Bridges to the World:
FDI Trends and Goods Movement in the Southeast

Adam Bruns, managing editor
Site Selection magazine

• 55 years and going strong
• New Plant Database
• Business Journalism 101: enterprise research, reporting, interviewing and analysis
Site Selection readers:

- 55 percent are President, VP, Director, Chair or Owner.
- 29 percent select sites in multiple countries.
- 22 percent manage more than 10 million SF.
- 46 percent manage more than 1 million SF.
- 39 percent have real estate portfolio worth more than $100 million.
- 51 percent have been in corporate real estate for 11 years or more.
## What's Important?

**IAMC Executives’ Ranking of Important Topics**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Reduction</td>
<td>59%</td>
</tr>
<tr>
<td>Flexible infrastructure</td>
<td>45%</td>
</tr>
<tr>
<td>Availability of high-quality labor</td>
<td>38%</td>
</tr>
<tr>
<td>Supply chain enhancement</td>
<td>35%</td>
</tr>
<tr>
<td>Improvement of space utilization</td>
<td>24%</td>
</tr>
</tbody>
</table>

*Source: IAMC Research Roundtable, October 2006*
Site Selection's October 2008 survey of corporate real estate executives reveals which factors on average are most important to them when they are involved in location decision making.

Ease of permitting and regulatory procedures
Transportation infrastructure
Existing work-force skills
State and local tax scheme
Utility infrastructure
Land/building prices and supply
Workers' comp rates
Flexibility of incentives programs
Higher education resources
Availability of incentives
KPMG: “Bridging the Global Infrastructure Gap: Views From the Executive Suite.”

• 328 C-level executives from 21 countries: “90 percent of executives agreed that the availability and quality of infrastructure affects where they locate and expand their business, a finding that was remarkably consistent across all geographies.”

• Two-thirds say existing infrastructure increases greatly the costs of operating their organizations; and 35 percent says it increases their competitiveness.

• 69 percent view infrastructure in North America as “generally positive.”
Site Selection Top Deals of 2008

• 25% were transportation-related: Tata Motors, NetJets, Rolls-Royce, Cessna

• 20% were alternative energy related: AREVA, Shaw Group/Westinghouse, Vestas, Hemlock, Schott Solar, Masdar
“Global trade will continue to ignore geography and time zones.”

— Scott Davis, Chairman & CEO, UPS, February 2009

(So some of it might as well come to the United States, right?)

NOTE: The data in this figure include only loaded containers in U.S. international maritime activity and cover U.S. imports, exports, and transshipments. Therefore, the trade levels will be greater than those reported from U.S. international trade statistics, which exclude transshipments. The data also exclude military shipments.

Write a Check, Get a Green Card
Foxconn
San Jeronimo, Chihuahua, Mexico
$185 million 9,350 jobs

• The State of Chihuahua will construct a new highway from Juarez to the site. The state also kicked in a payroll tax incentive, training funds and assistance on electricity cost. A new international rail crossing, which already has the support of the State of New Mexico and the Mexican federal government, is in the works.

• Other factors influencing the deal included the lightly traveled border crossing at Santa Teresa (pictured), and consolidated land ownership.
Vestas Wind, Windsor, Brighton and Pueblo, Colorado

$700 million 2,750 jobs

Vestas Wind Systems broke ground on March 25 on two wind-energy manufacturing facilities in Brighton, Colo. (inset). The two plants will create 1,350 jobs in the metro Denver area. Vestas opened its new blade factory in Windsor (above) in 2008. The $60-million plant is one of four facilities the company will soon operate in Colorado.
Volkswagen, Chattanooga, Tenn.
$1 billion, 2,000 jobs

Over 14 years, approximately $75 million was invested in the site and its infrastructure by the state, city and county, including a $23-million interchange gamble by the state's department of transportation.
Alstom, Chattanooga, Tenn.

• $200 million
• 350 employees
• Steam turbines, gas turbines, generators and related equipment for use in U.S. power generation facilities

• “It appears that if you want to build a new pier on a river in the U.S., it's a very lengthy process, and very uncertain if you will get the approval or not. So a facility with a pier and lifting capabilities was very important.” – Richard Pangrazzij, Alstom

• Positioned to serve U.S. demand initially, “but it is well located to serve the Americas, and we could see exports going out of this facility to serve Central and South America.”

