

FOREIGN DIRECT INVESTMENT

IN SOUTHERN CALIFORNIA, 2016



WORLD TRADE CENTER®
LOS ANGELES

INTRODUCTION

BACKGROUND

EXECUTIVE SUMMARY

CONTRIBUTION OF FOREIGN-OWNED ENTERPRISES

ABOUT DOMINGUEZ HILLS METRO SCANDL INSTITUTE

As shown in Tables ES-1 and ES-2, there are now an estimated 9,164 foreign-owned firms in Southern California representing 1.2% of all firms in the Los Angeles region. These firms employ 1.3% of the region's workforce. They generate \$1.5 billion in wages. This report explores numerous research questions including: How do these firms differ from native-born firms? Southern California, with 2,465 firms paying 87,247 workers a total of \$5.5 billion. What is the contribution of FDI to the California economy? This report updates the 2015 report "DI-Driven Economics" in terms of number of firms, jobs, and wages. U.S. & Braodstreet firm level data received in March 2017 is

Nearly half of these firms and jobs are located in Los Angeles County, with Orange County accounting for close to one quarter. Retail and wholesale trade continue to be largest sectors for the number of foreign-owned firms – 2,351 and 1,695 respectively – with manufacturing the largest sector in terms of employment – 4,582 jobs. These firms estimate wages – \$9.7 billion.

CHANGES OVER TIME

complemented with California Employment Development Department data in order to estimate foreign wages for different categories. Dun & Bradstreet data only shows the ultimate ownership of firms above a ten percent threshold. Between 2015 and 2016 the number of foreign-owned enterprises in Southern California rose by 15%, with 1,100 jobs in 2015 and 1,265 in 2016. As such, the jobs per firm

Of the top 10 firms by employment in 2016, only Switzerland and the Netherlands decline. This is a strong and consistent trend in the region.



CLUSTERING ANALYSIS

Spatial agglomeration refers to the clustering of firms within a particular location. Firms locate nearby one another – for example car dealerships, jewelry or fashion districts, or furniture stores – for many reasons, including being attractive to customers and workers from similar firms, being close to supply chains, and to be in ethnically familiar neighborhoods. For Southern California, spatial agglomeration is higher when it is based on industrial sector than when it is based on country of origin. This suggests that firms might be more likely to locate close to another firm in the same sector than to another firm from the same country of origin.

For industries with a large number of firms, Financial Services and Professional and Business Services are the industries with the highest level of spatial agglomeration. When spatial agglomeration is measured with respect to the number of firms, Korea shows the highest levels in Southern California, followed

by Taiwan and Switzerland. When measure in terms of the number of employees, firms from Sweden, China, and Switzerland show the highest levels in Southern California.

Statistical correlation analysis reveals that cities with relatively high concentrations of FOE have statistically larger labor forces and lower unemployment rates. At the same time, FOE in these cities have statistically higher sales, more workers, and higher 3-year growth percentage in sales volume than FOE in cities with lower concentration. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective FOE than has been previously identified in the academic literature.

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BACKGROUND

SPECIAL ACKNOWLEDGMENT

This research was made possible with the generous support of LA County Center for International Trade and Development.



LOS ANGELES COUNTY
Center For International Trade Development

Hosted by Long Beach City College

EXECUTIVE SUMMARY

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ABOUT DOMINGUEZ HILLS METEORIC AND INSTITUTE

As shown in Tables ES-1 and ES-2, there are now an estimated 9,167 foreign-owned firms in Southern California representing 11.2% of all firms in the region, their employees 12.0% of all employees, or 4.3% of the region's labor force. They pay them \$27.4 billion in wages.

This report explores numerous research questions, including how many firms are in the Dominguez Hills area, how many are Japanese firms, and how many are in the South Bay area.

What is the contribution of F.O.E.s to Southern California? UK, Canada, France, and Germany firms contribute the most.

This report updates the 2015 report. EDI-related statistics in terms of number of firms, jobs, and wages. Dun & Bradstreet firm-level data retrieved in March 2017 is complemented with California Employment Development Department data on wages to estimate total wages for different categories. Dun & Bradstreet data only shows the ultimate ownership of firms above a ten percent threshold, and 2015 and 2016 data on the location of foreign F.O.E. firms in Southern California is also included.

Between 2015 and 2016, the number of foreign F.O.E. firms in Southern California increased by 59, with total jobs increasing by 70 percent. The average number of jobs per firm increased by 1.6 percent in this

Nearly half of these firms and jobs are located in Los Angeles County, with Orange County accounting for close to one quarter.

Retail and wholesale trade continue to be largest sectors for the number of foreign-owned firms – 2,351 and 1,695 respectively – with manufacturing the largest sector in terms of employment – 140,582 jobs. Last year's estimate was \$9.7 billion.

and forward-thinking economics education at the College of Business Administration and Public Administration and the Center for Economic Policy Studies.

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ABOUT THE WORLD TRADE CENTER LOS ANGELES CLUSTERING ANALYSIS

CENTER LOS ANGELES CLUSTERING ANALYSIS

The World Trade Center Los Angeles (WTCLA) is a non-profit organization that provides business assistance to international companies seeking to locate or expand operations in Los Angeles, and to local companies seeking to export products and services to the international market. As the leading international trade service and promotion organization in the Los Angeles region, WTCLA supports the development of international trade and business opportunities through our business assistance, educational and matchmaking programs.

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This report explores numerous research questions, including: How do foreign-owned firms remain the largest contributors to Southern California, with 2,465 firms paying 87,247 workers a total of \$5.5 billion? UK, Canada, France and Germany complete the top 5 source nations.

This report updates the 2015 report FDI-related statistics in terms of number of firms, jobs, and wages. Dun & Bradstreet data for the USA retrieved in March 2017 is complemented with California Employment Development Department data on wages to estimate total wages for different regions. Dun & Bradstreet data only shows the ultimate ownership of firms above a ten percent threshold, and 2015 and 2016 data indicates that the FDI in the results of Southern California acquisition as a “net by 50”, with total jobs increasing by 7,065 and the average number of jobs per firm increasing by 8.

Nearly half of these firms and jobs are located in Los Angeles County, with Orange County accounting for close to one quarter. Retail and wholesale trade continue to be largest sectors for the number of foreign-owned firms – 2,351 and 1,695 respectively – with manufacturing the largest sector in terms of employment – 140,582 jobs – and total estimate wages – \$9.7 billion.

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CLUSTERING ANALYSIS

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Globalization and trade have recently reemerged as hot political topics in the US. Nonetheless, international trade and inbound foreign direct investment remain critical to the Southern California region.

In June 2016, the World Trade Center Los Angeles (WTCLA) and the Los Angeles Economic Development Corporation (LAEDC) released a study on the economic impact of foreign direct investment (FDI) on Southern California, focusing on the number of foreign-owned enterprises (FOEs) in the six counties that make-up Southern California (Los Angeles, San Diego, Orange, Ventura, San Bernardino, and Riverside).

This report builds upon an LAEDC analysis of foreign direct investment in Southern California released in 2016 by:

- Updating the contribution of foreign-owned enterprises to the region in terms of Jobs, Firms, and Wages.
- Analyzing changes over time, especially year-on-year changes between 2015 and 2016.
- Examining clustering by foreign-owned enterprises with respect to source nation and industry.
- Gaining insights into the perspective of foreign-owned enterprises through a survey.

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As shown in Tables ES-1 and ES-2, there are now an estimated 9,164 foreign-owned firms in Southern California representing 11.2% of all firms in the region, whose employees are 2,351,000 employees, or 4.3% of the region's workforce and pay them \$27.4 billion in wages.

This report explores numerous research questions, including how many firms remain the largest contributors to Southern California, with 2,465 firms paying 87,247 workers a total of \$5.5 billion. What is the contribution of F.OEs to Southern California?

This report updates the 2015 report FDI-related statistics in terms of number of firms, jobs, and wages. Dun & Bradstreet firm-level data retrieved in March 2017 is

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Nearly half of these firms and jobs are located in Los Angeles County, with Orange County accounting for close to one quarter.

Retail and wholesale trade continue to be largest sectors for the number of foreign-owned firms – 2,351 and 1,695 respectively – with manufacturing the largest sector in terms of employment – 140,582 jobs – and total estimate wages – \$9.7 billion.

CHANGES OVER TIME

Of the top 10 firms by employment in 2016, only Switzerland and the Netherlands declined in employment. Collectively, this demonstrates the strong and growing contribution of foreign-owned firms to the region.

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For industries with a large number of firms, Financial Services and Professional and Business Services are the industries with the highest level of spatial agglomeration. When spatial agglomeration is measured with respect to the number of firms, Korea shows the highest levels in Southern California, followed

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Statistical correlation analysis reveals that cities with relatively high concentrations of F.OEs have statistically larger labor forces and lower unemployment rates. At the same time, F.OEs in these cities have statistically higher sales, more workers, and higher 3-year growth percentage in sales volume than F.OEs in cities with lower concentration. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective F.OEs than has been previously identified in the academic literature.

SURVEY ANALYSIS

INTRODUCTION

The majority of respondents were positive about their business experiences within Southern California, reflecting findings from a similar survey conducted by LAEDC in 2009. In the 2017 survey, 81% of respondents reported their experiences within Southern California as “Good” or “Satisfactory”, while only 4% stated their experiences were “Poor” or “Unsatisfactory”.

In the 2009 report, greatest concern among respondents was the negative economic climate at the time. However, other areas of concern included housing affordability, public safety/crime, commercial and industrial prices and availability, energy supply and prices, labor costs, obtaining skilled employees, K-12 education quality, business taxes, and regulatory environment/permit procedures. The 2017 survey found that the most pressing risk factors in general for respondents were customer satisfaction/retention, labor and HR issues, political and regulatory uncertainty, currency volatility, and tougher competition. Specific to business within Southern California, respondents reported concern over trade and investment restrictions, delays for business visas for overseas visas, taxes, labor costs, and housing affordability.

Similar to the 2009 survey, when considering future investments, expansions of current facilities and growth into new facilities are the most popular. A larger proportion of respondents in 2017 appear to be considering relocation. In terms of potential for new investment, of those responding, most are considering Los Angeles County, followed by San Diego County, and Orange County. Within other areas of California, the Bay Area is the most popular response. Outside of California, investment potential is spread across the US, with a slight preference for the states of Texas, New York, Hawaii, Nevada, and Florida. Outside the US, Asian countries were significantly the most popular potential market, followed by Canada and Europe.

WTCLA and DHEI were keen to understand which key initiatives and programs state, regional, and local governments could implement to better support FOEs in Southern California. The most popular regional programs were “Economic reports on local markets”, followed by “Public road network investment”, “Training and workshops on doing business in Southern California (export training, etc...)” and “Workforce development initiatives, such as job-training, layoff support”.

TABLE ES-1

Top 10 Southern California FOEs by Source Nation

Rank	County	Jobs	% of All FOE Jobs	Firms	Est. Wages (\$millions)
1	Japan	87,247	19.9%	2,465	\$5,513
2	United Kingdom	66,366	15.1%	1,089	\$3,747
3	Canada	39,798	9.1%	858	\$2,655
4	France	35,981	8.2%	689	\$2,369
5	Germany	34,141	7.8%	858	\$2,047
6	Switzerland	24,675	5.6%	387	\$1,843
7	Sweden	23,177	5.3%	121	\$1,021
8	Ireland	20,985	4.8%	203	\$1,368
9	China	11,221	2.6%	323	\$726
10	Netherlands	11,104	2.5%	216	\$727
	All Others	84,406	19.2%	2,755	\$5,412
Total		439,101	100.0%	9,964	\$27,428

Source: Dun & Bradstreet, CA EDD; LAEDC analysis

TABLE ES-2

Southern California FOEs by Destination County

Rank	County	Jobs	% of All FOE Jobs	Firms	Est. Wages (\$millions)
1	Los Angeles	212,512	48.4%	4,682	\$13,248
2	Orange	114,001	26.0%	1,998	\$7,103
3	San Diego	58,076	13.2%	1,619	\$3,659
4	San Bernardino	21,596	4.9%	726	\$1,325
5	Riverside	16,211	3.7%	561	\$1,017
6	Ventura	16,705	3.8%	378	\$1,077
Total		439,101	100.0%	9,964	\$27,428

Source: Dun & Bradstreet, CA EDD, DHEI Analysis

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As shown in Tables ES-1 and ES-2, there are now an estimated 9,061 foreign-owned firms in Southern California representing 11.2% of all firms in the region, their employees 12.0% of all employees, or 4.3% of the region's workforce paid by them \$27.4 billion in wages.

This report explores numerous research questions, including: What are the primary countries of origin for the SOEs? What is the primary industry of the SOEs? What are the primary source nations?

This report updates the 2015 report on SOE-related statistics in terms of number of firms, jobs, and wages. Dun & Bradstreet firm-level data retrieved in March 2017 is

complemented by data from the U.S. Census Bureau's Economic Census. Political debates over trade and globalization have intensified in recent years. Nonetheless, the Department of Commerce's Office of Economic Affairs reports that foreign companies does not appear to have diminished, different categories of foreign investment remain critical to the Southern California region.

Between 2015 and 2016, the number of SOEs in the region increased by 1.5%. In June 2016, the World Trade Center Los Angeles (WTC LA) and Los Angeles Economic Development Corporation (LAEDC) released a study on the economic impact of foreign direct investment (FDI) on Southern California, focusing on the number of foreign-owned enterprises (FOEs) in the six counties (Los Angeles, San Diego, Orange, Ventura, San Bernardino, and Riverside).

This research project aims to inform policy makers and stakeholders related to foreign-owned enterprises in Southern California, and highlight the importance of these 9,000+ businesses to the regional economy. This report also aims to better-understand the motivations for foreign firms locating in Southern California, the experiences of foreign firms doing business here, and which factors encourage foreign firms to continue a presence the region.

Spatial agglomeration refers to the clustering of firms within a particular location. Firms locate nearby one another – for example car dealerships, jewelry or fashion districts, or furniture stores – for many reasons, including being attractive to customers and workers from similar firms, being close to supply chains, and to be in ethnically familiar neighborhoods. For Southern California, spatial agglomeration is higher when it is based on industrial sector than when it is based on country of origin. This suggests that firms might be more likely to locate close to another firm in the same sector than to another firm from the same country of origin.

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Retail and wholesale trade continue to be largest sectors for the number of foreign-owned firms – 2,351 and 1,695 respectively – with manufacturing the largest sector in terms of employment – 14,512 jobs and total estimate wages – \$9.7 billion.

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CLUSTERING ANALYSIS

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Statistical correlation analysis reveals that cities with relatively high concentrations of FOEs have statistically larger labor forces and lower unemployment rates. At the same time, FOEs in these cities have statistically higher sales, more workers, and higher 3-year growth percentage in sales volume than FOEs in cities with lower concentration. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective FOEs than has been previously identified in the academic literature.

INTRODUCTION

BACKGROUND

To understand Foreign Direct Investment, scholars often explore the motivations for, and impacts of, cross-border business investments. This could include foreign firms investing in the U.S. to gain market access, benefit from technology spillovers, or recruit high-skilled U.S. workers. The clustering or agglomeration of industries can also influence the location choices of businesses. Central to this issue is a tension between firms wanting to gain as much market coverage as possible – a Starbucks on every corner – and businesses locating close to one another – for example jewelry districts or car dealership clusters – to benefit from lower transaction costs for customers, and knowledge and technology spillovers between firms. This analysis can provide insight into the influence of clustering and agglomeration on investment decisions.

Why are firms choosing Southern California for their business investments?

Let us take the perspective of a foreign firm that has unique products or production techniques and has out-grown its domestic market. Southern California clearly offers a myriad of benefits for our foreign business seeking to gain a foothold in the lucrative U.S. market. Our firm has likely already gained some knowledge of the region by exporting through the largest twin ports in the U.S. (Fosfuri, Motta, and Ronde, 2001). Proximity to input material and transportation hubs available in Southern California is also important in location choices, particularly for those industries sensitive to transportation costs (see Rosenthal, 2001 and Shaver and Flyer, 2000).

Foreign investments are often located as close to home as possible (Halvorsen, 2012). If our firm is from a Pacific Rim nation, they are more likely to invest in Pacific Rim states such as California given lower international transport costs, greater cultural connections and more expats from Pacific Rim countries. Foreign firms also succeed more in regions where the proportion of foreign owned businesses are higher and invest a greater amount into productivity enhancing activities (Girma, et al., 2013). Firms have been found to locate initially closer to home, and later disperse throughout the whole country. Behind this dispersion effect are pull factors that draw foreign-owned firms away from California, such

as tax incentives, labor costs, costs of business, and regulatory environment.

Southern California is also appealing to our example firm because of the diverse and high-skilled workforce living in a region with obvious lifestyle benefits. Firms with more sophisticated technologies in place benefit from the spillover effects of agglomeration through improved access to educated workforce and proximity to input supply chains (Shaver and Flyer, 2000). Workers trained in new technologies retain their knowledge as they decide to remain in their current organization or choose to move to a local competitor (Girma, Gong, Gorg, and Lancheros, 2015). Rosenthal (2001) found that industries with a high reliance on skilled labor also have a higher propensity to cluster at all geographic levels. This all suggests that Southern California is particularly appealing to developed businesses.

This report is particularly interested in the benefits that foreign inbound investment can bring to Southern California. Many studies find positive impacts to host regions in terms of increased wages (Aitken et al, 1996), employment opportunities and the spillover effects of local companies learning from foreign producers located in the region (Gorg and Greenaway, 2004; Girma et al, 2015; Haskel, Pereira and Slaughter, 2007).

Although the determinants of FDI have been studied extensively in the academic literature (see Blomstrom, Kokko and Globerman, 2001 and Neilsen, Asmussen and Weatherall, 2017 for notable literature reviews), there has been limited research on the macroeconomic impacts of inbound FDI on U.S. regional economies. Moreover, there have been few studies of the economic impacts of inbound FDI in the U.S. (Mérette, Papadaki, Hernandez, & Lan, 2008 is a notable exception), and the authors could find no examples of analyses examining the economic impacts of inbound FDI on sub-national regions, such as the South Bay. Industry agglomeration is most notable at the state level and reduces in industry concentration at lower levels (Ellison & Glaeser, 1997), highlighting the scope for contribution to the literature by looking at the regional level.

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INTRODUCTION

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This report explores numerous research questions, including how many firms remain the largest contributors to Southern California, with 2,465 firms paying 87,247 workers a total of \$5.5 billion. What is the contribution of F.O.E.s to Southern California? UK, Canada, France and Germany complete the top 5 source nations.

This report updates the 2015 report FDI-related statistics in terms of number of firms, jobs, and wages. Dun & Bradstreet firm-level data retrieved in March 2017 is complemented with California Employment Development Department data on wages to estimate total wages for different categories. Dun & Bradstreet data only shows the ultimate ownership of firms above a ten percent threshold, and 2015 and 2016 data on the number of foreign-owned enterprises of Southern California as a “net by 50”, with a net increase of 2,165 and the average number of jobs per firm increases by 58.

The changes described in this report are not necessarily created as a consequence of the inbound FDI, nor would they necessarily be lost if the FDI was removed.

CLUSTERING ANALYSIS

Has this contribution changed over time, and what does this tell us about future trends? This report analyzes the changes over time, including year-on-year changes for Southern California with respect to economic sectors, spatial agglomeration refers to the clustering of firms within a particular location – Firms locate nearby one another – for example car dealerships, jewelry or fashion districts, or furniture stores – for many reasons, including being attractive to customers and workers from similar firms, being close to suppliers, firms choosing Southern California for their business, California's relatively low taxes, and when it is based in industrial sectors. What initially attracted Southern California developers to secure more FDI? This report

Examining such trends provides indications about the future direction of inbound FDI in Southern California.

Why are firms choosing Southern California for their business? California's relatively low taxes, and when it is based in industrial sectors. What initially attracted Southern California developers to secure more FDI? This report

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- First, a survey of FOEs was administered, asking questions about motivations for entering and remaining in the region, plans for investment and relocation, business risks and concerns, connections to the region and other institutions, and which regional programs would be most beneficial. The response rate to the survey was 1-2%, which is not uncommon for large-scale business surveys, and the top 100 firms by employment in 2015, 10% of respondents, and the New York and California sectors. Overall, this demonstrates that the results of the survey.
- Second, agglomeration and clustering effects identify the locational connections between companies. The literature review highlighted the importance of understanding the intersection between inbound FDI and agglomeration effects, especially with respect to economic sector and source nation. When measure in terms of the number of employees, firms from Sweden, China, and Switzerland show the highest levels in Southern California. Statistical cluster analysis reveals that a high concentration of FOEs have established in the given forces and lower concentration. As the same time, FOEs in these cities have a statistically higher relative network size of 3-year growth in sales volume than FOEs in cities with lower concentration. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective FOEs than has been previously identified in the academic literature.

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SOUTHERN CALIFORNIA AND FOREIGN INVESTMENT

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FOREIGN INVESTMENT IN 2016

As shown in Tables ES-1 and ES-2, there are now an estimated 9,964 foreign-owned firms in Southern California representing 1.2% of all firms in the region. These firms employ 439,101 employees, or 4.3% of the region's workforce and pay them \$27.4 billion in wages.

This report explores numerous research questions, including Japanese firms remain the largest contributor to Southern California, with 2,465 firms paying \$7.247 billion in wages. Mexico is the second largest contributor to FDI in Southern California, with 1,998 firms paying \$7.103 billion in wages. France and Germany complete the top 5 source nations.

This report updates the 2015 report FDI-related statistics in terms of number of firms, jobs, and wages. Dun & Bradstreet firm-level data retrieved in March 2017 is complemented with California Employment and Training Department data on wages to estimate total wages for different categories. Dun & Bradstreet data only shows the number of firms above a certain threshold.

As shown in Table 2, Japanese firms remain the largest contributors to Southern California, with 2,465 firms paying \$7.247 billion in wages. Mexico is the second largest contributor to FDI in Southern California, with 1,998 firms paying \$7.103 billion in wages. France and Germany complete the top 5 source nations. Nearly half of these firms and jobs are located in Los Angeles County, with Orange County accounting for close to one quarter.

Retail and wholesale trade continue to be largest sectors for the number of foreign-owned firms – 2,351 and 1,695 respectively – with manufacturing the largest sector in terms of employment – 140,582 jobs – and total estimate wages – \$9.7 billion. A particular location firms locate nearby one another, for example an estimated 89,170 firms in fashion districts, or furniture stores – for many reasons, including being attractive to customers and workers from similar firms, being close to supply chains, and to be in ethnically familiar neighborhoods.

For Southern California, spatial agglomeration is higher when it is based on industrial sector than when it is based on country of origin. This suggests that firms might be more likely to locate close to another firm in the same sector than to another firm from the same country of origin.

For industries with a large number of firms, Financial Services and Professional and Business Services are the industries with the highest level of spatial agglomeration. When spatial agglomeration is measured with respect to the number of firms, Korea shows the highest levels in Southern California, followed

Nearly half of these firms and jobs are located in Los Angeles County, with Orange County accounting for close to one quarter.

Retail and wholesale trade continue to be largest sectors for the number of foreign-owned firms – 2,351 and 1,695 respectively – with manufacturing the largest sector in terms of employment – 140,582 jobs – and total estimate wages – \$9.7 billion.

