

**THE IMPACT ON THE U.S. ECONOMY OF  
GREENFIELD PROJECTS BY U.S.  
SUBSIDIARIES OF FOREIGN COMPANIES**

*TOP PROJECTS FOR 2007*

**ORGANIZATION FOR INTERNATIONAL INVESTMENT**

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## **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 generate 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 760 greenfield insourced projects or expansions were announced or opened in 2007. This is the greatest number of planned greenfield projects by foreign companies or their U.S. subsidiaries of companies in any single year during the last five years. Compared to 2003, greenfield projects increased by 42 percent by 2007. Cumulatively, over 3,000 greenfield projects or expansions were announced or opened by U.S. subsidiaries of foreign companies over the last five years. The \$109.5 billion in investments tied to these greenfield projects are expected to generate almost 175,000 American jobs.

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.<sup>1</sup>

## **GREENFIELD INSOURCING PROJECTS**

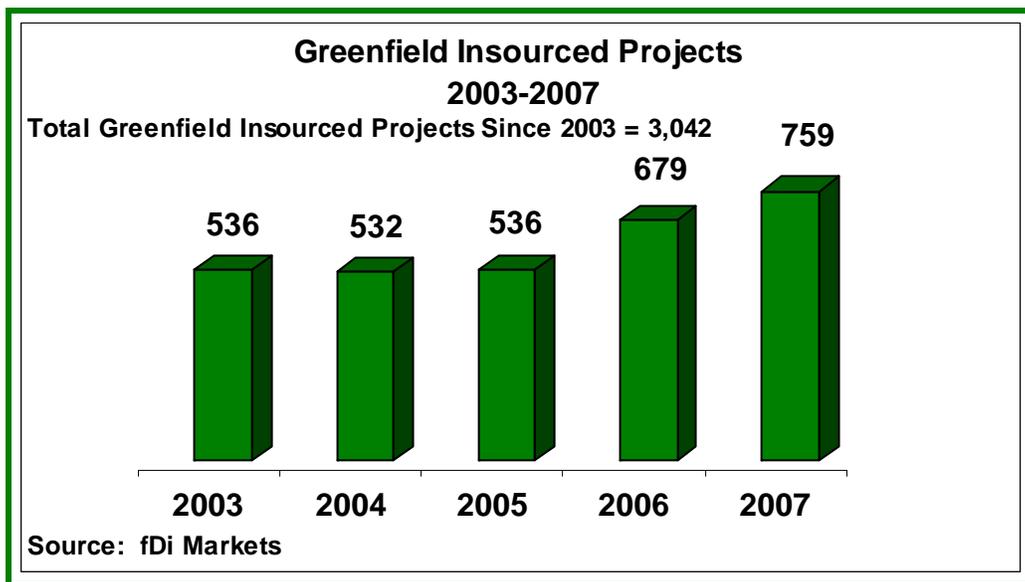
Greenfield projects by U.S. subsidiaries of companies headquartered abroad refer to investments in brand new projects. This can mean a major capital investment by a foreign firm that entails the establishment of new production facilities, such as a manufacturing plant, office, or other physical company-related 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.<sup>2</sup>

