



REPORT

TO: Mayor Lawlor and Members of Council

FROM: Graham Lowe, Senior Economic Development Officer

DATE: February 22, 2023

REPORT NO.: BEC-2023-003

SUBJECT: Foreign Direct Investment (FDI) – Implementation Update and Results

RECOMMENDATION:

THAT Report No. BEC-2023-003, dated February 22, 2023, regarding the Foreign Direct Investment (FDI) - Implementation Update and Results, be received for information.

KEY POINTS:

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

- Foreign Direct Investment (FDI) is a common municipal and government economic development strategy.
- Foreign Direct Investment (FDI) is a key part of the Town's proactive and 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 and associated municipal tax revenue.
- FDI activities enhance the Town's presence in the global marketplace, increasing the amount of FDI leads in target sectors, and developing relationships with key in-market stakeholders.
- Halton Hills' FDI Attraction Strategy is focused on Germany and the Netherlands, and the sectors of Advanced Manufacturing, Food and Beverage Processing, Agri-Business/Agri-Tech, and Clean Technology/Renewable Energy.
- FDI is only one tool in the Town's economic development tool box, supplemented by numerous other programs/initiatives that support the full range of existing and new businesses through programs such as Digital Main Street, Community

Improvement Plan (CIP), Business Concierge, tourism, and creative sector supports.

- Through Report No. [ADMIN-2020-0006](#) Council approved the Town's first [Foreign Direct Investment \(FDI\) Attraction Strategy](#) as an additional tool to elevate Halton Hills' competitiveness.
- Through Report No. [ADMIN-2022-0007](#) and Memorandum No. [BEC-2022-0002](#) Council directed staff to proceed with the implementation of a focused trade mission in Fall 2022 to Germany and Netherlands.
- The Fall 2022 trade mission was highly successful, with over 20 face-to-face meetings with pre-qualified investment leads and 7 key investment intermediaries, 5 companies identified for ongoing investment follow-up, and significant exposure of the Halton Hills brand as a prime investment destination.

BACKGROUND AND DISCUSSION:

1. Context and Economic 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 a 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.

Attracting inward investment helps create economic diversity, attract higher-paying quality jobs, and maximize non-residential assessment and job density. The Town's FDI efforts target higher density uses such as manufacturing. Compared to warehousing uses, manufacturing requires significantly less square feet of building space per employee.

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, including the ongoing recovery from the COVID-19 pandemic, 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.

The alignment between the Town's FDI activities, the Business Concierge Program, and the Business Retention & Expansion Program provides a clear path for companies investing in Halton Hills (Figure 1). As companies in the FDI investment pipeline progress through the pre-qualification process, they 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

1.2 FDI in Canada

Along with many communities in the Greater Toronto Area (GTA), of all sizes and geographies, Halton Hills recognizes that improving the Town's capacity to attract FDI can help drive economic prosperity. In addition to municipal efforts, there are several organizations at the federal, provincial and regional levels that engage in FDI activities, many of which organize their own trade missions. Halton Hills is part of this network (Figure 2).

Halton Hills' FDI Attraction Strategy and Action Plan was developed to complement, augment and extend the investment attraction activities undertaken by other organizations and levels of government. The Town continues to build internal capacity to service any investment leads, while improving the Town's own capacity to attract, retain and expand FDI in the local community.

The Town's FDI efforts are focused exclusively on attracting investment to Halton Hills by leveraging detailed knowledge of local investment opportunities, market and community value propositions, and tailoring all messaging through a Halton Hills-focused lens. These actions complement and supplement FDI activities undertaken by other organizations, rather than duplicating them.



Figure 2: Halton Hills' FDI Partners in Canada and Abroad

One particularly relevant strategic partner to consider is Toronto Global (TG). TG is a non-profit investment attraction agency that supports the expansion of foreign-owned businesses to the Toronto Region. As an arms-length organization representing municipalities throughout the GTA, TG is partially funded by Halton Region, in addition to the provincial and federal governments. Consequently, through the Town's location within Halton Region, Halton Hills is an indirect participant in TG. Halton Hills will continue to work collaboratively with TG wherever appropriate, as well as with Halton Region and other local municipalities in the Region.

2. Significant Implementation Progress to Date

Over the past two years, Halton Hills' capacity to attract, service and retain FDI has significantly improved. Investment lead generation activities are largely done in-house and aligned with the Town's economic priorities.

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;
- 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 proactive investment lead generation and pre-qualification, attending virtual tradeshows, and building relationships to 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 series of FDI pitchdecks to help communicate the Town's unique investment value proposition. Other 2021 FDI activities included:

- *Outreach to the Company Lead Pipeline:* Staff engaged with approximately 60 companies to gain insight into their expansion plans, and generated new investment leads.
- *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. This yielded valuable information about local business practices and led to further meetings 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:* Staff continued to meet with developers and commercial realtors to stay current on their future development plans and to identify potential investment opportunities.

