

Organization for International Investment

**The Impact on the U.S. Economy of Greenfield
Projects by U.S. Subsidiaries of Foreign Companies**

Top Projects for 2008

March 2009

KEY FINDINGS

Insourcing by foreign companies, i.e., supporting American jobs, represents an integral part of the U.S. economy. Every year, foreign companies and their U.S. subsidiaries announce plans for hundreds of new projects in the United States, known as “greenfield” projects. The announcement or the opening of greenfield projects, along with expansions in existing U.S. subsidiaries’ operations by foreign-based companies generates enormous economic benefits for the American economy. These new ventures bring billions of investment dollars into the United States, create thousands of insourced American jobs, and highlight the importance of the U.S. market for foreign companies as a location for their business operations.

Nearly 875 greenfield insourced projects or expansions were announced or opened in 2008. This is the greatest number of planned greenfield projects by foreign companies or their U.S. subsidiaries of companies in any single year since 2004. Compared to 2004, greenfield projects increased by 66 percent in 2008. Cumulatively, over 3,400 greenfield projects or expansions were announced or opened by U.S. subsidiaries of foreign companies between 2004 and 2008. The \$160 billion in investments tied to these greenfield projects are expected to generate almost 177,000 American jobs.

One industry — green energy — was well represented by 2008 greenfield projects. Of the top ten greenfield insourcing projects by employment, three (two by the Danish-company Vestas Wind Systems and one by the German-owned firm Nordex) were directly tied to this fast emerging sector, in addition to many other smaller projects.

This report provides an overview of the most recent statistics on announced or opened greenfield projects by foreign companies or their U.S. subsidiaries. The statistics presented here are generated from fDi Markets, a database that tracks foreign direct investment projects globally.¹

GREENFIELD INSOURCING PROJECTS

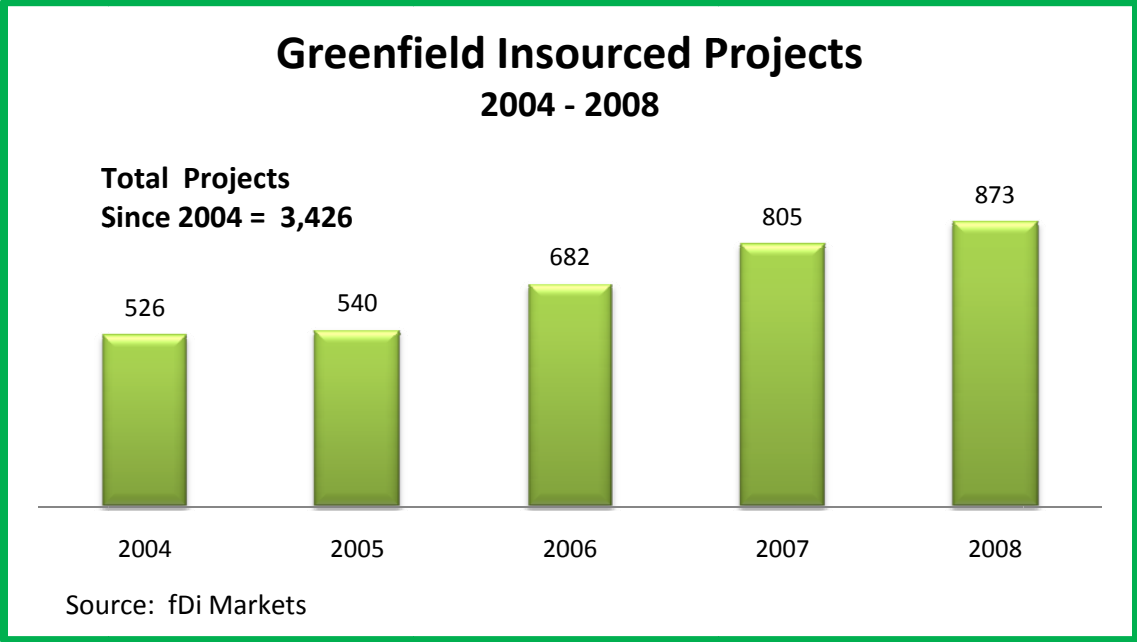
Greenfield projects by U.S. subsidiaries of companies headquartered abroad refer to investments

in brand new projects. This 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 had not been developed.

