ARIZONA STATEWIDE FDI FRAMEWORK
DRAFT v1.2
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- Outbound FDI Strategies
  - Establish Coordinated FDI Planning/Collaboration
    - Leadership
      - Gov's Support for FDI Initiative
      - State-Level Leadership via ACA
      - Regional & Local Leadership
    - Regular Meetings of FDI Stakeholders
      - Define Stakeholders
      - Meet No Less Than Quarterly
      - Develop FDI Priority Initiatives within Targeted Industry Clusters
      - Agree to Measure Outcomes
      - Consider How Best to Leverage Existing Limited Resources
    - Create Common Data Sharing; Common Market Intelligence Platform*
    - Develop Industry Cluster Based Marketing Materials: Template Format Designed to be Customized by Stakeholder
    - Explore Roles & Responsibilities for Different Types of Stakeholders
    - Explore How Each Stakeholder Accesses and Customizes Shared Information
  - Identify Targeted Industry Clusters (Get Specific)
    - Select just a few industry clusters to start (& then do a deep dive on the data)
      - A&D
        - Technology & Innovation
        - Renewable Energy
        - Bioscience & HealthCare
        - Optics/Photonics
        - Advanced Manufacturing
        - Advanced Business Services
      - Existing Assets
        - GPEC's, TREO and ACA/Shawn's Reports on A&D Industries
        - Next Generation Opportunities
        - Information & Communication Technologies (Strong Position)
          - Az IT Sector Partnership for Workforce Dev (ACA, AZTech Council & Cox
            - Aspen Institute: Communities that Work Initiative
          - GPEC ITC Study
            - Highly Concentrated & Skilled ITC Workforce compared to National Avg
              - 70,000 ITC Employees in Metro Phx
              - Metro Phx ITC Industry contributes $11B to Gross Regional Product
            - Greater Phx Growing 4.5% faster than national avg.
            - Median Income $106,033
            - Expected Job Growth by 2019 14.4%
            - Metro Phx emerging as Software Hub, accelerated by enriched innovation ecosystem
          - Phx is the Cloud
            - Phx Identified as Tier 1 Data Center (Area Development Research Desk) JLL Report http://www.us.jll.com/united-states/en-us/Research/Data%20Center%20Outlook%20-%20North%20America%20-%202014%20-%20JLL.pdf?866ce637-e397-48aa-b2c3-e74ef32f5995
        - ACA BioSciences & Healthcare White Paper
        - City of Tucson Biosciences Paper
      - Do we want to look at a strategy targeting automotive supply chain? Mexico Connection?
        - Velocity Study
          - VELOCITY Target Opportunities Building On Strong Existing Industry Strengths*
            - Active Sensing
            - Cyber Technology & Communications Systems
            - Precision Instruments
            - Intelligent Control Systems & Electronics for Aircraft
            - Advanced Materials Manufacturing
            - Alternative Energy Deployment
            - Mobile Power Management
            - Academic Technologies
            - Healthcare Device & Data
            - Flexible Electronics (micro electronics)
            - Weapons System
            - Satellites
            - RUDY: Sustainable Technology
        - Financial Services*
        - Insurance
        - Real Estate
    - National Cluster Strengths
      - Advanced Manufacturing (Biggest $95B)
      - Fastest Growing
        - Finance & Insurance ($24.1B)
        - Information ($26.3B)
      - Look at Overlay of US Investment vs. Az Cluster Strength to determine Focus Clusters
    - Identify Specific Industry Cluster Strengths
      - Workforce
      - Supply Chain
      - R&D
      - Skilled Labor Force
      - Entrepreneurship/Knowledge Transfer
      - University & CC Collaborations within Cluster for R&D or Workforce Development
      - Supporting Infrastructure
    - Identify Specific Industry Cluster Weaknesses/Gaps
  - Identify Targeted Geographies
    - Az's Biggest Existing FDI Target Countries
      - Germany
      - Canada
      - England
      - Japan
      - France
    - Evaluate Possible Additional Target Geographies, based on Export Strength
      - Mexico
      - Netherlands
      - Switzerland
      - China
      - Israel
  - Identify FDI Targets
    - Identify & Solicit Target Firms within Targeted Geography
      - Develop Dynamic Database of Info regarding each Target Firm
        - Intern Team to research info on Target Firms, including local and foreign contact info, BOD, etc.