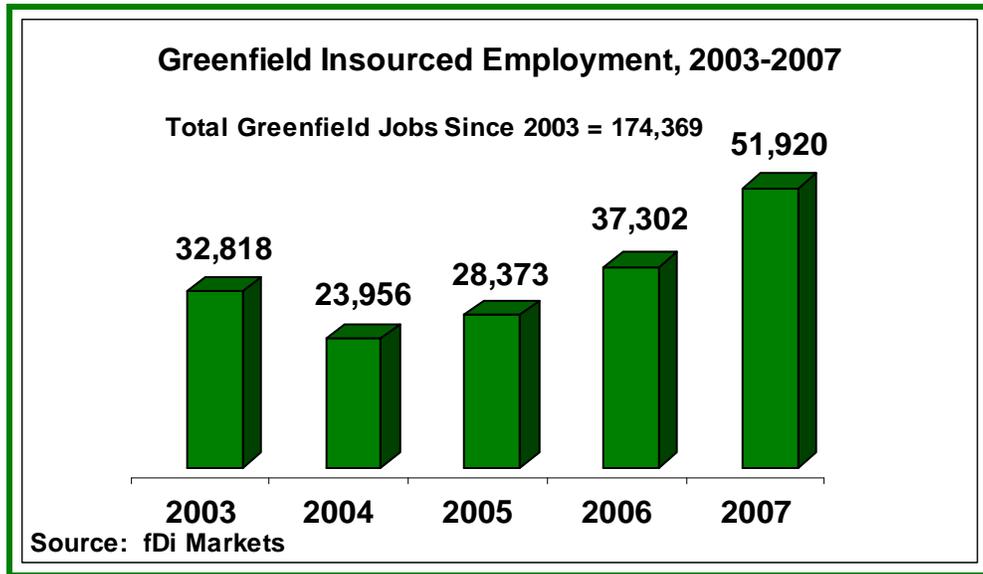
### **THE ECONOMIC IMPACT OF GREENFIELD INVESTMENT ON THE U.S. ECONOMY (2003-2007)**

Over 3,000 greenfield projects or expansions were announced or opened by foreign companies or their U.S. subsidiaries during the last five years. Of these, nearly 760 greenfield projects were announced or opened by foreign firms in the United States in 2007 alone, a 42 percent increase over the 536 greenfield projects recorded in 2003.



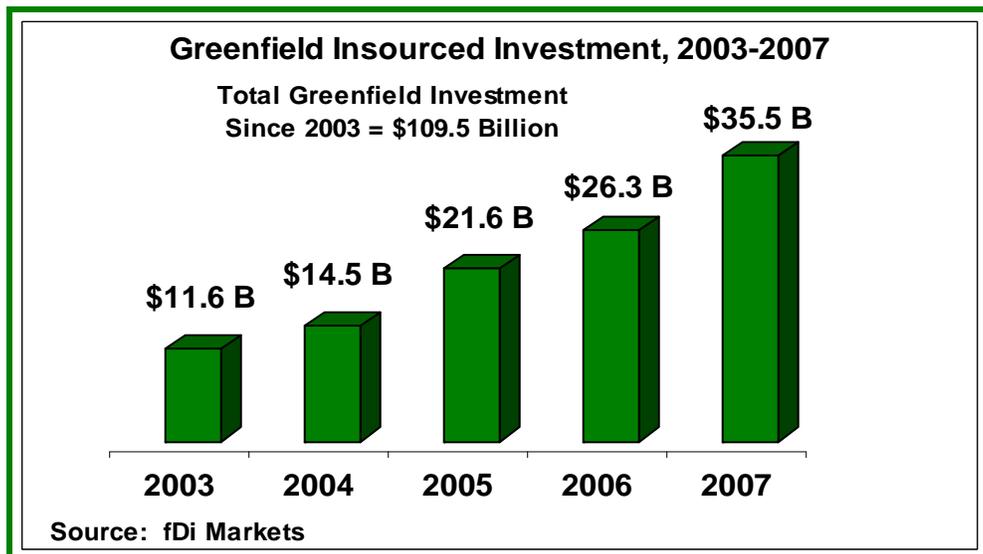
#### **Insourcing: Employment Generated by Greenfield Projects**

Insourced employment is expected to create approximately 175,000 American jobs from the greenfield investments announced since 2003 by foreign companies or their U.S. subsidiaries. Toyota Motor, the Hanjin Group, Adidas, the Tata Group, and Vodafone are among the foreign firms that have most recently announced their intention to establish new ventures in the American market.