Greenfield investing is usually an alternative to other forms of investment by foreign companies, such as mergers and acquisitions, joint ventures, or licensing agreements.ⁱⁱ

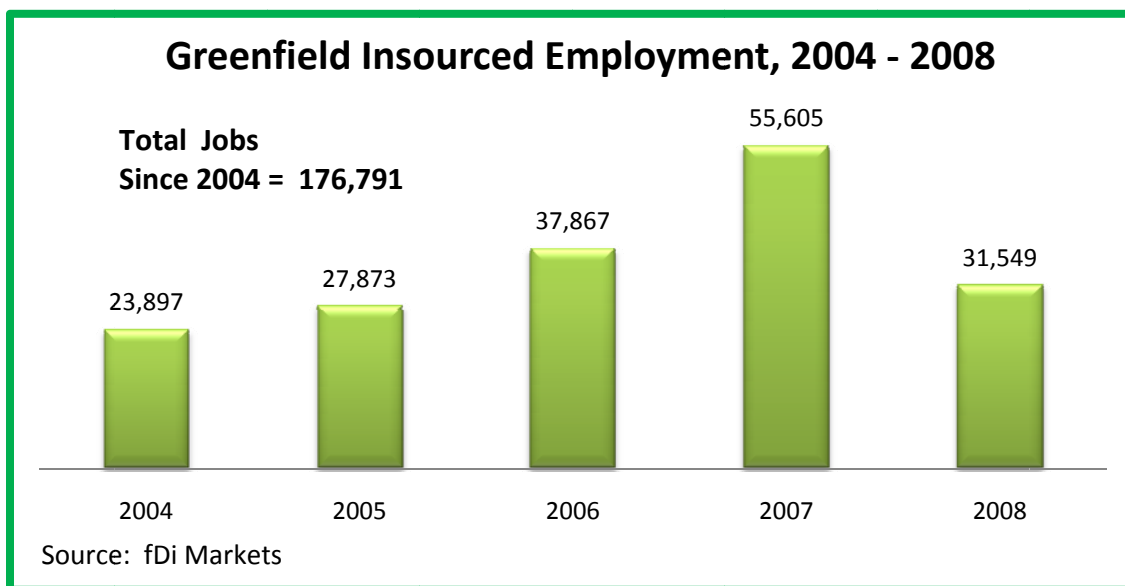
THE ECONOMIC IMPACT OF GREENFIELD INVESTMENT ON THE U.S. ECONOMY (2004-2008)

Some 3,400 greenfield projects or expansions were announced or opened by foreign companies or their U.S. subsidiaries over the past five years. Of these, nearly 875 greenfield projects were announced or opened by foreign firms in the United States in 2008 alone, a 66 percent increase over the 526 greenfield projects recorded in 2004.



Inourcing: Employment Generated by Greenfield Projects

Inourced employment is expected to create approximately 177,000 American jobs from the greenfield investments announced since 2004 by foreign companies or their U.S. subsidiaries. Canon, BMW, Vestas Wind Systems, and Advanced Technology Investment Company are among the foreign firms that have most recently announced their intention to establish new ventures in the American market.