TABLE 1
Southern California FOEs by Destination County, 2016

Rank	County	Jobs	% of All FOE Jobs	Firms	Est. Wages (\$millions)
1	Los Angeles	212,512	48.4%	4,682	\$13,248
2	Orange	114,001	26.0%	1,998	\$7,103
4	San Bernardino	21,596	4.9%	726	\$1,325
5	Riverside	16,211	3.7%	561	\$1,017
6	Ventura	16,705	3.8%	378	\$1,077
Total		439,101	100.0%	9,964	\$27,428

Of the top 10 firms by employment in 2016, only Switzerland and the Netherlands declined in employment. Collectively, this demonstrates the strong and growing contribution of foreign-owned firms to the region.

Source: Dun & Bradstreet, CA EDD, DHEI Analysis by Taiwan and Switzerland. When measure in terms of the number of employees, firms from Sweden, China, and Switzerland show the highest levels in Southern California.

Statistical correlation analysis reveals that cities with relatively high concentrations of FOEs have statistically larger labor forces and lower unemployment rates. At the same time, FOEs in these cities have statistically higher sales, more workers, and higher 3-year growth percentage in sales volume than FOEs in cities with lower concentration. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective FOEs than has been previously identified in the academic literature.

TABLE 2
Southern California FOE's by Source Nation, 2016

INTRODUCTION

BACKGROUND

Rank	Source Nation	Jobs	% of All FOE Jobs	Firms	Est. Wages (\$millions)	Employment Per Firm	Ave Wage Per Emp
1	Japan	87,247	19.9%	2,465	\$5,513	35.4	\$63,186
2	United Kingdom	66,366	15.1%	1,089	\$3,747	60.9	\$56,459
3	Canada	39,798	9.1%	858	\$2,655	46.4	\$66,724
4	France	35,981	8.2%	689	\$2,369	52.2	\$65,834
5	Germany	34,141	7.8%	858	\$2,047	39.8	\$59,971
6	Switzerland	24,675	5.6%	387	\$1,843	63.8	\$74,684
7	Sweden	23,177	5.3%	121	\$1,021	191.5	\$44,046
8	Ireland	20,985	4.8%	203	\$1,368	103.4	\$65,210
9	China	11,221	2.6%	323	\$726	34.7	\$64,695
10	Netherlands	11,104	2.5%	216	\$727	51.4	\$65,463
11	Taiwan	8,035	1.8%	257	\$551	31.3	\$68,602
12	Australia	7,569	1.7%	202	\$501	37.5	\$66,170
13	Republic Of Korea	7,464	1.7%	262	\$476	28.5	\$63,742
14	Spain	6,764	1.5%	116	\$441	58.3	\$65,255
15	Mexico	6,673	1.5%	254	\$405	26.3	\$60,623
16	Luxembourg	4,734	1.1%	332	\$230	14.3	\$48,632
17	Israel	4,495	1.0%	53	\$311	84.8	\$69,288
18	India	3,535	0.8%	108	\$237	32.7	\$66,928
19	Singapore	3,314	0.8%	71	\$227	46.7	\$68,502
20	Kazakhstan	3,298	0.8%	7	\$262	471.1	\$79,303
21	Italy	3,096	0.7%	152	\$153	20.4	\$49,430
22	Belgium	2,834	0.6%	72	\$184	39.4	\$64,860
23	Cayman Islands	2,745	0.6%	33	\$184	83.2	\$66,983
24	Hong Kong	2,286	0.5%	94	\$152	24.3	\$66,364
25	Rest of World	17,564	4.0%	742	\$1,099	23.7	\$62,562
	Total	439,101	100.0%	9,964	\$27,428	44.1	\$62,465

Source: Dun & Bradstreet, CA EDD, DHEI Analysis

EXECUTIVE SUMMARY

CONTRIBUTION OF FOREIGN-OWNED ENTERPRISES

As shown in Tables ES-1 and ES-2, there are now an estimated 9,616 foreign-owned firms in Southern California representing 12% of all firms in the region. These firms employ 2.0 million employees, or 4.3% of the region's workforce. They add \$27.4 billion in wages.

This report explores numerous research questions, including Japanese firms remain the largest contributor to Southern California, with 115 firms paying 87.74 million to a net \$5 billion. The U.S., Canada, France and Germany complete the top source nations.

This report updates the 2015 report FDI-related statistics in terms of number of firms, jobs, and wages. Dun & Bradstreet firm-level data that is released in March 2017 is complemented with California Employment Development

Department data on wages to estimate total wages for different categories. Dun & Bradstreet data only shows the ultimate ownership of firms above a ten percent threshold. California increased by 859, with total jobs increasing by 72,686 and the average number of jobs per firm increasing by 3.9. German firms have seen the largest increase, 252 jobs increasing by 29%. Taiwan's average number of jobs per firm increased by 25%, followed by Canada, 115 (+13%) and Ireland, 50 (+25%). Canadian firms increased employment by the largest amount, 13,568 (+34%), followed by Sweden, 12,915 (+56%), and the United Kingdom, 11,456 (+17%).

It is notable that despite the UK, France and China decreasing in terms of the number of firms, the number of employees increased for firms from all three countries. In fact, of the Spatial agglomeration refers to the clustering of firms within a particular location. Firms locate nearby one another – for example car dealerships, jewelry or fashion districts, or furniture stores – for many reasons, including being attractive to customers and workers from similar firms, being close to supply chains, and to be in ethnically familiar neighborhoods. For Southern California, spatial agglomeration is higher when it is based on industrial sector than when it is based on country of origin. This suggests that firms might be more likely to locate close to another firm in the same sector than to another firm from the same country of origin.

For industries with a large number of firms, Financial Services and Professional and Business Services are the industries with the highest level of spatial agglomeration. When spatial agglomeration is measured with respect to the number of firms, Korea shows the highest levels in Southern California, followed

Nearly half of these firms and jobs are located in Los Angeles County, with Orange County accounting for close to one quarter.

Retail and wholesale trade continue to be largest sectors for the number of foreign-owned firms – 2,351 and 1,695 respectively – with manufacturing the largest sector in terms of employment – 140,582 jobs – and total estimate wages – \$9.7 billion.

top 10 firms by employment in 2016, only Switzerland and the Netherlands declined in employment. Collectively, this demonstrates the strong and growing contribution of foreign-owned firms to the region. Of the top 10 firms by employment in 2016, only Switzerland and the Netherlands declined in employment. Collectively, this demonstrates the strong and growing contribution of foreign-owned firms to the region. Of the top 10 firms by employment in 2016, only Switzerland and the Netherlands declined in employment. Collectively, this demonstrates the strong and growing contribution of foreign-owned firms to the region.

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TABLE 3
Change in FOEs by Source Nation, Between 2015-2016

Source Nation	Change in Jobs	Change in % of All FOE Jobs	Change in Firms	Change in Jobs per Firm
Japan	+7,826	-1.83%	+25	+2.9
United Kingdom	+11,456	+0.11%	-46	+12.9
Canada	+13,568	+1.86%	+115	+11.1
France	+3,423	-0.71%	+83	-1.5
Germany	+1,547	-1.12%	+33	+0.3
Switzerland	-403	-1.18%	+17	-4.0
Sweden	+12,915	+2.48%	-8	+111.9
Ireland	+643	-0.82%	+50	-29.6
China	+4,771	+0.76%	-17	+16.3
Netherlands	-3,008	-1.37%	+19	-732.6
Taiwan	+788	-0.17%	+35	-1.3
Australia	-83	-0.38%	+11	-2.6
Republic Of Korea	-100	-0.40%	+29	-4.0
Spain	+2,588	+0.44%	+24	+12.9
Mexico	+1,286	+0.02%	+27	+2.6
Luxembourg	-136	-0.22%	+20	-1.3
Israel	+221	-0.18%	+8	-10.2
India	+653	+0.01%	+22	-0.8
Singapore	+1,323	+0.25%	+30	-1.9
Kazakhstan	N/A	N/A	N/A	N/A
Italy	+389	+0.01%	+2	+2.4
Belgium	+296	-0.05%	+20	-9.4
Cayman Islands	N/A	N/A	N/A	N/A
Hong Kong	+116	-0.08%	+12	-2.2
Rest of World	+9,580	+1.80%	+390	+1.0
Total	+72,686		+859	+3.9

Source: Dun & Bradstreet, CA EDD, LAEDC Analysis, DHEI Analysis

EXECUTIVE SUMMARY

CONTRIBUTION OF FOREIGN-OWNED ENTERPRISES

As shown in Tables ES-1 and ES-2, there are now an estimated 9,618 foreign-owned firms in Southern California representing 1.2% change in the Employment, Number of Firms, and Total Wages by Source Nation for Top-10 Foreign-Owned Businesses in Southern California, 2015-2016 down from \$27.4 billion in wages.

Nearly half of these firms and jobs are located in Los Angeles County, with Orange County accounting for close to one quarter. Retail and wholesale trade continue to be largest sectors for the number of foreign-owned firms – 2,351 and 1,695 respectively – with change between 2015 and 2016 the largest sector in terms of employment – 140,582 jobs – and total estimate wages – \$9.7 billion.

This report explores numerous research questions, including: What is the contribution of F.OEs to Southern California? This report updates the 2013 report FDI-related statistics in terms of number of firms, jobs, and wages. Dun & Bradstreet firm-level data retrieved in March 2017 is complemented with California Employment Development Department data on wages to estimate total wages for different categories. Dun & Bradstreet data only shows ultimate ownership of firms above a ten percent threshold, and 2015 and 2016 identification of foreign-owned enterprises of Southern California as “see by 50”, with strong jobs increasing by 7,265 and the average number of jobs per firm increases by 5.8 jobs in this

Rank	Country	Rank Change	Level Change	% Change
1	Japan	0	+7,826	+9%
2	United Kingdom	0	+11,456	+17%
3	Canada	+1	+1,568	+34%
4	France	0	+3,423	+10%
5	Germany	-2	+1,547	+3%
6	Switzerland	0	-403	-27%
7	Sweden	+2	+12,915	+56%
8	Ireland	-1	+643	+3%
9	China	+4	+4,771	+43%
10	Netherlands	-2	-3,008	-27%

CLUSTERING ANALYSIS

Spatial agglomeration refers to the clustering of firms within a particular location. Firms locate nearby one another – for example car dealerships, jewelry or fashion districts, or furniture stores – for many reasons, including being attractive to customers and workers from similar firms, being close to supply chains, and to be in ethnically familiar neighborhoods. For Southern California, spatial agglomeration is higher when it is based on industrial sector than when it is based on country of origin. This suggests that firms might be more likely to locate close to another firm in the same sector than to another firm from the same country of origin.

For industries with a large number of firms, Financial Services and Professional and Business Services are the industries with the highest level of spatial agglomeration. When spatial agglomeration is measured with respect to the number of firms, Korea shows the highest levels in Southern California, followed

Of the top 10 firms by employment in 2016, only Switzerland and the Netherlands declined in employment. Collectively, this demonstrates the strong and growing contribution of foreign-owned firms to the region.

by Taiwan and Switzerland. When measure in terms of the number of employees, firms from Sweden, China, and Switzerland show the highest levels in Southern California.

Statistical correlation analysis reveals that cities with relatively high concentrations of F.OEs have statistically larger labor forces and lower unemployment rates. At the same time, F.OEs in these cities have statistically higher sales, more workers, and higher 3-year growth percentage in sales volume than F.OEs in cities with lower concentration. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective F.OEs than has been previously identified in the academic literature.

TABLE 5

Change in Firms, Jobs, and Wages by Sector, 2015-2016

Sector	2016			Change (2015-2016)	
	Jobs	Firms	Est. Wages (\$millions)	Jobs	Firms
Natural Resources	2,260	48	\$182.6	+433	+7
Construction	5,047	146	\$295.1	-527	+22
Manufacturing	140,582	1,481	\$9,714.2	+23,861	+165
Wholesale Trade	56,842	1,695	\$4,045.7	+8,229	+146
Retail Trade	40,253	2,351	\$1,229.7	+4,113	+238
Transportation, Warehousing and Utilities	22,749	489	\$1,234.3	+2,001	+29
Information	19,907	523	\$1,158.3	+2,163	+14
Financial Activities	43,496	1,168	\$3,767.5	+5,219	+19
Professional and Business Services	78,373	1,232	\$4,551.0	+27,151	+165
Education and Health Care	5,992	239	\$354.4	-701	+14
Leisure and Hospitality	15,339	309	\$473.4	-2,027	-15
Other Services	6,361	177	\$283.8	+2,414	+12
Public Administration	1,900	106	\$138.1	+357	+43
Total	439,101	9,964	\$27,428.3	+72,686	+859

Source: Dun & Bradstreet, CA EDD, LAEDC Analysis, DHEI Analysis

TABLE 6

Change in Jobs and Firms by County, 2015-2016

County	Jobs	% of all FOE Jobs	Firms
Los Angeles	+35,085	-0.03%	+315
Orange	+29,859	3.00%	+186
San Diego	+3,333	-1.71%	+188
San Bernardino	+1,073	-0.68%	+72
Riverside	+213	-0.67%	+59
Ventura	+3,123	0.10%	+39
Total	72,686	0.00%	859

Source: Dun & Bradstreet, CA EDD, LAEDC Analysis, DHEI Analysis

EXECUTIVE SUMMARY

CONTRIBUTION OF FOREIGN-OWNED ENTERPRISES

As shown in Tables ES-1 and ES-2, there are now an estimated 9,167 foreign-owned firms in Southern California representing 11.2% of all firms in the region, their employees 12.0% of all employees, or 4.3% of the region's workforce paid them \$27.4 billion in wages.

This report explores numerous research questions, including how many firms remain the largest contributors to Southern California, with 2,465 firms paying 87,247 workers a total of \$5.5 billion.

What is the contribution of F.O.E.s to Southern California? UK, Canada, France and Germany complete the top 5 source nations.

This report updates the 2015 report FDI-related statistics in terms of number of firms, jobs and wages. Dun & Bradstreet firm-level data retrieved in March 2016 is complemented with data from the Employment Security Department data on wages to estimate total wages for different categories of firms. Dun & Bradstreet data includes the ultimate ownership of firms by country per threshold.

Between 2015 and 2016, the number of firms in the F.O.E. enterprises of Southern California increased by 6.9%, with total jobs increasing by 7.6% and the average number of jobs per firm increasing by 5.8%.

Nearly half of these firms and jobs are located in Los Angeles County, with Orange County accounting for close to one quarter.

Retail and wholesale trade continue to be largest sectors for the number of foreign-owned firms – 2,351 and 1,695 respectively – with manufacturing the largest sector in terms of employment – 140,582 jobs – and total estimate wages – \$9.7 billion.

FDI DESTINATION CHANGES OVER TIME

Of the top 10 firms by employment in 2016, only Switzerland and the Netherlands declined in employment. Collectively, this demonstrates the strong and growing contribution of foreign-owned firms to the region.

CLUSTERING ANALYSIS

Spatial agglomeration refers to the clustering of firms within a particular location. Firms locate nearby one another – for example car dealerships, jewelry or fashion districts, or furniture stores – for many reasons, including being attractive to customers and workers from similar firms, being close to supply chains, and to be in ethnically familiar neighborhoods. For Southern California, spatial agglomeration is higher when it is based on industrial sector than when it is based on country of origin. This suggests that firms might be more likely to locate close to another firm in the same sector than to another firm from the same country of origin.

For industries with a large number of firms, Financial Services and Professional and Business Services are the industries with the highest level of spatial agglomeration. When spatial agglomeration is measured with respect to the number of firms, Korea shows the highest levels in Southern California, followed

by Taiwan and Switzerland. When measure in terms of the number of employees, firms from Sweden, China, and Switzerland show the highest levels in Southern California.

Statistical correlation analysis reveals that cities with relatively high concentrations of F.O.E.s have statistically larger labor forces and lower unemployment rates. At the same time, F.O.E.s in these cities have statistically higher sales, more workers, and higher 3-year growth percentage in sales volume than F.O.E.s in cities with lower concentration. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective F.O.E.s than has been previously identified in the academic literature.



SOUTHERN CALIFORNIA

FOREIGN-OWNED ENTERPRISES (FOEs)

FOE JOBS

439,101

FOE FIRMS

9,964

ESTIMATED WAGES

\$27.4B

FOREIGN DIRECT INVESTMENT 2016

FOEs BY SOURCE NATION

Rank	Source Nation	Jobs	% of All FOE Jobs	Firms	Est. Wages (\$millions)
1	Japan	87,247	19.9%	2,46	\$5,512.8
2	United Kingdom	66,366	15.1%	1,089	\$3,747.0
3	Canada	39,798	9.1%	858	\$2,655.5
4	France	35,981	8.2%	689	\$2,368.8
5	Germany	34,141	7.8%	858	\$2,047.5
6	Switzerland	24,675	5.6%	387	\$1,842.8
7	Sweden	23,177	5.3%	121	\$1,020.8
8	Ireland	20,985	4.8%	203	\$1,368.4
9	China	11,221	2.6%	323	\$725.9
10	Netherlands	11,104	2.5%	216	\$726.9
	All Others	84,406	19.2%	2,755	\$5,411.8
	Total	439,101	100.0%	9,964	\$27,428.3

Source: Dun & Bradstreet, CA EDD, DHEI Analysis

FOEs BY INDUSTRY SECTOR

Sector	Jobs	Firms	Est. Wages (\$millions)
Natural Resources	2,260	48	\$182.6
Construction	5,047	146	\$295.1
Manufacturing	140,582	1,481	\$9,714.2
Wholesale Trade	56,842	1,695	\$4,045.7
Retail Trade	40,253	2,351	\$1,229.7
Transp, Warehousing, Utilities	22,749	489	\$1,234.3
Information	19,907	523	\$1,158.3
Financial Activities	43,496	1,168	\$3,767.5
Prof / Business Services	78,373	1,232	\$4,551.0
Education / Health Care	5,992	239	\$354.4
Leisure / Hospitality	15,339	309	\$473.4
Other Services	6,361	177	\$283.8
Public Administration	1,900	106	\$138.1
Total	439,101	9,964	\$27,428.3

Source: Dun & Bradstreet, CA EDD, LAEDC Analysis, DHEI Analysis

EXECUTIVE SUMMARY

CONTRIBUTION OF FOREIGN-OWNED ENTERPRISES ABOUT DOMINGUEZ HILLS METEORIC & INSTITUTE

LOS ANGELES COUNTY

As shown in Tables ES-1 and ES-2, there are now an estimated 9,616 foreign-owned firms in Southern California representing 1.2% of all firms in the region, these firms employ 2,310,000 employees, or 4.3% of the region's workforce and pay them \$27.4 billion in wages.

Nearly half of these firms and jobs are located in Los Angeles County, with Orange County accounting for close to one quarter.

Retail and wholesale trade continue to be largest sectors for the number of foreign-owned firms – 2,351 and 1,695 respectively – with manufacturing the largest sector in terms of employment – 140,582 jobs – and total estimate wages – \$9.7 billion.

FOREIGN-OWNED ENTERPRISES (FOEs)

This report explores numerous research questions, including what is the contribution of FOEs to Southern California, with 2,465 firms paying 87,247 workers a total of \$5.5 billion. What is the contribution of FOEs to Southern California? UK, Canada, France and Germany complete the top 5 source nations.

This report updates the 2015 report FDI-related statistics in terms of number of firms, jobs, and wages. Dun & Bradstreet firm-level data retrieved in March 2017 is complemented with California Employment Development Department data on wages to estimate total wages for different categories. Dun & Bradstreet data only shows the ultimate ownership of firms above a ten percent threshold, between 2015 and 2016 the number of foreign-owned enterprises in Southern California increased by 15%, with total jobs increasing by 2,065 and the average number of jobs per firm increasing by 1.7.

FOE JOBS

212,512

FOE FIRMS

4,682

ESTIMATED WAGES

\$13.2B

FOES BY SOURCE NATION

Rank	Source Nation	Jobs	% of All FOE Jobs	Firms	Est. Wages (\$millions)
1	Japan	45,157	21.2%	1,233	\$2,813.9
2	United Kingdom	26,963	12.7%	491	\$1,621.3
3	Sweden	17,818	8.4%	54	\$756.1
4	Canada	17,710	8.3%	330	\$1,208.9
5	Germany	15,877	7.5%	69	\$45.6
6	Switzerland	15,672	7.4%	173	\$1,218.6
7	France	15,672	7.4%	356	\$100.0
8	Ireland	6,677	3.1%	60	\$450.1
9	Netherlands	4,367	2.1%	105	\$283.7
10	Australia	4,367	2.1%	105	\$283.7
	All Other	1,100	0.5%	1,429	\$2,598.3

For industries with a large number of firms, Financial Services and Professional and Business Services are the industries with the highest level of spatial agglomeration. When spatial agglomeration is measured with respect to the number of firms, Korea shows the highest levels in Southern California, followed

Of the top 10 firms by employment in 2016, only Switzerland and Germany are in the top 10 by employment. Collectively, this demonstrates the strong and growing contribution of foreign-owned firms to the region.

FOES BY INDUSTRY SECTOR

Industry Sector	Jobs	Firms	Est. Wages (\$millions)
Natural Resources	755	17	\$65.8
Construction	2,337	64	\$140.7
Manufacturing	44,823	514	\$3,097.3
Wholesale Trade	26,619	813	\$1,894.6
Retail and Wholesale Trade	17,100	1,012	\$525.2
Transport, Warehousing, Utilities	10,869	299	\$1,541.7
Information	22,657	287	\$935.0
Financial Activities	31,673	576	\$2,763.6
Prof / Business Services	32,762	656	\$1,834.7
Health Care	21,912	296	\$1,006
Leisure / Hospitality	10,635	204	\$330.6
Other Services	3,972	82	\$177.2
Public Administration	1,001	51	\$68.5
Total	212,912	4,682	\$13,247.5

Statistical correlation analysis reveals that cities with relatively high concentrations of FOEs have statistically larger labor forces and lower unemployment rates. At the same time, FOEs in these cities have statistically higher sales, more workers, and higher 3-year growth percentage in sales volume than FOEs in cities with lower concentration. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective FOEs that have been previously identified in the academic literature.