• "One of the key decision drivers was logistics – we receive very large forgings, weighing several hundred thousand pounds, and then ship components weighing in excess of 500 tons. So we need water access. That sent us to locations along the East Coast, and big river cities as well."

• "For every shop hour of machining or welding, there is a matching hour of engineering – this operation will have 170 managers and engineers and 180 craftspeople." It takes a lot of training, he says, but at the same time, "a heavy industrial welding and machining background is not something you can create overnight in a community."

• How well are you tracking the special industrial expertise resident in your region?

Chris Levesque, president and general manager, AREVA Newport News, LLC
Nissan Americas HQ 2007, Franklin, Tenn.

• Adjacent interchange on I-65 opened in Sept. 2007
• But other roads are important too.
SeverCorr & PACCAR, Columbus, Miss.

The Golden Triangle site gives SeverCorr a **variety of transportation options**, from barge traffic on the Tenn-Tom Waterway to rail and highway access to ports on the Gulf Coast.

- **PACCAR**: The Mississippi Legislature approved a state bond package totaling $48.4 million, including $23.9 million for on-site improvements such as roads, site preparation, fire service and water and wastewater extensions; and $24.5 million for off-site infrastructure and training, including road improvements and a training center.
German Firms Lead the Way

<table>
<thead>
<tr>
<th>Company</th>
<th>U.S. Employees 2008</th>
<th>U.S. Employees 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Siemens USA Holdings</td>
<td>66,000</td>
<td>67,000</td>
</tr>
<tr>
<td>The Great Atlantic &amp; Pacific Tea Company, Inc.</td>
<td>62,030</td>
<td>50,000</td>
</tr>
<tr>
<td>ThyssenKrupp USA, Inc.</td>
<td>44,228</td>
<td>25,000</td>
</tr>
<tr>
<td>Robert Bosch, LLC</td>
<td>38,782</td>
<td>17,700</td>
</tr>
<tr>
<td>T-Mobile USA</td>
<td>36,000</td>
<td>31,049</td>
</tr>
<tr>
<td>Daimler Trucks</td>
<td>21,168</td>
<td>25,585</td>
</tr>
<tr>
<td>Bertelsmann, Inc.</td>
<td>17,000</td>
<td>17,000</td>
</tr>
<tr>
<td>Bayer Corp.</td>
<td>16,800</td>
<td>17,200</td>
</tr>
<tr>
<td>BASF Corp.</td>
<td>15,191</td>
<td>15,513</td>
</tr>
<tr>
<td>Adidas North America, Inc.</td>
<td>9,716</td>
<td>8,176</td>
</tr>
</tbody>
</table>
Steven Eames, senior vice president of operations – Americas for Jafza International, says of the Orangeburg project "We consider ourselves port agnostic. We'd like to be able to draw from Savannah, Charleston and Wilmington [N.C.]." Some of those ports themselves are hubs of regional collaboration, all growing their capacities. But when it comes to international trade, the definition of "region" must be enlarged.
Governor’s Cup, March 2009

- Private-sector facility investments, expansions and greenfield projects, during 2008
- At least $1 million invested, 50 new jobs or 20K sq. ft.
Competitiveness Award, May 2009

<table>
<thead>
<tr>
<th>Rank</th>
<th>State</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ohio</td>
<td>142</td>
</tr>
<tr>
<td>2</td>
<td>North Carolina</td>
<td>125</td>
</tr>
<tr>
<td>3</td>
<td>Michigan</td>
<td>123</td>
</tr>
<tr>
<td>4</td>
<td>Pennsylvania</td>
<td>108</td>
</tr>
<tr>
<td>T5</td>
<td>Kentucky</td>
<td>95</td>
</tr>
<tr>
<td>T5</td>
<td>Texas</td>
<td>95</td>
</tr>
<tr>
<td>T7</td>
<td>Tennessee</td>
<td>94</td>
</tr>
<tr>
<td>T7</td>
<td>Alabama</td>
<td>94</td>
</tr>
<tr>
<td>9</td>
<td>Indiana</td>
<td>86</td>
</tr>
<tr>
<td>10</td>
<td>South Carolina</td>
<td>78</td>
</tr>
</tbody>
</table>
Business Climate Survey, Nov. 2008