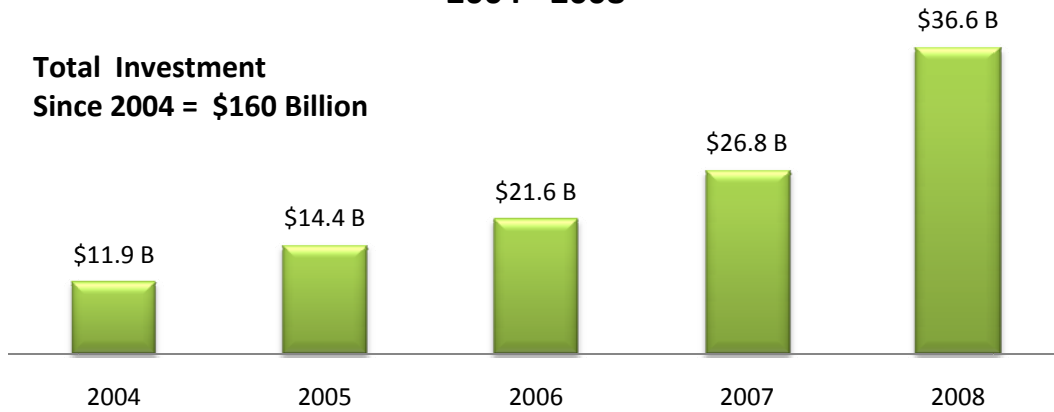


Inourcing: Greenfield Investment

The thousands of greenfield projects or expansions that were announced or opened by foreign companies or their U.S. subsidiaries over the five-year period from 2004 to 2008 are expected to result in investments totaling \$160 billion. Of note, investments related to the 873 greenfield projects declared in 2008 totaled \$61 billion, a four-fold increase over the \$14.4 billion investment total in 2004 for greenfield inourced projects. Half of the total 2008 greenfield investment (\$30 billion) was related to one single greenfield project, an Alaskan pipeline by the Canadian firm TransCanada.

Greenfield Insourced Investment 2004 - 2008

**Total Investment
Since 2004 = \$160 Billion**



Source: fDi Markets

Insourcing - Top Greenfield Projects in 2008 (Ranked by Employment)

Company (Country)	Project	City and State	Sector	Total Jobs Created	Total Investment
Advanced Technology Investment Company (United Arab Emirates)	Advanced Technology Investment Company (ATIC) is investing \$2.8 billion in New York, creating 1400 jobs. Advanced Technology Investment Company (ATIC) of the United Arab Emirates and AMD have announced the creation of a U.S.-headquartered, leading-edge semiconductor manufacturing company, to be temporarily called "The Foundry Company." The company will construct a chip-making facility in Saratoga County, New York in the middle of 2009.	Saratoga County, NY	Semiconductors	1,400	\$2.8 Billion
Bayerische Motoren Werke (BMW) (Germany)	BMW has announced that it is investing \$100 million in Woodcliff Lake, New Jersey, creating 1,000 jobs. BMW, the German automotive group, is expanding its U.S. headquarters in Woodcliff Lake.	Woodcliff Lake, NJ	Automotive OEM	1,000	\$100 Million
Com.40 Ltd. (Poland)	Com.40 Ltd. of Poland is investing \$36 million in Danville, Virginia, which will create 813 jobs. Com.40 will open a manufacturing facility in Danville, producing mattresses and upholstered furniture.	Danville, VA	Consumer Products	813	\$36.3 Million
Santana (Brazil)	Santana of Brazil has announced a \$170 million investment in Edinburg, Texas, creating 800 jobs. Santana, a textiles company, will build a denim manufacturing plant in	Edinburg, TX	Textiles	800	\$170 Million

