

Chris Chung – Foreign Offices and Business Attraction

We've been lucky to have a couple of different successes on the international economic development front here in North Carolina within EDPNC. And when we talk about international economic development, I think it's important for us to explain what we're talking about there. There's both the inbound investment component, that's usually the one that probably gets a little more attention in economic development circles, foreign direct investment, so for example, when Toyota which announced here in December of 2021 that they were building a brand new electric vehicle battery plant outside of Greensboro, NC or in March of 2022 when Vinfast a Vietnam based electric vehicle automaker announced plans to put its new production plant about an hour outside of Raleigh, those are examples of inbound foreign direct investment, which we have focused a lot on as part of our economic development strategy.

But for us, international economic development also entails international trade or rather export assistance where we're helping North Carolina companies to tap into new markets and new customers for their products.

We're helping a lot of small and medium-sized manufacturers. These are firms that they don't have global sales teams or worldwide distribution networks, but what they have are quality products which are by no means limited for sale in the United States. And so, we're oftentimes helping those smaller firms to determine are they ready to export around the world and if so, what markets make sense and then how is the best way to enter that particular market that they've targeted.

We do all those things under the banner of economic development, because if we can help these manufacturers to connect with new markets and new customers globally, that's more demand for their products and hopefully that increased demand for their products does two things. One, it leads to them to expand their operations in North Carolina to make more of those products that are now suddenly seeing international customers. It also helps these companies to diversify beyond whatever their current sales base is. So if they're exclusively dependent on U.S. sales today or US and Canada, if they're able to tap into Asia, the Middle East or Europe and find new customers there, that can help diversify them in a way that protects against if the US goes into an economic slump or recession. So international trade and exports makes good sense as an economic development strategy. It's part of why we do that within EDPNC.

Then of course, I won't have time to touch on this, but even when you look at tourism, which of course is also part of our economic development mission. Some part of our effort is, is focused on attracting international visitors to North Carolina. And the reason being that unlike domestic visitors and certainly day trippers from surrounding states, international visitors tend to stay longer when they travel in the United States to places like North Carolina. And as a result of staying longer because they've traveled all this way, they're not just going to turn around and go back after two days. They tend to spend more money which has a greater economic impact on the small businesses who support our tourism economy. So I won't even have time to go there, but that's another facet of international economic development that we see play out on the tourism side

For the traditional definitions of exports and inbound investment. I think a couple success stories that we would talk about one on the foreign direct investment side of things is the establishment of our India office.

We did this in late 2018. We cobbled together some state appropriations as well as some matching private sector support to essentially stand up a full-time contract representative for us in the India market. That is a very difficult market to prospect from sitting over here in North Carolina. Language differences, time zone differences, cultural differences. It's a big part of the reason why states usually have someone based overseas in these different markets to help either on inbound investment or exports. Just someone who knows the lay of the land and can navigate that country's

economy a lot more smoothly. So, we opened up this India office in late 2018, immediately had this individual start prospecting among firms in India that matched up with our target industry sectors and that, at least through some of the research data that we used, had a higher propensity to need a US operation in the near future.

One of the early successes that came out of that India office was a company by the name of Barat Forge. They are part of the Kalyani Group. This is one of the largest forging companies in the world, I think second in the world behind Tissen Krupp out of Germany. It's a multi-billion-dollar conglomerate in India that essentially chose North Carolina for a brand new Greenfield forgings manufacturing facility to supply the automotive sector. Multiple hundreds of millions of dollars in investments, multiple hundreds of high skilled high wage manufacturing positions that that deal and our ability to stay in contention for and ultimately win that project was heavily, heavily influenced by our India office representative who was not only able to uncover this lead in the first place but was there to engage with the company's leadership in India throughout that decision making process in a way which I think ultimately gave us an inside track to landing that very important investment.

We actually just hosted the Chairman of the company for a dinner last week talking about future growth plans that they have for their North Carolina operation. And the company is thrilled with being in North Carolina, thrilled with the workforce that they've developed, very happy about their long-term prospects. I don't think any of that would have happened had we not made that strategic choice of setting up an India office about a year before that project announced. India was a very promising market. It's one that we had talked about as a potential source for new foreign direct investment that just there had never been in North Carolina-India office. We had to figure out how we would fund it. Of course, we had to make sure we staffed that office with the right person who could represent North Carolina. All those things were able to come together, and I think the Kalyani Barat Forge announcement back in 2019 is a great example of one of those results.

Similarly on the international trade and export side, there are a lot of potential markets for North Carolina companies to tap into. We set up an office for the Middle East I think five years ago now based in Dubai. That is a very promising part of the world for our manufacturers of health-related health and medical equipment. When you think about all the healthcare institutions and facilities that are being built in the Middle East, there is a demand for the types of products that many North Carolina companies make. So having a physical representative in the Middle East based in Dubai, that's been very helpful for our North Carolina companies looking at whether and how best they can sell into the Middle East region.

Furniture is also, when you think about all the hotels and airports that are being developed in these wealthier parts of the Middle East, that creates tremendous demand and demand and opportunity for companies like our furniture makers here in North Carolina, so those companies have also been able to leverage our Middle East representation to connect with distributors and customers that allow them to grow their sales into the Middle East. So that's one example of where figuring out where there are gaps in coverage around the world that our companies can take advantage of from an export standpoint. That was the driving reason behind setting up the Middle East office and I think it has paid a lot of dividends for the companies in North Carolina that have leaned on that office to figure out how to sell into that region.

So the India office for FDI, the Middle East office for export promotion, both two things that we're pretty proud of in terms of success stories on the international economic development front.