



REPORT

REPORT TO: Mayor Bonnette and Members of Council

REPORT FROM: Graham Lowe, Senior Economic Development Officer

DATE: February 24, 2020

REPORT NO.: ADMIN-2020-0006

RE: Final Foreign Direct Investment (FDI) Attraction Strategy

RECOMMENDATION:

THAT Report No. ADMIN-2020-0006, dated February 24, 2020, regarding the final Foreign Direct Investment (FDI) Attraction Strategy, be received;

AND FURTHER THAT Council approve the final FDI Attraction Strategy, as appended to this report.

BACKGROUND:

Through report No. ADMIN-2020-0002, dated January 14, 2020, the Community and Corporate Affairs Committee approved the draft Foreign Direct Investment (FDI) Attraction Strategy. The latter report also directed Town staff to report back with the final FDI Strategy. Aside from some minor editorial edits, no changes have been made from the draft Strategy.

The FDI Attraction Strategy is part of the Town's comprehensive economic development toolkit. This toolkit provides support to existing businesses as well as ways of attracting new investment. The Community Improvement Plan, Manufacturing Expansion Fund, Business Concierge service, and a comprehensive Business Retention and Expansion program (under development) are some of the other tools.

The FDI Attraction Strategy is a 5-year roadmap, accompanied by a 3-year Action Plan. The Strategy is practical, actionable and tailored for Halton Hills. It will assist Halton Hills in being proactive and competitive in growing the local economy by identifying new international markets and actions to best access them.

The Strategy will feed into the broader Economic Development and Tourism Strategy, which is currently under development.

FDI is a major driver of economic development. According to the Conference Board of Canada, each \$1 spent on FDI generates \$3.20 in total economic activity. Canada acts as a stepping-stone for corporate expansion to the North American and European markets. Halton Hills can leverage Canada's attractive business environment, access to capital, cost competitiveness, market access, incentives and solid economic fundamentals to attract FDI. FDI can benefit existing local businesses by expanding export opportunities, attracting a highly skilled/professional/technical workforce, facilitating technology transfer, providing access to new supply chains, and creating new business opportunities.

Halton Hills is well positioned as a preferred destination for FDI.

COMMENTS:

1. Overview

The Halton Hills 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;
- Identifies and leverages untapped economic development potential;
- Makes strategic market recommendations, which align with local opportunities, and Federal and/or Provincial trading strengths, target markets, sectors and policy direction;
- Recommends how best to raise awareness of Halton Hills' Unique Value Proposition (UVP) in foreign markets;
- Identifies and builds on strengths of the existing local business community; and
- Recommends export growth opportunities.

The Strategy leverages Halton Hills' high quality of life, strategic location, open for business approach, and builds on past economic development successes.

2. Goals

The Strategy is framed around six Goals:

- **Goal 1:** Enhance and promote Halton Hills' presence in the global market.
- **Goal 2:** Convince potential international investors in sectors such as advanced manufacturing, agri-business, food processing and clean technology that Halton Hills is the best place to locate in North America.
- **Goal 3:** Market Halton Hills as a preferred location for investment in advanced manufacturing, agri-business, food processing and clean technologies.

- **Goal 4:** Work with the local business community to remove barriers to business, streamline the approvals process, gain their commitment to invest, expand and create jobs and support the efforts of the Economic Development Division.
- **Goal 5:** Engage with public and private sector organizations to build partnerships that will promote Halton Hills as an attractive location for investment.
- **Goal 6:** Develop partnerships with public and private sector stakeholders that will strengthen the Town's investment readiness.

Corresponding to each Goal is a series of actions for implementation.

3. Action Plan

A key part of the 5-year Strategy is a 3-year Action Plan. The Action Plan outlines approximately 30 actions to effectively and efficiently implement the Strategy. Generally speaking, these actions focus on:

- Allocating dedicated resources to Strategy implementation;
- Leveraging existing networks and funding opportunities;
- Launching targeted marketing;
- Securing investment attraction via outbound trade missions focused on pre-qualified leads;
- Developing of a Unique Value Proposition (UVP) to showcase Halton Hills' locational advantages;
- Developing Investment Business Cases to analyze and profile specific local investment opportunities;
- Establishing networks and engaging with key influencers in target markets;
- Continuing to expand relationships and services for existing local businesses; and
- Expanding communication and marketing materials.