CLUSTERING ANALYSIS



FOREIGN-OWNED ENTERPRISES (FOEs)

FOE JOBS

114,001

FOE FIRMS

1,998

ESTIMATED WAGES

\$7.1B

FOREIGN DIRECT INVESTMENT 2016

FOEs BY SOURCE NATION

Rank	Source Nation	Jobs	% of All FOE Jobs	Firms	Est. Wages (\$millions)
1	United Kingdom	23,748	20.8%	202	\$1,181.2
2	Japan	22,806	20.0%	545	\$1,449.7
3	Canada	12,643	11.1%	166	\$837.3
4	France	8,257	7.2%	134	\$557.2
5	Germany	7,943	7.0%	181	\$495.3
6	Ireland	7,329	6.4%	54	\$510.9
7	China	5,959	5.2%	51	\$409.1
8	Switzerland	3,172	2.8%	90	\$219.2
9	Taiwan	2,858	2.5%	70	\$199.8
10	Israel	2,592	2.3%	13	\$178.3
	All Other	16,694	14.6%	492	\$1,065.1
	Total	114,001	100.0%	1,998	\$7,103.2

Source: Dun & Bradstreet, CA EDD, DHEI Analysis

FOEs BY INDUSTRY SECTOR

Sector	Jobs	Firms	Est. Wages (\$millions)
Natural Resources	92	6	\$5.4
Construction	1,050	28	\$61.4
Manufacturing	18,373	376	\$1,307.7
Wholesale Trade	45,263	387	\$3,127.7
Retail Trade	9,976	445	\$304.8
Transp, Warehousing, Utilities	908	41	\$41.2
Information	3,068	72	\$178.5
Financial Activities	5,048	221	\$422.0
Prof / Business Services	25,389	286	\$1,430.3
Education / Health Care	2,054	42	\$78.9
Leisure / Hospitality	1,346	46	\$71.6
Other Services	764	34	\$46.0
Public Administration	670	14	\$27.7
Total	114,001	1,998	\$7,103.2

Source: Dun & Bradstreet, CA EDD, LAEDC Analysis, DHEI Analysis

EXECUTIVE SUMMARY

CONTRIBUTION OF FOREIGN-OWNED ENTERPRISES IN SAN DIEGO COUNTY ABOUT DOMINGUEZ HILLS METEORIC & INSTITUTE

As shown in Tables ES-1 and ES-2, there are now an estimated 9,616 foreign-owned firms in Southern California representing 11.2% of all firms in the region, these firms employ 580,776 employees, or 4.3% of the region's workforce and pay them \$27.4 billion in wages.

Nearly half of these firms and jobs are located in Los Angeles County, with Orange County accounting for close to one quarter.

Retail and wholesale trade continue to be largest sectors for the number of foreign-owned firms – 2,351 and 1,695 respectively – with manufacturing the largest sector in terms of employment – 140,582 jobs – and total estimate wages – \$9.7 billion.

FOREIGN-OWNED ENTERPRISES (FOEs)

This report explores numerous research questions, including what is the contribution of FOEs to Southern California, with 2,465 firms paying 87,247 workers a total of \$5.5 billion. What is the contribution of FOEs to Southern California? UK, Canada, France and Germany complete the top 5 source nations.

FOE JOBS

58,076

FOE FIRMS

1,619

ESTIMATED WAGES

\$3.7B

This report updates the 2015 report FDI-related statistics in terms of number of firms, jobs, and wages. Dun & Bradstreet firm-level data retrieved in March 2017 is complemented with California Economic Development Department data on wages to estimate total wages for different categories. Dun & Bradstreet data only shows the ultimate ownership of firms above a ten percent threshold, and 2015 and 2016 data indicates that the FOE is the dominant source of acquisition, a "get by 50", with total jobs increasing by 7,065 and the average number of jobs per firm increasing by 5.3.

FOES BY SOURCE NATION

Rank	Source Nation	Number of Firms	% of All FOE Jobs	Firms	Est. Wages (\$millions)
1	Japan	11,848	20.4%	407	\$783.0
2	United Kingdom	10,231	17.6%	222	\$622.7
3	Germany	4,833	8.3%	145	\$296.1
4	Canada	4,576	7.9%	160	\$311.5
5	Ireland	4,074	6.9%	35	\$23.4
6	France	4,018	6.9%	96	\$264.4
7	Switzerland	3,006	5.1%	62	\$123.4
8	Netherlands	2,798	4.8%	49	\$177.2
9	Spain	1,285	2.2%	28	\$84.3
10	Australia	934	1.6%	39	\$59.6

For industries with a large number of firms, Financial Services and Professional and Business Services are the industries with the highest level of spatial agglomeration. When spatial agglomeration is measured with respect to the number of firms, Korea shows the highest levels in Southern California, followed

Of the top 10 firms by employment in 2016, only Switzerland and the United States are in the top 10. Collectively, this demonstrates the strong and growing contribution of foreign-owned firms to the region.

FOES BY INDUSTRY SECTOR

Industry Sector	Jobs	Firms	Est. Wages (\$millions)
Natural Resources	389	4	\$28.4
Construction	1,201	18	\$32.8
Manufacturing	5,129	223	\$365.1
Wholesale Trade	24,892	284	\$1,720.0
Retail Trade	23,779	419	\$222.2
Transp, Warehousing, Utilities	1,000	57	\$99.8
Information	1,129	59	\$65.7
Financial Activities	6,971	195	\$509.7
Prof / Business Services	64,355	1,854	\$4,084.6
Health Care	8,843	40	\$223
Leisure / Hospitality	868	45	\$50.5
Other Services	431	29	\$23.3
Public Administration	880	13	\$64.0
Total	116,752	3,238	\$7,348.3

Statistical correlation analysis reveals that cities with relatively high concentrations of FOEs have statistically larger labor forces and lower unemployment rates. At the same time, FOEs in these cities have statistically higher sales, more workers, and higher 3-year growth percentage in sales volume than FOEs in cities with lower concentration. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective FOEs than has been previously identified in the academic literature.

CLUSTERING ANALYSIS



INTERNATIONAL BUSINESS ROUND SAN BERNARDINO COUNTY

FOREIGN-OWNED ENTERPRISES (FOEs)

FOE JOBS

21,596

FOE FIRMS

726

ESTIMATED WAGES

\$1.3B

FOREIGN DIRECT INVESTMENT 2016

FOEs BY SOURCE NATION

Rank	Source Nation	Jobs	% of All FOE Jobs	Firms	Est. Wages (\$millions)
1	Japan	2,969	13.7%	133	\$172.2
2	Canada	2,619	12.1%	89	\$167.1
3	France	2,363	10.9%	40	\$152.4
4	Germany	1,646	7.6%	68	\$89.0
5	United Kingdom	1,148	5.3%	49	\$62.1
6	Mexico	1,040	4.8%	35	\$62.1
7	Sweden	979	4.5%	13	\$44.1
8	Switzerland	872	4.0%	28	\$59.5
9	Australia	865	4.0%	15	\$59.6
10	Ireland	740	3.4%	16	\$51.5
	All Others	6,355	29.4%	240	\$405.2
	Total	21,596	100.0%	726	\$1,324.9

Source: Dun & Bradstreet, CA EDD, DHEI Analysis

FOEs BY INDUSTRY SECTOR

Sector	Jobs	Firms	Est. Wages (\$millions)
Natural Resources	102	2	\$6.5
Construction	166	7	\$9.0
Manufacturing	4,194	136	\$298.5
Wholesale Trade	7,537	142	\$520.8
Retail Trade	2,730	200	\$83.4
Transp, Warehousing, Utilities	599	23	\$47.4
Information	1,082	29	\$44.7
Financial Activities	2,167	54	\$106.6
Prof / Business Services	22,626	799	\$1,400.5
Education / Health Care	920	18	\$51.6
Leisure / Hospitality	265	21	\$15.4
Other Services	138	15	\$6.2
Public Administration	666	6	\$59.1
Total	43,192	1,452	\$2,649.7

Source: Dun & Bradstreet, CA EDD, LAEDC Analysis, DHEI Analysis

EXECUTIVE SUMMARY

CONTRIBUTION OF FOREIGN-OWNED ENTERPRISES IN RIVERSIDE COUNTY ABOUT DOMINGUEZ HILLS METEORIC & INSTITUTE

As shown in Tables ES-1 and ES-2, there are now an estimated 9,616 foreign-owned firms in Southern California representing 11.2% of all firms in the region, these firms employ 1,210,000 employees, or 4.3% of the region's workforce and pay them \$27.4 billion in wages.

Nearly half of these firms and jobs are located in Los Angeles County, with Orange County accounting for close to one quarter.

Retail and wholesale trade continue to be largest sectors for the number of foreign-owned firms – 2,351 and 1,695 respectively – with manufacturing the largest sector in terms of employment – 140,582 jobs – and total estimate wages – \$9.7 billion.

FOREIGN-OWNED ENTERPRISES (FOEs)

This report explores numerous research questions, including what is the contribution of FOEs to Southern California, with 2,465 firms paying 87,247 workers a total of \$5.5 billion. What is the contribution of FOEs to Southern California? UK, Canada, France and Germany complete the top 5 source nations.

FOE JOBS

16,218

FOE FIRMS

563

ESTIMATED WAGES

\$1.0B

This report updates the 2015 report FDI-related statistics in terms of number of firms, jobs, and wages. Dun & Bradstreet firm-level data retrieved in March 2017 is complemented with California Commerce Department Department data on wages to estimate total wages for different categories. Dun & Bradstreet data only shows the ultimate ownership of firms above a ten percent threshold, and 2015 and 2016 data indicates that the FOE is the source nation for 100% of the acquisition, as opposed to jobs increasing by 2,065 and the average number of jobs per firm increasing by 3.3%.

FOES BY SOURCE NATION

Rank	Source Nation	Number of Firms	% of All FOE Jobs	Firms	Est. Wages (\$millions)
1	Germany	2,353	14.5%	50	\$146.1
2	Japan	2,018	12.4%	94	\$125.8
3	United Kingdom	1,836	11.3%	71	\$101.7
4	Switzerland	1,645	10.1%	19	\$113.7
5	Canada	1,499	9.2%	79	\$99.7
6	Sweden	1,450	8.9%	13	\$77.7
7	Spain	1,088	6.7%	21	\$22.0
8	Ireland	808	5.0%	17	\$53.2
9	France	615	3.9%	7	\$7.6
10	Belgium	547	3.4%	7	\$37.6
	All Others	2,163	13.3%	157	\$134.2

For industries with a large number of firms, Financial Services and Professional and Business Services are the industries with the highest level of spatial agglomeration. When spatial agglomeration is measured with respect to the number of firms, Korea shows the highest levels in Southern California, followed

Of the top 10 firms by employment in 2016, only Switzerland and Sweden are in the top 10 by employment. Collectively, this demonstrates the strong and growing contribution of foreign-owned firms to the region.

FOES BY INDUSTRY SECTOR

Sector	Jobs	Firms	Est. Wages (\$millions)
Natural Resources	16,218	563	\$1,017.0
Construction	46	5	\$2.5
Manufacturing	1,326	82	\$94.4
Wholesale Trade	7,331	92	\$506.6
Retail Trade	729	77	\$52.6
Transp, Warehousing, Utilities	920	14	\$29.9
Information	542	17	\$29.0
Financial Activities	1,637	80	\$136.5
Prof / Business Services	1,382	45	\$62.1
Health Care	273	16	\$16.6
Leisure / Hospitality	1,366	16	\$7.5
Other Services	95	11	\$4.2
Public Administration	166	5	\$6.9
Total	32,422	1,122	\$2,093.2

Statistical correlation analysis reveals that cities with relatively high concentrations of FOEs have statistically larger labor forces and lower unemployment rates. At the same time, FOEs in these cities have statistically higher sales, more workers, and higher 3-year growth percentage in sales volume than FOEs in cities with lower concentration. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective FOEs than has been previously identified in the academic literature.

CLUSTERING ANALYSIS



INVESTMENT
BACKGROUND

VENTURA COUNTY

FOREIGN-OWNED ENTERPRISES (FOEs)

FOE JOBS

16,705

FOE FIRMS

378

ESTIMATED WAGES

\$1.1B

FOEs BY SOURCE NATION

Rank	Source Nation	Jobs	% of All FOE Jobs	Firms	Est. Wages (\$millions)
1	France	5,283	31.6%	28	\$360.0
2	Japan	2,449	14.7%	53	\$168.2
3	United Kingdom	2,440	14.6%	54	\$158.0
4	Germany	1,493	8.9%	45	\$75.4
5	Ireland	1,027	6.1%	21	\$69.3
6	Canada	752	4.5%	40	\$41.0
7	Sweden	730	4.4%	8	\$34.3
8	Netherlands	587	3.5%	23	\$43.7
9	Republic of Korea	471	2.8%	5	\$30.9
10	Mexico	311	1.9%	13	\$21.9
	All Others	1,162	7.0%	88	\$74.2
	Total	16,705	100.0%	378	\$1,077.0

Source: Dun & Bradstreet, CA EDD, DHEI Analysis

FOEs BY INDUSTRY SECTOR

Sector	Jobs	Firms	Est. Wages (\$millions)
Natural Resources	16,705	378	\$1,077.0
Construction	150	4	\$13.3
Manufacturing	10,736	62	\$741.9
Wholesale Trade	1,201	65	\$85.5
Retail Trade	1,362	98	\$41.6
Transp, Warehousing, Utilities	273	11	\$16.4
Information	191	19	\$11.1
Financial Activities	735	52	\$61.5
Prof / Business Services	1,444	41	\$80.5
Education / Health Care	134	7	\$7.2
Leisure / Hospitality	284	11	\$7.8
Other Services	164	5	\$8.9
Public Administration	31	3	\$1.4
Total	33,410	756	\$2,154.0

Source: Dun & Bradstreet, CA EDD, LAEDC Analysis, DHEI Analysis

EXECUTIVE SUMMARY

CONTRIBUTION OF FOREIGN-OWNED ENTERPRISES

As shown in Tables ES-1 and ES-2, there are now an estimated 9,161 foreign-owned firms in Southern California representing 11.2% of all firms in the region. These firms employ 1,290,000 employees, or 4.3% of the region's workforce and pay them \$27.4 billion in wages.

This report explores numerous research questions, including: What is the contribution of FDI to Southern California? What is the geographic distribution of FDI in Southern California? This report updates the 2015 report FDI-related statistics in terms of number of firms, jobs, and wages. Dun & Bradstreet firm-level data retrieved in March 2017 is complemented by U.S. Census Bureau data from the Department of Commerce, Bureau of Economic Analysis, and the U.S. Census Bureau's County Business Patterns (CBP) data. The 2015 report also shed light on the geographic distribution of foreign-owned firms in different counties. From 2001 to 2015, the number of foreign-owned firms in Southern California increased by 30%, while the number of jobs increased by 25%. The largest increase in jobs was by India firms, which increased by 100% from 2001 to 2015.

Nearly half of these firms and jobs are located in Los Angeles County, with Orange County accounting for close to one quarter.

Retail and wholesale trade continue to be largest sectors for the number of foreign-owned firms – 2,351 and 1,695 respectively – with manufacturing the largest sector in terms of employment – 140,582 jobs – and total estimate wages – \$9.7 billion.

CHANGES OVER TIME

Between 2005 and 2015, the number of foreign-owned firms in Southern California increased by 30%, while the number of jobs increased by 25%. The largest increase in jobs was by India firms, which increased by 100% from 2001 to 2015.

CLUSTERING ANALYSIS

Spatial agglomeration refers to the clustering of firms within a particular location. Firms locate nearby one another – for example car dealerships, jewelry or fashion districts, or furniture stores – for many reasons, including being attractive to customers and workers from similar firms, being close to supply chains, and to be in ethnically familiar neighborhoods. For Southern California, spatial agglomeration is higher when it is based on industrial sector than when it is based on country of origin. This suggests that firms might be more likely to locate close to another firm in the same sector than to another firm from the same country of origin.

For industries with a large number of firms, Financial Services and Professional and Business Services are the industries with the highest level of spatial agglomeration. When spatial agglomeration is measured with respect to the number of firms, Korea shows the highest levels in Southern California, followed

by Taiwan and Switzerland. When measure in terms of the number of employees, firms from Sweden, China, and Switzerland show the highest levels in Southern California.

Statistical correlation analysis reveals that cities with relatively high concentrations of FDEs have statistically larger labor forces and lower unemployment rates. At the same time, FDEs in these cities have statistically higher sales, more workers, and higher 3-year growth percentage in sales volume than FDEs in cities with lower concentration. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective FDEs than has been previously identified in the academic literature.

TABLE 7
Counties Compared to Southern California Source Nation Rankings, 2015

Rank	Southern California	Los Angeles	Orange	San Diego	San Bernardino	Riverside	Ventura
1	Japan	Japan	Japan	UK	Japan	Germany	France
2	UK	UK	UK	Japan	Canada	Japan	Japan
3	Germany	Switzerland	Ireland	Ireland	France	UK	Netherlands
4	France	Germany	Germany	Germany	Germany	Switzerland	UK
5	Canada	France	France	Canada	UK	Canada	Germany
6	Switzerland	Canada	Canada	Netherlands	Mexico	Sweden	Sweden
7	Ireland	Netherlands	Switzerland	France	Sweden	France	Canada
8	Netherlands	Ireland	Israel	Switzerland	Switzerland	Spain	Republic of Korea
9	Sweden	Sweden	Taiwan	Republic of Korea	Australia	Ireland	Belgium
10	Australia	Australia	India	Sweden	Ireland	Belgium	Mexico

Source: Dun & Bradstreet, LAEDC Analysis, DHEI Analysis. Highlighted boxed represent notable ranking changes compared to the Southern California average.

TABLE 8
Counties Compared to Southern California Source Nation Rankings, 2016

Rank	Southern California	Los Angeles	Orange	San Diego	San Bernardino	Riverside	Ventura
1	Japan	Japan	UK	Japan	Japan	Germany	France
2	UK	UK	Japan	UK	Canada	Japan	Japan
3	Canada	Sweden	Canada	Germany	France	UK	UK
4	France	Canada	France	Canada	Germany	Switzerland	Germany
5	Germany	Germany	Germany	Ireland	UK	Canada	Ireland
6	Switzerland	Switzerland	Ireland	France	Mexico	Sweden	Canada
7	Sweden	France	China	Switzerland	Sweden	Spain	Sweden
8	Ireland	Ireland	Switzerland	Netherlands	Switzerland	Ireland	Netherlands
9	China	Netherlands	Taiwan	Sweden	Australia	France	Republic of Korea
10	Netherlands	Australia	Israel	Spain	Ireland	Belgium	Mexico

Source: Dun & Bradstreet, LAEDC Analysis, DHEI Analysis. Highlighted boxed represent notable ranking changes compared to the Southern California average.

INTRODUCTION
BACKGROUND

TABLE 9
All Counties Compared to Southern California by Source Nation: Rankings and Shares, 2015

EXECUTIVE SUMMARY

	Los Angeles County			Orange County			San Diego County		
SoCal Rank	Rank Change	Jobs Share	Wages Share	Rank Change	Jobs Share	Wages Share	Rank Change	Jobs Share	Wages Share
Japan	0	52.9%	54.5%	0	23.6%	24.4%	-1	13.2%	12.8%
UK	0	47.4%	48.5%	0	23.5%	24.9%	1	20.2%	19.6%
Germany	-1	47.0%	47.0%	-1	23.7%	26.0%	-1	13.4%	13.4%
France	-1	46.0%	48.5%	-1	23.8%	26.0%	-1	13.4%	13.4%
Canada	0	44.3%	44.3%	0	20.8%	21.8%	0	16.5%	17.4%
Australia	0	47.2%	45.0%	0	22.4%	22.4%	0	12.7%	12.7%
Sweden	0	47.2%	45.0%	0	22.4%	22.4%	0	12.7%	12.7%
Switzerland	0	47.2%	45.0%	0	22.4%	22.4%	0	12.7%	12.7%
China	0	47.2%	45.0%	0	22.4%	22.4%	0	12.7%	12.7%
Other	0	47.2%	45.0%	0	22.4%	22.4%	0	12.7%	12.7%
County Average		48.4%	50.5%		23.0%	24.2%		14.9%	14.2%

	San Bernardino County			Riverside County			Ventura County		
SoCal Rank	Rank Change	Jobs Share	Wages Share	Rank Change	Jobs Share	Wages Share	Rank Change	Jobs Share	Wages Share
Japan	0	4.9%	3.5%	-1	2.7%	2.2%	-1	2.7%	2.7%
UK	-3	2.8%	1.9%	-1	3.2%	2.3%	-2	2.9%	2.9%
Germany	-1	4.8%	3.6%	2	6.6%	5.4%	-2	4.4%	4.5%
France	1	8.2%	5.9%	-3	3.2%	1.9%	2	8.9%	9.1%
Canada	3	10.6%	7.6%	0	6.1%	4.3%	-2	1.9%	1.7%
Switzerland	2	3.4%	2.9%	2	6.6%	3.9%	N/A	N/A	N/A
Netherlands	N/A	N/A	N/A	N/A	4.2%	3.3%	N/A	N/A	N/A
Sweden	2	8.9%	6.3%	3	14.5%	15.6%	3	14.1%	12.7%
Australia	0	10.0%	6.9%	N/A	N/A	N/A	N/A	N/A	N/A
County Average		5.6%	3.9%		4.4%	3.4%		3.7%	3.6%

As shown in Tables ES-1 and ES-2, there are now an estimated 9,616 foreign-owned firms in Southern California, a 48.5% increase from 6,477 in 2010. Nearly half of these firms and jobs are located in Los Angeles County, with Orange County accounting for close to one-quarter. Retailing, wholesale trade, and manufacturing continue to be largest sectors for the number of foreign-owned firms – 2,351 and 1,695 respectively – with manufacturing being the largest sector in terms of employment – 140,582 jobs – and total estimate wages – \$0.7 billion. Japan had with 2,465 firms paying 87,247 workers a total of \$5.5 billion. What is the contribution of FOE to Southern California? UK, Canada, France and Germany complete the top 5 source nations. Dun & Bradstreet firm-level data retrieved in March 2017 is complemented with California Employment Development Department data on wages to estimate total wages for different categories. Dun & Bradstreet data only shows the ultimate ownership of firms above a ten percent threshold. Between 2015 and 2016 the indication of firms that are the enterprises of Southern California has increased by 50%, with total jobs increasing by 70% and the average number of jobs per firm increasing by 50%.

Spatial agglomeration refers to the clustering of firms within a particular location. Firms locate in clusters for a number of reasons, including being close to customers and workers from similar firms, being close to suppliers, and to be in ethnically familiar neighborhoods. For Southern California, spatial agglomeration is higher when it is based on the industrial sector than when it is based on country of origin. This suggests that firms might be more likely to locate close to another firm in the same sector than to another firm from the same country of origin.

For industries with a large number of firms, Financial Services and Professional and Business Services are the industries with the highest level of spatial agglomeration. When spatial agglomeration is measured with respect to the number of firms, Korea shows the highest levels in Southern California, followed

by Taiwan and Switzerland. When measured by employment, only Switzerland and the Netherlands declined in employment. Collectively, this demonstrates the strong and growing contribution of foreign-owned firms to the region.

Statistical correlation analysis reveals that cities with relatively high concentrations of FOE have statistically larger labor forces and lower unemployment rates. At the same time, FOE in these cities have statistically higher higher 3-year growth percentage in sales. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective FOE than has been previously identified in the academic literature.

Source: Dun & Bradstreet, LEADC Analysis, DHEI Analysis. Highlighted boxes represent jobs shares and wages shares that are notably higher than the county average. For rank change, please refer to Table 7 for current ranking.

