



TOWN OF
HALTON HILLS
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REPORT

TO: Mayor Bonnette and Members of Council

FROM: Graham Lowe, Senior Economic Development Officer

DATE: February 9, 2022

REPORT NO.: ADMIN-2022-0007

SUBJECT: Foreign Direct Investment (FDI) Attraction Strategy - Implementation Update

RECOMMENDATION:

THAT Report No. ADMIN-2022-0007, dated February 9, 2022, regarding the Foreign Direct Investment (FDI) Attraction Strategy - Implementation Update, be received;

AND FURTHER THAT, in order to continue to showcase Halton Hills as a prime investment destination, Council direct staff to proceed with 2022 Foreign Direct Investment (FDI) implementation, as outlined in this report, including the implementation of a business-based trade mission in Fall 2022 to Germany and Netherlands.

KEY POINTS:

The following are key points for consideration with respect to this report:

- Foreign Direct Investment (FDI) is a key part of the Town's comprehensive economic development efforts and part of the Town's broader Economic Development and Tourism Strategy. FDI activities can benefit local businesses, help attract high quality local jobs and increase non-residential assessment.
- The core objective of the Town's FDI Attraction Strategy is to generate net new investment and jobs in Halton Hills by enhancing the Town's presence and competitiveness in the global marketplace, increasing the amount of investment leads in target sectors, and developing relationships with key in-market stakeholders – including the Canadian Trade Commissioners in Berlin and The Hague.
- Halton Hills' FDI Attraction Strategy is focused on Germany and the Netherlands as target markets, and the sectors of Advanced Manufacturing, Food and Beverage Processing, Agri-Business, and Clean Technology/Renewable Energy.

- Over the past two years, due to a focused and impactful workplan, the Town's capacity to attract and retain FDI has improved significantly. This has included the development of four sector-specific Investment Business Cases, a new Halton Hills' Community Profile, a Halton Hills FDI Pitchdeck, planning of an in-market trade mission, developing an investment lead pipeline of approximately 60 companies, and successfully applying for external funding.
- Work to-date has built a solid foundation from which to execute a successful trade mission in 2022. There is still much global uncertainty regarding COVID-19's impact on FDI. However, pending favorable conditions, the Town is tentatively planning for an FDI delegation/trade mission to Germany and Netherlands in Fall 2022.
- To be successful, FDI attraction requires sustained effort and a long-term commitment to identify, service and realize investment opportunities.

BACKGROUND AND DISCUSSION:

1. Context and Importance of FDI

In 2019, Halton Hills began development of a five-year FDI Attraction Strategy, accompanied by a three-year Action Plan to elevate the Town's global competitiveness. In March 2020, Halton Hills' first FDI Attraction Strategy was approved by Council.

The Town's FDI Attraction Strategy:

- Provides an actionable and business case-based roadmap for Halton Hills to be competitive and grow its local economy;
- Augments and aligns with regional, provincial and national FDI efforts;
- Recommends how best to raise awareness of Halton Hills' Unique Value Proposition in foreign markets; and,
- Identifies and builds on strengths of the existing local business community.

FDI is part of the Town's comprehensive economic development workplan, and part of the Town's broader Economic Development and Tourism Strategy. FDI activities can benefit local businesses, help create quality local jobs, increase non-residential assessment and attract net new jobs. According to the Conference Board of Canada, it is estimated that every \$1.00 spent on FDI generates about \$3.20 in total economic output. FDI is also a key part of the Town's business continuity and investment attraction activities. It is part of the Economic Recovery and Resiliency Plan (ERRP) – a targeted set of initiatives to support post-COVID-19 economic recovery – with the goal to:

- Enhance Halton Hills' presence in the global marketplace;
- Ensure economic competitiveness;
- Increase the flow of international investment into Halton Hills;
- Grow local jobs and increase economic diversification;
- Create a more balanced assessment ratio; and,

- Develop international partnerships with key stakeholders that will strengthen the Town's investment readiness and economy.

Over the past two years, Halton Hills' capacity to attract, service and retain FDI has significantly improved. This is largely due to the implementation of an impactful workplan. In 2021, this included establishing an "Investment Attraction" sub-section within the Economic Development, Innovation and Culture division. This organizational change helped transition more investment lead generation activities in-house and better aligned the Town's FDI activities with the Business Concierge Program.

The alignment between the Town's FDI activities and the Business Concierge Program provides a clear path for companies investing in Halton Hills. As companies in the FDI pipeline progress through the pre-qualification process, they naturally feed into the Business Concierge Program once an investment decision is made. When the development is complete, companies then feed into the Town's Business Retention & Expansion (BR&E) Program for aftercare and servicing:

Figure 1: Halton Hills' Economic Development Investment Path



2. Significant Implementation Progress to Date

Implementation of the Town's FDI Attraction Strategy began in Spring 2020 with the planning of an in-market trade mission, as well as the research and preparation of four industry-specific Investment Business Cases (IBCs) to highlight Halton Hills' investment opportunities to companies looking to expand internationally.

