

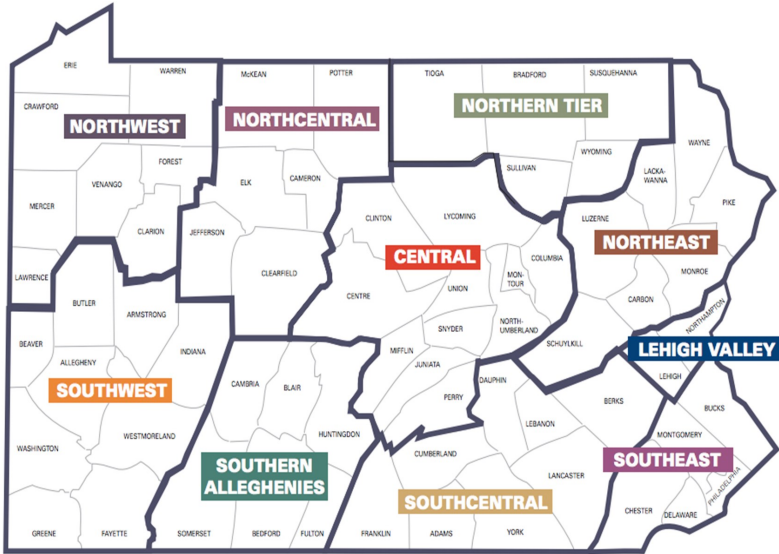


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FDI in Pennsylvania

*A Close Analysis of the Current Impact of
FDI on a Regional Level*

February 2017



**as defined by the PA Office of International Business Development*

This report was compiled by the team at the World Trade Center Harrisburg:
We would like to thank our intern, Jillian McCue, Lebanon Valley College, for her contributions to this report.

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FDI in Pennsylvania

A Close Analysis of the Current Impact of FDI on a Regional Level

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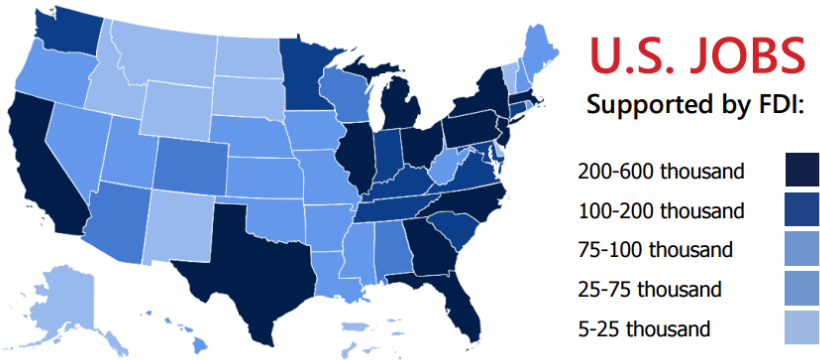
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What is FDI?

The Brookings Institute describes Foreign Direct Investment (FDI) as, “when an entity based in one country (the home country) invests in a business enterprise in another country (the host country), and this investment gives the former a controlling interest in the management and operations of the latter”. There are three main methods of FDI:

- ◆ **Greenfield investments:** physical construction of a facility or facilities in the host country by the home country firm
- ◆ **Mergers:** combination of a home country firm with a host country firm
- ◆ **Acquisitions:** the purchase of a host country firm by the home country firm

Jobs Supported by FDI

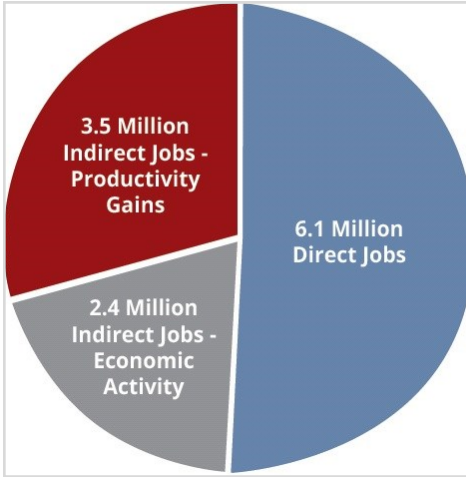


Source: Bureau of Economic Analysis (latest available as of August 10, 2016)

Pennsylvania in particular, is one of the states with the largest amount of jobs supported by FDI. As will be shown throughout this pamphlet, the Southcentral region is the closest competitive region to the two metropolitan regions, Southwest and Southeast.

