

# **INSOURCING GREENFIELD PROJECTS:**

**TOP INVESTMENT PROJECTS BY COMPANIES  
HEADQUARTERED ABROAD  
2006**



**ORGANIZATION FOR  
INTERNATIONAL  
INVESTMENT**

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**INTERNATIONAL BUSINESS  
INVESTING IN AMERICA**

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## OVERVIEW

Greenfield projects by companies headquartered abroad and their U.S. subsidiaries refer to investments in brand new projects or expansions in the existing U.S. operations of those companies. Greenfield projects can mean a major capital investment by a foreign firm that entails the establishment of new production facilities, such as a manufacturing plant, office, or other physical company-related structure or group of structures in an area where no previous facilities exist. The name comes from the idea of building a facility literally on a "green" field, such as farmland or a forest that has not been developed.

Greenfield investing is an alternative to other forms of investment by companies headquartered abroad, such as mergers and acquisitions, joint ventures, or licensing agreements.<sup>i</sup>

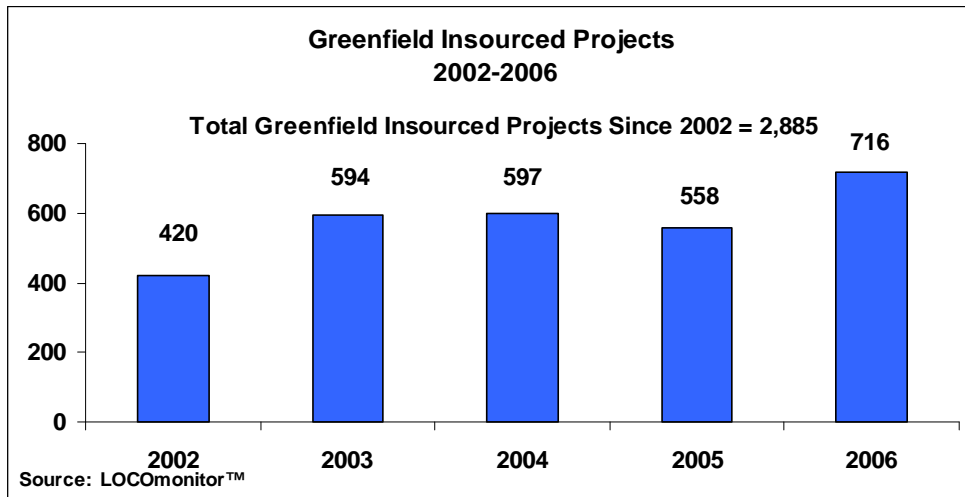
Insourcing by foreign companies is an integral part of the U.S. economy. The announcement or the opening of Greenfield projects by foreign-based companies generates enormous economic benefits, bringing billions of investment dollars into the United States, insourcing thousands of American jobs and highlighting the importance of the U.S. market for foreign companies as a location for their business operations.

More than 700 insourcing Greenfield projects were announced or opened in 2006. This is the greatest number of planned Greenfield projects by companies headquartered abroad in any single year during the last five years. Nearly 2,900 such Greenfield projects were announced or opened between 2002 and 2006. The \$82 billion in investment tied to those projects announced will generate approximately 170,000 jobs for Americans.

This report provides an overview of statistics on announced or opened Greenfield projects by companies headquartered abroad from 2002 to 2006. The statistics presented here are from LOCOmonitor™, a database that tracks and analyzes foreign direct investment projects globally.<sup>ii</sup>

