effect that strengthens the regional economy over time.

Community engagement. Many foreign-owned companies operating in Michigan actively participate in community life through philanthropic giving, school partnerships, and local procurement programs.

Foreign direct investment is not a threat to local control or local jobs. It is a well-established, heavily regulated form of economic development that has been a major driver of employment and tax revenue in the Detroit Region for decades. The communities that benefit most are the ones that engage FDI proactively and negotiate strong agreements.

Some of the largest FDI companies with presences in the Detroit Region include:

- Bosch, Germany
- Continental AG, Germany
- Denso, Japan
- FANUC America, Japan
- Magna International, Canada
- Stellantis (FCA), Netherlands
- ZF Friedrichshafen, Germany