Importance of FDI

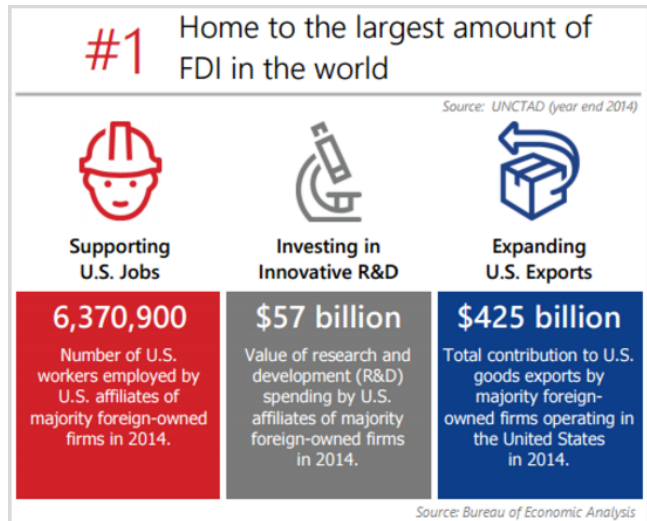
12 Million U.S. Jobs Attributable to FDI



As stated by Select USA, “Foreign direct investment (FDI) plays an essential role in ensuring U.S. economic growth and prosperity — creating high-paying jobs, spurring innovation, and driving exports”. These additions to our economy allow industries to grow, improve international

relations, and further advancements and industry specialization.

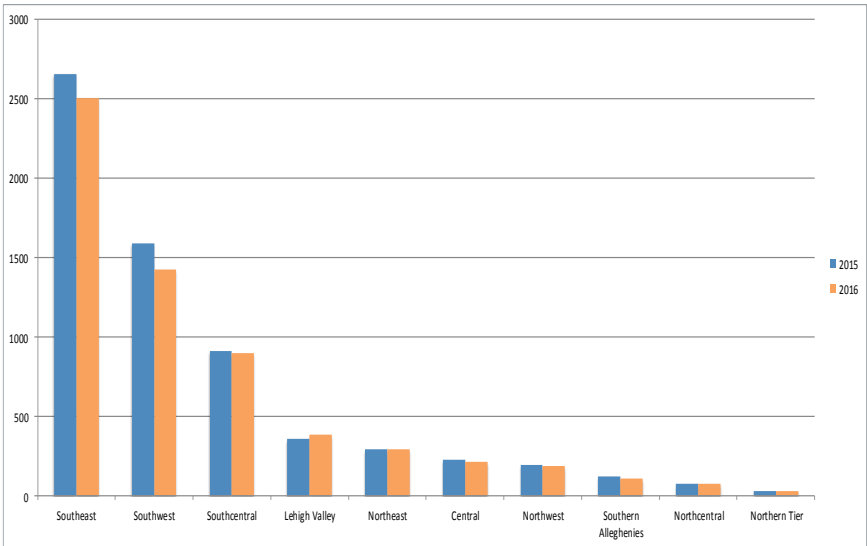
Contributions from FDI are not solely in one or two industries, but rather, positively impact a variety of sectors within the United States. As can



be seen in the graphic to the right, besides job additions to communities, FDI also increases spending on R&D and exports.