#### Insourcing: 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 extending from 2003 to 2007 are expected to result in investments totaling \$109.5 billion. Of note, investments related to the 759 greenfield projects declared in 2007 totaled \$35.5 billion, a three-fold increase over the \$11.6 billion investment total in 2003 for greenfield insourced projects.



**INSOURCING - TOP GREENFIELD PROJECTS IN 2007  
(Ranked by Employment)**

<b>Company</b>	<b>Project</b>	<b>City and State</b>	<b>Sector</b>	<b>Total Jobs Created</b>	<b>Total Investment</b>
MMK (Russia)	MMK is investing \$1 billion in Portsmouth, Ohio, creating 2,039 jobs. This investment is undertaken by one of Russia's largest metal makers, Magnitogorsk Metallurgical Plant (MMK). The company plans to build a new cold-rolled steel mill for automotive applications with annual capacity of 1.5 million metric tons.	Portsmouth, Ohio	Metals	2,039	\$1 Billion
Toyota Motor (Japan)	Toyota Motor has announced that it is investing \$1.3 billion in Tupelo, Mississippi, creating 2,000 jobs. Toyota will produce the Highlander sports utility vehicle in Tupelo. Capacity is estimated at 150,000 vehicles a year.	Tupelo, Mississippi	Automotive OEM	2,000	\$1.3 Billion
National Industries Inc. (National Steel Car) (Canada)	National Industries Inc. is investing \$350 million in Shoals, Alabama, creating 1,800 jobs. National Alabama Corp., a new subsidiary of Canada's National Industries, Inc., began work on a railcar factory in the Shoals region of northwest Alabama. The plant is estimated to turn out 8,000 to 10,000 rail cars a year.	Shoals, Alabama	Non-Automotive Transport OEM	1,800	\$350 Million
Hanjin Group (South Korea)	Hanjin Group is investing \$360 million in Jacksonville, Florida, creating 1,655 jobs. The Hanjin Shipping Jacksonville Container Terminal will be Hanjin Shipping's first dedicated terminal on the U.S. East Coast. The new terminal is scheduled to be operational by 2011.	Jacksonville, Florida	Warehousing & Storage	1,655	\$360 Million
Hon Hai Precision Industry (Taiwan)	Hon Hai Precision Industry is making a multi-million dollar investment of \$15 million in Indianapolis, Indiana, creating 1,400 jobs. Taiwan-based FoxConn (Foxconn is the trade name of Hon Hai Precision Industry) is a third-party provider of storage and assembly services for the computer industry.	Indianapolis, Indiana	Electronic Components	1,400	\$15 Million
Adidas (Germany)	Adidas is investing \$150 million in Spartanburg, South Carolina, creating 1,200 jobs. The company plans to build a new 1.9 million square foot Adidas distribution complex, with the new facilities expected to open by fall 2009.	Spartanburg, South Carolina	Textiles	1,200	\$150 Million
Daimler Chrysler (Germany)	DaimlerChrysler is investing \$560 million in Kokomo, Indiana, creating 1,000 jobs. The Chrysler Group and Getrag Corporate Group officials will build a transmission factory.	Kokomo, Indiana	Automotive Components	1,000	\$560 Million

LM GlasFiber (Denmark)	LM GlasFiber, a Denmark-based maker of blades for wind turbines, is investing \$150 million in Little Rock, Arkansas, creating 1,000 jobs. The factory will serve North American customers.	Little Rock, Arkansas	Engines & Turbines	1,000	\$150 Million
Tata Group (India)	Tata Group is investing in Cincinnati, Ohio, creating 1,000 jobs. Tata Consultancy Services (TCS), a leading IT services, business solutions, and outsourcing organization, announced the opening of its North America Delivery Center. The new facility includes 200,000 square feet of office space and can accommodate up to 1,000 TCS associates. The facility will serve as the primary software development and delivery center for North American customers.	Cincinnati, Ohio	Software & IT services	1,000	N/A
Vodafone (United Kingdom)	Vodafone is investing \$33 million in Lincoln, Nebraska, creating 800 jobs. The state-of-the-art facility will be located in the University of Nebraska Technology Park.	Lincoln, Nebraska	Communications	800	\$33 Million