	Edinburg.				
Vestas Wind Systems (Denmark)	Denmark-based Vestas Wind Systems has announced that it will invest \$110 million, creating 700 new jobs in a new facility in Brighton, Colorado. The company will build its first nacelle assembly factory on American soil, adjacent to its new wind blade plant. When fully operational, the factory will have the capacity to produce 1,400 nacelles per year. (Nacelles are the turbine housing units that contain key components like the gearbox, generator, and transformer)	Brighton, CO	Industrial Machinery, Equipment & Tools	700	\$110 Million
Nordex (Germany)	Germany-based Nordex plans to invest \$100 million in the construction of its own production line for wind turbines and rotor blades in Jonesboro, Arkansas. The facility is expected to begin production in January 2010 and will employ around 700 people.	Jonesboro, AR	Engines & Turbines	700	\$100 Million
Essar Group (India)	Essar Group of India is investing \$1.6 billion in Minnesota's Mesabi Iron Range, creating 700 new jobs. The Essar mill is expected to be fully operational in about five years. It will then take about 30 months to construct the mine, concentrator, pellet plant and tailings basin and an additional 30 months after that to build a direct-reduced iron (DRI) plant and steel casting unit.	Nashwauk, MN	Metals	700	\$1.6 Billion
BAE Systems (United Kingdom)	BAE Systems is investing \$46 million in Cincinnati, Ohio, creating 700 new jobs. UK-based BAE has completed the expansion to a total of 890,000 square feet to support production of troop protection products, such as armored vehicles, armor kits and accessories, and ballistic glass. The expansion project added 700 new jobs last year, resulting in more than 1,650 employees in Cincinnati.	Cincinnati, OH	Space & Defense	700	\$46 Million
Canon (Japan)	Canon has announced an investment of \$574 million in the State of Virginia, creating 700 new jobs. The Japanese company is building a new plant to manufacture, recover and recycle ink cartridges for printers. The new plant will be located near other similar Canon facilities. With a surface area of 63,000 square meters, this site should be operational late in 2009.	Virginia	Business Machines & Equipment	700	\$573 Million
Vestas Wind Systems (Denmark)	Vestas Wind Systems of Denmark has also announced a separate investment project of \$180 million in Brighton, Colorado, where it will employ another 650 people. The project will double its blade production capacity.	Brighton, CO	Industrial Machinery, Equipment & Tools	650	\$180 Million

Source: fDi Markets

Greenfield Project: Advanced Technology Investment Company

Location: Saratoga County, New York

In October 2008, the Advanced Technology Investment Company (ATIC) of Abu Dhabi, United Arab Emirates announced it would invest \$2.8 billion in partnership with Advanced Micro Devices (AMD) in Saratoga County, New York to build a leading-edge semiconductor manufacturing facility. The two investment partners formed a global company under the name “The Foundry Company,” which will own and operate the new facility.

The company will begin construction in mid-2009 and create 1,600 construction jobs with production starting in 2012. The 180,000 square foot chip fabrication plant, to cost an estimated \$800 million is larger than originally envisioned and will produce a 22 nanometer chip, which is two generations ahead of the 45 nanometer chip, which is the current cutting-edge chip. The total investment of \$4.6 billion will build one plant, which will employ more than 1,465 people directly and additionally, will generate up to 5,000 jobs indirectly. The development of the site will allow for the potential building of up to three additional chip fabrication plants.ⁱⁱⁱ

“In a time of fiscal crisis, it is critical that New York State position itself as a leader in technologies in the 21st Century. This historic investment helps to achieve that goal.”

New York Governor David A. Paterson

Greenfield Project: BMW

Location: Woodcliff Lake, New Jersey

BMW revealed a \$100 million expansion of its U.S. headquarters in Woodcliff Lake, New Jersey, creating 1,000 jobs in June 2008. The new expansion includes a national training center, regional sales offices, and engineering operations. The facilities will help the company to develop advanced technology and the highest level of professional training for a premium customer experience. This investment is the largest BMW has made in America aside from its

manufacturing facility in Spartanburg, South Carolina.^{iv}

According to the BMW Group, it will invest \$1 billion in the United States by 2012 to retain its position in the world's largest vehicle market. With total sales of more than 336,000 BMW, MINI, and Rolls-Royce vehicles in 2007, the BMW Group has enjoyed 16 years of consecutive growth in America.

“These new facilities represent BMW’s long-term commitment to America, to New Jersey and the region where we draw our talented workforce. They are part of BMW’s growing footprint in the U.S., a demonstration of our increasing commitment to and presence in this great country.”

Tom Purves, Chairman and CEO of BMW U.S. Holding Corporation

Greenfield Project: Com.40, Ltd.

