

Grayway

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FOREIGN DIRECT INVESTMENT

KEY TO A STRONG ECONOMY



Stephen Gray
President &
Chief Executive Officer

WELCOME

The United States has historically been the largest single recipient of foreign direct investment (FDI) in the world. This attractiveness has played a significant role in growing the U.S. economy.

In this issue of the GrayWay, we explore the factors that label the U.S. as a business destination hotspot. From tax and regulatory reform to the American workforce, international businesses see tremendous value in U.S. investment. If trends continue, the U.S. will flourish into the future.

A handwritten signature in white ink, appearing to read 'Stephen Gray'.



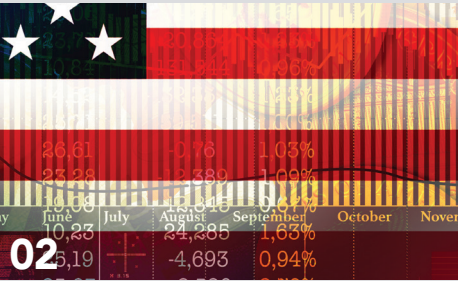
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PRO-BUSINESS POLICIES AND PRODUCTIVE WORKERS ATTRACT FDI



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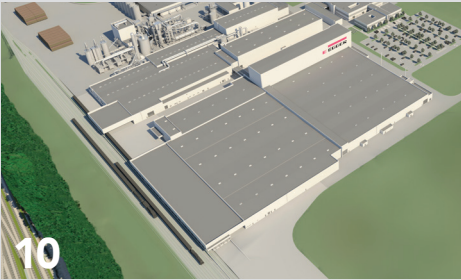
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FDI STRONG

The U.S. Tops the World in Foreign Direct Investment

For the seventh consecutive year the U.S. has been the top destination for foreign direct investment (FDI).

The ranking, determined by the AT Kearney FDI Confidence Index, is the result of a number of positive business factors in the U.S., including tax and regulatory reforms. The data is derived from global CEOs who are making investment decisions as part of their jobs.

“Developed markets dominate the 2019 rankings, even as investors worry about rising political and economic risks within these markets,” AT Kearney writes in its report. “In frontier and emerging markets, average scores increased, yet not enough for more than a few to rank in the top 25. Cities play an increasingly important role in FDI decisions, even in an era of rising nationalist sentiments.”

The continued attractiveness of the U.S. as an FDI destination is largely due to its sustained and robust economic expansion in recent years as well as overall stable business climate.

Open for Business

The pro-growth agenda in the U.S.—fewer regulations, lower corporate tax rate and focus on infrastructure redevelopment—keeps the U.S. ahead of the rest of the world as a business destination, according to SelectUSA, a U.S. Department of Commerce program that promotes business investment in the U.S.

Factors that attract FDI include:

Tax reform

In 2018 the Tax Cuts and Jobs Act reduced the corporate tax rate from 35% to 21%, freeing up capital to invest in expansions, capital expenditures, workforce or new business opportunities.



Ease of doing business.

The U.S. is consistently ranked among the best countries for its overall positive business climate that allows foreign companies to invest in a secure and stable environment.

Regulatory reform

White House directives such as Executive Order 13771, which reduces regulatory burdens and costs, make it easier for companies to save money and speed up investments in their businesses—this is especially true for entrepreneurs and start-ups.

Workforce

The U.S. workforce is one of the most diverse, skilled and productive workforces in the world. Government, industry and academia collaborate to provide workers with the skills to excel in an increasingly technical global economy.

Innovation

More international patents are filed in the U.S. than any other country, according to SelectUSA. U.S. intellectual property laws protect ownership and help combat counterfeiting and cybertheft.

Proximity of consumers

The U.S. has the largest consumer market in the world, with a GDP of \$20 trillion and 325 million people. Free-trade agreements with 20 other countries provide access to hundreds of millions of additional consumers.