*all graphics from Select USA

Foreign Owned Companies by PA Region

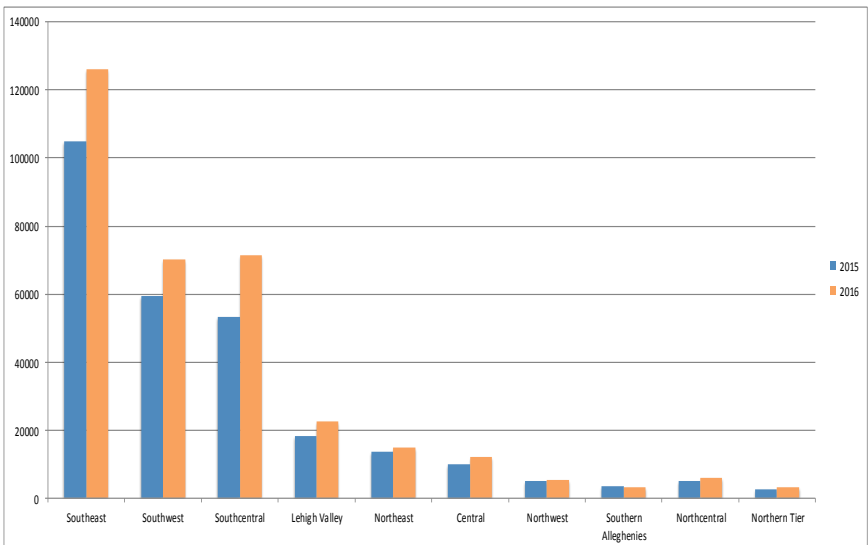


In comparison to the two larger regions of foreign-owned companies, Southcentral’s quantity of firms has remained more constant from 2015 to 2016 in comparison to these other areas. This showcases the reliability of the area that foreign firms realize once locating a portion of their business in Southcentral PA. Through maintaining a high level of foreign owned companies in the region, rather than losing some, it will overall make Southcentral a more sound investment when foreign firms are looking at Pennsylvania.

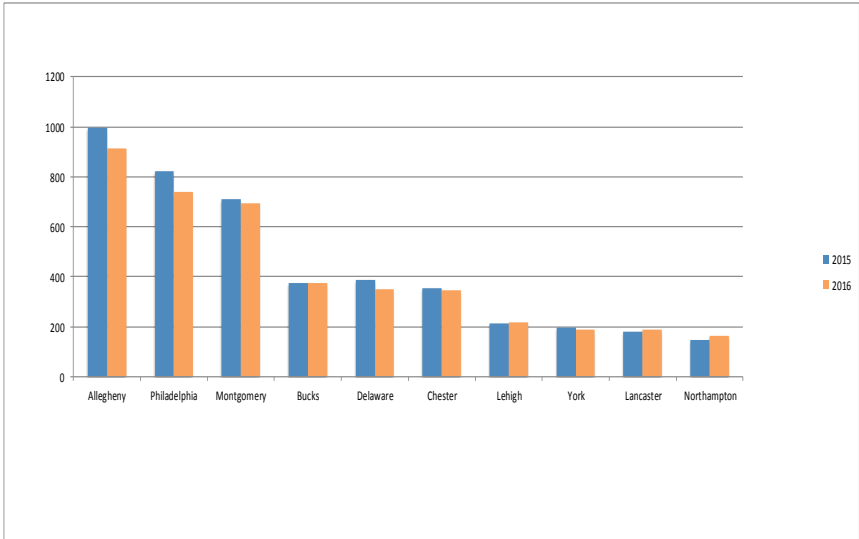
Employees of Foreign Owned Companies by PA Region

The quantity of personnel employed by foreign owned firms has drastically grown in Southcentral PA from 2015 to 2016. This high growth rate is almost the same as Southeast's, despite lacking a large metropolitan area in the region.