FOREIGN DIRECT INVESTMENT 2016

TABLE 10
All Counties Compared to Southern California by Source Nation: Rankings and Shares, 2016

SoCal Rank	Los Angeles County			Orange County			San Diego County		
	Rank Change	Jobs Share	Wages Share	Rank Change	Jobs Share	Wages Share	Rank Change	Jobs Share	Wages Share
Japan	0	51.8%	51.0%	-1	26.1%	26.3%	0	13.6%	14.2%
UK	0	40.6%	43.3%	1	35.8%	31.5%	0	15.4%	16.6%
Canada	-1	44.5%	45.5%	0	31.8%	31.5%	-1	11.5%	11.7%
France	-3	42.4%	41.8%	0	22.9%	23.5%	-2	11.2%	11.2%
Germany	0	46.5%	46.2%	0	23.3%	24.2%	2	14.2%	14.5%
Switzerland	0	63.5%	66.1%	-2	12.9%	11.9%	-1	13.0%	12.1%
Sweden	4	76.9%	74.1%	N/A	N/A	N/A	-2	6.5%	6.6%
Ireland	0	31.8%	32.9%	2	34.9%	37.3%	3	21.0%	17.1%
China	N/A	N/A	N/A	2	53.1%	56.4%	N/A	N/A	N/A
Netherlands	1	49.3%	49.7%	N/A	N/A	N/A	2	25.2%	24.4%
County Average		48.4%	48.3%		26.0%	25.9%		13.2%	13.3%

SoCal Rank	San Bernardino County			Riverside County			Ventura County		
	Rank Change	Jobs Share	Wages Share	Rank Change	Jobs Share	Wages Share	Rank Change	Jobs Share	Wages Share
Japan	0	3.4%	3.1%	-1	2.3%	2.3%	-1	2.8%	3.1%
UK	-3	1.7%	1.7%	-1	2.8%	2.7%	-1	3.7%	4.2%
Canada	1	6.6%	6.3%	-2	3.8%	3.4%	-3	1.9%	1.5%
France	1	6.6%	6.4%	-5	2.2%	1.9%	3	14.7%	15.2%
Germany	1	4.8%	4.3%	4	6.9%	7.1%	1	4.4%	3.7%
Switzerland	-2	3.5%	3.2%	2	6.7%	6.2%	N/A	N/A	N/A
Sweden	0	4.2%	4.3%	1	6.3%	7.6%	0	3.1%	3.4%
Ireland	-2	3.5%	3.8%	0	3.9%	3.9%	3	4.9%	5.1%
China	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Netherlands	N/A	N/A	N/A	N/A	N/A	N/A	2	5.3%	6.0%
County Average		4.9%	4.8%		3.7%	3.7%		3.8%	3.9%

Source: Dun & Bradstreet, LEADC Analysis, DHEI Analysis. Highlighted boxed represent jobs shares and wages shares that are notably higher than the county average. For rank change, please refer to Table 8 for current ranking



NO. 01
JAPAN

EXECUTIVE SUMMARY

CONTRIBUTION OF FOREIGN-OWNED ENTERPRISES (FOEs)

DIRECT FOE JOBS

87,247

FOE FIRMS

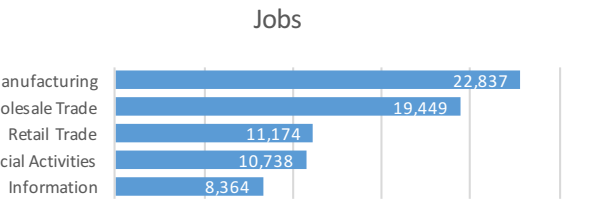
2,465

ESTIMATED WAGES

\$5,512.8MM

As shown in Tables ES-1 and ES-2, there are now an estimated 87,247 direct jobs by Japanese FOEs in California representing 1.2% of all firms in the period. These firms employ 274,000 employees, or 4.3% of the retail and services added by them \$27.4

Nearly half of these firms and jobs are located in Los Angeles. Japanese FOEs by destination county to one quarter.



Retail and wholesale trade continue to be the largest sector for Japanese FOEs with 2,951 and 1,600 firms, respectively.

Los Angeles is the largest sector in terms of employment with 45,157 jobs – 51.8% of all jobs – and total estimate wages – \$2,813.9 billion.

Rank	County	Jobs	% of All Jobs	Firms	Est. Wages (\$Millions)
1	Los Angeles	45,157	51.8%	1,233	\$2,813.9
2	Orange	22,806	26.1%	545	\$1,449.7
3	San Diego	11,848	13.6%	407	\$783.0
4	San Bernardino	2,969	3.4%	133	\$172.2
5	Ventura	2,449	2.8%	53	\$168.2
6	Riverside	2,018	2.3%	94	\$125.8

Total 87,247 100.0% 2,465 \$5,512.8

complemented via California Employment Development Department data on wages to estimate total wages for different categories. Dun & Bradstreet data only shows the ultimate ownership of firms above a ten percent threshold,

and 2015 and 2016 indicated that the number of FOE enterprises in Southern California has increased by 59%, with total jobs increasing by 70.6% and the average number of jobs per firm increasing by 11.0%.

Of the top 10 firms by employment in 2016, only Switzerland and the Netherlands declined in employment. Collectively, this demonstrates the strong and growing contribution of foreign-owned firms to the region.



NO. 02
UNITED KINGDOM
CLUSTERING ANALYSIS
FOREIGN-OWNED ENTERPRISES (FOEs)

Spatial agglomeration refers to the clustering of firms within a geographic area. Firms locate near each other – for example car dealerships, jewelry or fashion districts, or for many reasons, including being attractive to customers and workers from similar firms, being close to supply chains, and to be in ethnically familiar neighborhoods.

For Southern California, spatial agglomeration is higher when it is based on industrial sector than when it is based on country of origin. This suggests that firms might be more likely to locate

by Taiwan and Switzerland. When measure in terms of the number of FOE firms from Sweden, China, and Switzerland show the highest levels in Southern California.

Statistical comparison analysis reveals that cities with relatively high concentrations of FOEs have statistically larger labor forces and lower unemployment rates. At the same time, FOEs in these cities have statistically higher sales, more workers, and higher 3-year growth percentage in sales volume than FOEs in cities with lower concentrations. The statistical analysis suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective FOEs than has been previously identified in the academic literature.

DIRECT FOE JOBS

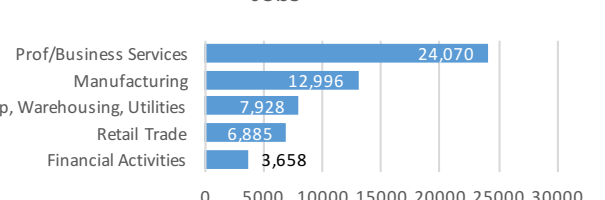
66,366

FOE FIRMS

1,089

ESTIMATED WAGES

\$3,747MM



Rank	County	Jobs	% of All Jobs	Firms	Est. Wages (\$Millions)
1	Los Angeles	26,963	40.6%	491	\$1,621.3
2	Orange	9,948	14.9%	202	\$1,012.2
3	San Diego	10,231	15.4%	222	\$622.7
4	Ventura	2,440	3.7%	54	\$158.0
5	Riverside	1,836	2.8%	71	\$101.7
6	San Bernardino	1,148	1.7%	49	\$62.1

Total 66,366 100.0% 1,089 \$3,747.0



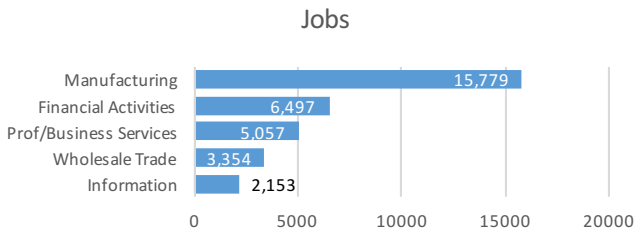
NO. 03
CANADA

FOREIGN-OWNED ENTERPRISES (FOEs)

INTRODUCTION
BACKGROUND
DIRECT FOE JOBS **FOE FIRMS**
26,230 **743**

ESTIMATED WAGES
\$1,737MM

CANADIAN FOE JOBS BY SECTOR



CANADIAN FOEs BY DESTINATION COUNTY

Rank	County	Jobs	% of All FOE Jobs	Firms	Est. Wages (\$millions)
1	Los Angeles	17,710	44.5%	330	\$1,208.9
2	Orange	12,643	31.8%	166	\$837.3
3	San Diego	4,576	11.5%	160	\$311.5
4	San Bernardino	2,619	6.6%	89	\$167.1
5	Riverside	1,498	3.8%	73	\$89.7
6	Ventura	752	1.9%	40	\$41.0
Total		39,798	100.0%	858	\$2,655.5

FOREIGN DIRECT INVESTMENT 2016



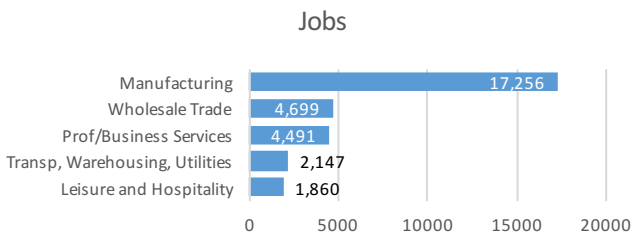
NO. 04
FRANCE

FOREIGN-OWNED ENTERPRISES (FOEs)

DIRECT FOE JOBS **FOE FIRMS**
32,558 **606**

ESTIMATED WAGES
\$1,990MM

FRENCH FOE JOBS BY SECTOR



FRENCH FOEs BY DESTINATION COUNTY

Rank	County	Jobs	% of All FOE Jobs	Firms	Est. Wages (\$millions)
1	Los Angeles	15,255	42.4%	358	\$990.0
2	Orange	8,257	22.9%	134	\$557.2
3	Ventura	5,283	14.7%	28	\$360.0
4	San Diego	4,018	11.2%	96	\$264.4
5	San Bernardino	2,363	6.6%	40	\$152.4
6	Riverside	805	2.2%	33	\$44.8
Total		35,981	100.0%	689	\$2,368.8



NO. 05 GERMANY

EXECUTIVE SUMMARY

CONTRIBUTION OF FOREIGN-OWNED ENTERPRISES (FOEs)

DIRECT FOE JOBS

34,141

FOE FIRMS

858

ESTIMATED WAGES

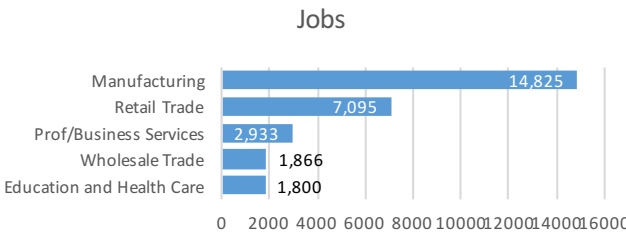
\$2,047.5MM

As shown in Tables ES-1 and ES-2, there are now an estimated 34,141 direct jobs in Germany-owned firms in California, representing 1.2% of all firms in the state. These firms employ 274,000 employees, or 4.1% of the region's workforce, and pay them \$27.4 billion in wages.

Nearly half of these firms and jobs are located in Los Angeles County, with one quarter in Orange County.

GERMAN FOE JOBS BY SECTOR

GERMAN FOEs BY DESTINATION COUNTY



Retail and wholesale trade continue to be the largest sectors for the German-owned firms, with 11.8% of all jobs in these sectors.

Los Angeles is the largest sector in terms of employment – 140,582 jobs – and total estimate wages – \$9.7 billion.

Rank	County	Jobs	% of All	Firms	Est. Wages (\$millions)
1	Los Angeles	15,873	46.5%	369	\$945.6
2	Orange	7,943	23.3%	181	\$495.3
3	San Diego	4,833	14.2%	145	\$296.1
4	Riverside	2,353	6.9%	50	\$146.1
5	San Bernardino	1,646	4.8%	68	\$89.0
6	Ventura	1,493	4.4%	45	\$75.4

Total 34,141 100.0% 858 \$2,047.5

Department data on wages to estimate total wages for different categories. Dun & Bradstreet data only shows the ultimate ownership of firms above a ten percent threshold.

Between 2015 and 2016, the number of foreign-owned enterprises in Southern California rose by 15%, with total jobs increasing by 7.6% and the average number of jobs per firm rising by 1.1%.

Of the top 10 firms by employment in 2016, only Switzerland and the Netherlands declined in employment. Collectively, this demonstrates the strong and growing contribution of foreign-owned firms to the region.

NO. 06 SWITZERLAND CLUSTERING ANALYSIS FOREIGN-OWNED ENTERPRISES (FOEs)

Spatial agglomeration refers to the clustering of firms within a geographic area. Firms locate near each other – for example car dealerships, jewelry or fashion districts, or furniture stores – for many reasons, including being attractive to customers and workers from similar firms, being close to supply chains, and to be in ethnically familiar neighborhoods.

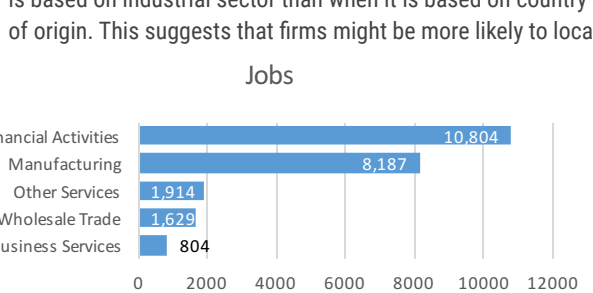
For Southern California, spatial agglomeration is higher when it is based on industrial sector than when it is based on country of origin. This suggests that firms might be more likely to locate

by Taiwan and Switzerland. When measure in terms of the number of firms from Sweden, China, and Switzerland show the highest levels in Southern California.

Statistics Canada data reveals that cities with relatively high concentrations of FOEs have statistically larger labor forces and lower unemployment rates. At the same time, FOEs in these cities have statistically higher sales, more workers, and higher 3-year growth percentage in sales volume than FOEs in cities with lower concentration. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective FOEs than has been previously identified in the academic literature.

SWISS FOE JOBS BY SECTOR

SWISS FOEs BY DESTINATION COUNTY



Los Angeles is the largest sector in terms of employment – 15,672 jobs – and total estimate wages – \$1.8 billion.

Rank	County	Jobs	% of All	Firms	Est. Wages (\$millions)
1	Los Angeles	15,672	62.5%	172	\$1,818.6
2	San Diego	3,196	13.0%	97	\$223.4
3	Orange	3,172	12.9%	90	\$219.2
4	Riverside	1,645	6.7%	19	\$113.7
5	San Bernardino	872	3.5%	28	\$59.5
6	Ventura	118	0.5%	10	\$8.4

Total 24,675 68.3% 387 \$1,842.8



NO. 07
SWEDEN

FOREIGN-OWNED ENTERPRISES (FOEs)

INTRODUCTION

DIRECT FOE JOBS

23,177

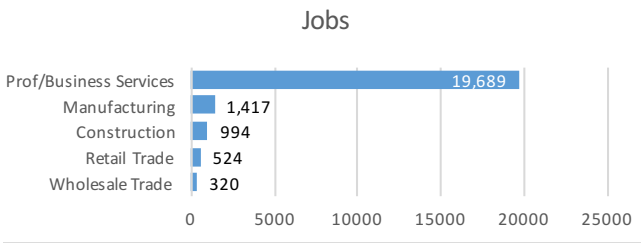
FOE FIRMS

121

ESTIMATED WAGES

\$1,020.8MM

SWEDISH FOE JOBS BY SECTOR



SWEDISH FOEs BY DESTINATION COUNTY

Rank	County	Jobs	% of All FOE Jobs	Firms	Est. Wages (\$millions)
1	Los Angeles	17,818	76.9%	54	\$756.1
2	San Diego	1,503	6.5%	16	\$67.5
3	Riverside	1,450	6.3%	13	\$77.7
4	San Bernardino	979	4.2%	13	\$44.1
5	Ventura	730	3.1%	8	\$34.3
6	Orange	697	3.0%	17	\$41.1
Total		23,177	100.0%	121	\$1,020.8

FOREIGN DIRECT INVESTMENT 2016



NO. 08
IRELAND

FOREIGN-OWNED ENTERPRISES (FOEs)

DIRECT FOE JOBS

20,985

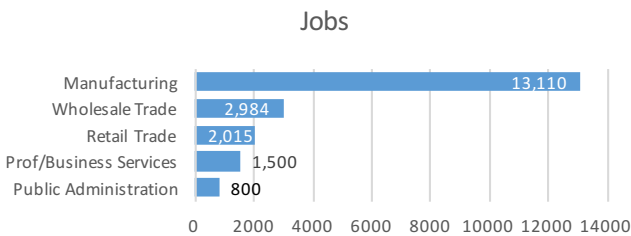
FOE FIRMS

203

ESTIMATED WAGES

\$1,368.4MM

IRISH FOE JOBS BY SECTOR



IRISH FOEs BY DESTINATION COUNTY

Rank	County	Jobs	% of All FOE Jobs	Firms	Est. Wages (\$millions)
1	Orange	7,329	34.9%	54	\$510.9
2	Los Angeles	6,677	31.8%	60	\$450.1
3	San Diego	4,404	21.0%	35	\$233.4
4	Ventura	1,027	4.9%	21	\$69.3
5	Riverside	808	3.9%	17	\$53.2
6	San Bernardino	740	3.5%	16	\$51.5
Total		20,985	100.0%	203	\$1,368.4



NO. 09
CHINA

EXECUTIVE SUMMARY

CONTRIBUTION OF FOREIGN-OWNED ENTERPRISES (FOEs)

DIRECT FOE JOBS

11,221

FOE FIRMS

323

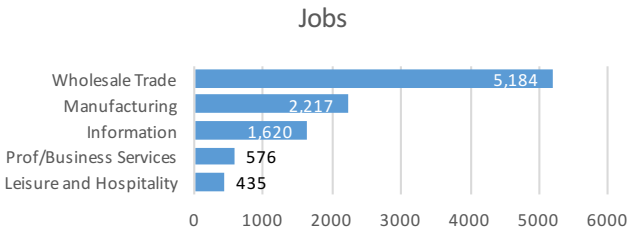
ESTIMATED WAGES

\$725.9MM

As shown in Tables ES-1 and ES-2, there are now an estimated 11,221 direct FOE jobs in California representing 1.2% of all firms in the state, or 1.2% of all employees, or 4.3% of the retail inventory sold by them \$27.4

Nearly half of these firms and jobs are located in Los Angeles County, with the remainder spread to one quarter.

CHINESE FOE JOBS BY SECTOR



CHINESE FOE BY DESTINATION COUNTY

Rank	County	Jobs	% of All	Firms	Est. Wages (\$millions)
1	Orange	5,959	53.1%	51	\$409.1
2	Los Angeles	3,462	30.9%	190	\$214.0
3	San Diego	898	8.0%	31	\$46.6
4	San Bernardino	560	5.0%	39	\$36.0
5	Riverside	181	1.6%	10	\$11.5
6	Ventura	161	1.4%	2	\$8.8

complemented with California Employment Development Department data on wages to estimate total wages for different categories. Dun & Bradstreet data only shows the ultimate ownership of firms above a ten percent threshold,

Total 11,221 100.0% 323 \$725.9

Between 2015 and 2016 the number of foreign FOE enterprises in Southern California rose by 59, with total jobs increasing by 7065 and the average number of jobs per

Of the top 10 firms by employment in 2016, only Switzerland and the Netherlands declined in employment. Collectively, this demonstrates the strong and growing contribution of foreign-owned firms to the region.

CHANGES OVER TIME



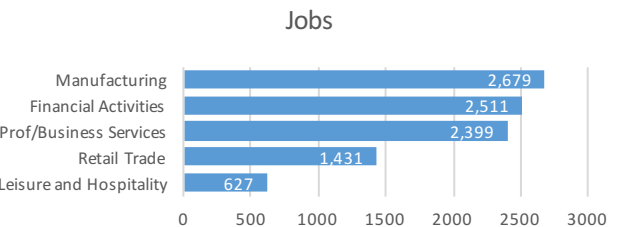
NO. 10
NETHERLANDS

CLUSTERING ANALYSIS
FOREIGN-OWNED ENTERPRISES (FOEs)

Spatial agglomeration refers to the clustering of firms within a geographic area. Firms locate near each other – for example car dealerships, jewelry or fashion districts, or furniture stores – for many reasons, including being attractive to customers and workers from similar firms, being close to supply chains, and to be in ethnically familiar neighborhoods.

by Taiwan and Switzerland. When measure in terms of the number of FOE firms from Sweden, China, and Switzerland show the highest levels in Southern California.

DUTCH FOE JOBS BY SECTOR



Statistics of California reveals that cities with relatively high concentrations of FOEs have statistically larger labor forces and lower unemployment rates. At the same time, FOEs in these cities have statistically higher sales, more workers, and higher 3-year growth percentage in sales volume than FOEs in cities with lower concentration. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective FOEs than has been previously identified in the academic literature.

DUTCH FOE BY DESTINATION COUNTY

Rank	County	Jobs	% of All	Firms	Est. Wages (\$millions)
1	Los Angeles	5,473	49.3%	80	\$361.1
2	San Diego	2,798	25.2%	49	\$177.2
3	Orange	1,478	13.3%	31	\$100.2
4	Ventura	587	5.3%	23	\$43.7
5	Riverside	421	3.8%	18	\$29.8
6	San Bernardino	347	3.1%	15	\$14.9

Total 11,104 100.0% 216 \$726.9



NO. 11
TAIWAN

FOREIGN-OWNED ENTERPRISES (FOEs)

INTRODUCTION

DIRECT FOE JOBS

8,035

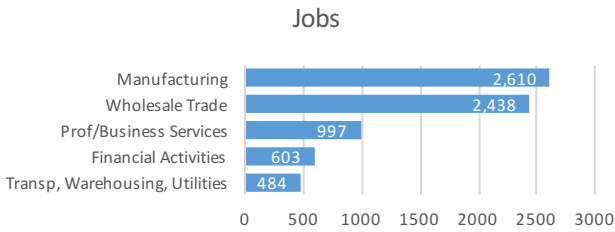
FOE FIRMS

257

ESTIMATED WAGES

\$551.2MM

TAIWANESE FOE JOBS BY SECTOR



TAIWANESE FOEs BY DESTINATION COUNTY

Rank	County	Jobs	% of All FOE Jobs	Firms	Est. Wages (\$millions)
1	Los Angeles	3,827	47.6%	146	\$252.1
2	Orange	2,858	35.6%	70	\$199.8
3	San Diego	666	8.3%	12	\$51.5
4	San Bernardino	577	7.2%	24	\$40.3
5	Ventura	65	0.8%	3	\$4.6
6	Riverside	42	0.5%	2	\$3.0
Total		8,035	100.0%	257	\$551.2

FOREIGN DIRECT INVESTMENT 2016



NO. 12
AUSTRALIA

FOREIGN-OWNED ENTERPRISES (FOEs)

DIRECT FOE JOBS

7,569

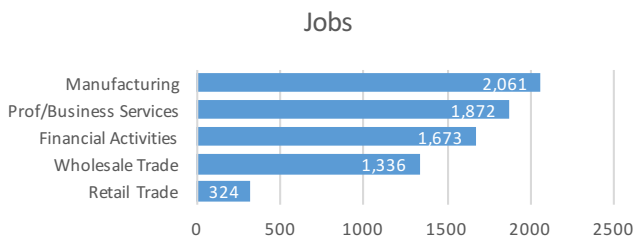
FOE FIRMS

202

ESTIMATED WAGES

\$500.8MM

AUSTRALIAN FOE JOBS BY SECTOR



AUSTRALIAN FOEs BY DESTINATION COUNTY

Rank	County	Jobs	% of All FOE Jobs	Firms	Est. Wages (\$millions)
1	Los Angeles	4,367	57.7%	105	\$283.7
2	Orange	1,373	18.1%	44	\$89.8
3	San Bernardino	865	11.4%	15	\$59.6
4	San Diego	616	8.1%	24	\$44.2
5	Riverside	316	4.2%	10	\$21.3
6	Ventura	32	0.4%	4	\$2.2
Total		7,569	100.0%	202	\$500.8



NO. 13

REPUBLIC OF KOREA

EXECUTIVE SUMMARY

CONTRIBUTION OF FOREIGN-OWNED ENTERPRISES (FOEs)

DIRECT FOE JOBS

7,464

FOE FIRMS

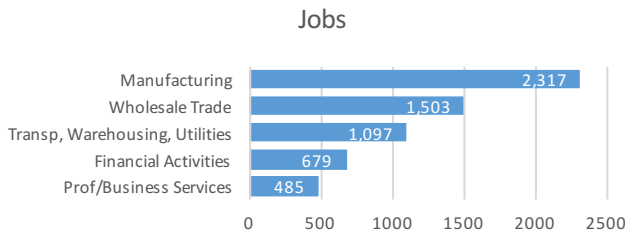
262

ESTIMATED WAGES

\$475.8MM

As shown in Tables ES-1 and ES-2, there are now an estimated 7,464 direct jobs by South Korean FOEs representing 1.2% of all firms in the region, which employ 120,000 employees, or 4.3% of the region's workforce and pay them \$27.4

Nearly half of these firms and jobs are located in Los Angeles County. Retail and wholesale trade continues to be largest sectors for the



Retail and wholesale trade continues to be largest sectors for the region. Retail and wholesale trade continues to be largest sectors for the region. Retail and wholesale trade continues to be largest sectors for the region. Retail and wholesale trade continues to be largest sectors for the region.

