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2009 INTERNATIONAL INVESTMENT ATTRACTION PROGRAM

The Planning and Economic Development Committee recommends the following:

1. **The presentation by Patrick Draper, Director, Economic Strategy and Tourism, be received; and**

2. **The recommendations contained in the following report dated September 12, 2008, from the Commissioner of Planning and Development Services be adopted:**

1. RECOMMENDATIONS

It is recommended that:

1. The 2009 York Region International Investment Attraction Program and growth enhancement budget request be adopted subject to the approval of the 2009 Economic Development budget.

2. This report be circulated by the Economic Development Branch to federal, provincial and local municipal economic development organizations and local chambers of commerce/board of trade.

2. PURPOSE

This report provides Regional Council with the recommended 2009 York Region International Investment Attraction Program and seeks approval to the components of the work plan and the growth enhancement budget request.

3. BACKGROUND

The introduction of an enhanced York Region International Investment Attraction Program is based on the York Region Economic Development Marketing and Communication Strategy approved by Regional Council on February 21, 2008. Staff were directed to report back to Council on an Implementation Plan for 2008 – 2010.

Consultations during the Marketing and Communication Strategy process identified that York Region's environmental stewardship and the "greening" of businesses will encourage new business investment.

As outlined in the Region's Sustainability Strategy 2007, sustainability will make York Region a more competitive place to attract a talented labour force in high value jobs with leading edge companies. By 2031 employment in York Region is projected to rise to 780,000 jobs, an increase of 320,000 jobs from December 2006.

The approved Economic Development Marketing and Communication Strategy identified three priorities:

- Persuade foreign corporations that embrace environmental sustainability to locate in York Region
- Encourage York Region businesses to adopt environmentally sustainable business practices
- Develop programs to expand the Region's environmental technology sector

This report focuses on the first priority of attracting new International Investment to York Region and provides detailed recommendations on the implementation plan.

4. ANALYSIS AND OPTIONS

In November 2007, Statistics Canada undertook a study which highlighted the importance of foreign investment into Canada. It identified that foreign companies investing and operating within the country over the past three decades generated two thirds of the productivity growth, paid out higher wages and hired more white-collar workers in the key manufacturing sectors, and contributed more to research and development than their domestic counterparts.

Recent trends in the Global, Canadian and Ontario economies has resulted in job losses for workers in the Greater Toronto Area, especially in the manufacturing sector:

- Canada's trade surplus declined to $4.9B in July versus $5.6B in June as imports grew at twice the rate of exports. The rising value of the Canadian dollar and a weak US economy are depressing export sales.

- As of August, there were 55,000 fewer manufacturing jobs in Ontario, a -5.8% decrease versus one year ago. The Toronto CMA unemployment rate rose to 7.7%, the third highest in the province.

- The rise in the cost of fuel has forced companies to reduce operating costs to maintain profitability. The $1.29/L retail price of fuel in Toronto as of September represents a 33% increase versus last year.

- The Region's total estimated value of construction totalled $1.5 billion by mid-year 2008, a decrease of 14.2% from mid-year 2007; ICI construction accounted for $439 million by mid-year 2008, a decrease of 13.5% from mid-year 2007.

- By mid-year 2008, the number of housing starts had decreased by 42.6% from mid-year 2007, with 3,389 units; housing completions had increased by 2.8%, with 4,764 units.

- York Region job postings in June were -11% versus one year ago with significant declines in manufacturing (-29%), transportation (-29%) and professional, scientific and technical (-25%).

In today's global marketplace, competition for new business investment is about attracting educated innovators and skilled labour. "Being green has become a practical necessity and a serious operational strategy". *CB Richard Ellis*

An International Investment Attraction Program will enable York Region to showcase the Region's attributes and assertively promote York Region as a superior investment location to corporate executives, site location advisors and the news media.

The program will serve as an essential marketing alliance, bringing together the Region's key economic partners: regional and municipal economic development officers, site location specialists and business service providers.

4.1 A Highly Targeted International Investment Attraction Program

The International Investment Attraction Program is a highly targeted program that leverages existing initiatives and provides enhancements to increase the flow on international investment into the local municipalities that comprise York Region.

The program is collaborative in nature and will operate as a virtual economic development marketing alliance uniting York Region, the area municipalities, local businesses and academia under an Enterprise York umbrella to streamline communication with prospective investors.

The York Region International Investment Attraction Program will target companies that demonstrate sustainable business practices and build on the competitive capacity in the Region's key industry sectors: transportation, information technology, professional and scientific, construction and environmental/green industry.

