

Tennessee: Region swells with investments from overseas Sunday, March 1, 2009

By:
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The biggest new business investments in Southeast Tennessee are coming with a foreign accent.

In Hamilton and Bradley counties, the four biggest recruits over the past four years have come from companies headquartered in either Germany or France.

Despite an overall slowdown in foreign investment in the United States as a result of the faltering economy, German-based companies announced plans for \$2 billion in investment with more than 2,500 jobs for Southeast Tennessee in the past eight months.

The \$1 billion auto assembly plant announced in Chattanooga last July by Volkswagen, based in Wolfsburg, Germany, and the \$1 billion polysilicon plant announced in Cleveland last week by Wacker Chemie AG, based in Munich, will swell direct foreign investment in the Volunteer State by more than 10 percent to top \$20 billion.

"Tennessee is quite fortunate to land these investments during an economic period when overall investments are down," said Nancy McLernon, president of the Organization for International Investment in Washington, D.C. "These are obviously long-term, strategic investments that have been in the works for years."

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The two billion-dollar investments in Southeast Tennessee are among only a handful of billion-dollar projects now taking place in the United States, according to Site Selection magazine. do we know where the others are?

Nationwide, the Organization of International Investment estimates about 4.2 percent of U.S. workers are employed by companies based in foreign countries. In Tennessee, 6 percent of workers are employed by foreign-based companies.

According to the most recent Tennessee Department of Economic and Community Development figures, at least 112,298 Tennessee workers are employed by one of 694 foreign-based businesses operating in the Volunteer State. Major local employers with foreign owners include BASF, T-Mobile Bowater and Alstom Power.

"In the past, there was a lot of talk and concern about the increasing level of foreign investment in the United States," said Dr. Steve Livingston, a political science professor at Middle Tennessee State University who publishes Global Commerce, an economic newsletter. I think this is what it should be called "But I think most workers in this economy are glad to have a job and don't care much what country their employer has its headquarters."

The new U.S. subsidiaries of foreign-based companies also pay above-average wages. Ms. McLernon said the typical foreign-based company pays its U.S. employees 32 percent more than the average for all workers, reflecting investments in higher-paying manufacturing and high-tech industries.

During Thursday's announcement of the Wacker Chemical plant in Bradley County, Gov. Phil Bredesen said he hopes to build upon Tennessee's growing German ties.

"To me, this is just the hunting license and the beginning of the process," he said. "Our job is to take these successes and what I believe are great anchors and use them for other recruitment from both foreign and domestic businesses."

Jim Frierson, a former chief of staff for the U.S. trade ambassador and previously chairman of the World Trade Center in Chattanooga, said recent announcements of foreign investment underline the advantages of maintaining free and open global trade.

"This underscores the importance of the United States not going protectionist at a time when we are seeing a gusher of benefits locally from open trade and open investment policy. It's got to be two-way," he said.

Mr. Frierson predicts the increased level of foreign investment will fundamentally change Chattanooga.

"We will become a more globally savvy community," he said. "Projects of the scale of Volkswagen and Wacker change everything — jobs, career, culture and education."

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