Location: Danville, Virginia

In February 2008, Polish firm Com.40, Ltd. announced a \$36.3 million dollar investment to open a manufacturing facility in Danville, Virginia, creating 813 new jobs. Com.40 is a high-performance manufacturer of mattresses and upholstered furniture in Poland and is a key supplier to Swedish home furnishings retailer Ikea. The Com.40 project in Danville will help supply mattresses and upholstery to Ikea stores in North America.^v

The attributes that Com.40 cited as reasons for locating in Danville include its strategic location to East Coast Ikea stores and component suppliers, transportation infrastructure, educated workforce, and key state and city business and financial support.^{vi}

The facility will be housed in a refurbished building formerly occupied by the Universal Leaf Tobacco Company. The city received \$1.5 million in state money to help it bring Com.40 to Virginia. An additional financial incentive was provided by the state's Tobacco Indemnification and Community Revitalization Commission, which provided \$900,000.^{vii}

“Danville continues its extraordinary economic rebound. This project marks the single largest Polish investment in Virginia. When I announced the Swedwood/IKEA project in October 2006 we knew that it would be transformational for the region, and now Com.40 will make a major investment, increasing our furniture manufacturing base. State and local teamwork and support facilitated this related project, similar to the success Swedwood has experienced in Southern Virginia.”

Virginia Governor Timothy M. Kaine

Greenfield Project: Santana

Location: Edinburg, Texas

Santana Corporation of Brazil announced in July 2008 that it will build a \$180 million manufacturing plant in Edinburg, Texas, creating 800 new jobs. Santana plans to build a 300,000 square foot complex that will turn cotton into denim fabric on a 23-acre campus. The plant will be opened in three stages with the first stage due to open in 2010 and the final stage to be completed by 2014. The Edinburg factory is the first U.S. manufacturing facility for Santana. The company is a large supplier of denim in South America, where it has several factories.^{viii}

The Edinburg Economic Development Corporation is donating the property and is working to bring improvements to the site. The manufacturing plant, which will utilize high-technology equipment for converting cotton into the finished product through spinning, weaving, and dyeing, also will bring good-paying jobs to the region, averaging more than \$26,500 annually. A Santana official cited state and local incentives as well as proximity to cotton growers as the key factors in making Edinburg their choice. The Texas Enterprise Fund is also investing \$1.65 million in the Santana plant, which the state set up to help fund projects to create jobs.^{ix}

“I'm kind of like this denim thing the way I was about Toyota and their pick-up truck (referring to his successful venture in early 2003 that helped bring a Tundra

truck manufacturing plant to San Antonio). *If you are going to manufacture a pick-up truck, where else are you going to build it except in Texas? Now, if you are going to process and produce denim, where else are you going to do it except in a place where they wear more denim than anywhere else in the world?"*

Texas Governor Rick Perry

Double Greenfield Projects: Vestas Wind Systems

Location: Brighton, Colorado

In August 2008, the Danish wind energy company Vestas Wind Systems announced not one, but two greenfield investment projects in Brighton Colorado. Vestas laid out plans to expand its American manufacturing presence by establishing a new wind blade factory and a nacelle assembly factory in Brighton, Colorado. (Nacelles are the turbine housing housing units that contain key components like the gearbox, generator, and transformer)

The nacelle assembly factory will have an annual production capacity of 1,400 nacelles. With an output of 1,800 blades per year, the blade factory in Brighton will match the annual output of the Windsor, Colorado plant, bringing the company's production capacity for wind turbine blades in the United States to 3,600 per year. Vestas' tower factory, also to be built in Colorado, will have a production capacity of 900 towers per year.^x

Once fully operational in the first half of 2010, the blade factory will bring 650 new jobs to Brighton, according to Vestas Wind Systems. The nacelle factory, which is expected to run at full capacity in mid-2010, will create an additional 700 jobs.

Among the reasons Vestas cited for choosing Brighton to build its projects were: its central location, easy access to rail services and highway infrastructure, and proximity to an already existing plant in Windsor. Creating manufacturing efficiencies and access to a large pool of qualified workers were also important factors in selecting Brighton.

“On behalf of the people of Colorado, I am grateful that Vestas has chosen to once again invest in our state. This is a tremendous boon for all of Colorado, not just Brighton. By bringing more than 1,350 additional jobs here, Vestas is cementing its standing as one of Colorado’s pioneering partners in the New Energy Economy. I look forward to continuing the relationship for years to come. My administration has worked closely with Vestas to make the Brighton project a reality. This only adds momentum to our efforts to diversify our economy and grow these modern-energy industries of the future.”