        - Use MAG Database of Az FDI Companies as starting point
      - Develop Specific Approach Strategy for each Target Firm
      - Contact Target Firms & Sell
        - Need Capital Markets Expert as part of Sales Team
    - Identify & Solicit Financial Targets within Targeted Geography
      - Need Ready to Go Projects of Significant Size
        - P-3 Projects
        - Privatization Projects
        - M&A
      - Sovereign Wealth Funds within Targeted Geography
      - Capital Market Leaders within Targeted Geography
      - Need Capital Markets Expert as part of Team
    - Identify Secondary Targets
      - All Trade Offices & EDOs within Targeted Geography
      - Specific Industry Associations within Targeted Geography
      - Chambers of Commerce within Targeted Geography
      - Industrial & Commercial Brokerage Firms
      - Site Selection Firms
      - Organizations in the FDI Space
        - Org. for International Investment
        - USA Select
  - Identify Mexico "Platform" Strategy by Industry: Answer the question Why is Az the right platform for your exports into Mexico/Latin America. What are we asking them to site in Az? What makes sense?
    - Automotive?
    - Impact of Free Trade Agts
    - A&D
    - Medical Dev.
    - Bio Tech
  - Develop FDI "AfterCare" Program for Existing FDI Investors in Arizona Aimed at Ensuring Success of Investment and *Expansion* Within Region
    - 70% of FDI in US Comes from Existing FDI Investors (Expanding Initial Investment)
    - Need to Map Current Az FDInvestors, including Company Names, Industries, and Highest Level Contact Info (Dynamic List)
      - Regular Leadership Outreach Both to Local Contact & Parent Co.
        - Trips to Host Country Leadership to Advocate for Additional Growth/Investment in Region
      - Geographic Proximity Without Regulatory Hassle
    - Consider Specialized Strategy to Attract Expansion Opportunities from CA Based FDI Companies
      - Database of CA FDI Companies w/ Targeted Industries (Refinement of ACA Current Outreach Strategy)
      - Total Landed Cost Analysis to Help Sell
    - Business Support After Investment is Important Part of Follow-On Investments
      - ACA "Expand" Team
      - Role of Phx Forward (Expansion Focus) - Greater Phx Chamber
      - OFII Understanding Aftercare Repot: Aftercare Best Practices
  - Build FDI Strategy into Existing EDO Trade Missions (Leverage Existing Export Efforts to Build in FDI Component & Encourage Reverse Trade Missions)
  - Deploy Policy Initiatives Designed to Improve Az's Attractiveness as an FDI location
    - P3 Opportunities
      - Consider Statewide Coordinator for P3
      - Consider Legislative Fixes to Facilitate Use of P3 Tool Across Multiple Sectors (Transportation/ Energy/Environment)
        - Evaluate Current & Prospective Legislative Scope (State Level)
          - Transportation
            - Only Sector with P3 Enabling Legislation at State Level
          - Energy
          - Environment
          - Govt. Services
          - IT Infrastructure
          - Justice/Corrections
          - Water/Wastewater
          - State Parks
          - State Land Dept
        - Cities & Towns have Greater Existing Flexibility to Structure P3 Projects
      - Build Database of P3 Projects in Arizona at State & Local Levels (Consider Bundling Smaller Projects to Achieve Mass)
      - Market P3 Projects to Sovereign Wealth Funds & Capital Market Experts in Targeted Geographies
        - No existing P3 Ready to Go List at the State or Local Levels
        - No Current Efforts to Bundle P3 Projects to Achieve Sufficient Financial Size to Warrant Capital Market Attention
    - Corporate Tax Code Reform
      - Lower Taxes on Goods Producing Companies
      - Az Needs to Maintain its "Tax Equality" Approach - Don't Create State Tax Inequities for Foreign Corps with US Subs (OFII Avoid Buy America Legislation)
    - Revitalize Competes Fund Workforce Training Funds (most used program)
      - Tax Increment Financing Legislation
    - Expansion of Intl. Air Service
    - Evaluate State Lands Issues
  - Branding/Messaging: Develop & Deploy a Marketing Campaign that Brands Arizona as an FDI Destination
    - Governor is the Face of the Brand & Needs to Lead Outreach to Targeted Geographies (Travel)
    - Define Outbound Marketing Targets
      - Site Selection Firms
      - Industrial and Commercial Brokerage Firms
      - Sovereign Wealth Funds in Target Countries
      - Capital Markets Leaders in Target Countries
      - Trade Offices and EDOs in Target Countries
      - Specific Industry Associations in Target Countries