**Source: fDi Markets**

### **Greenfield Project: MMK**

#### **Location: Portsmouth, Ohio**

In September 2007, Magnitogorsk, or MMK, Russia's largest ferrous industry company, announced plans to invest more than \$1 billion to build a new cold-rolled steel mill for automotive applications with annual capacity of 1.5 million metric tons. This greenfield insourcing project is expected to bring more than 1,000 jobs to southern Ohio, once the project is complete.<sup>3</sup> The site selected by MMK is close to auto manufacturing plants in Kentucky, Ohio, and Indiana. Economic development officials in Ohio view the MMK mill as a major shot in the arm for the region's economy, providing good paying manufacturing jobs.

According to *Business Week*, Russia's big steel producers have invested more than \$3 billion in U.S. operations in the last three years. This includes the 2006 acquisition of the U.S. rail and plate producer Oregon Steel by Evraz Holding, Russia's largest steel maker,

and the 2004 purchase by Severstal, Russia's second largest steel producer, of Rouge Industries in Michigan.<sup>4</sup>

*“ . . . the MMK investment would be a huge economic development win for Ohio.”*

Ohio Governor Ted Strickland

### **Greenfield Project: Toyota Motor**

#### **Location: Tupelo, Mississippi**

Toyota Motor announced plans to build a \$1.3 billion assembly manufacturing plant near Tupelo, Mississippi, that will produce 150,000 of its next-generation Highlander crossover utility vehicles per year when it opens in 2010. Operations at the plant will include stamping, body weld, plastics, paint, and assembly. This is Toyota's eighth North American vehicle assembly plant since it established operations in North America in 1957. In 2009, Toyota will have the annual capacity to build approximately 2.16 million cars and trucks, 1.45 million engines, and 600,000 automatic transmissions in 15 plants across North America. According to company information, Toyota directly employs more than 41,000 people in North America.<sup>5</sup>

When the plant is up and running in 2009, it will employ 2,000 factory workers at a forecast \$20 an hour after three years on the job, plus health and retirement benefits.<sup>6</sup> The company is expected to add a second vehicle plant after the current plant begins production in 2010. Toyota officials have hinted that it has plans to employ 4,000 employees, which implies a doubling of the plant.<sup>7</sup>

Today, Toyota is the second-largest car producer in the United States, overtaking Ford in 2008.<sup>8</sup> Industry observers note that the decision by Toyota to open its auto manufacturing plant in Mississippi is part of a trend by Asian automakers to move production to the southern United States. The Tupelo investment is the second major auto assembly plant to locate in the state in the last decade.

Senator Trent Lott (R-Mississippi) noted that the partnership between Toyota and Mississippi is taking place in a state that has already “proven itself capable of attracting the world’s top defense, automotive, and aerospace jobs.”

*“On my visits to Northern Mississippi, I have talked with area companies and observed their workforce. What I observed were people who are educated, ethical, and friendly with a strong work ethic — a perfect match for the Toyota way.”*

Ray Tanguay, Toyota Manufacturing Vice President

### **Greenfield Project: National Industries Inc.**

#### **Location: Shoals, Alabama**

The National Alabama Corporation, a newly formed subsidiary of the Canadian railcar manufacturer National Industries, will locate in Shoals, Alabama bringing in at least 1,800 new jobs to manufacture railcars, at a pay scale of \$15 to \$18 an hour. The company is a subsidiary of National Industries Inc. and the parent company is the Canadian firm National Steel Car Limited. The railcar manufacturing plant is expected to begin operations in early 2009. It will produce 8,000 to 10,000 railcars per year once the manufacturing facility is fully operational.<sup>9</sup>

National Steel looked at about 150 sites before opting to locate in Shoals. Local economic development officials expect the annual economic impact of the investment to be at least \$200 million in the area, including construction jobs as well as jobs associated with the retail, food, and service industries.