Colorado Governor Bill Ritter

INSOURCING — TOP 20 STATES 2008

(Ranked by New Greenfield Investment Jobs)

The top five states in jobs generated by greenfield insourcing in 2008 were Virginia, Texas, New York, Michigan, and Colorado. Virginia was the top state with over 2,700 jobs expected to result from 19 insourced greenfield project announcements, followed by second ranked Texas with 2,400 new jobs tied to 60 insourced greenfield projects.

Of the top five states by greenfield jobs, four — Virginia, Texas, New York, and Colorado — were home to one of the top five job-generating greenfield projects discussed in the previous section. An examination of the source countries for greenfield investment reveals a diversity of countries investing in America. The top state by greenfield investment last year, Virginia, enjoyed investment projects from traditional investing countries, such as Germany, the United Kingdom, and Japan. However, the largest greenfield investment project in the state came from Poland, as discussed above.

Many different sectors are represented in greenfield insourcing projects, yet one emerging sector is very well represented in 2008 investments — green energy. Of the top ten projects in 2008, three were directly tied to creating green energy products.

Other leading states attracting significant insourced greenfield projects in 2008 were Georgia, Arkansas, Indiana, South Carolina, North Carolina, Pennsylvania, and New Jersey. Planned insourced greenfield projects announced in 2008 are expected to generate more than 1,000 jobs in each of these states.

**Top 20 States by Insourced Greenfield Projects in 2008
(ranked by jobs)**

Rank	State	Jobs	Projects	Investment
1	Virginia	2,732	19	\$940 Million
2	Texas	2,420	60	\$4.3 Billion
3	New York	2,406	76	\$280 Million
4	Michigan	2,207	35	\$343 Million
5	Colorado	1,956	17	\$618 Million
6	Georgia	1,880	35	\$562 Million
7	Arkansas	1,800	5	\$276 Million
8	Indiana	1,632	26	\$723 Million
9	South Carolina	1,204	23	\$4.3 Billion
10	North Carolina	1,154	41	\$476 Million
11	Pennsylvania	1,100	18	\$185 Million
12	New Jersey	1,095	27	\$100 Million
13	Minnesota	921	11	\$2.2 Billion
14	Illinois	861	16	\$589 Million
14	Ohio	861	16	\$161 Million
16	Idaho	850	2	\$79 Million
17	West Virginia	725	8	\$627 Million
18	Alabama	705	14	\$640 Million
19	New Mexico	675	1	\$210 Million
20	Tennessee	658	19	\$174 Million

Source: fDi Markets

ⁱ fDi Markets, formerly OCO Monitor, is an online database that has been tracking foreign direct investment projects worldwide since 2003. More information about fDi Markets can be found at <http://www.ocomonitor.com/>. The data presented in this report were collected on March 2, 2009.

ⁱⁱ United Nations Conference on Trade and Development, [World Investment Report](#), 2006.

ⁱⁱⁱ Mena Report, *AMD, ATIC establish The Foundry Company*, August 10, 2008, <http://www.menareport.com/en/business/236590>.

^{iv} BMW Heritage, *BMW of North America Expands Headquarters*, June 13, 2008, <http://www.bmwheritage.com/archives/309>.

^v Home Furnishings Business, *Ikea Supplier Building Factory in Virginia*, February 15, 2008, http://www.hfbusiness.com/article/com40-polish-supplier-ikea-will-employ-800-danville-furniture-plant-91178_1.html.

^{vi} Ibid.

^{vii} Ibid.

^{viii} Edinburg Economic Development Corporation News Releases, *Santana Textiles Corporation of Brazil to build \$180 million manufacturing plant in Edinburg*, July 2, 2008, <http://www.edinburgedc.com/news.php?op=view&id=233>.

^{ix} Ibid.

^x Brighton Economic Development Corporation News, *It's a Wind Win for Brighton*, August 8, 2008, <http://www.brightonedc.org/news-and-media/news/news-item42.html>.