

## Position Statement – Economic Development in the United States

### Executive Summary

The United States has long served as the largest recipient of foreign direct investment (FDI) in the world in large part because of the economic development programs that federal, state, and local governments operate. These programs help ensure that American communities can compete with other states and countries for investment, jobs, and income. We encourage these programs to utilize incentives and to prioritize investments that will continue to make communities across the country attractive places for companies to do business and innovate in science and technology.

### Why It Matters

The United States benefits greatly when foreign companies invest in local communities, workers, entrepreneurs, and economies. FDI into the U.S. amounted to more than \$177 billion in 2020 and more than \$282 billion in 2019 prior to the COVID-19 pandemic.<sup>1</sup> All told, international companies across the country employ 22 percent of America's manufacturing workforce and have created 80 percent of new U.S. manufacturing jobs in the past five years.<sup>2</sup> Furthermore, these companies annually produce 24 percent of all U.S. exports and reinvest \$67 billion into U.S. research and development (R&D) activities.<sup>3</sup> Every job created by international companies supports three more jobs in the U.S. economy.<sup>4</sup>

The U.S. businesses of Merck KGaA, Darmstadt, Germany, exemplify these trends. Since entering the U.S. market in 1890, our domestic footprint has grown consistently, bolstered by [several acquisitions](#), including:

- The 2010 acquisition of Millipore, a life sciences company headquartered in Massachusetts,
- The 2015 acquisition of Sigma-Aldrich, a leading chemical, life sciences, and biotechnology company headquartered in Missouri, and
- The 2019 acquisitions of Versum Materials, a leading specialty materials and equipment supplier to the semiconductor industry headquartered in Arizona, and of Intermolecular, an innovative advanced materials services supplier headquartered in California.

Over the past 15 years, our company has invested **more than \$43 billion** in the United States. We employ more than 13,000 people at 70 facilities across the country. Our operations lead to the employment of an additional 28,000 people within the U.S. labor market, we place more than \$1 billion worth of orders with U.S. suppliers annually, and one-fifth of every dollar that we spend in the U.S. goes towards R&D.

To encourage investment in communities across the country, the U.S. government offers a range of programs from general workforce development and energy efficiency grants to industry-specific incentives for companies that operate in the United States. State and local governments, often with the help of funds allocated by the federal government, selectively provide these incentives to businesses, especially those with manufacturing operations, to help companies break ground on new facilities, expand and transform existing operations, or keep from relocating elsewhere.<sup>5</sup> These incentives are crucial to our business. The economic development opportunities they create help us create new jobs, innovate, grow our business, strengthen local industry, and invest in communities across the country.

### Our Position

**Our company supports economic development programs that provide grants, tax abatements, credits, and deductions to companies seeking to expand, transform, or locate operations.**

- Our company views tax incentives and grant programs as critical components of economic development. They allow localities to compete for jobs and income, as companies often consider state and local incentives when deciding where to make business investments.

<sup>1</sup> FDI in Figures. (April 2021). Organisation for Economic Co-operation and Development. Retrieved from <https://www.oecd.org/investment/FDI-in-Figures-April-2021.pdf>

<sup>2</sup> Foreign Direct Investment. (2021). Global Business Alliance. Retrieved from <https://globalbusiness.org/about-us/foreign-direct-investment>

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> Francis, N. and Randall, M. (April 24, 2017). State Economic Development Strategies: A Discussion Framework. Urban Institute. Retrieved from: <https://www.urban.org/research/publication/state-economic-development-strategies>



- We understand that tax incentives and grant programs can take on various forms. We support those that seek to attract and retain investment and diversify local economies through the promotion of research and development, manufacturing, job creation, and capital investment.
- We also support empowerment, enterprise, and opportunity-zone programs and tax increment financing (TIF) districts, which seek to stimulate private investment, boost equity, and encourage economic activity in specific communities needing revitalization.

**We believe investments in the local workforce are essential to economic development.**

- As an advanced science and technology company, many of our jobs require specialized skills, training, and expertise, which are not often readily available within local talent pools.
- We strongly support incentives to establish customized occupational and job training programs, such as the reimbursement of training program expenses or support with the creation of training programs with local community colleges.
- We believe that assistance by state and local governments with the establishing and funding of workforce development programs—including partnerships with local educational institutions—can boost a community’s economic productivity, open up career paths to residents, and provide companies with the skilled labor needed to establish or expand operations.

**Our company supports economic development programs that include government investments in innovation and community infrastructure.**

- Our facilities depend on roads, bridges, ports, electric grids, and telecommunications to bring in supplies, ship out products, and ensure our workers can safely commute. We believe that state and local governments play an integral role in ensuring that communities can provide companies access to the public infrastructure they need to thrive in today’s competitive global economy.
- We support incentives that encourage sustainable investments in energy efficiency improvements and renewable retrofits to help minimize a facility’s carbon footprint.
- We also encourage economic development programs to prioritize investments in digital infrastructure, including broadband access and devices, allowing workers, customers, and the community to connect, access online services and resources, and learn remotely.
- We support incentives for investments in innovative technologies and the new digital economy, such as energy-efficient 5G/6G smart antennas (hardware) and data and analytical solutions (software). These investments can boost productivity and resource allocation and spur the manufacturing of key technologies, such as semiconductor chips, equipment, and materials.
- We believe economic development programs are critical to addressing inequities in rural and remote areas, promote health equity, including greater diversity in health data studies, and advance the data-driven transformation of life science and healthcare.

**Our company has a long history of operating and investing in communities across the United States, having invested more than \$43 billion over the past 15 years. Economic development programs and incentives help us pursue opportunities to build new facilities and expand operations around the country. We encourage policymakers to continue to fund these programs and for the programs to collaborate with the business community so that the United States can maintain its status as the premier destination for global investment.**

**About Merck KGaA, Darmstadt, Germany**

*Merck KGaA, Darmstadt, Germany, a leading science and technology company, operates across healthcare, life science and electronics. Around 58,000 employees work to make a positive difference to millions of people’s lives every day by creating more joyful and sustainable ways to live. From advancing gene editing technologies and discovering unique ways to treat the most challenging diseases to enabling the intelligence of devices – the company is everywhere. In 2020, Merck KGaA, Darmstadt, Germany, generated sales of € 17.5 billion in 66 countries.*

*The company holds the global rights to the name and trademark “Merck” internationally. The only exceptions are the United States and Canada, where the business sectors of Merck KGaA, Darmstadt, Germany operate as EMD Serono in healthcare, MilliporeSigma in life science, and EMD Electronics. Since its founding 1668, scientific exploration and responsible entrepreneurship have been key to the company’s technological and scientific advances. To this day, the founding family remains the majority owner of the publicly listed company. For more information about Merck, KGaA, Darmstadt, Germany, visit [www.emdgroup.com](http://www.emdgroup.com).*

