

Client: Industry and Trade Office - Foreign Government

Background

Our client sought to understand and address its ability to procure foreign direct investment for new automotive assembly and technical center investments. We were retained, over a period of several years, to provide the industry and trade office of a foreign government with insight and analysis as to potential investors (i.e. automobile OEMs), how other governments (particularly select southern US States and Mexico) had obtained such investments, and what steps it should take in order to gain consideration for new investments.

Services Provided

We provided a series of reports addressing the following:

- 1)** Examine the history of “Greenfield” investments by foreign automakers within the US and Mexico since the 1980s;
- 2)** Understand the future potential for foreign luxury automakers to make new investments in North America;
- 3)** Develop the rationale why foreign automakers were making substantial investments in Mexico;
- 4)** Provide an in-depth review and analysis of selected foreign automakers that had made or could make new or additional investments in North American production; and
- 5)** Look at the investment history of foreign automakers and selected foreign suppliers in developing technical centers in the US.

We also made several trips to present our work to the client and participated in an internal, off-site trade conference.

Benefits to the Client

We showed the client that governments which were successful in landing new investment from foreign automakers took a pro-active role in a wide variety of endeavors to position their jurisdictions as attractive for investment. This included establishment of foreign business investment offices, sales calls on prospective investors including active efforts by top level government officials, forward-looking land and infrastructure development, and fostering a cooperative environment between public and private entities. We also found that government financial incentives – such as direct or indirect cash contributions, tax credits, or tax abatements for example – were less important for initial consideration and were never the sole reason for final site selection. Instead, decisions by investors often came down to the willingness for governments to develop and execute upon specific plans to assist the investor. Basically, it required a dedicated effort by government to provide the requisite site, infrastructure development (roads, highway interchange, ports, etc.), and job screening and training along with technical educational programs designed for automotive manufacturing. Most importantly, it was the willingness of the top executive of the jurisdictions (state, county, and local) to become personally involved in selling, removing obstacles, and setting the tone for a successful investment.