The International Investment Attraction Program is comprehensive and will be implemented in these key areas:

- Advertising in sustainable business magazines
- Distribution of promotional literature in print and electronic formats
- Targeted direct mail campaigns to key international investors
- Attendance at green trade shows/conferences
- Leading business delegations to foreign city regions with high concentrations of sustainable companies
- Providing superior customer service to prospective investors
- Leveraging economic alliances

4.1.1 Advertising and Business Media

Advertising expands awareness among targeted prospective investors

Advertisements will be developed that incorporate York Region’s investment brand messages targeting senior business executives and decision makers. Advertising in key national and international business, investment and site selection magazines such as Sustainable Industries, Green Business and Site Location will be a critical component of the International Investment Attraction Program.

Integrated online advertising will be utilized on companion websites to the magazines and on stand alone green business websites including www.greenbiz.com, www.greenmagonline.com and www.sustainablebusiness.com

The marketing messages and graphic designs created for advertising purposes will also be utilized for trade show displays, marketing brochures and website graphics to ensure a consistent image.

4.1.2 Distribution of Information and Literature

Prospective investors expect proactive distribution of comprehensive and accurate information.

The York Region Economic Profile is an annual publication that will be distributed to potential investors, site location consultants, foreign consulates and economic development partners. The profile contains a high level review of the advantages and opportunities available for investing in York Region. The Economic Development branch maintains a database of key investor and intermediary contacts which will be augmented as the International Investment Attraction Program grows.

Electronic copies of The York Region Economic Profile will be distributed via e-mail and posted on key websites including www.york.ca and the Economic Development branch blog www.yorkeconomicinsights.ca

An Enterprise York web portal will be utilized as a central hub for access to information by potential investors. This portal will provide quick access to the detailed economic development data available on www.york.ca, the local municipality economic development web pages and key business service providers who support international investment clients. This web portal will also support investment program communication activities including workshop announcements, trade show/conference attendance plans, scheduled business delegations and as a source for investor inquiries.

The York Region website www.york.ca contains the Region's Economic Development information and will be maintained for accuracy, timelines and ease of access. Information showcased will include:

- York Region Economic Profile
- Economic Development publications
- Listings and maps of employment areas and environmentally significant features
- Key data including demographics, labour force and industry clusters
- Key contact information
- Links to the York Region Business Directory, the York Region School Boards, Seneca College, York University, Chambers of Commerce and the Region's utility providers.

The local municipalities will be responsible for the development and maintenance of their local economic development websites. The Region will work with the local economic development teams to ensure that timely and accurate information is available that meets investor needs. The Regional team will also work with federal and provincial economic development organizations to ensure that York Region information is broadly available.

4.1.3 Direct Mail Campaigns

Targeted mail campaigns are a cost effective means of connecting directly to prospective investors

A targeted database of sustainable companies in the transportation, information technology, professional & scientific, health food, construction and green industry sectors will be created. Information for the database will be researched from publications, websites, and investor funds that track the stock performance of such companies. Investor prospects will be identified by industry, company size and geographic location.

Each direct marketing campaign will provide information on York Region's economy and an invitation to attend a business opportunity workshop in their local market. The plan calls for this process to be implemented three times per year and will be co-ordinated with trade shows, conferences and business delegations identified later.

Company executives from the workshops who are interested in learning more about York Region will be invited to visit us at a later date, likely timed to coincide with business events being planned in the area such as our investment bus tours.

4.1.4 Green Trade Shows and Conferences

Industry conferences are a key opportunity to meet high quality potential investors and establish a business relationship

Economic Development staff will review the green conference, convention and trade show schedules to determine participation for the greatest benefit to York Region. Examples of potential trade shows includes: Leadership in Green Health Care, The Eco Innovation Conference, All Things Organic and the Green IT conference.

Participation options will vary from the use of a York Region booth, poster and literature displays in a Canadian Pavilion, small delegations attending the conferences, pre-arranged meetings with qualified companies and networking with key business representatives at receptions and events.

The plan calls for attendance at three trade shows/conferences per year, which will be co-ordianted with the direct mail program.

4.1.5 Business Delegations and Events

Business delegations provide an excellent opportunity to identify potential investors in targeted geographic regions

Business delegations create opportunities to further business connections and develop new partnerships. Investment and trade delegations will be planned to a selection of key sustainable cities/regions working in partnership with local municipalities, York Region firms, academia and business service providers. The primary geographic market will be the United States which traditionally accounts for two thirds of all foreign direct investment in Canada. The business trips will typically be scheduled over a compact two to three day period.

The National Geographic Green Guide and the City Sustainability Ranking have researched and ranked the top sustainable city regions in the United States. It is in these regions where sustainable industries are clustered.

Based on the criteria of economic security, green space and design, renewable energy, public transit, ecological integrity, socioeconomic factors, air and water quality and access to local food, the top cities ranked by the research organizations are:

National Geographic Green Guide	**City Sustainability Ranking**
Eugene, Oregon	Portland, Oregon
Austin, Texas	San Francisco, California
Portland, Oregon	Seattle, Washington
St. Paul, Minnesota	Chicago, Illinois
Santa Rosa, California	Oakland, California

The goal is to build long term relationships with stakeholders in these key markets and to invite business delegations from these areas to visit York Region. Opportunities exist to build reciprocal partnerships with Economic Development Agencies in the host cities.