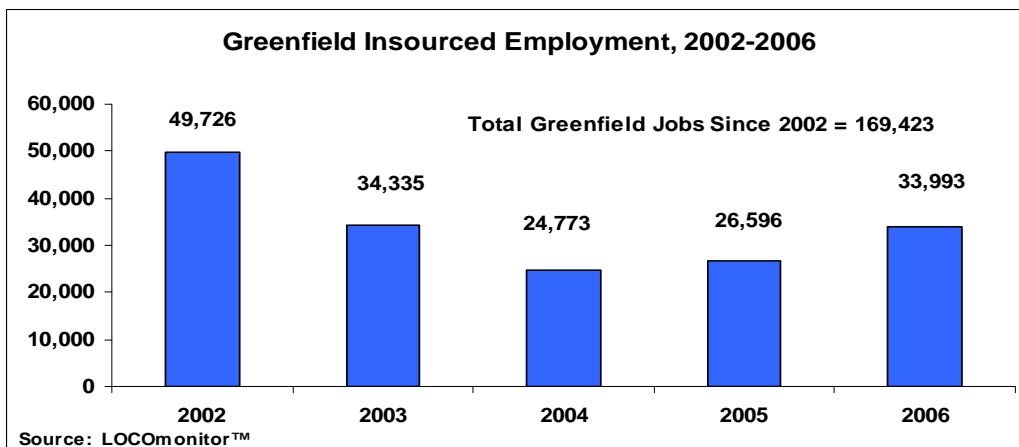
## INSOURCING — THE ECONOMIC IMPACT OF GREENFIELD INVESTMENT ON THE U.S. ECONOMY (2002-2006)

Nearly 2,900 Greenfield projects were announced or opened by companies headquartered abroad and their U.S. subsidiaries between 2002 and 2006. In 2006 alone, these companies announced or opened over 700 Greenfield projects, an increase of 70 percent over the 420 Greenfield projects recorded in 2002.



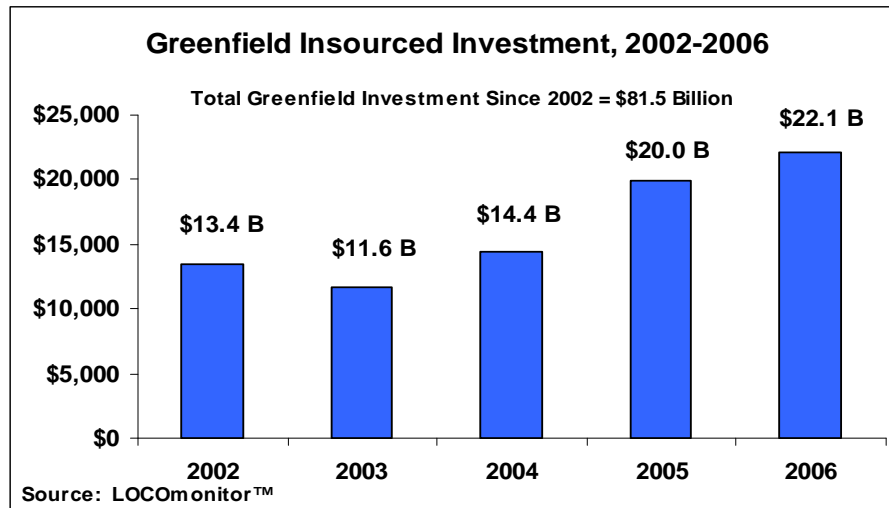
### Insourcing: Employment Generated by Greenfield Projects

Insourced employment associated with the Greenfield projects announced by companies headquartered abroad, such as Siemens, Toyota, and Rolls-Royce totaled almost 170,000 jobs for American workers between 2002 and 2006.



## Insourcing: Greenfield Investment

The thousands of Greenfield projects that were announced or opened by companies headquartered abroad and their U.S. subsidiaries over the five-year period extending from 2002 to 2006 will result in investments totaling at least \$81.5 billion. Of note, the investment related to the over 700 Greenfield projects announced in 2006 totaled \$22.1 billion, an increase of 64 percent over the \$13.4 billion investment total in 2002 for insourced Greenfield projects.



