



Energy projects limit role of foreign firms' U.S. units

By David J. Lynch, USA TODAY
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The Energy Department is preventing U.S. subsidiaries of foreign corporations from full participation in a \$400 million program designed to develop "transformational" technologies.

Affected companies including giants such as Siemens and Philips complain that the policy exceeds the requirements of the "Buy America" provision of this year's stimulus legislation. They say it will deprive the effort to achieve energy and environmental breakthroughs of unique scientific expertise and will discourage the creation of jobs at the foreign-owned U.S. facilities.

"The definition of an American company is not the same today as it was 50 years ago. If the administration makes decisions based on outdated views, they're not doing all they can to generate jobs now," says Nancy McLernon, president of the Organization for International Investment, which represents the foreign-owned companies.

The dispute, which has simmered for months, highlights the difficulties of administering "Buy America" provisions intended to benefit some American workers without harming other Americans. According to OFII, foreign-owned companies employ more than 5.5 million people in the U.S.

Under the stimulus bill, the administration set aside \$400 million for the Advanced Research Projects Agency-Energy program. An April 27 notice said "foreign entities" could not head project teams and were limited to receiving 25% of any contract.

"The new approach expands the definition of 'foreign entities' in a way that's never been done before," says Kathleen Ambrose, senior vice president for Siemens, one of the objecting companies.

On Oct. 26, DoE awarded its first 37 contracts, funding innovative energy storage, biofuels and carbon capture technologies. Energy Secretary Steven Chu said in a July letter to McLernon that the next solicitation, expected before Dec. 31, would be "modified based on other factors."

Tiffany Edwards, a department spokeswoman, added last week: "We are taking their views into consideration and crafting an approach designed to maximize job creation as well as technology development in the United States."

Siemens is a good example of the difficulty involved in labeling firms "American" or "foreign." The German multinational employs 69,000 people in all 50 states. It has energy-related research centers in Wendell, N.C., and Orlando, and has teamed with DoE on a wind turbine test facility in Boulder, Colo.

OFII, the trade association, is releasing a study today highlighting the energy research conducted in the U.S. by foreign-owned companies. The report, authored by Dartmouth economist Matthew Slaughter, says the companies' U.S. subsidiaries accounted for almost 15% of the nation's total \$39.8 billion in research and development spending in 2007, the most recent data available.

"This is one area where it's clear we do not have a monopoly on the knowledge base," Slaughter says.