



Texas among top states in foreign investments

Texas is No. 3 in the nation in jobs tied to foreign direct investments, according to a national report issued this week.

“Jobs We Need,” written by the Washington, D.C.-based Organization for International Investment, found that 14.9 percent of the state’s workers are in positions that are directly or indirectly reliant on foreign company operations as opposed to 13.3 percent for the nation.

Nationally, foreign companies support employment for 24.3 million workers, including direct employment, jobs from supply chains necessitated by the foreign-owned operations and the ripple effect from the direct employment paychecks. In Texas, the number is nearly 2.3 million workers.

FDI also accounts for 18 percent of Texas’ total labor income and 20.5 percent of the Texas economy, according to the report.

San Antonio lags the state numbers but last year launched a new strategy aimed at foreign investments.

Texas attracts a higher-than-average concentration of FDI because of its skilled labor force, regulatory environment and corporate tax rate, said Nancy McLernon, CEO and president of OFII, a nonprofit business association that promotes international investments.

Three out of 10 Texas manufacturing jobs are supported by foreign companies, the report adds. Each FDI job in Texas ultimately creates three additional jobs, through supply chains and the economic ripple effect.

In addition, jobs tied to foreign investment tend to pay better.

The Texas annual average wage is \$58,100. But foreign employers pay an average of \$89,600 to their Texas employees. Foreign manufacturers in Texas pay an average of \$100,700.

Jobs indirectly tied to foreign operations also pay better. The supply-chain wages in Texas supporting foreign operations pay an average of \$81,800, with those tied directly to the manufacturing sector paying \$86,700.

Nationally, foreign companies pay 33 percent more to their U.S. employees than the average pay for a U.S. worker.

McLernon said in an interview that in the last five years, national employment from foreign investments has grown 15.3 percent annually, more than twice the 6 percent yearly growth in the private sector.

“But you have to look beyond the statistics,” McLernon said. “There’s an ecosystem that happens with foreign investments. Foreign companies come with world-class training. They prioritize social responsibility” to their U.S. communities, she said.

Foreign companies also are more innovative and engage more scientists and researchers, McLernon added.

In a separate national report this week, the U.S. Commerce Department said the United States received a record \$348 billion in foreign investments in 2015, up from \$172 billion in 2014.

The United Kingdom, Japan and Germany were the top countries investing in the United States last year, the department said.

The OFII report does not break down statistics for metropolitan areas. But San Antonio last year released its "Trade & Investment Strategy 2015," which states that the city had 21,580 jobs supported by direct foreign investments as of 2011, or about 3 percent of the metropolitan area's workforce.

San Antonio compiled the strategy as part of its participation since 2012 in the Global Cities Initiative Exchange, a program started by the Brookings Institution and JPMorgan Chase.

Between 2012 and 2015, 17 international investments created an additional 2,477 jobs in the San Antonio area, according to the San Antonio Economic Development Foundation. Those 17 investments totaled \$110.19 million.

The San Antonio Economic Development Foundation is the assigned lead organization to attract the foreign investments necessary to reach the employment goal, while export growth is assigned to the Free Trade Alliance San Antonio.

The San Antonio area's percentage is low because efforts to attract FDI in the past have not been coordinated, said Reynaldo Cano, SAEDF vice president of international and business recruitment. With the 2015 strategy, "stakeholders can come together with one songbook."

"You have to give three years for a strategy to show results," Cano added.

San Antonio's FDI employment goal is 64,700 total jobs by 2025, which would require an average growth of 4,320 jobs per year, according to the strategy.

As part of the city's strategy, SAEDF is marketing the city's Café Commerce, Geekdom and the Free Trade Alliance's International Business Development Center as programs and organizations that make entry of foreign companies easier. The foundation also is marketing San Antonio's proximity to the Eagle Ford Shale drilling area to foreign energy companies.

The city's best-known foreign investment came from Toyota Motor Corp. with an assembly plant that opened in 2006. Cano said recent examples of foreign investments in San Antonio are Indo-MIM, an India-based precision parts maker that is opening at Port San Antonio with 100 initial jobs and plans to eventually have about 300 workers, and Cytocentrics Inc., a German biomedical firm that hired 300 workers last year after moving its headquarters to San Antonio with a \$15 million investment.

Companies in Japan, France, United Kingdom and Germany have been leading investors in San Antonio, historically. The top sectors have been in manufacturing, wholesale, professional services and technology.

San Antonio can attract foreign investments because of its history and culture, Cano said. “We’re a location that embraces diversity instead of tolerating diversity,” Cano said. “With our diverse economy, we can ride out storms in our economy.”

McLernon gave advice to cities in general about attracting foreign investments.

“In this type of venture, cities should do an audit of what is being done already to market themselves to foreign companies and determine their areas of expertise so they can promote the cities to the right set of companies,” McLernon said.

“But what a lot of economic development professionals miss is that they should be looking at the current foreign investor base, find the good, the bad, the ugly, and talk to the foreign companies’ management to learn how to market to their industries and their countries of origin,” she added. Most foreign-related job expansions and investments come from existing foreign operations, McLernon said. For example, the SAEDF is using Indo-MIM’s presence as a way to reach dozens of additional Indian companies seeking to expand internationally, Cano said.

Source: http://www.enterprise-ireland.com/EI_Corporate/en/Publications/The-Market/The-Market-Spring-2015.pdf

June 22nd 2016