Although COVID-19 caused the physical trade mission to be delayed, implementation of the FDI Attraction Strategy continued throughout 2020. This included completion of the following deliverables:

- Four sector-specific Investment Business Cases in the target sectors of Advanced Manufacturing, Agri-business, Food Processing, and Clean Technology;
- An updated Halton Hills' Community Profile (Appendix A);

- Development of an investment leads pipeline with about 60 foreign companies;
- Participation in two international virtual trade fairs; and,
- Establishment of a solid foundation for future in-person trade missions.

In 2021, there was a continued focus on investment lead generation and pre-qualification, attending virtual tradeshows, and building relationships that will strengthen future in-market activities. However, COVID-19 again impacted the Town's ability to execute an in-market trade mission. Consequently, throughout 2021, a solid foundation continued to be built for future in-market trade delegations. In particular, staff continued to refine the Investment Business Cases and developed a comprehensive FDI Pitchdeck to help communicate the Town's unique investment value proposition. Other 2021 FDI activities included:

- **Outreach to the Company Lead Pipeline** – Staff engaged with a pipeline of approximately 60 company leads to gain insight into expansion plans and timelines. While some companies indicated that they were pausing expansion plans due to the pandemic, about one third of firms were interested in learning more about Halton Hills' investment opportunities. Furthermore, the Town's use of digital lead generation software led to the generation of new investment leads. These have been added to the Town's FDI pipeline and will be further qualified in 2022.
- **Meetings with Trade Commissioners** – Staff engaged directly with Trade Commissioner staff from both the Berlin (Germany) and The Hague (Netherlands) offices, based at the Canadian Embassies. Doing so yielded valuable information about how to better frame and refine Halton Hills' FDI Value Proposition, what matters most to companies in these target markets, as well as insights into cultural differences and business practices. These meetings also led to further meetings and relationship-building opportunities with the Ontario Trade and Investment Offices, as well as with investment intermediaries such as the Netherlands-Canada Chamber of Commerce and the German Canadian Business Association.
- **Outreach to Local Developers/Realtors** – Given that the vast majority of Halton Hills' future employment growth will be concentrated in the Premier Gateway employment area, the Town's Investment Attraction team continues to engage with developers and realtors who are currently active in the area. Thus far, Town staff have had over a dozen meetings with developers and realtors to better understand their future development plans and identify potential connections with the Town's current Investment Business Cases. Thereafter, staff refined and connected the existing Investment Business Cases with specific investment opportunities and parcels of land.

The focus for the latter half of 2021, and now into early 2022, has been on securing approximately 15 virtual meetings with pre-qualified investment leads.

Wherever possible and appropriate, staff have also connected with Toronto Global, Halton Region and other municipalities. One example of this includes the launch of Toronto Global's targeted Halton Regional Campaign in Fall 2021, with a focus on the automation and e-mobility sectors. This initiative included a spotlight section on Hayward Gordon, a growing manufacturing business located in the Premier Gateway. The Town will continue to build local capacity by advancing its five-year FDI Attraction Strategy, while collaborating with external stakeholders where applicable.

3. 2022 Implementation

3.1 Q1-Q2 2022

In Q1 and Q2 of 2022 the focus will be on using the current investment pipeline of target companies and leads to secure 15-20 in-market meetings for a Fall 2022 trade mission. Staff will also continue to leverage a new virtual lead generation platform that provides:

- Access to actionable data, with a proven track record to identify investment prospects;
- Capability to identify, target and rank high/fast-growth and expanding companies in both domestic and international markets;
- Access to key information for business development outreach, including key contacts, company insights, performance data, supply chain information, as well as international footprint details such as location of head office, operations facilities, branches and subsidiaries;
- Ability to search sectors of interest to the Town, including the Green Economy and Clean Technology sector;
- Insights into supply chains; and,
- Ability to monitor growing companies in Halton Hills, Halton Region, Greater Toronto Area, Ontario and Canada.

The Town will also be launching a robust digital marketing campaign to deliver engaging and high-quality marketing content to showcase local investment opportunities and Halton Hills as a prime investment destination. As the first-of-its-kind digital campaign for the Town, it will target senior business executives and decision-makers. The campaign will also leverage the new [InvestHaltonHills.com](https://investhaltonhills.com) website. Ultimately, it will drive an impactful investment message, complement existing efforts, strengthen relationships with existing investment leads, identify new leads, and yield measurable results.

3.2 Q3-Q4 2022

In the third and fourth quarters of 2022, the focus will shift to executing Halton Hills' first FDI trade mission to Germany and Netherlands, per the recommendations of the Town's FDI Attraction Strategy. To maximize efficiency and effectiveness, one trade mission in 2022, combining both countries, is recommended.

Considerable work to-date has built a solid foundation from which to execute a successful business-driven trade mission. Mission planning is being undertaken while being mindful of applicable COVID-19 protocols. The mission will only be executed if it is safe to travel. It is planned for Fall 2022 in anticipation of easing of travel restrictions and a continued return to in-person meetings and events, including major trade conferences.