      - Parent Companies of Existing FDI M&A Investments (decision makers)
        - Goal: Increase Awareness of Az Assets & Az's Interest in Attracting More FDI from Targeted Geographic Region
        - Goal: Increase Size of Existing Investment in Az/Expansion
        - Goal: Advocate for Az within Peer Circle
      - Chambers of Commerce in Target Countries
      - Media Buys in Site Selection Tools like AreaDevelopment.com
      - Trade Shows related to Targeted Industries
      - Organizations in FDI Space
        - OFII
        - Select USA Team
    - Establish System for Regular & Consistent Outreach (and tracking) to Outbound FDI Targets
    - Integrate Asset Mapping of the Region into Overall Attraction Strategy
    - New ACA App as Communications Tool
    - Host Signature Event Focusing on FDI attraction - Forum for Attracting FDI to AZ Region (ACA: 5th American Competitiveness Exchange April 2016))
    - Consider Sun Corridor Branding Strategy (Phx-Tucson Region)
      - 85% of Az Population Lives within Sun Corridor (represents only 15% of Geographic Area)
      - Sun Corridor is Largest Economy in Intermountain West (by Population and GDP)
        - Larger than Idaho, NM, Wyoming & Montana Combined
        - Larger than any of LV, Salt Lake, or Denver/Front Range
      - Surprisingly High Density
        - 85% of Sun Corridor Population Lives on 5% of the Land: 4.4 mil on 1220 Acres of - Higher Density than Atlanta
        - Lots of Protected Spaces Ensuring Lifestyle Amenities
      - Greater Industrial Diversity than Seattle, LA and LV
      - Significantly Younger Population demographic than National Avg
        - High Available Supply of Young Workers
      - High Growth Rate - 60% Growth between 2010-2040
      - Proximity to Mexico & South America - Platform for Trade
  - Extend & Integrate FDI Outreach
    - Az Tourism Organizations
      - Work with Tourism Development/ Promotion Industry to Provide Investment Messaging for International Tourists
      - Build FDI Awareness into Tourism Infrastructure
      - Understand Whether They Have Outreach to Business or Business Organizations — Pitch or Connect
    - Az Universities & Community Colleges
      - R&D & Workforce Dev. focused on Specific Industry Clusters are Key FDI Attraction Tools
        - Identify all R&D Projects in Targeted Industries (Dynamic List)
        - Identify all Workforce Devel. Projects in Targeted Industries (Dynamic List)
      - Explore Alumni Network in Targeted Geographies
      - Foreign Exec MBA Programs
        - Global Ties (Mel)
      - Foreign Exchange Students
        - Provide Students & Families Info about Region (nurture long term links to Az)
    - Honorary Counsels in Targeted Geography's (as lead into Country Desks in DC and Trade Offices in Country)
    - Sister Cities Programs
      - Leverage Relationships in Existing Sister Cities Programs within Targeted Geographies to Build Awareness of Az as FDI Destination
      - Provide Az FDI Marketing Materials to Program Managers within Sister Cities Programs Across State
    - Innovative Opportunities: EB-5 Regional Centers
      - Build Awareness of AZ FDI priorities into EB-5 Regional Centers
      - Build Awareness of Available State Incentives into EB-5 Regional Centers (let the existing infrastructure help advance Az priority projects)
      - Communicate Az P3 Priorities to Regional Centers
    - Plug into SelectUSA infrastructure (leverage fed assets for attraction)
      - Single Location Promotion Services
      - Facilitated Investment Missions
      - Economic Development Organization Counseling
    - Plug into OFII infrastructure
      - FDI Frontlines Coalition FDIfrontlines.org
        - Insourcing Access
        - Info re Policy Changes that Impact FDI Attraction: Proactive Policy Suggestions for State Level
      - GPEC is member
    - Arizona Zanjeros
      - CEO "Host Committee"
      - Tie into FDI Strategy as Ambassadors
- Inbound vs Outbound FDI
  - Inbound: Deal Becomes Known as a Result of Inquiry from Outside (Broker, Company, Site Selection Firm, etc.)
    - AZ Ok At Responding to Inbound
  - Outbound: Az Targets Particular Countries for FDI and Deploys an FDI Attraction Plan
    - Az Would Benefit from Comprehensive Outbound FDI Strategy
- Greenfield vs. M&A
  - Greenfield (Approx. 15-20% of Total FDI)
    - Current Az Strategy is Exclusively Greenfield
  - M&A (Up to 80% of all US FDI is M&A Based)
    - Currently Az Does Not Execute Outbound FDI Strategy for M&A
    - Political Issues
    - Metrics Issues: Job Creation is What Gets Measured and Incented, Which Does not Always Work with Initial M&A Investment.