### INSOURCING - TOP GREENFIELD PROJECTS IN 2006 (Ranked by Employment Generated)

Company	Project	State	Sector	Total Jobs Created	Total Investment
Siemens (Germany)	Siemens recently announced plans to invest between \$50-\$60 million to consolidate operations and establish one North American headquarters location, including a vehicle and application engineering facility and test labs. Siemens VDO is a leading international automotive supplier of auto electronics and mechatronics.	MI	Auto Components	2,851	\$60 Million
BP (United Kingdom)	BP PLC has announced plans for a major, three-phase expansion of its Houston, Texas-based operations that will accommodate an extra 2,000 employees and contractors by 2010.	TX	Energy	2,000	\$1,000 Million

Company	Project	State	Sector	Total Jobs Created	Total Investment
NuComm International (Canada)	NuComm International announced that it has chosen Lafayette, Louisiana as the site of its largest ever customer contact center and will employ 1,000 people.	LA	Business Services	1,000	n/a
Toyota Motor (Japan)	Toyota Motor Corporation has announced that it will invest around \$230 million to assemble its Camry model in the Subaru of Indiana Automotive complex in Lafayette, Indiana. Production is expected to begin in the first half of 2007.	IN	Automotive Original Equipment Manufacturers	1,000	\$230 Million
Laurentian Aerospace (Canada)	Laurentian Aerospace will open a \$64 million aircraft maintenance, repair, and overhaul operation at Plattsburgh International Airport in New York state, which will create 800 jobs in the next five years.	NY	Aerospace	800	\$64 Million
IKEA (Sweden)	Swedwood has announced plans to build a manufacturing facility in Danville, Virginia, the company's first furniture production location in the United States. The facility will create 740 jobs and is expected to open early in 2008.	VA	Wood Products	740	\$85 Million
Rolls-Royce (UK)	Rolls-Royce has announced plans for a major expansion at its Indianapolis plant that will add 600 new jobs. The company has committed to investing \$145 million in the project. Up to 150 of the estimated 600 new jobs will be created through the establishment of a center of excellence dedicated to the advancement of aerospace industry technology. The additional 450 new jobs will be created in increments over the next eight years.	IN	Aerospace	600	\$145 Million
<b>Source: LOCOMonitor™</b>					

### **Greenfield Project: Siemens VDO**

#### **Location: Auburn Hills, Michigan**

In October 2006, Siemens VDO Automotive, one of the world's top 10 automotive electronics and mechatronics suppliers for passenger cars and commercial vehicles, announced plans to invest between \$50 and \$60 million to consolidate operations and establish one North American headquarters location in Auburn Hills, Michigan, including a vehicle and application engineering facility and test labs. This Greenfield insourcing project is expected to create and retain up to 2,851 jobs, including up to 1,100 direct jobs by various Siemens operating companies.<sup>iii</sup>

*“Siemens VDO decided to keep and grow jobs here because Michigan remains the center of the global automotive industry. This is another great example of our comprehensive economic plan producing results for workers in Oakland County and across Michigan.”*

Michigan Governor Jennifer M. Granholm

**Greenfield Project: BP America**

**Location: Houston, Texas**

BP America announced plans for a major expansion of its Houston, Texas-based operations in September 2006 that will accommodate an extra 2,000 employees and contractors by 2010. The recent acquisition of more than 50 acres adjacent to BP’s Westlake campus solidified the three-phase growth plan. The first phase of the project will include the construction of a seven story commercial facility that will accommodate BP’s Gas, Renewables, Supply, and Trading segment. The plan for phase two of the project commences with the construction of a new and larger Westlake Child Development Center. In phase three, BP will evaluate the development of commercial facilities as a further enhancement of its growth plans.<sup>iv</sup> BP already has almost 4,000 workers at its Houston campus. That ranks as the single largest employee concentration for BP, which has over 96,000 workers worldwide.<sup>v</sup>

**Greenfield Project: NuComm International**

**Location: Lafayette, Louisiana**

NuComm International, Canada’s leader in outsourced contact center solutions, selected Lafayette, Louisiana as the site of its 14<sup>th</sup> and largest customer contact center. The new site is expected to create up to 1,000 new contact center jobs for area residents.