*“This is the type of transformational economic development project that northwest Alabama has needed for some time. It means new jobs, more opportunities, and a better quality of life for our citizens. We welcome National Alabama Corporation and will do everything we can to make sure the company succeeds, grows, and provides good jobs for the people of this area.”*

Alabama Governor Bob R. Riley

## **Greenfield Project: Hanjin Group**

### **Location: Jacksonville, Florida**

The Korean company Hanjin Shipping, Korea's largest and one of the world's biggest container carriers moving more than 100 million tons of cargo annually, while operating in more than 50 countries, has signed an agreement with the Jacksonville Port Authority to build a new 170 acre container terminal in Jacksonville, Florida. The terminal is scheduled to open in 2011 with the capacity to handle one million twenty foot equivalent units (TEUs) annually. This measurement equates to more than seven and a half million tons of cargo.

The Hanjin Shipping Container Terminal in Jacksonville is expected to generate at least \$1 billion in economic activity in Northeast Florida and create thousands of new direct and indirect jobs in the region.

*"Today's agreement with Hanjin underscores Jacksonville's new role in global trade."*

Rick Ferrin, Executive Director of the Jacksonville Port Authority  
(JAXPORT)

## **Greenfield Project: Hon Hai Precision Industry**

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

Indiana is on a substantial roll for foreign direct investment. FoxConn Technology Group, part of Hon Hai Precision Industry Company, a Taiwanese powerhouse in high-tech contract manufacturing, will bring 1,400 new jobs into the Indianapolis metropolitan area over the next two years. FoxConn is the world's number one player in electronics manufacturing services. The company will make a multi-million dollar investment to expand its Plainfield, Indiana computer assembly facility.

### **Greenfield Project: Adidas**

#### **Location: Spartanburg, South Carolina**

The German footwear manufacturer Adidas, one of the global leaders within the sporting goods industry, announced that it will build state-of-the-art distribution facilities in Spartanburg, South Carolina. The consolidation is designed to streamline the far-flung distribution operations of Adidas. The new facilities are expected to open by fall 2009. The footwear facility will be approximately 1.9 million square feet and an apparel facility will measure approximately 800,000 square feet. At full capacity, the \$150 million project is expected to create 1,200 jobs, in Spartanburg County.<sup>10</sup>

*“Today’s announcement is further evidence that our efforts to improve the economic conditions for business growth are producing real results. As we work to diversify our economy, our state’s ability to attract and grow world-class companies like Adidas is increasingly important. Given the size of this investment and the number of jobs that come along with it, this is a real win for Spartanburg County.”*

South Carolina Governor Mark Sanford

### **Greenfield Project: DaimlerChrysler**

#### **Location: Kokomo, Indiana**

A new joint venture between DaimlerChrysler and Getrag Corporate Group, the largest independent transmission maker in the world, was announced in June 2007 to build a \$560 million transmission plant in Kokomo, Indiana. The joint venture is expected to produce up to 500,000 transmissions annually, beginning as early as February 2009. This new plant will create nearly 1,200 jobs producing energy-efficient dual clutch transmissions.

This new investment will represent Indiana’s biggest economic development deal since Honda announced plans to build a new manufacturing plant in Greensburg. The jobs at Honda Motor Company and Getrag represent the kinds of advanced manufacturing jobs Indiana and other states are trying to attract, in part because they pay above average wages.<sup>11</sup>

**INSOURCING — TOP 20 STATES 2007**  
**(Ranked by Employment Generated from Greenfield Investments)**

The top five states in jobs generated by greenfield insourcing in 2007 were Indiana, Georgia, Ohio, Alabama, and Mississippi. Last year's statistics reveal that Indiana was the top state with over 4,500 jobs expected to result from 33 insourced greenfield project announcements, followed closely by second ranked Georgia with almost 4,400 new jobs tied to 34 insourced greenfield projects.