- Understand the Factors Driving FDI Decisions
  - 1. Availability of Skilled Labor*
  - 2. Highway/Transp. Access
  - 3. State & Local Incentives*
    - Real or Personal Property Investment
    - Cash Grants
    - Tax Credits
    - Job Creation
    - Worker Training
  - 4. Available Land
    - Site Selectors search sites like FastFacility.com to find listings of available sites & buildings
    - Premium for Shovel Ready or Pre-certified Site
    - Ready to Go Facilities
  - 5. Proximity to Major Markets
  - 6. Labor Costs
    - Premium for Right to Work States
    - Perceived Greater WorkForce Flexibility, Driving Competitiveness
  - 7. Tax Exemptions/Tax Policy (OFII)
  - 8. Energy Availability & Cost
    - Interest in Evaluating Unconventional Sources of Energy to Drive Down Costs
    - Interest in Sustainable Dev. Making Energy Saving Facility Modifications & Interest in Green Initiatives
  - 9. Quality of Life
    - Universities & Colleges
    - Low Crime Rate
    - Weather
    - Housing Costs/Availability
  - Fit within Supply Chain (SME Question)* Who Do You Sell To Within the Region
- Eight Countries that Drive 80% of US FDI
  - UK*
  - Japan*
  - Netherlands
  - Canada*
  - France* (big downward trend)
  - Switzerland
  - Germany*
  - Luxembourg
- Data Issues relating to Tracking FDI Activities
  - Data Sources
    - Greenfield
      - IBM's Global Investment Locations Database (GILD)
      - FDI Markets (Financial Times)
      - Bureau of Economic Analysis (BEA)
      - United Nations Conference on Trade & Dev. (UNCTAD)
      - Coordinated Direct Investment Survey (IMF)
      - IBM Plant Location International (PLI)
    - M&A
      - Bloomberg
    - Both M&A & Greenfield
      - iSell Avention (formerly OneSource)
      - Dunn & Bradstreet
      - Bloomberg
- FDI Goals
  - Double FDI in Arizona by 2020
  - XX% FDI Increase in Advanced Industries (Measured by Employment, Number of Firms and Number of Investment Transactions)
  - XX% FDI Increase in XX Industry (Measured by Employment, Number of Firms, Number of Investment Transactions)
  - XX% Increase in the Number of Firms Investing (Jobs Created) in the Region from Az's Traditional Source Countries
  - XX% Increase in the Number of Firms Investing (Jobs Created) in the Region from New Targeted Markets
- Metrics
  - M&A (80% of All FDI)
    - Percent Increase in FDI Investment by Industry Sector and by Geographic Region
  - Greenfield
    - Percent Increase in FDI by Existing Foreign Companies by Industry Sector
    - Number of New Greenfield Firms by NAICs Codes
    - Percent Increase in Number of "Touches" per Identified Geography (Measure Increase in # of Contacts with Strategic Relationships Within Each Selected Geographic Region)
  - LORA'S Metric Chart
- Dynamic Data Portal
  - Data Supporting AfterCare Strategy
    - All Az FDI Companies
    - All Calif. FDI Companies by Industry
  - Data Supporting Traditional FDI Target Firms
    - All Companies within Target Geographies providing Goods or Services in Target Industries
    - Ready-To-Go Sites/Facilities Dynamic List to at existing Ready-To-Go Sites/Buildings (Dynamic List - ACA Project List http://www.azcommerce.com/sites/; GPEC: http://www.gpec.org/doing-business-in-phoenix/available-sites; TREO http://treoaz.org/index.php/site-selection/available-sites; AZTech Park Space at UofA and ASU and NAU)
      - EXAMPLE OF THIS DONE WELL: http://www.tnecd.com/sites/available-sites/
  - Secondary Target Identification
    - All Trade Offices & EDOs in Target Geography
    - Trade Associations in Target Geography for Target Industry
    - Chambers of Commerce in Target Geography
    - Industrial & Commercial Brokerage Firms Contacts
    - Site Selection Firms
  - Data Supporting Financial FDI Targets w/i Selected Geographies
    - Identify all Sovereign Wealth Funds within Target Geography
    - Identify all Capital Markets Leaders within Target Geograph
    - Dynamic List of All Ready-To-Go Projects
      - P-3
      - Privatization
      - M&A
  - Academic Data/Universities
    - University R&D in Target Industries(Grant $) (Profs)
      - SCIVAL-identify University Researchers with specific areas of expertise based on their publications & grants https://researchadmin.asu.edu/scival
      - ABOR Tech & Research Initiative http://researchaz.org
    - Workforce Development Projects in Targeted Industries
  - Analysis & Marketing Data
    - Asset Mapping for Az Region (Public Access)
    - Templatized Marketing Materials for Targeted Industries
  - Performance Metrics Dashboard

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