Rank	County	Jobs	% of All	Firms	Est. Wages (\$millions)
1	Los Angeles	3,215	43.1%	131	\$180.0
2	Orange	1,947	26.1%	70	\$140.8
3	San Diego	1,279	17.1%	32	\$87.4
4	San Bernardino	537	7.2%	21	\$35.6
5	Ventura	471	6.3%	5	\$30.9
6	Riverside	15	0.2%	3	\$1.1

Total 7,464 100.0% 262 \$475.8

Of the top 10 firms by employment in 2016, only Switzerland and the Netherlands declined in employment. Collectively, this demonstrates the strong and growing contribution of foreign-owned firms to the region.

CHANGES OVER TIME

Department data on wages to estimate total wages for different categories. Dun & Bradstreet data only shows the ultimate ownership of firms above a ten percent threshold, and 2015 and 2016 data indicate that the number of FOE enterprises in Southern California has increased by 59, with total jobs increasing by 7065 and the average number of jobs per



NO. 14

SPAIN

CLUSTERING ANALYSIS FOREIGN-OWNED ENTERPRISES (FOEs)

Spatial agglomeration refers to the clustering of firms within a geographic area. Firms locate near each other – for example car dealerships, jewelry or fashion districts, or furniture stores – for many reasons, including being attractive to customers and workers from similar firms, being close to supply chains, and to be in ethnically familiar neighborhoods. For Southern California, spatial agglomeration is higher when it is based on industrial sector than when it is based on country of origin. This suggests that firms might be more likely to locate

by Taiwan and Switzerland. When measure in terms of the number of employees, firms from Sweden, China, and Switzerland show the highest levels in Southern California.

Statistical analysis reveals that cities with relatively high concentrations of FOEs have statistically larger labor forces and lower unemployment rates. At the same time, FOEs in these cities have statistically higher sales, more workers, and higher 3-year growth percentage in sales volume than FOEs in cities with lower concentration. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective FOEs than has been previously identified in the academic literature.

DIRECT FOE JOBS

6,764

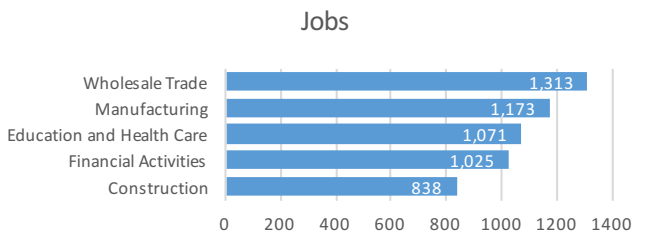
FOE FIRMS

116

ESTIMATED WAGES

\$441.4MM

SPANISH FOE JOBS BY SECTOR



Los Angeles 2,774 41.0% 31 \$176.1

Rank	County	Jobs	% of All	Firms	Est. Wages (\$millions)
1	Los Angeles	2,774	41.0%	31	\$176.1
2	San Diego	1,285	19.0%	28	\$84.3
3	Riverside	1,088	16.1%	27	\$82.0
4	Orange	839	12.4%	20	\$44.9
5	San Bernardino	733	10.8%	9	\$40.5
6	Ventura	45	0.7%	1	\$3.6

Total 6,764 100.0% 116 \$441.4



NO. 15
MEXICO

FOREIGN-OWNED ENTERPRISES (FOEs)

INTRODUCTION

DIRECT FOE JOBS

6,673

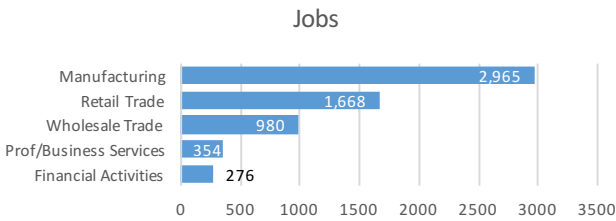
FOE FIRMS

254

ESTIMATED WAGES

\$404.5MM

MEXICAN FOE JOBS BY SECTOR



MEXICAN FOEs BY DESTINATION COUNTY

Rank	County	Jobs	% of All FOE Jobs	Firms	Est. Wages (\$millions)
1	Los Angeles	3,595	53.9%	94	\$213.2
2	San Diego	1,077	16.1%	62	\$68.0
3	San Bernardino	1,040	15.6%	35	\$62.1
4	Orange	564	8.5%	29	\$32.8
5	Ventura	311	4.7%	13	\$21.9
6	Riverside	86	1.3%	21	\$6.5
Total		6,673	100.0%	254	\$404.5

FOREIGN DIRECT INVESTMENT 2016



NO. 16
LUXEMBOURG

FOREIGN-OWNED ENTERPRISES (FOEs)

DIRECT FOE JOBS

4,734

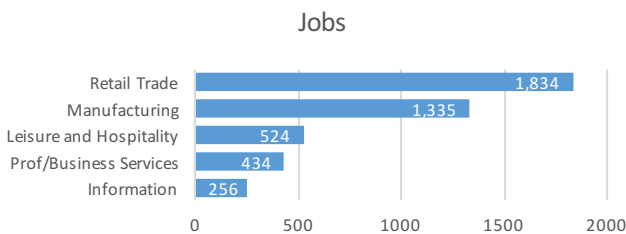
FOE FIRMS

332

ESTIMATED WAGES

\$230.2MM

LUXEMBOURG FOE JOBS BY SECTOR



LUXEMBOURG FOEs BY DESTINATION COUNTY

Rank	County	Jobs	% of All FOE Jobs	Firms	Est. Wages (\$millions)
1	Los Angeles	2,207	46.6%	139	\$96.8
2	Orange	1,595	33.7%	59	\$96.7
3	San Diego	356	7.5%	53	\$13.0
4	Riverside	281	5.9%	35	\$11.8
5	Ventura	154	3.3%	21	\$6.8
6	San Bernardino	141	3.0%	25	\$5.2
Total		4,734	100.0%	332	\$230.2



NO. 17
ISRAEL

EXECUTIVE SUMMARY

CONTRIBUTION OF FOREIGN-OWNED ENTERPRISES (FOES)

DIRECT FOE JOBS

4,495

FOE FIRMS

53

ESTIMATED WAGES

\$311.4MM

As shown in Tables ES-1 and ES-2, there are now an estimated 4,495 direct jobs by 53 Israeli FOE firms in Southern California representing 1.2% of all firms in the region, the same number as 2010 employees, or 4.3% of the region's workforce and pay them \$27.4

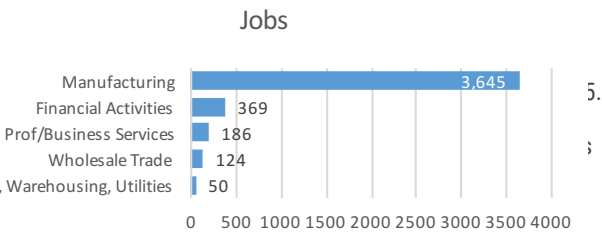
Nearly half of these firms and jobs are located in Los Angeles County, with the remainder split between Orange and Riverside to one quarter.

ISRAELI FOE JOBS BY SECTOR

ISRAELI FOE'S BY DESTINATION COUNTY

1.2% of all firms in the region, the same number as 2010 employees, or 4.3% of the region's workforce and pay them \$27.4

Retail and wholesale trade continue to be largest sectors for the Israeli FOE firms, with 2,592 jobs (57.7%) and \$178.3 million in wages.



Rank	County	Jobs	% of All	Firms	Est. Wages (\$Millions)
1	Orange	2,592	57.7%	13	\$178.3
2	Los Angeles	1,562	34.7%	27	\$109.5
3	San Diego	249	5.5%	6	\$17.4
4	San Bernardino	36	0.8%	4	\$2.5
5	Ventura	35	0.8%	1	\$2.4
6	Riverside	21	0.5%	2	\$1.3
Total		4,495	100.0%	53	\$311.4

CHANGES OVER TIME

Department data on wages to estimate total wages for different categories. Dun & Bradstreet data only shows the ultimate ownership of firms above a ten percent threshold, and 2015 and 2016 indicate the number of FOE enterprises in Southern California as "acquired", with a net increase in the 2016 and the average number of jobs described in this report.

Of the top 10 firms by employment in 2016, only Switzerland and the Netherlands declined in employment. Collectively, this demonstrates the strong and growing contribution of foreign-owned firms to the region.

NO. 18
INDIA

CLUSTERING ANALYSIS
FOREIGN-OWNED ENTERPRISES (FOES)

Spatial agglomeration refers to the clustering of firms within a geographic area. Firms locate near each other – for example car dealerships, jewelry or fashion districts, or furniture stores – for many reasons including being attractive to customers and workers from similar firms, being close to supply chains, and to be in ethnically familiar neighborhoods.

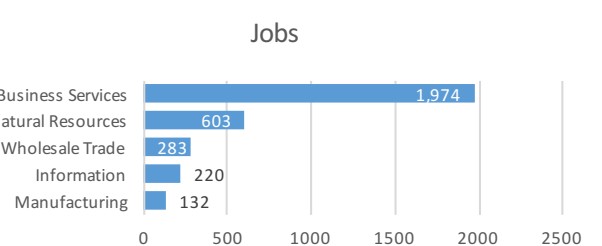
by Taiwan and Switzerland. When measure in terms of the number of FOE firms from Sweden, China, and Switzerland show the highest levels in Southern California.

INDIAN FOE JOBS BY SECTOR

Statistical analysis reveals that cities with relatively high concentrations of FOEs have statistically larger labor forces and lower unemployment rates. At the same time, FOEs in these cities have statistically higher sales, more workers, and higher 3-year growth percentage in sales volume than FOEs in cities with lower concentration. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective FOEs than has been previously identified in the academic literature.

For Southern California, spatial agglomeration is higher when it is based on industrial sector than when it is based on country of origin. This suggests that firms might be more likely to locate

INDIAN FOE'S BY DESTINATION COUNTY



Rank	County	Jobs	% of All	Firms	Est. Wages (\$Millions)
1	Orange	1,688	47.8%	26	\$152.2
2	Los Angeles	950	26.9%	34	\$68.3
3	San Bernardino	734	20.8%	11	\$61.7
4	Ventura	87	2.5%	4	\$6.6
5	San Diego	50	1.4%	8	\$3.5
6	Riverside	26	0.7%	5	\$1.3
Total		3,535	100.0%	108	\$236.6



NO. 19
SINGAPORE

FOREIGN-OWNED ENTERPRISES (FOEs)

INTRODUCTION

DIRECT FOE JOBS

3,314

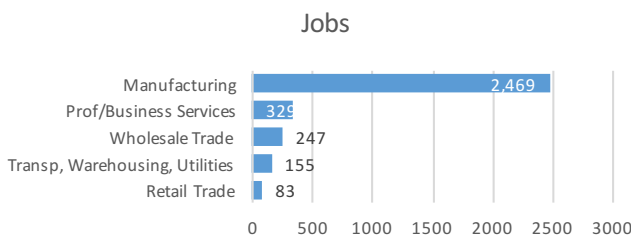
FOE FIRMS

71

ESTIMATED WAGES

\$227.0MM

SINGAPOREAN FOE JOBS BY SECTOR



SINGAPOREAN FOEs BY DESTINATION COUNTY

Rank	County	Jobs	% of All FOE Jobs	Firms	Est. Wages (\$millions)
1	Orange	1,798	54.3%	21	\$126.1
2	San Diego	951	28.7%	9	\$65.3
3	Los Angeles	492	14.8%	30	\$31.6
4	San Bernardino	41	1.2%	6	\$2.5
5	Riverside	32	1.0%	5	\$1.5
6	Ventura	-	-	-	-
Total		3,314	100.0%	71	\$227.0

FOREIGN DIRECT INVESTMENT 2016



NO. 20
KAZAKHSTAN

FOREIGN-OWNED ENTERPRISES (FOEs)

DIRECT FOE JOBS

3,298

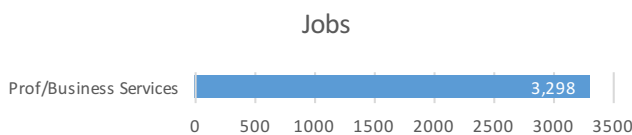
FOE FIRMS

7

ESTIMATED WAGES

\$261.5MM

KAZAKH FOE JOBS BY SECTOR



KAZAKH FOEs BY DESTINATION COUNTY

Rank	County	Jobs	% of All FOE Jobs	Firms	Est. Wages (\$millions)
1	Los Angeles	3,108	94.2%	4	\$246.5
2	San Diego	150	4.5%	1	\$11.9
3	Orange	40	1.2%	2	\$3.2
4	Riverside	-	-	-	-
5	San Bernardino	-	-	-	-
6	Ventura	-	-	-	-
Total		3,298	100.0%	7	\$261.5



NO. 21
ITALY

EXECUTIVE SUMMARY

CONTRIBUTION OF FOREIGN-OWNED ENTERPRISES (FOEs)

DIRECT FOE JOBS

3,096

FOE FIRMS

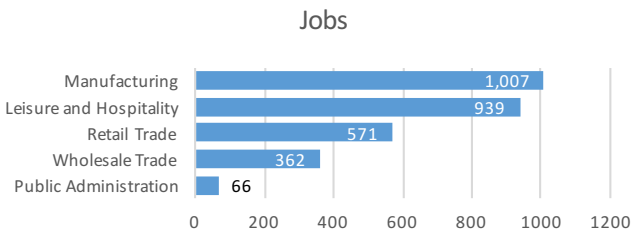
152

ESTIMATED WAGES

\$153.0MM

As shown in Tables ES-1 and ES-2, there are now an estimated 3,096 direct jobs by 152 Italian FOEs in Southern California representing 1.2% of all firms in the region, 0.5% of all employees, or 4.3% of the retail and services industry's 27.4 million employees.

Nearly half of these firms and jobs are located in Los Angeles County. Retail and wholesale trade continue to be largest sectors for the region.



ITALIAN FOEs BY DESTINATION COUNTY

Rank	County	Jobs	% of All	Firms	Est. Wages (\$Millions)
1	Los Angeles	1,541	49.8%	74	\$61.6
2	Orange	881	28.5%	36	\$54.5
3	San Diego	462	14.9%	25	\$23.7
4	Riverside	111	3.6%	9	\$7.0
5	San Bernardino	73	2.4%	5	\$4.4
6	Ventura	28	0.9%	3	\$1.8
Total		3,096	100.0%	152	\$153.0

CHANGES OVER TIME

Department data on wages to estimate total wages for different categories. Dun & Bradstreet data only shows the ultimate ownership of firms above a ten percent threshold, and 2015 and 2016 data indicates that the number of FOE enterprises in Southern California has increased by 59, with total jobs increasing by 7065 and the average number of jobs per firm increasing by 22.

Of the top 10 firms by employment in 2016, only Switzerland and the Netherlands declined in employment. Collectively, this demonstrates the strong and growing contribution of foreign-owned firms to the region.

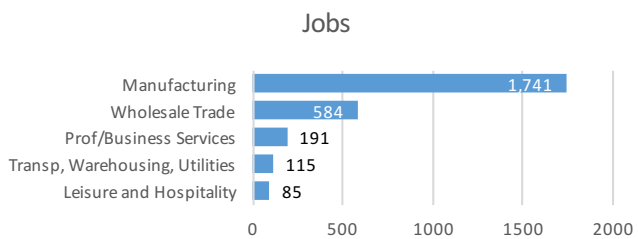


NO. 22
BELGIUM

CLUSTERING ANALYSIS
FOREIGN-OWNED ENTERPRISES (FOEs)

Spatial agglomeration refers to the clustering of firms within a geographic area. Firms locate near each other – for example car dealerships, jewelry or fashion districts, or furniture stores – for many reasons, including being attractive to customers and workers from similar firms, being close to supply chains, and to be in ethnically familiar neighborhoods. For Southern California, spatial agglomeration is higher when it is based on industrial sector than when it is based on country of origin. This suggests that firms might be more likely to locate

by Taiwan and Switzerland. When measure in terms of the number of firms from Sweden, China, and Switzerland show the highest levels in Southern California.



BELGIAN FOEs BY DESTINATION COUNTY

Rank	County	Jobs	% of All	Firms	Est. Wages (\$Millions)
1	Los Angeles	853	20.1%	22	\$41.6
2	Orange	807	28.5%	14	\$55.4
3	Riverside	547	19.3%	7	\$37.6
4	San Diego	384	13.5%	9	\$22.2
5	San Bernardino	196	6.9%	5	\$11.9
6	Ventura	47	1.7%	4	\$2.1
Total		2,834	100.0%	72	\$183.8



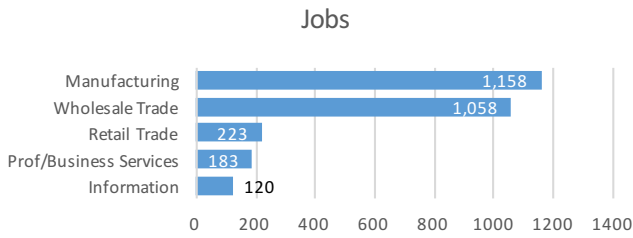
NO. 23 CAYMAN ISLANDS

FOREIGN-OWNED ENTERPRISES (FOEs)

INTRODUCTION
BACKGROUND
DIRECT FOE JOBS: **2,745**
FOE FIRMS: **33**

ESTIMATED WAGES
\$183.9MM

CAYMAN ISLAND FOE JOBS BY SECTOR



CAYMAN ISLAND FOEs BY DESTINATION COUNTY

Rank	County	Jobs	% of All FOE Jobs	Firms	Est. Wages (\$millions)
1	Los Angeles	2,499	91.0%	22	\$167.2
2	Orange	210	7.7%	7	\$14.2
3	San Bernardino	18	0.7%	2	\$1.2
4	Ventura	10	0.4%	1	\$0.7
5	San Diego	8	0.3%	1	\$0.6
6	Ventura	-	-	-	-
Total		2,745	100.0%	33	\$183.9

FOREIGN DIRECT INVESTMENT 2016



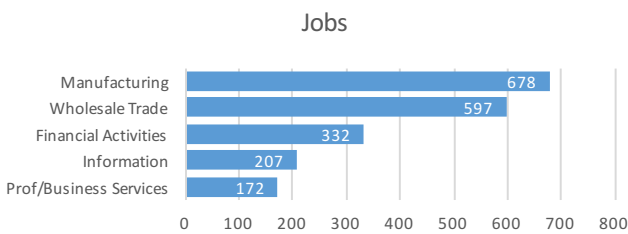
NO. 24 HONG KONG

FOREIGN-OWNED ENTERPRISES (FOEs)

DIRECT FOE JOBS
2,286
FOE FIRMS
94

ESTIMATED WAGES
\$151.7MM

HONG KONG FOE JOBS BY SECTOR



HONG KONG FOEs BY DESTINATION COUNTY

Rank	County	Jobs	% of All FOE Jobs	Firms	Est. Wages (\$millions)
1	Los Angeles	1,379	60.3%	70	\$90.4
2	San Bernardino	578	25.3%	6	\$40.2
3	San Diego	211	9.2%	8	\$14.2
4	Orange	51	2.2%	6	\$2.6
5	Riverside	34	1.5%	2	\$1.8
6	Ventura	33	1.4%	2	\$2.5
Total		2,286	100.0%	94	\$151.7

EXECUTIVE SUMMARY

CONTRIBUTION OF FOREIGN-OWNED ENTERPRISES

ABOUT DOMINGUEZ HILLS METEOROLOGICAL INSTITUTE CLUSTERING ANALYSIS

As shown in Tables ES-1 and ES-2, there are now an estimated 9,600 foreign-owned firms in Southern California representing 11.2% of all firms in the region. These firms employ 1.2 million employees, or 4.3% of the region's workforce and pay them \$27.4 billion in wages. This report explores the issues in clustering analysis, including the effects of spatial agglomeration in Southern California, with 465 firms paying \$12.7 billion in total of \$1.3 billion. UK, Canada, France and Germany complete the top 5 source nations.

This report updates the 2015 report FDI-related statistics in terms of number of firms, jobs, and wages. Dun &

Bradstreet's sectoral data revealed that 2015 generation in Southern California. Spatial agglomeration refers to the clustering of firms in a geographic area, often in close proximity to one another.

Examples of clusters include the jewelry district in Los Angeles, the fashion district in Los Angeles, the furniture stores in Los Angeles, and the technology district in Los Angeles. These clusters are often found in urban areas and are often associated with high levels of economic activity.

Between 2015 and 2016, the number of foreign-owned firms in Southern California increased by 1.2%, from 9,600 to 9,700. This increase was driven by a number of factors, including the entry of new firms and the expansion of existing firms. The increase in the number of foreign-owned firms is a reflection of the growing importance of international trade and investment in the global economy.

Foreign-owned firms in Southern California are concentrated in a few key sectors, including manufacturing, retail trade, and professional and business services. These sectors are also the most competitive and dynamic in the region, and they are the sectors that are most likely to attract foreign investment.

Foreign-owned firms in Southern California are also concentrated in a few key geographic areas, including Los Angeles, Orange County, and San Diego. These areas are the most densely populated and economically active in the region, and they are the areas that are most likely to attract foreign investment.

