Regional Growth Series
Briefing: Foreign Direct Investment (FDI) as a Structural Driver of Regional Growth
April 2026

This briefing is part of the Allegheny Conference on Community Development's Regional Growth Series, which provides employers, investors, and regional leaders with timely insights and reflections on the policy, market, and execution issues shaping Southwestern Pennsylvania's growth trajectory.

Drawing from issues raised by employers and economic signals, this document distills how international companies evaluate the US – and specific regions nationwide – when making investment decisions. Foreign-owned firms are central to the Pittsburgh region's economy, anchoring manufacturing supply chains, supporting high-wage jobs, expanding exports, and strengthening global market ties. As global capital reallocates in response to supply chain shifts, geopolitics, and evolving trade and immigration policy, foreign direct investment (FDI) decisions increasingly reflect national conditions alongside regional strengths.

The analysis that follows is intended to help employers and investors understand both structural drivers of FDI and practical conditions firms face when operating in the region, ultimately to inform how our region positions itself to compete for globally mobile capital over the next few years. If FDI is a core pillar of regional growth, what must we strengthen to remain a competitive destination?

Executive Summary

- Global investment patterns are shifting toward localized production and market presence, increasing the importance of US regions in global capital allocation decisions.
- The Pittsburgh region benefits from a strong pipeline and proven ability to capture FDI, anchored by existing expansion and high-performing direct and broker relationships, though converting new attraction opportunities remains a key area for growth.
- Southwestern Pennsylvania's competitive advantage lies in execution capacity, workforce, and operating environment – not incentives alone.
- Regional coordination and support systems are a differentiator in attracting and scaling international firms.
- Policy stability, permitting speed, and infrastructure readiness are increasingly decisive factors in site selection and expansion.
- Gaps in international connectivity and awareness remain constraints on competitiveness.

What the Discussion Signals for Regional Growth

1. Investment Climate & Global Positioning

Foreign-owned firms are increasingly locating operations within major end markets due to supply chain risk, geopolitical dynamics, and industrial policy shifts. The US remains a preferred destination for FDI due to:

- Market scale
- Regulatory transparency
- Relative stability

Within the US, regions compete on their ability to convert interest into operational excellence. Southwestern Pennsylvania is competitive when evaluated on workforce quality, industrial capability, and business support ecosystem. However, international awareness of these strengths remains uneven and under-leveraged.

2. Operating Environment & Execution

For companies on the ground, investment decisions are shaped less by incentives and more by operational feasibility. Key strengths of the Pittsburgh region identified:

- Skilled workforce across technical and industrial roles
- Strong regional coordination (state, local, intermediary organizations)
- Access to energy and water resources
- Proximity to major customer markets

Permitting timelines and execution support cited areas where the region performs competitively.

3. Workforce Participation & Talent Capacity

Workforce availability and continuity are central to both initial investment and expansion decisions. Companies emphasized:

- Importance of retaining and leveraging existing workforce
- Value of technical and engineering talent pipelines
- Need for continued alignment between training and industrial demand

Workforce strength cited as one of the region's most consistent competitive advantages.

4. Infrastructure & Transportation Modernization

Energy availability and water resources are emerging as strategic assets, particularly for advanced manufacturing, electrification and grid modernization, and data center and AI-related development.

Transportation and logistics coordination – including permitting and freight considerations – also play a role in project feasibility.

Alignment & Friction Points

Areas of Alignment

- Strong workforce as a core competitive advantage
- Regional coordination as a differentiator
- Energy and industrial capacity as growth enablers
- Need to translate regional strengths into global awareness

Areas of Friction

- Visa process and onboarding challenges for international firms
- Policy and tariff volatility affecting planning certainty
- Limited direct international air connectivity
- Perception gaps in global markets regarding regional capabilities
- Population loss and talent migration

Implications for Employers

- **Capital-Intensive Employers:** Evaluate expansion decisions based on permitting timelines, infrastructure readiness, and access to skilled labor.

- **International firms**: Access to coordinated regional support systems can significantly reduce market entry risk and accelerate operations.

- **Growth-Oriented Employers**: Regional strengths in workforce and industrial capacity provide a platform for scaling but require alignment with infrastructure and policy conditions.

Where the Allegheny Conference Is Engaged

- Supporting coordinated regional approaches to business attraction and retention
- Strengthening connections between international investors and local partners
- Advancing infrastructure readiness, including energy and site development
- Elevating the region's global visibility and investment narrative
- Aligning workforce development with employer demand

Bottom Line

Southwestern Pennsylvania is competitively positioned to capture FDI. The determining factor will not be the region's underlying assets but the ability to translate those assets into consistent, scalable investment outcomes in a rapidly shifting global economy.

The region's strongest asset is the ability to convert and expand existing companies and close deals through direct and broker relationships; the core opportunity is translating that strength into more consistent conversion of new international attraction.