Access to capital

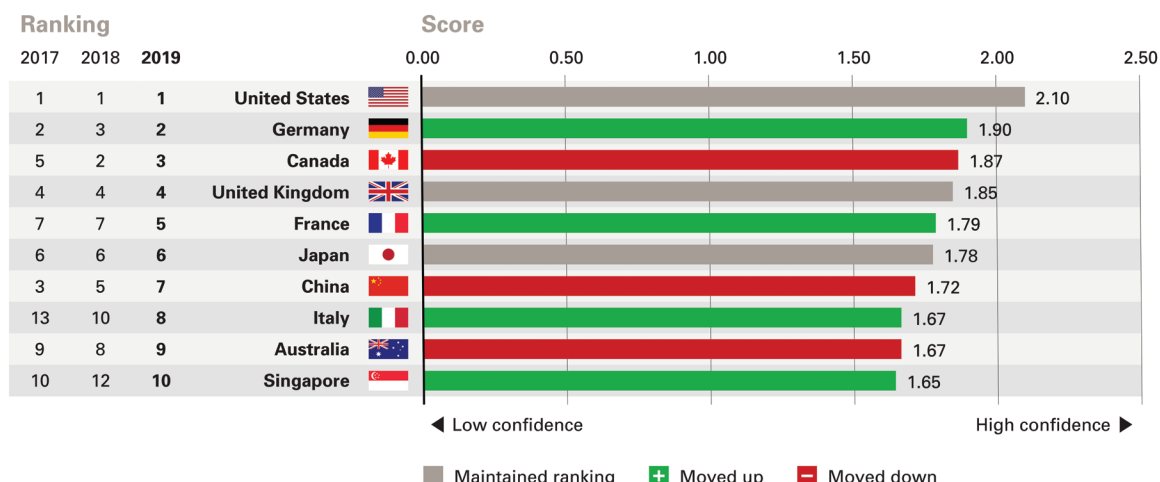
The U.S. hosts the most developed, flexible and efficient financial markets in the world. A wide range of funding sources enable innovation and expansion, giving companies in the U.S. a competitive advantage.

The U.S. has adapted its position toward foreign investment to match the 21st century economy and remains open for international business investments.

A strong and robust consumer market is a key reason the U.S. ranks top in the world for FDI.



The 2019 A.T. Kearney FDI Confidence Index®



Note: Values are calculated on a 0 to 3 scale, with 3 being the highest level of confidence in a market as a future destination for FDI.

Sources: A.T. Kearney Foreign Direct Investment Confidence Index (2017, 2018, 2019)

Moving Forward

Some experts feel that significant reductions in FDI may be an early indicator of recession. For example, according to Carl Weinberg, chief economist at High Frequency Economics, an economic research consultancy firm, FDI has risen as a percent of GDP ahead of each of the recessions since the 1980s. Sharp declines from record peaks in FDI spending correlate well with the last four major recessions in the U.S.

Regardless of these fluctuations, confidence in the U.S. as a place to invest remains high. The White House continues to improve the business investment climate by reducing regulatory burdens and investing in U.S. infrastructure, making it easier for businesses to ship products, receive goods and strengthen their

supply chains. For example, the White House has asked Congress to pass legislation that generates at least \$1 trillion in infrastructure investment, including upgrades to the Interstate Highway System and other nationally strategic freight networks.

“These initiatives seek to increase transparency, expand effective oversight and, most importantly, mitigate overregulation and encourage manufacturing investment,” says Stephen Gray, CEO for Gray. “This activity, coupled with growing awareness of manufacturers’ needs, sets the U.S. apart as an even more enticing destination for business.”

The continued attractiveness of the U.S. as an FDI destination is largely due to its sustained and robust economic expansion in recent years as well as overall stable business climate.

THE GREAT AMERICAN WORKFORCE

Changing Demographics Impact HR Practices



A talented and robust workforce is the number one consideration for executives when they consider a new location for their operations. Although the currently tight labor market is no secret, the American workforce is attractive to international companies' worker productivity, training and innovation.

U.S. workers are highly productive. For example, the American workforce is 35% more productive than the Organization for Economic Co-operation and Development (an international economic development group consisting of 36 countries) member country average—a big reason why foreign companies invest in the U.S.

The productivity of the American worker is, in part, due to the high labor standards in the U.S., including labor laws that require a safe and high quality work environment. U.S. companies also invest heavily in new equipment and training to maintain their competitive edge and retain their workers, especially in manufacturing. State workforce development agencies often collaborate with industry firms, colleges and universities to create customized training programs for local industries. Georgia's QuickStart program, for example, has trained more than one million employees for 6,500 projects, typically at no cost to the employer.