This analysis measures the level of spatial agglomeration in a particular area based on the number of F.O.E.s. Intuitively, F.O.E.s tend to cluster in areas that are attractive to customers and workers from similar firms, being close to supply chains, and to be in ethnically familiar neighborhoods.

For Southern California, spatial agglomeration is higher when it is based on industrial sector than when it is based on country of origin. This suggests that firms might be more likely to locate close to another firm in the same sector than to another firm from the same country of origin.

For industries with a large number of firms, Financial Services and Professional and Business Services are the industries with the highest level of spatial agglomeration. When spatial agglomeration is measured with respect to the number of firms, Korea shows the highest levels in Southern California, followed

Nearly half of these firms and jobs are located in Los Angeles County, with Orange County accounting for close to one quarter.

Retail and wholesale trade continue to be largest sectors for the number of foreign-owned firms – 2,351 and 1,695 respectively – and manufacturing leads the sector in terms of employment – 1,058 jobs – and total estimated wages – \$9.7 billion.

might choose to cluster with other firms in their own sector in order to benefit from customers' supply, positive spillovers, and common infrastructure and supply chain synergies. On the other hand, F.O.E.s might choose to cluster with other firms from the same country of origin in order to benefit from their shared background and business practices. For example, Swiss firms located in Los Angeles might benefit from the presence of other Swiss firms in the area, which could provide them with a supportive business environment.

The H-Index is a measure of spatial agglomeration that is based on the number of employees employed by F.O.E.s in each individual city. Once the proportions are computed for every city, they are squared and added. By construction, the H-Index for a particular sector/county will equal to one when all activity is located in only one city. Similarly, the H-Index will be close to zero when all activity is spread almost equally among many cities. The analysis based on the number of employees employed by F.O.E.s follows the same procedure as the analysis based on the number of firms.

Statistical correlation analysis reveals that cities with relatively high concentrations of F.O.E.s have statistically larger labor forces and lower unemployment rates. At the same time, F.O.E.s in these cities have statistically higher sales, more workers, and higher 3-year growth percentage in sales volume than F.O.E.s in cities with lower concentration. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective F.O.E.s than has been previously identified in the academic literature.

FOREIGN DIRECT INVESTMENT 2016

TABLE A-1

Sector H-Index for FOE Firms by County, 2016

Sectors	Southern California	Los Angeles	Orange	Riverside	San Bernardino	San Diego	Ventura
Natural Resources	0.043	0.018	0.156	0.185	0.184	0.188	0.500
Construction	0.051	0.025	0.193	0.181	0.431	0.133	0.301
Manufacturing	0.029	0.029	0.034	0.135	0.178	0.175	0.341
Wholesale Trade	0.025	0.030	0.050	0.114	0.134	0.187	0.341
Retail Trade	0.018	0.034	0.046	0.073	0.094	0.093	0.185
Transportation, Warehousing, Utilities	0.041	0.041	0.072	0.160	0.117	0.138	0.610
Information	0.041	0.041	0.088	0.132	0.157	0.099	0.389
Financial Services	0.043	0.043	0.128	0.114	0.081	0.071	0.272
Prof/Business Services	0.055	0.043	0.119	0.189	0.185	0.204	0.487
Education/Health Care	0.034	0.046	0.042	0.103	0.184	0.134	0.326
Leisure/Hospitality	0.046	0.051	0.092	0.100	0.194	0.207	0.478
Other Services	0.030	0.055	0.058	0.096	0.140	0.173	0.444
Public Administration	0.503	0.503	0.702	0.556		1.000	0.515

Source: Dun & Bradstreet, DHEI Analysis

TABLE A-2

Sector H-Index for FOE Firms by Source Nations and County, 2016

Country of Origin	Southern California	Los Angeles	Orange	Riverside	San Bernardino	San Diego	Ventura
Japan	0.032	0.075	0.089	0.102	0.115	0.292	0.141
United Kingdom	0.033	0.073	0.113	0.113	0.135	0.336	0.142
Germany	0.023	0.045	0.108	0.129	0.156	0.289	0.169
Canada	0.027	0.076	0.120	0.123	0.104	0.251	0.175
France	0.027	0.056	0.087	0.146	0.139	0.392	0.253
Switzerland	0.042	0.108	0.138	0.136	0.099	0.405	0.300
Luxembourg	0.021	0.054	0.083	0.120	0.142	0.246	0.238
China	0.032	0.053	0.186	0.240	0.264	0.517	0.500
Korea Rep Of	0.075	0.199	0.200	0.333	0.234	0.578	0.680
Taiwan	0.043	0.068	0.243	0.500	0.340	0.222	0.333
Mexico	0.026	0.044	0.111	0.098	0.084	0.260	0.172
Netherlands	0.042	0.103	0.297	0.117	0.324	0.348	0.153
Ireland	0.054	0.063	0.324	0.225	0.242	0.662	0.247
Australia	0.048	0.135	0.108	0.340	0.218	0.299	0.375
Italy	0.031	0.069	0.113	0.333	0.280	0.258	0.333

Source: Dun & Bradstreet, DHEI Analysis

EXECUTIVE SUMMARY

CONTRIBUTION OF FOREIGN-OWNED ENTERPRISES

ABOUT DOMINGUEZ HILLS METHODSON & INSTITUTE

As shown in Tables ES-1 and ES-2, there are now an estimated 9,616 foreign-owned firms in Southern California representing 11.2% of all firms in the region. The number of jobs is 2,351 million. Table A-1 shows that public administration is the sector with the highest level of spatial agglomeration in Southern California, but the report is determined by research questions involving Japanese firms, which are the largest contributors to Southern California, with 2,465 firms paying 87,247 workers a total of \$5.5 billion. What is the contribution of FDI to Southern California? This report updates the 2015 report FDI-related statistics with source number of FDI, Financial Services and Prof. / Business Services are the industries with the highest level of spatial agglomeration. The data retrieved in March 2017 is complemented with California Employment Development Department, among FDI in the manufacturing, wholesale trade, and related industries, San Diego County shows the highest level of spatial agglomeration. The threshold between 2015 and 2016 indicates that the number of enterprises in Southern California has increased by 10%, with a 10% increase in the number of jobs. The number of jobs increased by 7.2% and the average number of jobs per firm increased by 1.5%. In the public administration, FOEs in Orange County show a higher level of spatial agglomeration in Professional / Business Services. As an example, a perspective FOE seeking to locate in Southern California in the Public Administration industry could use this information and realize that Los Angeles County has by far the highest number of FOEs in this sector and the level of spatial agglomeration is among the highest in the region. In the same way, the number of firms in the transportation, warehousing and trade industry would see that Orange County has the highest number of firms in this industry. In the furniture stores – for many reasons, including being attractive to customers and workers from similar firms, being close to supply chains, and to be in ethnically familiar neighborhoods. For Southern California, spatial agglomeration is higher when it is based on industrial sector than when it is based on country of origin. This suggests that firms might be more likely to locate close to another firm in the same sector than to another firm from the same country of origin.

For industries with a large number of firms, Financial Services and Professional and Business Services are the industries with the highest level of spatial agglomeration. When spatial agglomeration is measured with respect to the number of firms, Korea shows the highest levels in Southern California, followed

Nearly half of these firms and jobs are located in Los Angeles County, with Orange County accounting for close to one quarter. Retail, non-wholesale trade continue to be largest sectors for the sector, but the level of spatial agglomeration is higher in San Diego and Orange County. With manufacturing the largest sector in terms of employment – in terms of country of origin (see Table A-2). Korea shows the highest level of spatial agglomeration in Southern California, followed by Taiwan and Switzerland. For the Los Angeles County, Korea, Switzerland, and Canada show the highest level of spatial agglomeration, in that order. For Orange County, the order is Taiwan, Korea, and China. Japan and the United Kingdom have the highest number of firms in Southern California, and they show a higher level of spatial agglomeration in San Diego and Ventura County. Similar results are presented for the other top 10 countries with FOEs in Southern California. As an example, of the perspective of employment in United Kingdom, Switzerland and other countries, the number of employees in collective and individual institutions declined to employ more collectively. This demonstrates that Los Angeles County has by far the highest number of FOEs in the region. These countries, but also the lowest level of spatial agglomeration among counties in Southern California.

The analysis presented in this section also provides evidence that spatial agglomeration tends to be higher for industrial sectors than for country of origin, except for countries with the largest number of FOEs in the area, like Japan and United Kingdom. This suggests that firms might be more likely to locate by Taiwan and Switzerland. When measure in terms of the number of employees, firms from Sweden, China, and Switzerland show the highest levels in Southern California.

Statistical correlation analysis reveals that cities with relatively high concentrations of FOEs have statistically larger labor forces and lower unemployment rates. At the same time, FOEs in these cities have statistically higher sales, more workers, and higher 3-year growth percentage in sales volume than FOEs in cities with lower concentration. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective FOEs than has been previously identified in the academic literature.

INTRODUCTION

BACKGROUND

CLUSTERING ANALYSIS

DISTANCE ANALYSIS

Another, and probably more intuitive, approach to measure clustering is to take the firm perspective and consider how many FOEs from the same sector or the same county of origin are located within a predetermined radius. This information could be useful for existing firms and prospective investors to assess the level of competition and spillover benefits associated with spatial agglomeration in a particular area.

Once firms located inside the radius are identified, they are further classified based on whether they belong to the same industrial sector or the same country of origin. The results presented in Tables A-3 through A-6 utilize a 5 km radius and represent average measures.

TABLE A-3
Average Number of Foreign-Owned Firms within a 5km radius

Sectors	Los Angeles	Orange	Riverside	San Bernardino	San Diego	Ventura
Natural Resources	146	162	35	71	5	38
Construction	215	239	51	62	101	40
Manufacturing	156	214	51	113	100	39
Wholesale Trade	182	206	39	113	97	40
Retail Trade	172	184	29	75	73	47
Transp. Warehousing, Utilities	195	230	44	83	96	41
Information	196	216	30	74	106	40
Finance/Insurance	211	174	24	49	86	40
Other Services	179	173	30	95	104	27
Public Administration	31	1	0	51	101	0
Education / Health Care	3	4	0	0	0	0
Professional and Business Services	40	55	0	0	2	0
Leisure / Hospitality	10	7	0	0	2	0
Public Administration	31	1	0	0	2	0

CONTRIBUTION OF FOREIGN-OWNED ENTERPRISES

ABOUT DOMINGUEZ HILLS
MELBOURNE'S INSTITUTE

As shown in Tables ES-1 and ES-2, there are now an estimated 6.6 million foreign-owned firms in Southern California, a rise from 5.7 million in 2015. Nearly half of these firms and jobs are located in Los Angeles County, with Orange County accounting for close to one quarter. Retail and wholesale trade continue to be largest sectors for the number of foreign-owned firms – 2,351 and 1,695 respectively – with manufacturing the largest sector in terms of employment – 140,582 jobs – and total estimate wages – \$9.7 billion.

This report explores numerous research questions, including: What is the contribution of F.O.E.s to Southern California? This report updates the 2015 report FDI-related statistics in terms of number of firms, jobs, and wages. Dun & Bradstreet firm-level data retrieved in March 2017 is complemented with California Employment Development Department data on wages to estimate total wages for different categories. Dun & Bradstreet data only shows the ultimate ownership of firms above a ten percent threshold.

Between 2015 and 2016 the number of foreign-owned enterprises in Southern California rose by 15%, with total jobs increasing by 21%. Significant increases in jobs within a firm are also described in this report.

Of the top 10 firms by employment in 2016, only Switzerland and the Netherlands declined in employment. Collectively, this demonstrates the strong and growing contribution of foreign-owned firms to the region.

TABLE A-4
Average Number of Foreign-Owned Firms within a 5km radius

Sectors	Los Angeles	Orange	Riverside	San Bernardino	San Diego	Ventura
Natural Resources	2	1	0	1	0	1
Construction	4	4	3	2	2	0
Manufacturing	19	45	16	29	22	7
Wholesale Trade	41	40	10	18	20	14
Retail Trade	41	20	10	18	20	14
Transp. Warehousing, Utilities	40	5	1	3	4	5
Information	20	10	1	3	4	5
Finance/Insurance	40	55	0	0	2	0
Other Services	40	55	0	0	2	0
Public Administration	31	1	0	0	2	0

CLUSTERING ANALYSIS

Spatial agglomeration refers to the clustering of firms within a particular location. Firms locate nearby one another – for example car dealerships, jewelry or fashion districts, or furniture stores – for many reasons, including being attractive to customers and workers from similar firms, being close to supply chains, and to be in ethnically familiar neighborhoods.

For Southern California, spatial agglomeration is higher when it is based on industrial sector than when it is based on country of origin. This suggests that firms might be more likely to locate close to another firm in the same sector than to another firm from the same country of origin.

For industries with a large number of firms, Financial Services and Professional and Business Services are the industries with the highest level of spatial agglomeration. When spatial agglomeration is measured with respect to the number of firms, Korea shows the highest levels in Southern California, followed

Source: Dun & Bradstreet, DHEI Analysis

TABLE A-5

Average Number of Foreign-Owned Firms from the same Source Nation within a 5km radius

Sectors	Los Angeles	Orange	Riverside	San Bernardino	San Diego	Ventura
Natural Resources	16	17	4	6	1	1
Construction	37	20	7	3	10	4
Manufacturing	23	22	4	7	11	5
Wholesale Trade	42	28	4	7	11	3
Retail Trade	24	22	3	7	9	5
Transp, Warehousing, Utilities	32	26	7	8	15	4
Information	24	26	3	8	11	3
Financial Services	26	24	2	4	11	4
Prof / Business Services	31	24	4	10	11	4
Education / Health Care	14	20	3	7	9	7
Leisure / Hospitality	37	22	3	9	10	5
Other Services	26	26	3	3	11	4
Public Administration	9	7	0	0	2	0

Source: Dun & Bradstreet, DHEI Analysis

TABLE A-6

Average Number of Foreign-Owned Firms from the same Sector and Source Nation within a 5km radius

Sectors	Los Angeles	Orange	Riverside	San Bernardino	San Diego	Ventura
Natural Resources	0	0	0	0	0	0
Construction	1	0	2	1	1	0
Manufacturing	3	5	1	2	3	2
Wholesale Trade	13	8	1	2	2	1
Retail Trade	6	6	1	3	3	2
Transp, Warehousing, Utilities	5	1	1	1	1	0
Information	4	1	0	0	1	0
Financial Services	5	5	0	0	2	1
Prof / Business Services	6	7	1	1	4	1
Education / Health Care	1	0	0	1	1	1
Leisure / Hospitality	2	1	0	0	1	1
Other Services	1	0	0	0	0	0
Public Administration	1	0	0	0	0	0

Source: Dun & Bradstreet, DHEI Analysis

EXECUTIVE SUMMARY

CONTRIBUTION OF FOREIGN-OWNED ENTERPRISES

As shown in Tables ES-1 and ES-2, there are now an estimated 9,616 foreign-owned firms in Southern California representing 12.3% of all firms in the period between 2010 and 2015. Employees, or 4.3% of the region's workforce, are provided by them \$27.4 billion in wages.

The report also provides the Public Access to Information for including the names of firms and their location, and the number of firms in California with 2,465 F.O.E.s paying \$7,247.6 million in total

What is the contribution of F.O.E.s to Southern California? This report updates the 2015 report FDI-related statistics in Orange County business areas in Orange County. The highest concentration areas for Riverside County F.O.E.s are construction and manufacturing, while Prof / Business Services and Other Services are the highest concentration areas for F.O.E.s in San Diego County, while Public Administration in Los Angeles County shows the highest level of agglomeration.

Between 2010 and 2015, the location of foreign firms might be larger parts of firms in the concentration and also by the supply chain.

Table 2 shows the process of the number of firms located in the firm and wages by sector in the same sector. The results for Los Angeles County show that F.O.E.s in the Wholesale and Retail Trade industry are located in areas with an average of more than 40 F.O.E.s in their same sectors, but the agglomeration of F.O.E.s in Prof / Business Services and Manufacturing is even higher in Orange County. For San Diego County, the highest concentration is for F.O.E.s in Prof Business Services and Manufacturing, while the highest level of agglomeration in Ventura County is for F.O.E.s in Retail Trade.

Spatial agglomeration refers to the clustering of firms within a particular location. Firms locate nearby one another – for example car dealerships, jewelry or fashion districts, or furniture stores – for many reasons, including being attractive to customers and workers from similar firms, being close to supply chains, and to be in ethnically familiar neighborhoods. For Southern California, spatial agglomeration is higher when it is based on industrial sector than when it is based on country of origin. This suggests that firms might be more likely to locate close to another firm in the same sector than to another firm from the same country of origin.

For industries with a large number of firms, Financial Services and Professional and Business Services are the industries with the highest level of spatial agglomeration. When spatial agglomeration is measured with respect to the number of firms, Korea shows the highest levels in Southern California, followed

Nearly half of these firms and jobs are located in Los Angeles County, with Orange County accounting for close to one quarter.

Retail and wholesale trade continue to be largest sectors for the F.O.E.s in the region. The results for spatial agglomeration based on country of origin

Table 2 shows that the largest sector in Orange County employment – 140,582 jobs – concentrated estimate wages at \$9.7 billion.

Construction, and Leisure / Hospitality industries. For F.O.E.s in Orange County, firms in Wholesale Trade, Transp., Warehousing, and Utilities, and Information industries show the highest level of spatial agglomeration. An average F.O.E.s in these industries could find close to 30 other F.O.E.s from the same country of origin within a 5 km radius.

Comparing the level of spatial agglomeration based on sector and country of origin (Table A-6), the results show that F.O.E.s in the Wholesale and Retail Trade industry are located in areas with an average of more than 40 F.O.E.s in their same sectors, but the agglomeration of F.O.E.s in Prof / Business Services and Manufacturing is even higher in Orange County. For San Diego County, the highest concentration is for F.O.E.s in Prof Business Services and Manufacturing, while the highest level of agglomeration in Ventura County is for F.O.E.s in Retail Trade.

Statistical correlation analysis reveals that cities with relatively high concentrations of F.O.E.s have statistically larger labor forces and lower unemployment rates. At the same time, F.O.E.s in these cities have statistically higher sales, more workers, and higher 3-year growth percentage in sales volume than F.O.E.s in cities with lower concentration. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective F.O.E.s than has been previously identified in the academic literature.

CONCLUSION & NEXT STEPS

FOREIGN DIRECT INVESTMENT 2016

INTRODUCTION

BACKGROUND

CLUSTERING ANALYSIS

STATISTICAL CORRELATION ANALYSIS

So far, our analysis has focused on identifying the county and sector level of spatial agglomeration based on the H-Index and the number of FOEs from the same sector or same country of origin within a predetermined radius. This section analyzes whether spatial agglomeration is correlated with measures of economic development and growth applying Analysis of Variance (ANOVA). ANOVA is a statistical tool that tests the hypothesis that the means of two different groups are statistically different. In this case, the null hypothesis is that the difference between two groups' means is not statistically significant and probably driven simply by randomness. This technique is applied here to test whether or not spatial agglomeration of FOEs is statistically correlated with city and firm level measures of economic development and growth.

At the city level, all FOEs are measured with respect to the average sales volume, number of employees, city-level labor force and unemployment rates, the 3-year growth rate in sales, and the 3-year growth rate in employment. Although arguably optimal measures of economic development and growth, these are intuitively good measures of economic conditions at the city level. At this stage, the ANOVA considers cities in Southern California and groups them in quartiles according to the number of FOEs. The following table presents the results at the city level.

TABLE A-7

Summary Statistics for Agglomeration Regression Analysis

EXECUTIVE SUMMARY

Variable	Statistic	Value
Sales Volume	Median	\$4,045,456
Number of Workers	Mean	44
3 Year Growth % Sales Volume	Mean	1.44
3 Year Growth % Employees	Mean	10.80
FOE Same Country of Origin and Sector in 5 km Radius	Mean	0.003
Distance to San Pedro Port (km)	Mean	66.2
Distance to US-Mexico Border (km)	Mean	63.5
Distance to LA (km)	Mean	165.6
Distance to San Diego (km)	Mean	157.0
Distance to Phoenix (km)	Mean	27.8
Distance to Dallas (km)	Mean	21.0
Distance to Chicago (km)	Mean	4.6

CONTRIBUTION OF FOREIGN-OWNED ENTERPRISES

As shown in Tables ES-1 and ES-2, there are now an estimated 9.6 million foreign-owned Southern California firms, representing 12.5% of all firms in the region. Retail and wholesale trade continue to be largest sectors for the number of foreign-owned firms – 2,351 and 1,695 respectively – with manufacturing the largest sector in terms of employment – 140,582 jobs – and total estimate wages – \$9.7 billion.

This report explores numerous research questions, including Japanese firms remain the largest contributor to Southern California, with 2,465 firms paying 87,247 workers a total of \$5.5 billion in wages. What is the contribution of F.O.E.s to Southern California? This report updates the 2015 report FDI-related statistics source nations.

This report updates the 2015 report FDI-related statistics source nations. Distance to LA (km) of firms, jobs, and wages. Dun & Bradstreet firm-level data retrieved in March 2017 is

CHANGES OVER TIME

Distance to San Pedro Port (km) Employment Development Department data on wages to estimate total wages for different categories. Dun & Bradstreet data only shows the ultimate ownership of firms above a ten percent threshold. Between 2015 and 2016 the number of foreign-owned firms in the top 10 source nations declined by 10%, with a significant increase in the number of firms from Korea. This report updates the 2015 report FDI-related statistics source nations.

Nearly half of these firms and jobs are located in Los Angeles County, with Orange County accounting for close to one quarter. Retail and wholesale trade continue to be largest sectors for the number of foreign-owned firms – 2,351 and 1,695 respectively – with manufacturing the largest sector in terms of employment – 140,582 jobs – and total estimate wages – \$9.7 billion.

Of the top 10 firms by employment in 2016, only Switzerland and the Netherlands declined in employment. Collectively, this demonstrates the strong and growing contribution of foreign-owned firms to the region.

Source: Dun & Bradstreet, DHEI Analysis

CLUSTERING ANALYSIS

TABLE A-8

ANOVA: Concentration Based on Number of FOEs at City Level

Spatial agglomeration refers to the clustering of firms within a particular location. Firms locate nearby one another – for example car dealerships, jewelry or fashion districts, or furniture stores – for many reasons, including being attractive to customers and workers from similar firms, being close to supply chains, and to be in ethnically familiar neighborhoods. For Southern California, spatial agglomeration is higher when it is based on industrial sector than when it is based on country of origin. This suggests that firms might be more likely to locate close to another firm in the same sector than to another firm from the same country of origin.

For industries with a large number of firms, Financial Services and Professional and Business Services are the industries with the highest level of spatial agglomeration. When spatial agglomeration is measured with respect to the number of firms, Low and high FOEs concentration refers to cities in the lowest and highest quartile, respectively

by Taiwan and Switzerland. When measure in terms of the number of employees, firms from Sweden, China, and Switzerland show the highest levels in Southern California.

Statistical correlation analysis reveals that cities with high concentrations of FOEs have statistically larger labor forces and lower unemployment rates. At the same time, FOEs in these cities have statistically higher sales, more workers, and higher 3-year growth percentage in sales volume than FOEs in cities with lower concentration. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective FOEs than has been previously identified in the academic literature.