During the business delegations, presentations will be made to invited prospective investors to build the case for business opportunities available in Canada and the advantages of starting their Canadian operations in York Region. In addition, a corporate calling program will be established using the Region's prospect database and meetings will be arranged with senior company executives and the business delegation team.

The business delegation will be led by a Chair and Co-Chair and will include government representatives, Regional firms, academia and business service providers. The Economic Development Branch will work with the Chair's office on the target cities, timing and the selection of the delegation Chair and Co-Chair. The plan calls for two business delegations annually.

4.1.6 Regional Investment Tours

Following on the success of the Northern 6 Investment Tour (2006) and the Southern 3 Investment Tour (2007), opportunities exist to plan and organize a 2009 tour in collaboration with local municipal economic development staff. These investment coach tours showcase available vacant employment land sites within York Region for commercial and industrial uses. Invited guests include senior trade commissioners, provincial government staff, realtors and brokers and municipal economic development and planning staff. Prospects identified through marketing efforts including the direct mail program, trade shows and business delegations will be invited to participate in the investment tours.

4.1.7 Customer Service

In order to provide a timely and comprehensive response to enquiries from potential investors, the Economic Development Branch will seek out a dedicated Investment Attraction Officer. This individual will provide additional information based on specific investor needs and act as a facilitator between investment executives, municipal staff and key service providers. In a prospective investment relationship, a "one window" point of contact is essential during the initial period. By playing an active role, the Investment Attraction Officer will become known and trusted within the investment community and the International Investment Attraction Program will be enhanced.

4.1.8 Economic Alliances

Partnership opportunities exist to enhance the effectiveness of the program

The role of the Federal Government's Department of Foreign Affairs and International Trade (DFAIT) in international investment is to actively promote the Canadian brand, negotiate trade agreements and assist Canadian companies to succeed internationally. York Region communicates its priorities to DFAIT and participates in events which it promotes and organizes. Canadian Consulate officials are on hand in visiting countries to connect local companies and participants on foreign missions.

A key goal of Ontario's Ministry of Economic Development and Trade (MEDT) is to attract new growth and investment to the province. MEDT operates ten international marketing centres in eight countries co-located in various Canadian High Commissions, Consulate Generals, Consulates, and the Embassies. York Region is very active with MEDT and the community profiles of York Region and the nine local municipalities are showcased on the Ontario investment website at: www.2ontario.com

As a marketing agency, the Greater Toronto Marketing Alliance (GTMA) positions the Greater Toronto Area internationally as a preferred business location on behalf of the 29 local municipalities. The Region's partnership in the GTMA allows it to increase awareness of York Region and explore overseas business opportunities.

The Toronto Region Research Alliance (TRRA) serves as a portal to connect investors to R & D resources in the Toronto Region while YORKbiotech acts as a catalyst to harness resources in the local biotechnology industries. Seneca College and York University are participating members of both the TRRA and YORKbiotech. York Region will continue to partner with these organizations to attract investment.

The local Municipalities are critical to the success of the International Investment Attraction Program and their participation in the Region's economic development programs and initiatives is highly valued. Opportunities exist for cooperative marketing, participation at trade shows, joining the foreign business delegations and on investor prospect servicing.

5. RELATIONSHIP TO VISION 2026

As outlined in Vision 2026, York Region has created and maintained prosperous communities that enjoy a balance of economic vitality, quality of life and environmental sustainability. The attraction of foreign companies that embrace environmental sustainability will compliment and enhance the image of York Region as an environmentally progressive jurisdiction and will support the Economic Vitality agenda.

6. FINANCIAL IMPLICATIONS

The International Investment Attraction Program is projected to cost an incremental $250,000 annually and is included as a growth enhancement in the recommended 2009 Economic Development budget, subject to Council approval.

7. LOCAL MUNICIPAL IMPACT

Economic Development staff of the Region's nine local municipalities participated in the Marketing and Communications Strategy consultation process. The recommendations were positively endorsed and the Region was encouraged to take a leadership role in attracting new sustainable enterprises to locate here. Due to the scope of an International Investment Attraction Program, there are significant efficiencies to operating a partnership model between the Region and the local municipalities.

8. CONCLUSION

The York Region International Investment Attraction Program demonstrates a commitment to the principles of environmental sustainability and is aimed at attracting new investment opportunities from sustainable companies that are leaders in their industries. The program will be a key component in achieving the Region's Growth Management plans that have identified the creation of 320,000 new jobs by 2031.

For more information on this report, please contact Patrick Draper, Director of Economic Strategy and Tourism, at 905-830-4444 x 1503 or via e-mail at patrick.draper@york.ca.

The Senior Management Group has reviewed this report.