The number of employees of foreign owned companies in Southcentral grew from 53,423 people in 2015 to 71,519 people in 2016



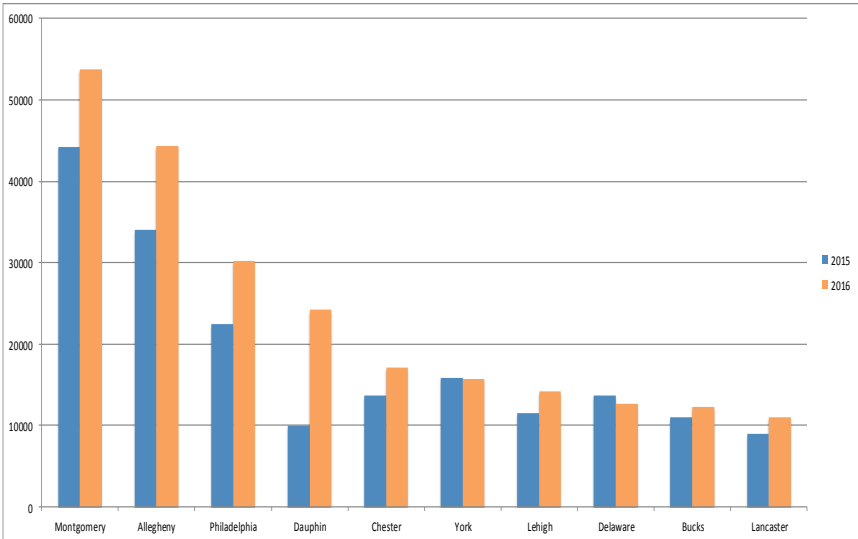
Top 10 PA Counties based on Foreign Owned Companies



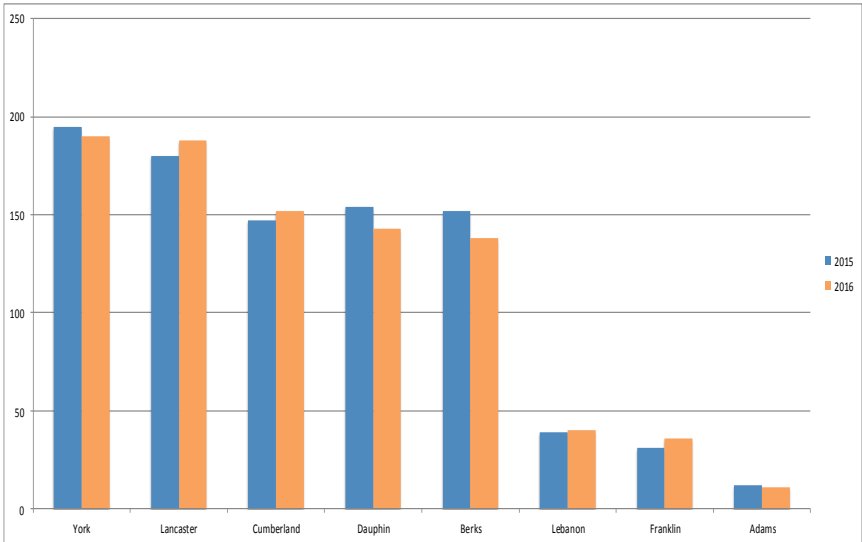
*Southcentral had **two** of the top ten counties based on number of foreign owned firms*

Top 10 PA Counties based on Employees of Foreign Owned Companies

*Southcentral had **three** of the top ten counties based on number of employees of foreign owned firms*