The trade mission will centre on a robust schedule. Employing best practices, it will focus on pre-qualified, face-to-face meetings with investors who currently have no presence in Canada, but who have expressed interest in investment opportunities that have been identified in Halton Hills. Complementing the pre-qualified meetings, will be targeted meetings with intermediaries and investment decision influencers in Halton Hills' priority sectors, specifically advanced manufacturing, food and beverage processing, green technology/renewable energy and agri-business. To cover both Germany and Netherlands, the trade mission will be about 14 days.

The trade mission will also include the Halton Hills in-market team's participation in a sector-specific, in-person trade fair (pending event dates). Staff's participation in earlier virtual trade fairs in 2020/2021, has laid the foundation for attendance at corresponding in-person events scheduled for 2022.

Recognizing that investment attraction is a long-term process, requiring ongoing commitment, the 2022 trade mission is anticipated to be the first of such missions. While the first mission will be strictly business-focused and lay the foundation for future investments and solidify international relationships, subsequent missions will be needed to sustain momentum, continue to elevate Halton Hills' profile as a prime investment destination, and to help ensure that investment leads translate into actual investments in Halton Hills. Given this, it is recommended that the initial trade mission consist of a small group of Town staff. Future missions are anticipated to include political representation, with the additional goal to explore broader community-to-community partnerships.

Key deliverables of the first trade mission include:

- Design and implementation of a combined 14-day FDI trade mission to Germany and Netherlands. About 3 or 4 staff are anticipated to compose the delegation. Trade mission funding will come from a combination of external grants and an existing capital account established to, in part, implement the FDI Attraction Strategy.
- Holding about 15 pre-qualified in-person investment meetings with companies that have been presented with the Town's FDI Marketing Package and targeted Investment Business Cases, and have expressed and confirmed their intentions to meet and further discuss such opportunities.
- Holding 3 to 5 meetings with investment influencers, in order deliver the Canada-Ontario-Halton Hills' FDI Pitchdeck presentation – with the goal to generate additional leads for companies that will be earmarked for post-mission follow-up.

- Identifying 3 to 5 companies from the trade mission meetings to target for a familiarization tour and soft-landing program in Halton Hills in order to advance their market due diligence.

4. Conclusion

Successfully advancing implementation of the Town's FDI Attraction Strategy will elevate Halton Hills' economic competitiveness and help attract new investment and jobs. FDI is an important part of the Town's business continuity and investment attraction activities – the importance of which has been amplified by the pandemic, as communities strive to attract investment as a way of expediting COVID recovery and to capture positive economic impacts.

Recognizing the benefits of local FDI efforts, the Town's FDI program has benefited from multiple funding grants in recent years, including funds covering part of the trade mission costs.

The Town's FDI activities also align with, and complement, the ongoing preparation of the Premier Gateway Phase 2B Secondary Plan. A steady supply of investment-ready lands is needed to attract and accommodate new non-residential investments and the associated local jobs.

STRATEGIC PLAN ALIGNMENT:

This report aligns to the Town's Strategic plan recognizing the value to foster a prosperous economy, maintain and enhance the economic vitality of the town through the provision of a wide range of opportunities for economic development.

This report also identifies shaping growth as one of the Town's Strategic priorities.

RELATIONSHIP TO CLIMATE CHANGE:

This report impacts and/or helps address climate change and the Town's resiliency through climate adaptation.

By implementing the FDI Attraction Strategy, the Town has an opportunity to attract, grow and leverage a local Clean Technology sector or cluster. Doing so, will leverage Council's Climate Emergency Resolution and help showcase Halton Hills as a destination for Clean Technology businesses - one of the FDI Attraction Strategy's target sectors. Germany and Netherlands are leaders in the latter sector. As such businesses locate in Halton Hills, they can contribute to delivering the products, services, research and/or partnerships that are required to implement climate mitigation and adaptation actions.

PUBLIC ENGAGEMENT:

Public Engagement was not needed as this report is administrative in nature.

INTERNAL CONSULTATION:

Finance staff were consulted with regards to the financial aspects of the Town's FDI activities as part of the review of the Economic Development and Tourism Strategy Implementation Plan (Report ADMIN-2021-0036). Corporate Communications staff have been consulted on the FDI marketing materials, and Climate Change staff were engaged to provide insight on the Clean Technology/Renewable Energy Investment Business Case.

FINANCIAL IMPLICATIONS:

This report will be funded through an existing approved budget source.

Over time, the Town's FDI workplan is designed to help attract new non-residential assessment and high-quality local jobs in the Town's target sectors, and create more live-work opportunities. The resulting tax revenue will contribute to the Town's financial health and ability to deliver the services that residents and businesses rely on, as well as advance Council's strategic priorities.

Reviewed and approved by,

Damian Szybalski, Director of Economic Development, Innovation & Culture

Chris Mills, Chief Administrative Officer