Source: Dun & Bradstreet, DHEI Analysis

Note: *** refers to statistical significance at the 1%, 5%, and 10%, respectively. Low and high FOEs concentration refers to cities in the lowest and highest quartile, respectively

According to the results, cities with higher concentrations of FOEs have statistically larger labor forces and lower unemployment rates. FOEs in these cities also have statistically higher sales, more workers, and higher 3-year growth rates in sales volume when compared with FOEs in cities with lower concentrations. To explore further the issue of spatial

agglomeration, this analysis groups cities in Southern California into quartiles according to the number of average number of FOEs located within a 5 km radius. The previous analysis considers only the number of FOEs in the city, while this quartiles approach considers cities with FOEs that are spatially agglomerated.

INTRODUCTION

TABLE A-9
ANOVA: Concentration Based on Number of FOEs Within a 5km Radius at City Level

	Low Concentration		High Concentration
Sales Volume (Mean)	\$29,800,000	*	\$53,500,000
Number of Workers	20.9	***	37.6
Labor Force	18,135	**	74,828
Unemployment Rate	6.3	***	5.4
3 Year Growth % Sales Volume	1.1		1.9
3 Year Growth % Employees	9.5		8.6

Note: ***, **, * refers to statistical significance at the 1%, 5%, and 10%, respectively
Low and high FOEs concentration refers to cities in the lowest and highest quartile, respectively

Source: Dun & Bradstreet, DHEI Analysis

Results in Table A-9 show that cities with higher levels of spatial agglomeration tend to have larger labor forces and a lower unemployment rates. FOEs in these cities also tend to have larger average sales and larger average numbers of employees. Although there is a natural overlap of cities in the high concentration categories of the previous two tables, cities classified as high concentration in the number of FOEs are not necessarily those same cities classified as having high spatial agglomeration.

This analysis also examines whether or not firms are more likely to locate in the proximity of another firm from the same

sector or of another firm from the same country of origin. Although there is some overlap in the cities for both groups, Table A-10 presents support that FOEs located in cities with high agglomeration of firms from the same sector tend to have higher average sales volume and employ more workers than FOEs located in cities with high spatial agglomeration based on the country of origin. These FOEs also tend to have higher 3-year growth rates in sales and employment. These results suggest that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin.

TABLE A-10
ANOVA: Concentration Based on Number of FOEs Within a 5km Radius at City Level

	Sector High Concentration		Country of Origin High Concentration
Sales Volume (Mean)	\$60,700,000	**	\$48,500,000
Number of Workers	37.6	*	35.9
Labor Force	73,965		75,982
Unemployment Rate	5.3		5.3
3 Year Growth % Sales Volume	2.6	*	2.2
3 Year Growth % Employees	14.2	**	9.0

Note: ***, **, * refers to statistical significance at the 1%, 5%, and 10%, respectively
High concentration FOEs refers to cities in the highest quartile based on the number of firms in the same sector and the number of firms from the same country of origin, respectively

Source: Dun & Bradstreet, DHEI Analysis

EXECUTIVE SUMMARY

CONTRIBUTION OF FOREIGN-OWNED ENTERPRISES

As shown in Tables ES-1 and ES-2, there are now an estimated 9,616 foreign-owned firms in Southern California representing 11.2% of all firms in the region. These firms employ 1,240,000 employees, or 4.3% of the region's workforce and pay them \$27.4 billion in wages.

This report explores numerous research questions, including whether Japanese firms remain the largest contributor to Southern California. With 1,465 firms paying \$7.4 billion a total of \$5.5 billion in wages, Japan is the largest source nation for FDI in Southern California. This report updates the 2015 report FDI-related statistics in terms of number of firms, jobs, and wages.

This section compared two methods to identify and measure the level of spatial agglomeration among FOE: the city-level complemented by a firm-level approach. The city-level H-Index of agglomeration based on the number of firms and the number of FOE located within a predetermined radius from each FOE. The latter approach is further divided into FOE in the ultimate ownership of firms above a ten percent threshold. Between 2005 and 2016, the number of FOE in the top 5 clusters of Southern California increased by 59%, with total jobs increasing by 216% and the average number of jobs per firm increasing by 100%.

As such, the jobs from FOE are a significant part of the economies of countries with large number of FOE in Southern California, like Japan and the United Kingdom, this analysis found some evidence that spatial agglomeration is larger when based on sector than when based on country of origin. In other words, FOE locating in Southern California will tend to locate close FOE from the same industrial sector, rather than locating nearby FOE from the same country of origin. For the prospective FOE, these results might assist in their decision where to locate with FOE in Southern California.

When spatial agglomeration is measured with respect to the number of firms, Korea shows the highest levels in Southern California, followed

by Taiwan and Switzerland. When measure in terms of the number of employees, firms from Sweden, China, and Switzerland show the highest levels in Southern California.

Nearly half of these firms and jobs are located in Los Angeles County, with Orange County accounting for close to one quarter.

Retail and wholesale trade continue to be largest sectors for the number of foreign-owned firms – 2,351 and 1,695 respectively – with manufacturing the largest sector in terms of employment – 140,582 jobs – and total estimate wages – \$9.7 billion.

This analysis also explored whether spatial agglomeration is correlated with economic development and growth. This analysis found statistical evidence that cities with higher levels of spatial agglomeration tend to have larger labor forces and lower unemployment rates. FOE located in these cities also tend to have higher sales volumes and more employees. In some cases they also have higher 3-year growth rates in sales and/or employment. Lastly, this analysis found that FOE in cities with high levels of spatial agglomeration by sector show higher 3-year growth rates in sales volume and employment than FOE in cities with high levels of spatial agglomeration based on country of origin. All of these suggests that Southern California might have more to offer to prospective FOE than had previously been documented.

Statistical correlation analysis reveals that cities with relatively high concentrations of FOE have statistically larger labor forces and lower unemployment rates. At the same time, FOE in these cities have statistically higher sales, more workers, and higher 3-year growth percentage in sales volume than FOE in cities with lower concentration. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective FOE than has been previously identified in the academic literature.

by Taiwan and Switzerland. When measure in terms of the number of employees, firms from Sweden, China, and Switzerland show the highest levels in Southern California.

INTRODUCTION

BACKGROUND SURVEY ANALYSIS

A survey of FOs in Southern California was conducted by DHEI between January and May of 2017. This survey aims to better understand the contribution of these 9,000+ businesses to the regional economy, their motivations for locating in Southern California, their experiences doing business here, and which factors encourage foreign firms to continue a presence the region.

The survey was administered through phone calls and an online instrument. All 9,105 firms from the 2016 dataset were contacted, via email or phone call. A total of 143 responses were collected; similar to the 118 responses collected in the 2009 survey.

In contrast to the 2009 survey, for which respondents were largely Japanese (63%) and Manufacturing (44%) firms, and all located in Los Angeles County, respondents to the 2017 survey were spread across numerous sectors, source nations, and counties within Southern California, as shown in Tables S-1, S-2, and S-3 below.

As with the 2009 report, the majority of respondents were positive about their business experiences within Southern California. In the 2009 report, the majority of respondents were particularly concerned about the state and regional economic climate, which is unsurprising given the recent global financial crash. However, other factors were of particular concern to respondents, including: housing affordability, public safety/crime, commercial/industrial price/availability, energy supply/prices, labor costs, obtaining skilled employees, K-12 education quality, business taxes, and regulatory environment/permit procedures.

As shown in Tables S-10 and S-11, the 2017 survey found that the most pressing risk factors in general for respondents were customer satisfaction/retention, labor and HR issues, political and regulatory uncertainty, currency volatility, and tougher competition. Specific to business within Southern California, respondents reported concern over trade and investment

restrictions, delays for business visas for overseas visas, taxes, labor costs, and housing affordability.

Similar to the 2009 survey, when considering future investments, 2017 survey responses favored expansions of current facilities and growth into new facilities (see Tables S-5 through to S-9). A larger proportion of respondents in 2017 appear to be considering relocation. In terms of potential for new investment, of those responding, most are considering Los Angeles County, followed by San Diego County, and Orange County. Within other areas of California, the Bay Area is the most popular response. Outside of California, investment potential is spread across the US, with a slight preference for the states of Texas, New York, Hawaii, Nevada, and Florida. Outside the US, Asian countries were significantly the most popular potential market, followed by Canada and Europe.

In terms of connections to other institutions, as shown in Table S-12, respondent FOs are most likely to be in contact with industry organizations and local or city governments. While a majority of respondents still engage with local chambers of commerce and local home-nation consulates, the numbers are significantly lower than for industry organizations and local and city governments. This last figure appears to be consistent over time, as 2009 respondents all reported favorable interactions with local government offices.

As shown in Table S-13, respondents were asked to report which regional programs would benefit their company. The most popular response was “Economic reports on local markets”, followed by “Public road network investment”, “Training and workshops on doing business in Southern California (export training, etc...)” and “Workforce development initiatives, such as job-training, layoff support”. It is notable that there was significantly less interest in “Public mass-transit investment”, “Sister-city/sister region programs connected to a city in your home country”, “Matchmaking events” and “Trade missions abroad”.

EXECUTIVE SUMMARY

TABLE S-1

% of Survey Respondents by Sectors

Sector	% of respondents answering question
Manufacturing	12.9%

As shown in Tables ES-1 and ES-2, there are now an estimated 9.6 million foreign-owned firms in Southern California, representing 12.5% of all firms in the region. These firms employ 1.2 million employees, or 10% of the region's workforce, and pay \$27.4 billion in wages. This report explores numerous research questions, including whether the issues raised in the academic literature view Southern California as a hub for FDI. What is the contribution of FOFs to Southern California? This report updates the 2015 report FDI-related statistics in terms of number of firms, jobs, and wages. Dun & Bradstreet firm-level data retrieved in March 2016 is complemented with California Employment Development Department data on total wages to estimate total wages for different categories. Dun & Bradstreet data only shows the ultimate ownership of firms above a ten percent threshold.

Between 2015 and 2016, the number of foreign-owned enterprises in Southern California rose by 5%, with total jobs increasing by 7.6% and the average number of jobs per firm increasing by 1.5%. As such, the jobs firm ratio as described in this report.

TABLE S-2

% of Survey Respondents by Source Nation

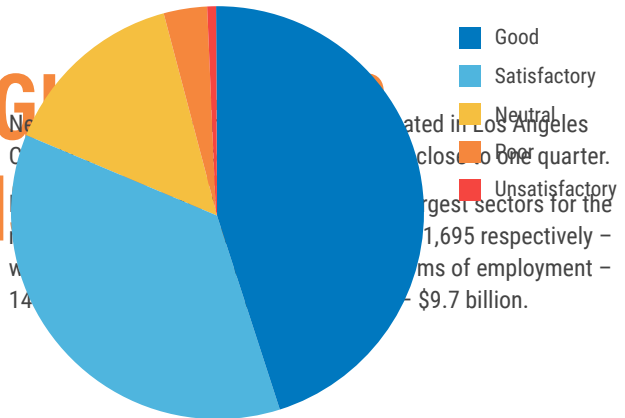
Source Nation	% of respondents
Luxembourg	16%
Taiwan	16%

Spatial agglomeration refers to the clustering of firms within a particular location. Firms locate nearby one another – for example, retail dealerships, jewelry or fashion districts, or furniture stores – for many reasons, including being attractive to customers and workers from similar firms, being close to suppliers and vendors, and to be in ethnically familiar neighborhoods. For Southern California, spatial agglomeration is higher when it is based on industrial sector than when it is based on country of origin. This suggests that firms might be more likely to locate close to another firm in the same sector than to another firm from the same country of origin.

For industries with a large number of firms, Financial Services and Professional and Business Services are the industries with the highest level of spatial agglomeration. When spatial agglomeration is measured with respect to the number of firms, Korea shows the highest levels in Southern California, followed

FIGURE S-1

How would you rate your company's present business experience in the Southern California region?



Of the top 10 firms by employment in 2016, only Switzerland and the Netherlands declined in employment. Collectively, this demonstrates the strong and growing contribution of foreign-owned firms to the region.

TABLE S-4

How would you rate your company's present business experience in the Southern California region?

Response	Count	% of Responses
Good	55	45%
Satisfactory	44	36%
Neutral	18	15%
Poor	4	3%
Unsatisfactory	1	1%

by Taiwan and Switzerland. When measured in terms of the number of employees, firms from Sweden, China, and Switzerland show the highest levels in Southern California. Statistical correlation analysis reveals that cities with relatively high concentrations of FOFs have statistically larger labor forces and lower unemployment rates. At the same time, FOFs in these cities have statistically higher sales, more workers, and higher 3-year growth percentage in sales volume than 10% in cities with lower concentration. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective FOFs than has been previously identified in the academic literature.

CHANGES OVER TIME

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TABLE S-5
INTRODUCTION
 What are your company's plans for investment and business operations within Southern California over the next two years?

BACKGROUND

Response	Count
Expansion of existing facilities or branches (including purchase of equipment)	46
Establishment of a new facility or branch	43
Investment in a different business sector	18
Scale-down or closure of existing facility	10
Relocation of branch or facility within Southern California	11
Relocation of branch or facility within California	12
Relocation of branch or facility outside California	6
Revision of the role of existing facilities or branches	11
Nothing in particular	38

TABLE S-6
 Within Southern California, which area holds the most potential for new investment by your company?

County	Responses
Los Angeles	33
Orange	13
Riverside	10
San Bernardino	5
San Diego	15
Ventura	4

TABLE S-7
 Within the rest of California, which area holds the most potential for new investment by your company?

Region	Responses
Bay Area	15
Central California	5

TABLE S-8
 Outside California, but within the United States which area holds the most potential for new investment by your company?

State	Responses
Texas	5
New York	4
Hawaii	3
Nevada	3
Florida	3
Colorado	2
Washington	2
Virginia	2

TABLE S-9
 Outside the United States, which area holds the most potential for new investment by your company?

Country/Region	Responses
Canada	4
Mexico	1
China	3
Other Asia	8
Europe	4

TABLE S-10

What is the likelihood the following risk factors will influence your company's earnings over the next three years?

EXECUTIVE SUMMARY

Factor	Average Score
Customer Satisfaction/Retention	3.59
Labor and HR issues	3.28
Political/regulatory uncertainty	3.18
Currency volatility	3.13
Tougher competition	3.13
Country risk/geopolitical challenges	3.00
Energy price volatility	3.00
Transportation infrastructure	3.00
Public safety/crime	3.00
Energy prices/supply	3.00
Permit approval procedures	2.94
Driver's license issuance delays for expatriates	2.65
Infrastructure failure/breakdown	2.44
Terrorism	2.38

CLUSTERING ANALYSIS

TABLE S-12

Contacts with industry organizations, chambers of commerce, consulates and local governments

Spatial agglomeration refers to the clustering of firms within a particular location. Firms locate nearby one another – for example, car dealerships, jewelry or fashion districts, or furniture stores – for many reasons, including being attractive to customers and workers from similar firms, being close to supply chains, and to be in ethnically familiar neighborhoods. For Southern California, spatial agglomeration is higher when it is based on industry sector than when it is based on country of origin. This suggests that firms might be more likely to locate close to another firm in the same sector than to another firm from the same country of origin.

For industries with a large number of firms, Financial Services and Professional and Business Services are the industries with the highest level of spatial agglomeration. When spatial agglomeration is measured with respect to the number of firms, Korea shows the highest levels in Southern California, followed

TABLE S-11

How important are the following concerns regarding your company's future business operations in Southern California?

Factor	Average Score
Trade/investment restrictions	3.67
Delays for business visas for overseas visas	3.61
Taxes	3.44
Labor costs	3.39
Housing affordability	3.33
Overseas competition	3.24
Transportation infrastructure	3.12
Public safety/crime	3.11
Energy prices/supply	3.00
Permit approval procedures	2.94
Driver's license issuance delays for expatriates	2.65

Of the top 10 firms by employment in 2016, only Switzerland and Netherlands declined in employment. Collectively, this shows that the top 10 firms are the only ones with concerns regarding your company's future business operations in Southern California?

TABLE S-13

Regional Programs	Responses
Public mass-transit investment	24
Public road network investment	39
Workforce development initiatives, such as job training, layoff support	68
Sister-city/Sister-region programs connected to a city in your home country	16
Regional fiber-optic broadband	21
Free and trade zones	12
Trade missions abroad	17
Trade missions abroad	17
Permit approval procedures	2.94
Driver's license issuance delays for expatriates	2.65

CONTRIBUTION OF FOREIGN-OWNED ENTERPRISES ABOUT DOMINGUEZ HILLS METROBOARD INSTITUTE

As shown in Tables ES-1 and ES-2, there are now an estimated 9,616 tax-resident firms in Southern California representing 12.5% of all firms in the region, 1.2 million employees, or 4.3% of the region's workforce and pay them \$27.4 billion in wages. This report explores numerous research questions, including what are the issues that are the largest contributors to Southern California, with 2,465 firms paying 87,247 workers a total of \$5.5 billion. UK, Canada, France and Germany complete the top 5 source nations. This report updates the 2015 report FDI-related statistics in terms of number of firms, jobs, and wages. Dun & Bradstreet firm-level data retrieved in March 2017 is presented with California Employment Development Department data on wages to estimate firm wages for different categories. Dun & Bradstreet data only shows the number of firms above a ten percent threshold, and 2015 and 2016 data on the number of foreign-owned enterprises in Southern California are as of 2014, with state energy price volatility and the average number of jobs per firm increasing as described in this report.

Nearly half of these firms and jobs are located in Los Angeles County, with Orange County accounting for close to one quarter. Retail and restaurants continue to be largest sectors for the number of foreign-owned firms – 2,351 and 1,695 respectively – with manufacturing the largest sector in terms of employment – 140,592 jobs and total estimate wages – \$9.7 billion.

FOREIGN DIRECT INVESTMENT 2016

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EXECUTIVE SUMMARY

CONTRIBUTION OF FOREIGN-OWNED ENTERPRISES

As shown in Tables ES-1 and ES-2, there are now an estimated 9,167 foreign-owned firms in Southern California representing 11.2% of all firms in the region, whose employees are 12.9 million, or 4.3% of the region's workforce and pay them \$27.4 billion in wages.

This report explores numerous research questions, including how many firms remain the largest contributors to Southern California, with 2,465 firms paying 87,247 workers a total of \$5.5 billion.

What is the contribution of F.OEs to Southern California?

This report updates the 2015 report FDI-related statistics

in terms of number of firms, jobs, and wages. Dun & Bradstreet firm-level data retrieved in March 2017 is complemented with California Employment Development Department data on wages by time of day for different categories. Dun & Bradstreet data only show the ultimate owners, if of firms able to determine this.

Between 2015 and 2016 the number of foreign-owned firms in the state of Southern California rose by 150, with some jobs increasing by 7,065 and the average number of jobs per firm increasing by 5.8.

Nearly half of these firms and jobs are located in Los Angeles County, with Orange County accounting for close to one quarter.

Retail and wholesale trade continue to be largest sectors for the number of foreign-owned firms – 2,351 and 1,695 respectively – with manufacturing the largest sector in terms of employment – 140,582 jobs – and total estimate wages – \$9.7 billion.

CHANGING FUTURE APPENDICES

Of the top 10 firms by employment in 2016, only Switzerland and the Netherlands declined in employment. Collectively, this demonstrates the strong and growing contribution of foreign-owned firms to the region.

CLUSTERING ANALYSIS

Spatial agglomeration refers to the clustering of firms within a particular location. Firms locate nearby one another – for example car dealerships, jewelry or fashion districts, or furniture stores – for many reasons, including being attractive to customers and workers from similar firms, being close to supply chains, and to be in ethnically familiar neighborhoods. For Southern California, spatial agglomeration is higher when it is based on industrial sector than when it is based on country of origin. This suggests that firms might be more likely to locate close to another firm in the same sector than to another firm from the same country of origin.

For industries with a large number of firms, Financial Services and Professional and Business Services are the industries with the highest level of spatial agglomeration. When spatial agglomeration is measured with respect to the number of firms, Korea shows the highest levels in Southern California, followed

by Taiwan and Switzerland. When measure in terms of the number of employees, firms from Sweden, China, and Switzerland show the highest levels in Southern California.

Statistical correlation analysis reveals that cities with relatively high concentrations of F.OEs have statistically larger labor forces and lower unemployment rates. At the same time, F.OEs in these cities have statistically higher sales, more workers, and higher 3-year growth percentage in sales volume than F.OEs in cities with lower concentration. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective F.OEs than has been previously identified in the academic literature.

INTRODUCTION

BACKGROUND

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APPENDIX AX

LOCATIONS OF FOREIGN-OWNED BUSINESSES IN THE SOUTHERN CALIFORNIA REGION, BY SOURCE NATION AND INDUSTRY

The heat maps in Figures A1-10 represent the clusters of foreign-owned businesses in Southern California (except San Diego, which is omitted for resolution reasons), with respect to the top 5 source nations (Figures A1-5) and industries (Figures A6-10) by number of firms. There are notable clusters of Japanese-owned companies in Culver City, Torrance, Westminster, Lake Forest, and Downtown. For UK-owned companies, the prominent clusters are in El Segundo, Costa Mesa, Santa Monica, and Downtown LA. While German-owned companies are most concentrated in Newport Beach, French-owned companies are more evenly dispersed around the region, with stronger presence in Santa Monica, El Segundo and Century City. Canadian-owned companies have notable clusters in Lake Forest and Santa Monica.

In terms of foreign-owned businesses by industry, there are strong manufacturing clusters in Lake Forest, Costa Mesa/Irvine and Corona, while wholesale trade is more evenly distributed across the region, despite large clusters in Lake Forrest, Westminster and Downtown LA. In terms of retail trade, the strongest clusters appear to be centered on major shopping malls such as South Coast Plaza in Costa Mesa and Westfield Topanga in Canoga Park; however, there are notable larger but less dense clusters in West LA/Santa Monica and Carson/Torrance/Redondo Beach. Finance and insurance foreign-owned businesses are clustered in Newport Beach and Downtown LA, while professional and business services are clustered in Lake Forest, Costa Mesa, Downtown LA and Santa Monica.

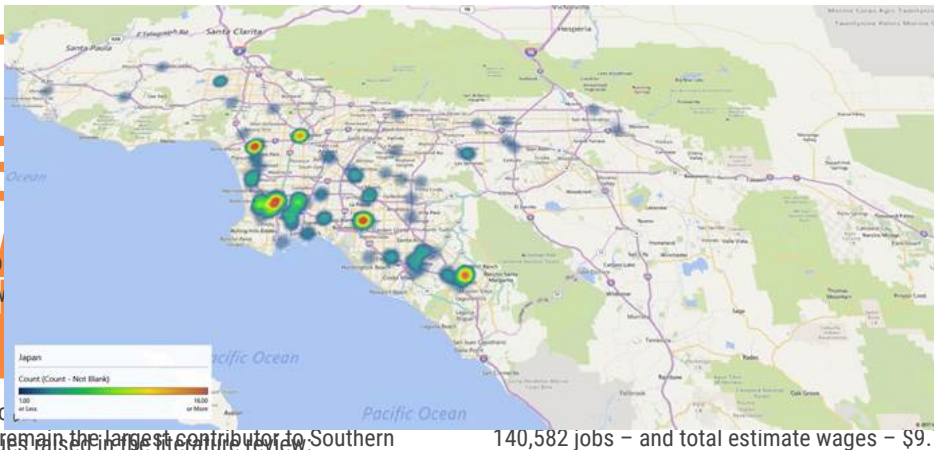
FIGURE AX-1
Foreign-Owned Businesses in the Southern California Region: Japan

EXECUTIVE SUMMARY

CONTENT

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As shown in Table 9.6, foreign-owned firms employ 1.2% of all firms, 1.2% of all employees, or 4.1% of all wages. This report explores the contribution of Japanese firms to the Southern California economy.