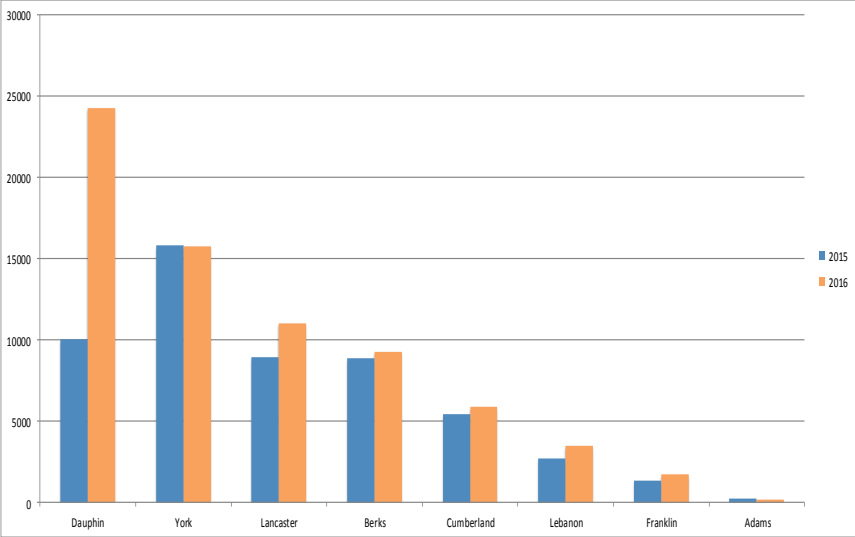
Foreign Owned Companies by Southcentral County



The majority of the counties within Southcentral PA have maintained a high level of foreign owned companies as well as number of people employed by those companies from 2015 to 2016. The amount of companies per county have either remained steady or grown slightly for the most part. The same can be noted for number of employees of foreign owned firms, however the growth was significantly larger.

Employees of Foreign Owned Companies by Southcentral County

Dauphin County had 141% growth in the number of citizens employed by foreign owned companies from 2015 to 2016



Prominent Industry Sectors

- ◆ Advanced Materials and Diversified Manufacturing
- ◆ Biotechnology and Life Sciences
- ◆ Green Industries
- ◆ Health Care, Medical Research and Education
- ◆ Information and Communication Technology
- ◆ Business and Financial Services
- ◆ Food Processing and AgriBusiness
- ◆ Plastics
- ◆ Logistics
- ◆ Printing
- ◆ Technology Solutions and Support





Southcentral PA has an extensive inter-modal transportation system of highways, railroads, ports and airports that easily move people and goods to vital markets.

*Over 40% of the US population
and 60% of the Canadian
population are located within
a 500 mile radius of
Southcentral PA*

About Us



World Trade Center Harrisburg is a private, non-profit organization that was founded over 20 years ago with a mission to connect local companies to global opportunities. As one of nearly 330 World Trade Centers located in over 90 countries, World Trade Center Harrisburg offers relevant educational programs, up-to-date trade information, practical trade assistance, and research and referral services. World Trade Center Harrisburg is also the regional liaison for the State of Pennsylvania's comprehensive and free export assistance service.



pennsylvania

DEPARTMENT OF COMMUNITY
& ECONOMIC DEVELOPMENT

The state of Pennsylvania delivers its export assistance service through ten independent non-profit organizations. World Trade Center Harrisburg is the trade assistance provider for the southcentral region of Pennsylvania, comprising the counties of Adams, Berks, Cumberland, Dauphin, Franklin, Lancaster, Lebanon, and York. These counties encompass seven Metropolitan Statistical Areas (MSA), including Chambersburg-Waynesboro, Gettysburg, Harrisburg-Carlisle, Lancaster, Lebanon, Reading, and York-Hanover.



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CENTRAL PENNSYLVANIA'S FOREIGN-TRADE ZONE

The Southcentral PA region is part of the Foreign-Trade Zone #147, which is a regional economic development project. There are numerous FTZ sites that are strategically located to offer convenient on-site inter-modal transport links for the following types of transportation:

- ◆ Air
- ◆ Road
- ◆ Rail

Companies within the Southcentral region can make use of this foreign-trade zone to maintain the cost competitiveness of their U.S.-based operations in relation to their foreign-based competitors. The ways that the FTZ #147 can benefit companies situated in the Southcentral region are:

- ◆ Deferral of Duties
- ◆ Reduction of Duties
- ◆ Elimination of Duties



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