Both Indiana and Georgia pulled in investment from around the world last year. For instance, Indiana attracted greenfield projects from such source countries as Japan, Canada, Germany, the Netherlands, the United Kingdom, France, Switzerland, and Taiwan. Similarly, Georgia was a magnet for investors from diverse source nations including Germany, South Korea, Japan, and Belgium. Even investors from small nations are drawn to the U.S. market. One example includes the investment in Georgia by the world's largest independent gaming developer, the Iceland-based company CCP Games. In October 2007, CCP Games celebrated the opening of its North American headquarters outside of Atlanta, Georgia, allowing it to locate closer to Georgia's growing gaming industry. CCP Games announced that it will hire more than 100 new employees.

Other leading states attracting significant insourced greenfield projects in 2007 were South Carolina, California, Michigan, Pennsylvania, Florida, and Arkansas. Planned insourced greenfield projects announced in 2007 are expected to generate more than 2,000 jobs in each of these states. An additional six states will have at least 1,000 new jobs of the payroll due to insourced greenfield investments: Tennessee, North Carolina, Texas, Massachusetts, New York, and Kentucky.

<b>Top 20 States by Insourced Greenfield Projects in 2007 (ranked by jobs)</b>				
<b>Rank</b>	<b>State</b>	<b>Jobs</b>	<b>Projects</b>	<b>Investment</b>
1	Indiana	4,529	33	\$1.2 Billion
2	Georgia	4,369	34	\$553 Million
3	Ohio	3,621	21	\$1.3 Billion
4	Alabama	3,460	21	\$1.7 Billion
5	Mississippi	3,435	6	\$1.7 Billion
6	South Carolina	2,844	27	\$1.4 Billion
7	California	2,684	82	\$457 Million
8	Michigan	2,445	38	\$2.3 Billion
9	Pennsylvania	2,249	28	\$1.2 Billion
10	Florida	2,066	31	\$1.0 Billion
11	Arkansas	2,050	9	\$493 Million
12	Tennessee	1,996	17	\$690 Million
13	North Carolina	1,844	26	\$468 Million
14	Texas	1,380	53	\$8.7 Billion
15	Massachusetts	1,260	32	\$538 Million
16	New York	1,077	60	\$496 Million
17	Kentucky	1,076	15	\$149 Million
18	Louisiana	935	7	\$1.8 Billion
19	Nebraska	860	4	\$68 Million
20	Virginia	800	15	\$213 Million

**Source: fDi Markets**

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#### ENDNOTES

<sup>1</sup> 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 May 1, 2008.

<sup>2</sup> United Nations Conference on Trade and Development, [World Investment Report](#), 2006.

<sup>3</sup> ASM International, [Russian Steelmaker Pondering \\$1 Billion Mill in Ohio](#), September 10, 2007.

<sup>4</sup> Business Week, [Russia's Steel Wheels Roll Into America](#), October 1, 2007.

<sup>5</sup> Mississippi Economic Council, [Toyota to Build Highlanders in Mississippi](#), 2008.

<sup>6</sup> USA Today, [Toyota to Build Mississippi Plant](#), March 5, 2007.

<sup>7</sup> The Car Connection, [Toyota Picks Tupelo, Miss., for Plant](#), February 27, 2007.

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<sup>8</sup> U.S. News and World Report, [How Toyota Could Become the U.S. Sales Champ](#), June 9, 2008.

<sup>9</sup> Expansion Management, [National Steel Car to Build \\$350 Million Freight Rail Car Facility in Northwestern Alabama](#), August 2, 2007.

<sup>10</sup> Expansion Management, [Adidas to Build 1.1 Million Square Foot Distribution Facility in Spartanburg, South Carolina](#), April 24, 2007.

<sup>11</sup> Inside Indiana Business, [Chrysler Confirms Big Plant Announcement](#), June 18, 2007.