Los Angeles area to one quarter. The top sectors for the region are manufacturing, retail trade, and professional services respectively – representing 25%, 15%, and 10% of employment – respectively.

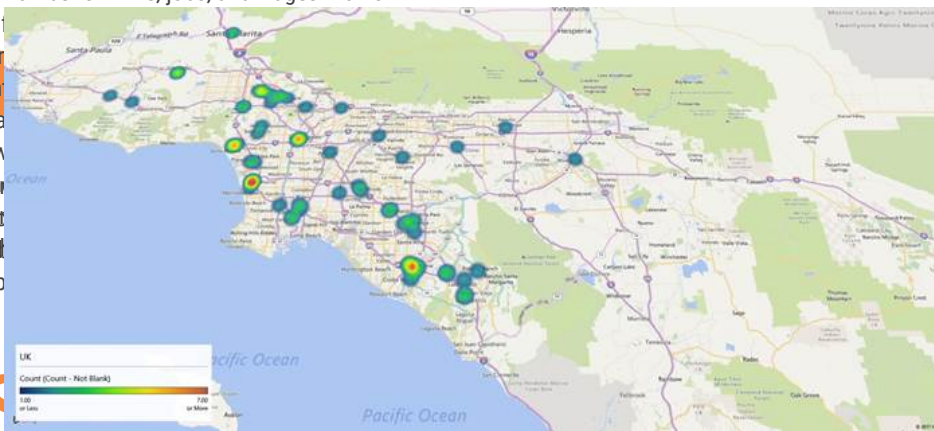
Japanese firms remain the largest contributors to Southern California, with 2,465 firms paying 87,247 workers a total of \$5.5 billion. UK, Canada, and Germany complete the top 5 source nations. This report updates the 2015 report on FDI-related statistics in terms of number of firms, jobs, and wages. Dun & Bradstreet

140,582 jobs – and total estimate wages – \$9.7 billion.

CHALLENGES

Between 2015 and 2016, the number of foreign-owned firms in Southern California increased by 1.2%.

FIGURE AX-2
Foreign-Owned Businesses in the Southern California Region: UK

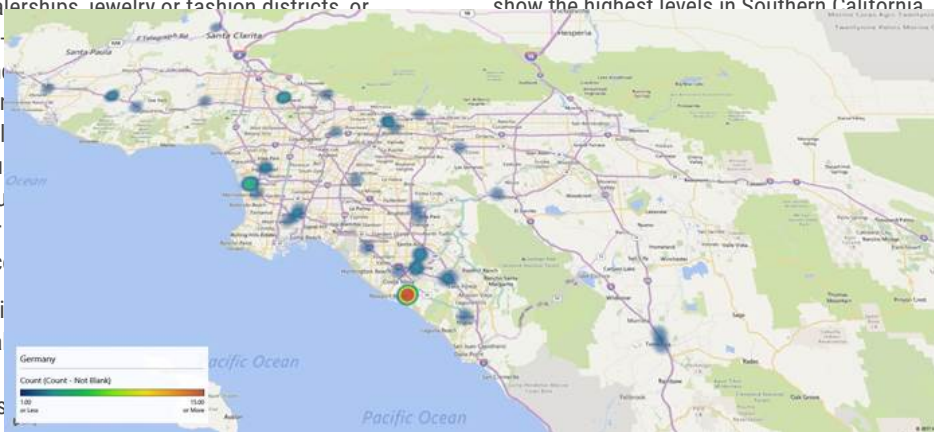


Switzerland collectively, this represents 10% of foreign-owned firms.

CLUSTERING

Spatial agglomeration refers to the clustering of firms within a particular local area. For example, car dealerships, jewelry or fashion districts, or furniture stores.

FIGURE AX-3
Foreign-Owned Businesses in the Southern California Region: Germany



by Taiwan and Switzerland. When measured in terms of the number of employees, firms from Sweden, China, and Switzerland show the highest levels in Southern California.

For Southern California, this is based on industry of origin. This is close to another industry from the same country. For industries with the highest agglomeration is Korea shows the highest levels in Southern California, followed

with relatively larger labor force. At the same time, FDI attracts more workers, and FDI firms employ more workers than FDI firms in other sectors. This analysis also shows that the manufacturing sector might have higher growth than other sectors. These findings are likely to offer to be utilized in the future.

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FIGURE AX-4
Foreign-Owned Businesses in the Southern California Region: France

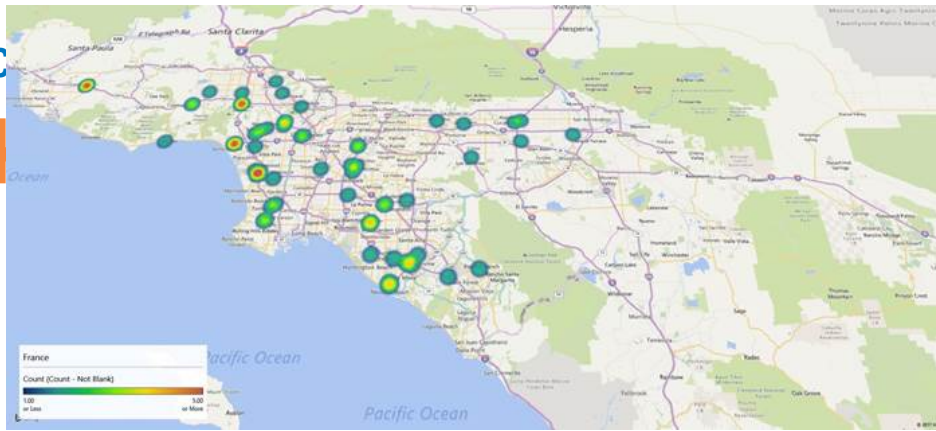


FIGURE AX-5
Foreign-Owned Businesses in the Southern California Region: Canada

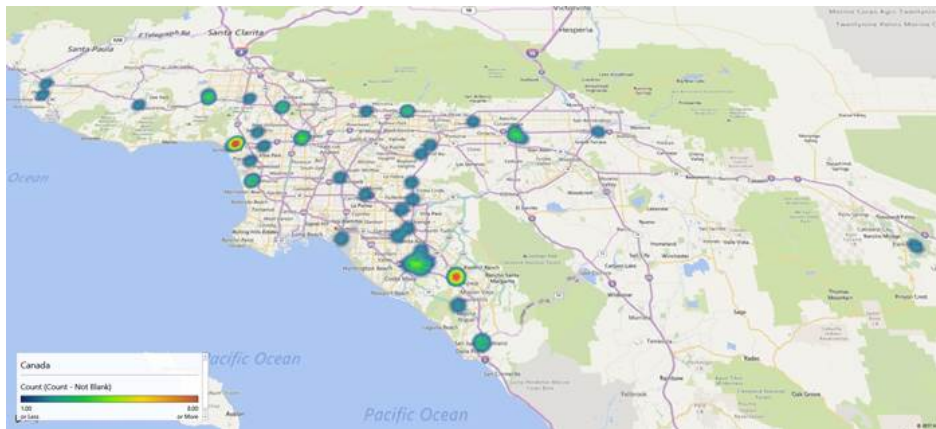
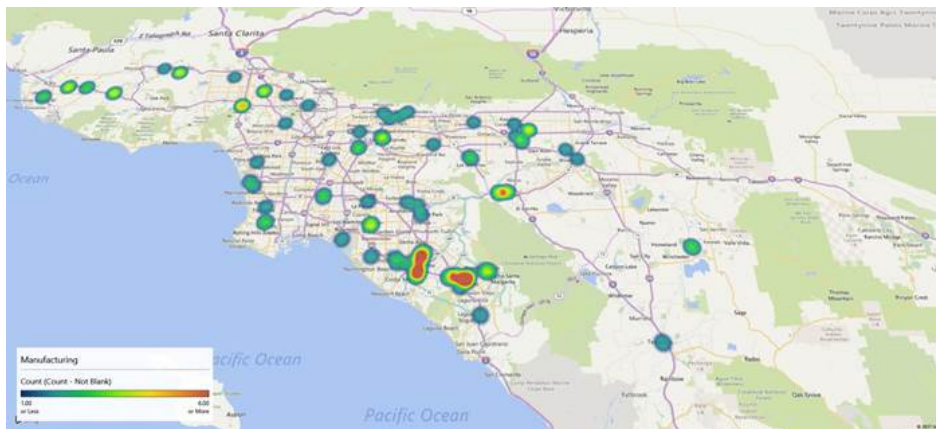


FIGURE AX-6
Foreign-Owned Businesses in the Southern California Region: Manufacturing



FOREIGN DIRECT INVESTMENT 2016

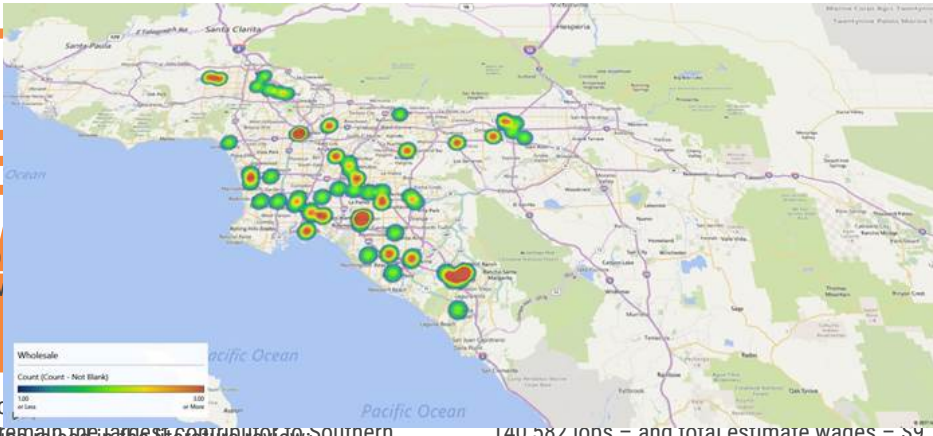
FIGURE AX-7
Foreign-Owned Businesses in the Southern California Region: Wholesale Trade

EXECUTIVE SUMMARY

CONTENT

ENDED

As shown in Table 9.6, foreign-owned firms employ 1.2% of all firms, 1.2% of all employees, or 4.1% of all wages. This report explores the contribution of F.O.E.s to Southern California, with 2,465 firms paying 87,247 workers a total of \$5.5 billion. What is the contribution of F.O.E.s to Southern California? This report updates the 2015 report FDI-related statistics in terms of number of firms, jobs, and wages. Dun & Bradstreet complements the Department of Economic Development's different categories of ultimate ownership. Between 2015 and 2016, the number of firms increased by 10% and the number of jobs increased by 15%.

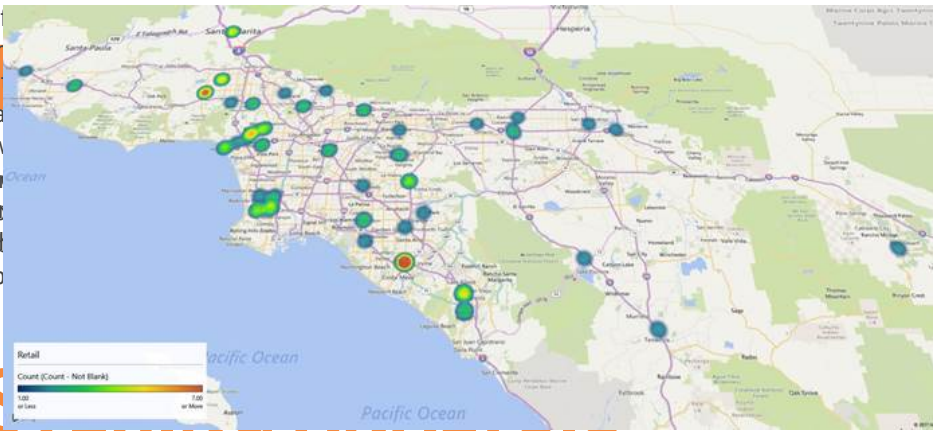


Los Angeles to one quarter. The top sectors for the top 5 respectively – of employment – 140,582 jobs – and total estimate wages – \$9.7 billion.

Japanese firms remain the most common foreign-owned firms in Southern California, with 2,465 firms paying 87,247 workers a total of \$5.5 billion. UK, Canada, and Germany complete the top 5 source nations.

FIGURE AX-8
Foreign-Owned Businesses in the Southern California Region: Retail Trade

Bradstreet's complement the Department of Economic Development's different categories of ultimate ownership. Between 2015 and 2016, the number of firms increased by 10% and the number of jobs increased by 15%.



Switzerland collectively, this is the top source of foreign-

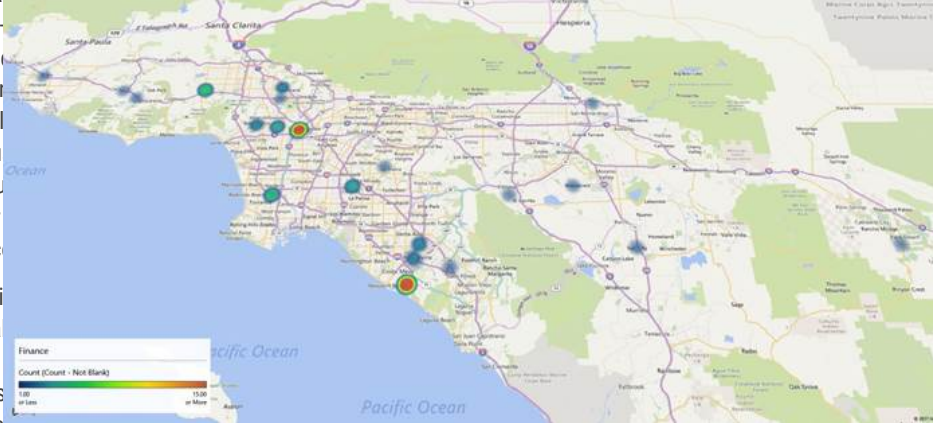
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Spatial agglomeration of firms within a particular local area, such as car dealerships, jewelry or fashion districts, or furniture stores.

FIGURE AX-9
Foreign-Owned Businesses in the Southern California Region: Finance and Insurance

by Taiwan and Switzerland. When measure in terms of the number of firms, the top 5 source nations are Sweden, China, and Switzerland show the highest levels in Southern California.

furniture stores – to customers and supply chains, and For Southern California is based on industry of origin. This is close to another from the same country.



with relatively larger labor force. At the same time, F.O.E.s employ more workers, and more than F.O.E.s in other sectors. This analysis also shows that the finance sector might have higher employment and growth than other sectors. These findings are more likely to offer to be identified in the

For industries with high employment and Professional and Technical Services with the highest employment, the highest agglomeration is in the Los Angeles area. Korea shows the highest levels in Southern California, followed

FIGURE AX-10
Foreign-Owned Businesses in the Southern California Region: Professional/Business Services

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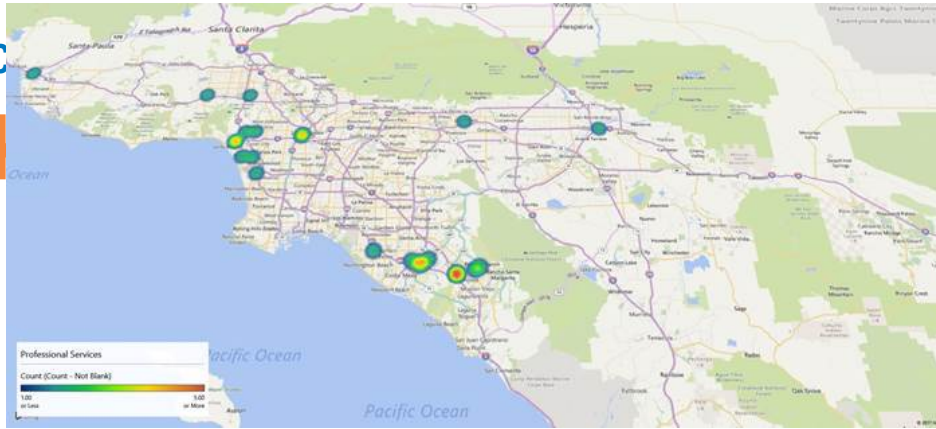


FIGURE AX-11
Foreign-Owned Businesses Entering the Southern California Region in 2017

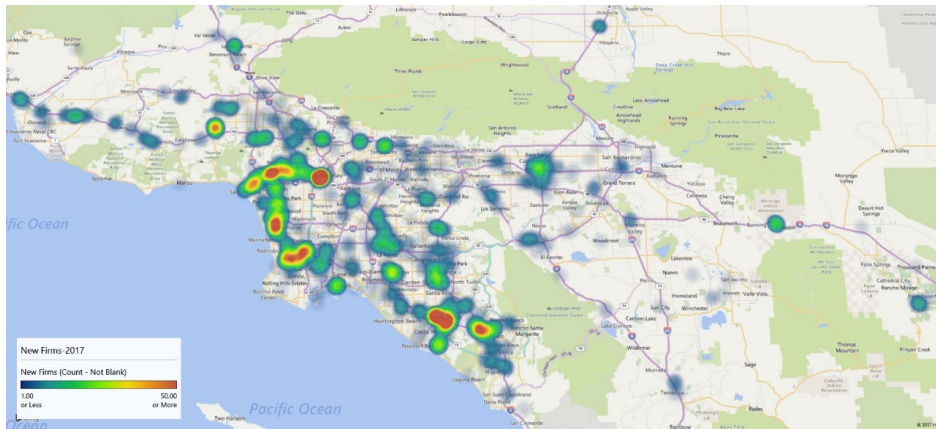
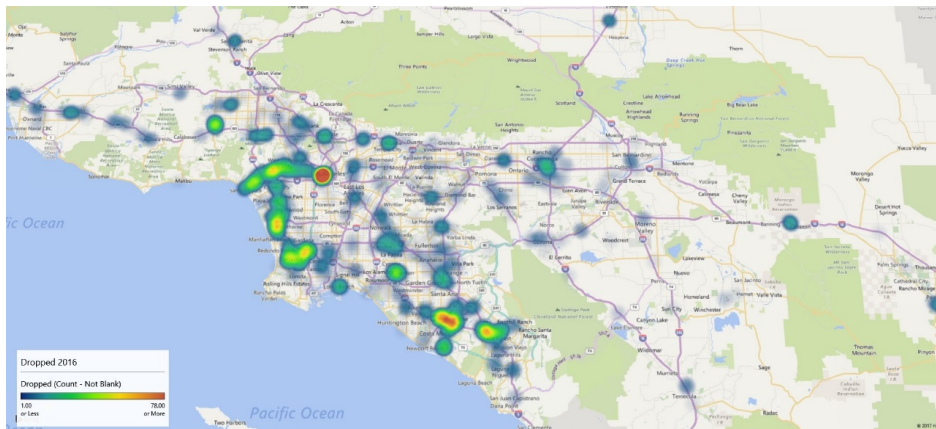


FIGURE AX-12
Foreign-Owned Businesses Leaving the Southern California Region in 2017



FOREIGN DIRECT INVESTMENT 2016

EXECUTIVE SUMMARY

APPENDICES

CONTRIBUTION OF FOREIGN-OWNED ENTERPRISES

TABLE BX-1

<p>Bridging Scheme Between Sectors in 2016 Report and D&B Dataset As shown in Tables ES-1 and ES-2, there are now an estimated 9,600 foreign-owned firms in Southern California representing 1.2% of all firms in the region. These firms employ 27.4 million employees, or 4.3% of the region's workforce. This report explores numerous research questions, including:</p> <ul style="list-style-type: none"> • How many firms remain the largest contributors to Southern California, with 2,465 firms paying 87,247 workers a total of \$5.9 billion. • What is the contribution of FOEs to Southern California? UK, Canada, France and Germany complete the top 5 sources. • This report updates the 2015 report FDI-related statistics in terms of number of firms, jobs, and wages. Dun & Bradstreet firm-level data retrieved in March 2017 is used to supplement California Employment Development Department data on wages to estimate total wages for different categories. Dun & Bradstreet data only shows the ultimate ownership of firms above a ten percent threshold. • Between 2015 and 2016, the number of foreign-owned enterprises in Southern California increased by 59, with total jobs increasing by 7,065 and the average number of jobs per firm increasing as described in this report. 	<p>Nearly half of these firms and jobs are located in Los Angeles County, with Orange County accounting for close to one quarter. Bridging Scheme (to sectors in D&B dataset)</p> <ul style="list-style-type: none"> • Retail and wholesale trade continue to be largest sectors for the number of foreign-owned firms – 2,351 and 1,695 respectively – with manufacturing the largest sector in terms of employment – 140,582 jobs – and total estimate wages – \$9.7 billion. • Construction • Manufacturing • Wholesale Trade • Retail Trade <p>Of the top 10 firms by employment in 2016, only Switzerland and the Netherlands are in employment. Collectively, this demonstrates the strong and growing contribution of foreign-owned firms to the region.</p>
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CLUSTERING ANALYSIS

<p>Professional and Business Services Spatial agglomeration refers to the clustering of firms within a particular location. Firms locate nearby one another – for example car dealerships, jewelry or fashion districts, or furniture stores – for many reasons, including being attractive to customers and workers from similar firms, being close to supply chains, and to be in ethnically familiar neighborhoods. For Southern California, spatial agglomeration is higher when it is based on industrial sector than when it is based on country of origin. This suggests that firms might be more likely to locate close to another firm in the same sector than to another firm from the same country of origin.</p> <p>For industries with a large number of firms, Financial Services and Professional and Business Services are the industries with the highest level of spatial agglomeration. When spatial agglomeration is measured with respect to the number of firms, Korea shows the highest levels in Southern California, followed</p>	<p>Finance and Insurance; Real Estate and Rental and Leasing Professional, Scientific, and Technical Services; Administrative Support; Waste Management and Remediation Services; Management of Companies and Enterprises Health Care and Social Assistance; Educational Services Accommodation and Food Services; Arts, Entertainment, and Recreation Other Services (except Public Administration) Public Administration</p> <p>2.65</p> <p>by Taiwan and Switzerland. When measure in terms of the number of employees, firms from Sweden, China, and Switzerland show the highest levels in Southern California. Statistical correlation analysis reveals that cities with relatively high concentrations of FOEs have statistically larger labor forces and lower unemployment rates. At the same time, FOEs in these cities have statistically higher sales, more workers, and higher 3-year growth percentage in sales volume than FOEs in cities with lower concentration. The statistical analysis also suggests that spatial agglomeration based on sector might have larger impacts on economic development and growth than spatial agglomeration based on country of origin. These findings suggest that Southern California might have more to offer to prospective FOEs than has been previously identified in the academic literature.</p>
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