• 2008 Top 10 States for Business Climate
  1. North Carolina
  2. Tennessee
  3. Alabama
  4. Texas
  5. Indiana
  6. Florida
  7. Ohio
  8. Virginia
  9. Illinois
  10. Georgia

Source: Site Selection, November 2008
Logistics Evidence

• Top 10 states continuing to see logistics location or expansion momentum, according to project totals in the Conway Data New Plant Database Jan. 2008-July 2009:

  Texas: 141
  Ohio: 118
  Illinois: 68
  North Carolina: 56
  Pennsylvania: 48
  Virginia: 41
  Florida: 40
  Indiana: 39
  California: 38
  New York: 36

Those states are being chased by the next tier:

  Georgia (31)
  Michigan (31)
  Kentucky (29)
  Tennessee (25)
  Wisconsin (18).
### Top U.S. Micropolitans
### New and Expanded Facilities in 2008

<table>
<thead>
<tr>
<th>Rank</th>
<th>Town</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Statesville-Mooresville, N.C.</td>
<td>17</td>
</tr>
<tr>
<td>T2</td>
<td>Daphne-Fairhope, Ala.</td>
<td>12</td>
</tr>
<tr>
<td>T2</td>
<td>Tupelo, Miss.</td>
<td>12</td>
</tr>
<tr>
<td>T4</td>
<td>Batavia, N.Y.</td>
<td>11</td>
</tr>
<tr>
<td>T4</td>
<td>Ottawa-Streator, Ill.</td>
<td>11</td>
</tr>
<tr>
<td>6</td>
<td>Wooster, Ohio</td>
<td>10</td>
</tr>
<tr>
<td>T7</td>
<td>Ashtabula, Ohio</td>
<td>9</td>
</tr>
<tr>
<td>T7</td>
<td>Lexington-Thomasville, N.C.</td>
<td>9</td>
</tr>
<tr>
<td>9</td>
<td>Wapakoneta, Ohio</td>
<td>8</td>
</tr>
<tr>
<td>T10</td>
<td>Adrian, Mich.</td>
<td>7</td>
</tr>
<tr>
<td>T10</td>
<td>Lincolnton, N.C.</td>
<td>7</td>
</tr>
</tbody>
</table>

**Source:** Conway Data, Inc.’s New Plant Database
Jeffrey Simon, Infrastructure Director, Commonwealth of Massachusetts

• “We’ve been able to invest in large projects, and begin to lay the foundation for future growth.”

• 5-million-sq.-ft. Assembly Square mixed-use project in Somerville, on a 66-acre (26.7-hectare) former industrial site.

• South Coast Biopark in Fall River, where a new $70-million interchange on Route 24 will open up the property to a number of development options, anchored by UMass-Dartmouth’s biomanufacturing facility.

• MassHighway: “Before the stimulus program, they took 120 days to advertise, bid and award their projects, including typical paving projects.” When stimulus projects were awarded, “they did it in 44 days.”
CO$_2$ and You

- Paragon Software Systems’ newest software tool is something called the Carbon Minimizer.

- “We have been helping improve environmental efficiency within the industry for over 25 years by building efficient route combinations that reduce empty running, cut mileage and reduce fuel,” said William Salter (right), Paragon’s CEO and president. “We’ve now taken this a step further.”

- ANY transportation solution that helps a company decrease its carbon footprint will be welcomed with open arms.
Links to Learning: Missouri and Mississippi

**PACCAR:** Crucial visit by executives to the Center for Advanced Vehicular Systems (CAVS) at Mississippi State University in nearby Starkville, a program funded by the legislature when the state first attracted Nissan. “CAVS was a very strong asset the state was able to demonstrate to us,” says Jeff Forsythe of McCallum Sweeney. "*When it came to higher education, Mississippi just slam-dunked,*" says Joe Max Higgins, CEO of Columbus Lowndes Development Link noting that technical conversations between company executives and CAVS researchers started up almost immediately.
Questions to ask:

• What kind of international outreach is your state or region doing?
• How familiar are you with the business operating environments your area’s companies experience in other locations around the world?
• What are you doing to contribute to the competitiveness of your state and your region?
Are You a Bridge or a Wedge?

• Fighting geographic stereotypes
• Fighting stereotypes of corporations
• Not fighting

• Talk about your location.
Thank you.

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