According to the Reshoring Initiative, the combined reshoring and related foreign direct investment (FDI) efforts added more than 145,000 domestic jobs in 2018, raising the total number of announced manufacturing jobs

brought to the U.S. from offshore to over 757,000 over the last decade. One of the top reasons that companies come back to the U.S. is the higher productivity of the American worker, which results in improved product quality, fewer errors and material waste, streamlined production and faster speed to market.

Changing Workforce Demographics

With a growing shortage of skilled workers, many employers are trying to convince their older employees to stay on. Another reason is that these companies are less familiar with the traits and attitudes of younger millennial workers, which require a different approach for training and engagement.

Born between 1981 and 1996, millennials are now the largest segment in the U.S. workforce. By 2030, the U.S. Bureau of Labor Statistics predicts that millennials will make up 75% of the workforce.

Millennials are “first-generation digital natives” who were raised on technology and use it to communicate and interact with others, including fellow employees in the workplace. With their

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tech abilities, millennials can easily be trained to become the “new collar” workers of the future, to fill some of the nearly 2.4 million manufacturing positions that will be available between 2018 and 2028.

However, the challenge with millennials is that once they are trained, they must also be engaged, or they will likely leave.

According to Dynamic Signal, a mobile communications company, only 29% of millennials are engaged on the job, compared to 55% who are not engaged and 16% who are actively disengaged. They also change jobs more frequently than other generations. About 21% of millennials reported switching jobs within the last year and 60% are open to different opportunities. “43% of millennials envision leaving their jobs within two years, while only 28% seek to stay beyond five years,” states Dynamic Signal. “The 15-point gap is a seven-point increase from the previous year.”

Taking the Pledge

To prioritize partnerships with public and private-sector organizations that are focused on ensuring the workforce can meet the needs of a 21st century economy, the U.S. government recently launched the “Pledge to America’s Workers,” an initiative to create more than 900,000 workforce development opportunities. The White House administration also created the American Workforce Policy Advisory Board to build a national workforce strategy, with guidance from top leaders in business, education, organized labor, government, trade associations and nonprofits.

SelectUSA believes this strategy will help build and promote the many pathways to good careers, provide greater jobs data transparency, increase skills-based hiring and measure and encourage employer-led training.



Companies target tech-savvy millennials to fill the nearly 2.4 million manufacturing positions that could be open by 2028.

THE NEW FACE OF MANUFACTURING

Van Hool NV

Belgium-based Van Hool is a global leader in the manufacture of buses, coaches, trolleybuses and trailers.

It is one of the top suppliers of private coach buses in the U.S., without having a single manufacturing facility in the country. This will soon change—the company recently announced the construction of its first manufacturing facility in the U.S. in Morristown, Tennessee. The \$50-million, 500,000 s.f. plant will manufacture public transit buses and create 650 jobs. It is expected to be finished in 2021, with the first buses delivered soon after.

After years of consideration, Van Hool decided to invest in a U.S. operation after attending the 2015 Select USA Summit in Washington D.C.

Key site considerations included availability of skilled workers, competitive labor costs, excellent technical schools, sufficient number of suppliers and subcontractors in the area, good highway access and no large multinational automotive companies nearby.



Benedicte Gruwez
Project Consultant
Van Hool

“SelectUSA was a vital resource in our search,” says Benedicte Gruwez, Van Hool’s consultant for the project. “It is a one-stop shop that allowed us to meet representatives from different

states and other key players who helped us select the perfect location. Also, without SelectUSA, we would not have met Gray Construction.”





GRAYWAY

GRAY... WE'RE BUILDING

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EGGER WOOD PRODUCTS

LEXINGTON, NORTH CAROLINA

EGGER selected Gray to partner on its first U.S. manufacturing operation. Situated over 200 acres, the new 815,000 s.f. facility in North Carolina will be a state-of-the-art manufacturing plant, making it the 20th plant for EGGER worldwide. The highly automated facility will include a fully integrated 3D model and laminated wood joist glulams shipped from Europe.

EGGER, founded in 1961, is a family-owned Austrian-based, wood manufacturing company that produces panel products used in a variety of manufacturing items, including laminate flooring, cabinetry, residential and commercial furniture and casework.



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