Employing more than 4,000 people in 13 contact centers around the world, NuComm International provides technical and service support, customer care and billing, data management, and customer self-service programs to its global clients. According to an economic impact study after the initial construction investment, the approximate annual

impact of the NuComm project will be more than \$115 million to the Lafayette economy.<sup>vi</sup>

*“The employment impact of NuComm is important to our continuing efforts to improve the quality of life for all of our citizens. These quality jobs, which include healthcare and other benefits, will be a boom to the economy of Lafayette, Acadiana, and the State of Louisiana.”*

Gregg Gothreaux, President and CEO of the Lafayette Economic Development Authority

### **Greenfield Project: Laurentian Aerospace**

#### **Location: Plattsburgh, New York**

Laurentian Aerospace, a North American wide body aircraft maintenance and repair company located in Quebec, Canada, announced in June 2006 that it will invest \$64 million in an ambitious huge project to construct a major new aircraft maintenance and repair facility. This Greenfield project will create up to 1,500 new jobs over the next six years at the former Plattsburgh Air Force Base in New York state.<sup>vii</sup> The project will involve the construction of a 262,000 square foot hangar, which will include state-of-the-art docking systems, employing 800 when operational.<sup>viii</sup> Additional jobs will be added during the second and third phase of the project. The total number of jobs does not include the anticipated employment by subcontractors that will serve Laurentian.

### **Greenfield Project: Toyota Auto Plant**

#### **Location: Lafayette, Indiana**

The foreign-based car company, Toyota Motor Corporation, has eight assembly plants in North America. In 2006, Toyota announced a \$230 million expansion of its Subaru of Indiana Automotive (SIA) plant in Lafayette, Indiana to produce the Camry sedan. This expansion will directly create about 1,000 new jobs. This is part of a collaborative agreement announced between SIA parent Fuji Heavy Industries and Toyota Motor Corporation. Camry production at SIA will begin in Spring 2007.<sup>ix</sup>

## **Greenfield Project: IKEA Furniture**

### **Location: Danville, Virginia**

IKEA's manufacturing arm, Swedwood North America, said it will build an \$85 million, 810,000 square foot factory in Danville, Virginia to make wood furniture for the giant home furnishings retailer. The investment by the Sweden-based firm represents a major economic boost for an area that has lost thousands of furniture and textile jobs over the past several years.<sup>x</sup>

The facility, which would employ some 740 workers, is expected to open in early 2008 and will be built on 209 acres in Cane Creek Center. It will be the company's first manufacturing facility in the United States. Swedwood International, headquartered in Angelholm, Sweden, and established in 1991, is a wholly owned subsidiary of the IKEA Group.<sup>xi</sup>

*“Swedwood North America will be an asset to the City of Danville by providing hundreds of good jobs for the community and adding to the region's prosperity. This is also an opportunity to showcase our workforce's talents and willingness to work. This world leader in furniture production has chosen to locate its first U.S. plant in a world-class community, making this announcement a true testament to the value of partnership, preparation, and perseverance by Danville and Pittsylvania County.”*

Jerry Gwaltney, Danville City Manager

## **Greenfield Project: Rolls-Royce**

### **Location: Indianapolis, Indiana**

Rolls-Royce, a leader in advanced manufacturing, research and development, and gas turbine engine servicing for civil aerospace, defense, and marine and energy markets, announced plans for a multi-million dollar expansion in June 2006. The new project will focus on both the upgrade of site facilities as well as the procurement of new machine technologies to improve its productivity.