4. Target Sectors and Markets

The Strategy is focused on foreign markets where there is strong economic growth, resulting in a pool of businesses seeking to globalize. Based on a review of Halton Hills' UVP, existing trade relationships, existing and emerging business sectors, Council's focus areas (e.g. climate change), and potential business opportunities, the Strategy recommends that the Town focus its investment attraction efforts on the following sectors:

- Advanced manufacturing
- Agri-business, food processing and manufacturing
- Clean technology

The two key markets that provide opportunities for these sectors are the Netherlands and Germany. Both countries align with Canada's and Ontario's key foreign markets and free trade agreements.

5. Next Steps

Following approval of the final FDI Attraction Strategy, staff will begin prioritizing the actions laid out in the strategy, develop four detailed Investment Business Cases (IBCs) and commence planning the FDI business missions.

RELATIONSHIP TO STRATEGIC PLAN:

Implementation of the FDI Strategy will support the following Strategic Objectives:

- **Foster a Healthy Community:** To maintain and enhance a healthy community that provides a clean environment and a range of economic and social opportunities to ensure a superior quality of life in our community.
- **Protect and Enhance our Agriculture:** To protect and enhance the viability of our agricultural land base and agricultural industry.
- **Foster a Prosperous Economy:** To maintain and enhance the economic vitality of the Town through the provision of a wide range of opportunities for economic development.

Strategy implementation also aligns with Council's priority of addressing climate change via the Strategy's focus on the clean technology sector.

FINANCIAL IMPACT:

In 2020, implementation of the FDI Attraction Strategy will rely on existing resources. The need for additional resources, such as a dedicated 'Investment Attraction Advisor' as identified via the FDI Strategy, will be assessed as part of the 2021 Budget. To supplement municipal resources, Town staff have applied for external funding sources.

CONSULTATION:

The development of the Strategy benefited from input from a Project Steering Committee.

PUBLIC ENGAGEMENT:

Stakeholder engagement was targeted and included a variety of methods, including visioning workshops; interviews; input from the Project Steering Committee; and website and e-news project information. Information about the Strategy also aired in a YourTVHalton segment. Input collected for the FDI Attraction Strategy is supplemented by the broader consultation undertaken for the Economic Development and Tourism Strategy. Engagement will continue beyond this project with the launch of a comprehensive Business Retention and Expansion program.

SUSTAINABILITY IMPLICATIONS:

The Town is committed to implementing our Community Sustainability Strategy, Imagine Halton Hills. Doing so will lead to a higher quality of life. The recommendations outlined in this report advance the Strategy's implementation.

This report supports the Economic Prosperity pillar of Sustainability and, in summary, the alignment of this report with the Community Sustainability Strategy is excellent.

COMMUNICATIONS:

The Strategy will be made available on the Town's website(s) and via other communication channels, as appropriate. Broad communication will take place to raise awareness of Halton Hills' interest in attracting investment.

CONCLUSION:

Halton Hills' FDI Attraction Strategy is part of the Town's comprehensive economic development approach. It provides an actionable roadmap for investment attraction, and aligns with/leverages existing mandates and FDI programs. The Strategy can benefit existing Halton Hills businesses by growing export opportunities, attracting a highly skilled workforce, facilitating technology transfer, providing access to new supply chains, and creating new business opportunities.

Comprehensive Investment Business Cases, and the identification of pre-qualified business leads and tangible investment opportunities will drive implementation.

Reviewed and Approved by,

A handwritten signature in black ink that reads "Damian Szybalski". The signature is written in a cursive, flowing style.

Damian Szybalski, Director of Economic Development, Innovation & Culture

A handwritten signature in black ink that reads "Brent Marshall". The signature is written in a cursive, flowing style.

Brent Marshall, Chief Administrative Officer