

Foreign Direct Investment Glossary

Acquisition - A transaction in which title to stock or assets of the U.S. company is secured by another person or enterprise. The substantive result is that one party obtains ownership of another.

Agency - A foreign financial intermediary operation in the United States primarily financing international transactions but prohibited from accepting domestic deposits.

Branch - A foreign financial intermediary (integral part of the foreign parent bank) that can accept domestic deposits.

Equity Increase - A rise in the percentage of securities held by a foreign investor.

Foreign Direct Investment - The direct or indirect ownership or control by one foreign person or entity of 10 percent or more of the voting securities of an incorporated U.S. business enterprise or an equivalent interest in an unincorporated U.S. business enterprise.

Joint Venture - A transaction in which two or more parties may establish a new U.S. company or participate in a U.S. business enterprise (e.g., mining, oil drilling) in which each has an equity interest according to the provisions of the joint venture agreement.

Merger - A transaction that results in the dissolution of the acquired business enterprise, either into another existing or reorganized (but not always renamed) company.

New Outlet - A wholesale distribution entity in the United States for sales and services.

New Plant - A new operating facility established either in conjunction with an existing foreign-owned productive enterprise or as a completely new venture in the United States.

Plant Expansion - An addition to the capacity of an existing foreign-owned operating facility in the United States, established either in conjunction with an existing foreign-owned productive enterprise or as a completely new venture.

Standard Industrial Classification (SIC) - A definition of U.S. industries by numerical classification in accordance with the composition and structure of the domestic economy.

Subsidiary - A business enterprise in the United States directly or indirectly owned or controlled by a foreign person or entity to the extent of 10 percent or more of its voting stock for an incorporated business enterprise or an equivalent interest in an unincorporated business enterprise, which is permitted to do business under State and/or Federal authority.