3. 2022 FDI Implementation and Trade Mission

3.1 Q1-Q2 2022

In 2022, focus shifted to planning and executing Halton Hills' first in-market, international trade mission. The objective was to showcase Halton Hills and attract new investments from abroad by conducting in-person meetings with pre-qualified

companies and investment intermediaries. The Town's current investment pipeline of target companies and leads formed the basis of the trade mission, with the goal to secure 15-20 in-market meetings.

In Q2 2022, the Town launched a 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 targeted senior business executives and decision-makers through LinkedIn. The campaign also leveraged the new [InvestHaltonHills.com](https://investhaltonhills.com) website. The campaign was very successful in driving an impactful investment message, garnering approximately 110,000 impressions and approximately 300 downloads of Halton Hills' Advanced Manufacturing Investment Business Case (Figure 3).



Figure 3: Digital Advertising Campaign Advertisement Example

3.2 Q3-Q4 2022

In the third and fourth quarters of 2022, staff continued to advance the workplan for Halton Hills' trade mission to Germany and Netherlands. It was designed with input from key provincial and federal government officials, industry stakeholders such as Toronto Global, and professional consultants.

The trade mission centered on a robust schedule. Employing best practices and to maximize impact, it focused 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, was attendance at the Smart Product Solutions (SPS) advanced manufacturing tradeshow in Germany, as well as targeted meetings with intermediaries

and investment decision influencers in Halton Hills' priority sectors. To cover both Germany and Netherlands, the trade mission duration was 14 days.

Recognizing that investment attraction is a long-term process, the 2022 trade mission was the first of such missions. Subsequent missions will likely 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 investments.

Key deliverables for the first trade mission included:

- Design and execute a combined 14-day FDI trade mission to Germany and Netherlands, with a delegation size of only two staff;
- 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;
- 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 to be earmarked for post-mission follow-up; and
- Identify 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 in-market due diligence.

3.3 Trade Mission Successes and Lessons Learned

The Fall 2022 trade mission was highly successful, with over 20 face-to-face meetings with pre-qualified investment leads and 7 key investment intermediaries (13 Netherlands; 17 Germany), 5 companies identified for ongoing investment follow-up, and significant exposure of the Halton Hills brand as a prime investment destination. This significantly exceeded the pre-mission goal of 5-10 meetings per market.

Additional key successes included:

- *Lead Generation & Qualification:* Staff identified investment opportunities in Halton Hills' key sectors and gained better understanding of prospects' needs and investment timelines;
- *Trade & Investment Opportunities:* Through meetings with investment intermediaries, staff identified future Business Retention & Expansion opportunities for potential future trade missions;
- *Market Intelligence:* A wealth of primary market research was obtained during the mission which will allow for continuous improvement on the Town's FDI marketing materials, pitchdecks and investment value propositions. This market intelligence will help to refine the Town's lead generation/pre-qualification

parameters moving forward, as well as refine the Town's approach – based on cultural considerations – when engaging companies in future; and

- *Relationship Building*: New relationships were formed, and existing relationships were strengthened. In-person meetings provided staff with the opportunity to demonstrate that Halton Hills' is taking a strategic approach to FDI and will be capable and responsive partner moving forward. These relationships with investment intermediaries and influencers, including Chambers of Commerce, Global Affairs, Consulates and investment promotion organizations, will serve as the foundation of new lead generation channels moving forward.

4. Next Steps

Upon returning from the trade mission, staff followed up with all contacts. Digital copies of Halton Hills' FDI marketing package were provided. Staff have also had a number of follow-up virtual meetings with investment intermediaries to debrief from the trade mission and to discuss future plans.

In 2023, staff will continue to leverage past successes, follow-up with existing leads, and advance ongoing in-house lead prospecting activities through the use of virtual lead generation platforms. Partnership opportunities for future joint trade missions with other organizations (e.g. Toronto Global) are being explored.

Halton Hills is also now a member of the Ontario Manufacturing Communities Alliance (OMCA). OMCA is a partnership of economic development organizations from across the province, including Hamilton, Simcoe Country, Middlesex County, Windsor Essex, Kingston, London, Brampton and others. This membership will provide Halton Hills with additional investment leads, as well as the opportunity to attend advanced manufacturing international trade shows. Thus far, Halton Hills' participation in OMCA has resulted in new investment leads, as well as the opportunity to lead the development of a relationship with the Baden-Wurtemberg Ministry of the Environment, Climate Protection and the Energy Sector in Germany. This initiative will include hosting a delegation of German companies to Ontario in October 2023.

Other FDI initiatives planned for 2023 include:

- Developing a comprehensive Community Profile marketing document;
- Creating four short, sector-specific marketing videos that will communicate Halton Hills' investment value propositions to stakeholders; and
- Staff participation in FDI training focused on lead generation and management.

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.

PUBLIC ENGAGEMENT:

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

INTERNAL CONSULTATION:

None as this report is administrative in nature.

FINANCIAL IMPLICATIONS:

This report is administrative in nature and does not have any financial implications.

The trade mission was implemented with existing budget, supplemented by an external grant.

Reviewed and approved by,

Tony Boutassis, Manager of Investment Attraction

Damian Szybalski, Commissioner of Business, Environment & Culture

Chris Mills, Chief Administrative Officer