Rolls-Royce has committed to investing \$145 million in capital, while creating 600 new jobs. Up to 150 of the estimated 600 new jobs will be created through the establishment of a center of excellence dedicated to the advancement of aerospace industry technology. The additional 450 new jobs will be created in increments over the next eight years. The Indianapolis site for Rolls-Royce is the company’s largest manufacturing facility outside of the United Kingdom. Rolls-Royce has operated in the United States for 10 years.<sup>xiii</sup>

*“Rolls-Royce is a world leader in this innovative, high-tech industry, and the type of company that every city in America would want to have locate in their community. This significant investment and Rolls-Royce’s commitment to create hundreds of new high-paying jobs shows that the Indianapolis economy is churning and poised for even more future growth.”*

Mayor Bart Peterson, Indianapolis

**INSOURCING — TOP 10 STATES 2006  
(Ranked by Employment Generated from Greenfield Investment)**

The leading states ranked by the number of jobs generated by insourcing in 2006 were Michigan, Texas, Indiana, North Carolina, and New York. Michigan was the leading state with nearly 4,400 jobs expected to result from 24 Greenfield project announcements in the state last year, followed by second ranked Texas with over 4,000 new jobs.

Other leading states that attracted significant insourced Greenfield projects in 2006 were Virginia, Florida, Oklahoma, South Carolina, and Louisiana. Planned insourced Greenfield projects announced in 2006 are expected to generate more than 1,000 jobs in each of these states.

<b>Top 10 States by Insourced Greenfield Projects in 2006 (Ranked by Jobs Generated)</b>				
<b>Rank by Jobs</b>	<b>State</b>	<b>Projects</b>	<b>Jobs</b>	<b>Investment</b>
1	Michigan	24	4,386	\$225.6 Million
2	Texas	56	4,084	\$2,678.4 Million
3	Indiana	21	3,399	\$4,207.6 Million
4	North Carolina	29	2,298	\$702.0 Million
5	New York	75	2,009	\$851.5 Million
6	Virginia	21	2,006	\$506.5 Million

<b>Top 10 States by Insourced Greenfield Projects in 2006 (Ranked by Jobs Generated)</b>				
<b>Rank by Jobs</b>	<b>State</b>	<b>Projects</b>	<b>Jobs</b>	<b>Investment</b>
7	Florida	33	1,223	\$150.3 Million
8	Oklahoma	7	1,220	\$50.0 Million
9	South Carolina	27	1,089	\$578.6 Million
10	Louisiana	7	1,050	n/a
	<b>Total (All States)</b>	<b>716</b>	<b>33,993</b>	<b>\$22.1 Billion</b>
<b>Source: LOCOmonitor™</b>				

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<sup>i</sup> United Nations Conference on Trade and Development, [World Investment Report](#), 2006

**ENDNOTES**

<sup>ii</sup> LOCOmonitor™ is an online database that has been tracking foreign direct investment projects worldwide since 2002. More information about LOCOmonitor can be found at <http://www.locomonitor.com/>. The data presented in this report were collected on March 3, 2007.

<sup>iii</sup> Ibid.

<sup>iv</sup> Oil Online, [BP America Announces Three-Phase Houston Expansion](#), September 15, 2006.

<sup>v</sup> Ibid.

<sup>vi</sup> NuComm International, [Largest NuComm International Location to Open in Louisiana](#), March 2007.

<sup>vii</sup> New York State Governor's Press Release, Governor Announced Laurentian Aerospace to Create Up to 1,500 New Jobs in North County, June 19, 2006.

<sup>viii</sup> Site Selection, [Plattsburgh Aerospace Cluster Picks Up Speed](#), November 2006.

<sup>ix</sup> Toyota, [Overview of Toyota's North American Engineering and Manufacturing](#)

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<sup>x</sup> The Roanoke Times, [IKEA Plans to Build Factory in Danville, Furnish City with Jobs](#), October 13, 2006.

<sup>xi</sup> Furniture Today, [IKEA Manufacturing Subsidiary, Swedwood, to Locate Its First U.S. Facility in Danville, Virginia as Part of Global Expansion Plan](#), October 12, 2006.

<sup>xii</sup> Indiana Economic Development Corporation, [Rolls-Royce Makes Commitment to Major Growth in Indiana, 600 New Aerospace Jobs](#), June 14, 2006.

**Prepared for the Organization for International Investment**

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