

Global firms key factor

State ranks 14th in nation for jobs created by international companies

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The list of international companies with South Carolina operations goes on and on - BASF, Ionic Technologies, Bosch, Michelin

North America, BMW Manufacturing, Tire Kingdom, Siemens, and Bridgestone Americas to name just a few.

"International companies connect us to the global marketplace," said Hank

Hyatt, the Greenville Chamber's vice president of economic development. "We are competing on a global stage. They bring us business acumen from other countries.

Many of the state's domestic companies also span the globe, he said.

South Carolina is among the top 20 states when it

comes to U.S. jobs with international companies - No. 17 with 107,200 jobs, according to the Organization for International Investment. That's nearly 7 percent of the state's private sector work force, as compared with about 5 percent as a national average.

When manufacturing is considered, the state has

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58,800 people working in foreign-owned operations, according to OFIL. That makes up about 55 percent of all jobs at internationally owned companies and places the state at No. 14 in total "insourced" manufacturing jobs.

The 10-county Upstate region hosts 275 international companies, hailing

from 28 countries, according to the Greenville Chamber.

"It's going to continue to grow," Hyatt said of the international presence in South Carolina and the number of jobs created by these companies. "It is key to our future."

See GLOBAL on page 3E

GLOBAL

FROM PAGE 1E

California ranks No. 1 in the number of jobs generated by international operations, with 594,100, while Kentucky ranks 20th with 95,200. North Carolina is No. 9, with 206,700 jobs, and Georgia is No. 11, with 179,800.

The U.S. Department of Commerce recently released estimates showing foreign direct investment in the United States climbed to \$194.5 billion in 2010. That's a 44 percent increase over the 2009 figure of \$134.7 billion, according to the Bureau of Economic Analysis. The figure is the fourth highest recorded over a 10-year period.

"The state is doing something more than just right" to get those numbers, said Nancy McLernon, president and chief executive of the Organization for International Investment. The jobs created by these companies "are important. They are good paying jobs. They tend to be higher skilled jobs, paying about 30 percent more than the average of U.S. jobs."

Having these companies - many of them high-profile, internationally known companies - says something about South Carolina's business climate, she said. Many of the companies are manufacturing-oriented, which is a plus for a

state that has a strong manufacturing history.

"Without question, quality of work force is a No. 1 reason for location" in a specific area, she said. "It's a compliment to South Carolina." Also, South Carolina "is very efficient and productive in going abroad and marketing the state."

Having companies such as BMW, Michelin and Siemens also is a help, McLernon said, because "there is a global water cooler effect. CEOs are going to talk about where they may locate."

Hyatt agreed, saying that "seeing other people who have been successful in doing business in the state makes recruitment easier." But "historically, internationals have been investing in South Carolina for a long time," dating back to the textile industry.

The federal government does little marketing of the country as a business location, perhaps because in the past the United States stood pretty much alone in attracting international companies outside their domestic borders, McLernon said. But "other companies are actively promoting themselves to the world."

While the United States is still the largest host to international companies, it has some work to do to retain that position.

"Other countries have gotten smarter. They are investing in infrastructure," which means any-

Top 20 states with foreign-related employment

About 5 percent of all U.S. private sector jobs are in internationally owned companies.

| State | Foreign related employment | Percentage of private-sector employment |
|----------------|----------------------------|---|
| California | 594,100 | 4 |
| Texas | 439,400 | Nearly 5 |
| New York | 417,000 | Nearly 6 |
| Illinois | 273,300 | More than 5 |
| Pennsylvania | 263,500 | 5 |
| Florida | 254,000 | 4 |
| Ohio | 231,600 | 5 |
| New Jersey | 230,000 | Nearly 7 |
| North Carolina | 206,700 | Nearly 6 |
| Massachusetts | 188,900 | More than 6 |
| Georgia | 179,800 | More than 5 |
| Virginia | 159,700 | More than 5 |
| Michigan | 150,600 | More than 4 |
| Indiana | 141,600 | More than 5 |
| Tennessee | 130,600 | More than 6 |
| Maryland | 108,600 | More than 5 |
| South Carolina | 107,200 | Nearly 7 |
| Connecticut | 104,600 | More than 7 |
| Minnesota | 97,200 | More than 4 |
| Kentucky | 95,200 | More than 6 |

Source: Organization for International Investment
SUZIE RIDDLE/Staff

thing that moves people, goods or information around, she said. That makes them globally competitive as well as competitive domestically.

The OFII is kicking off a campaign to encourage investment in infrastructure to build U.S. global competitiveness. Officials are discussing the needs and how to fund them. The organization also has released a study, "Building Competitiveness - American Jobs, American Infrastructure, American Global Competitiveness," written by Matthew Slaughter, a professor at the Tuck School of Business at Dartmouth Col-

lege.

"Historically, America's infrastructure has provided the U.S. with a competitive advantage that has helped to attract worldwide investment in this country," McLernon said.

But Slaughter said that "today America's infrastructure is in crisis." In 2009, the American Society of Civil Engineers released a report that gave the quality of U.S. infrastructure a "D."

Modern, up-to-date infrastructure is important to all companies here - both domestic and international.

Hyatt pointed out that many immigrants come to the United States for graduate school and that they then become the source of many of the country's new businesses.

"That global talent - it's foot-loose," he said. "We need to ground it here."

Slaughter said that "rebuilding America's infrastructure can play a role in not just creating American jobs but also boosting the productivity of American companies - which in turn supports rising income for workers and their families."

Also, "infrastructure is a platform to serve the world, McLernon said, adding that 18 percent of U.S. exports are produced by international operations. BMW, with a plant in the Upstate, exports more than 70 percent of its production to 122 markets

around the world.

A major infrastructure question in South Carolina is the Port of Charleston, which needs to be deepened to better accommodate the larger ships that will be able to use the Panama Canal by 2014. State Commerce Secretary Bobby Hitt said the port can handle those large ships but the timing now is dependent on the tide.

The Upstate and Charleston recently strengthened their infrastructure by attracting Southwest Airlines to the state, bringing lower air fares in its wake, Hyatt said.

"We've made some progress" when it comes to physical infrastructure, he said. But one issue still to be decided in South Carolina is the future of rail in the state.

Despite the federal financial crunch the country faces, it has no choice - companies can't operate without strong infrastructure, McLernon said.

"We need to reject the false choice between balancing our budget and investing in infrastructure," she said.

The United States needs international companies to bring jobs here, she said. Policy makers must look beyond the currently situation to the long-term gain that will come from investment - well-paying jobs, taxes and the attraction of more business.