

Foreign Direct Investment

Continuing to Get the Word Out

“**T**his little light of mine, I’m going to let it shine. Let it shine, let it shine, let it shine.”

Recognize this line from a popular children’s song? It’s a succinct way to describe how Indiana can attract even more foreign companies to invest here.

“The biggest and best thing we can do from the IEDC standpoint is creating as big and bright a light bulb as we can possibly create for Hoosiers in Indiana,” observes Dan Hasler, Indiana Economic Development Corporation (IEDC) CEO and Indiana Secretary of Commerce.

“The challenge is, I could travel nonstop, but it’s virtually impossible to knock on a company’s door in Tokyo right when they’re looking (to move or expand). It just doesn’t happen. Our challenge, particularly outside the United States, is to create enough of a voice and a brand so that we’re networking all the time and that we’re easily found.”

More international outreach, regular trade missions and strategically-placed overseas offices or representatives of the IEDC in foreign countries will help Indiana achieve a “Top 12” ranking among all states in foreign direct investment (FDI) as a percent of gross state product, states *Indiana Vision 2025*.

Indiana has some impressive FDI statistics. The state is ranked 15th overall and fourth in the Midwest for majority-owned U.S. affiliate (MOUSA) employment, according to the Indiana Business Research Center’s report: *Capturing the Flag: Foreign Direct Investment in Indiana*. It also highlights that 5.6% of Indiana’s total private industry employment is through foreign-owned companies (higher than the nation as a whole at 4.9%).

Courtin’ days

In the 1980s Japanese companies began locating in Indiana, but it wasn’t without a number of trade missions and involvement by Hoosier representatives. Japanese companies accounted for the largest source of MOUSA employment and announced FDI for Indiana in 2009, according to the IBRC report.

“One thing I did notice was the quantity of announcements in 2011 alone. Japan blew all the other countries away,” offers Tanya Hall, IBRC economic research analyst and co-author of the report. “They’re all in manufacturing and all clustered in the southern half of the state. To me, there’s obviously some collaboration going on here, supply or demand. We’re really seeing that ripple effect, and I think we’ll continue to see that.”

Jennifer Lewellen, executive director of the non-profit America China Society of Indiana (ACSI), sees China as the next frontier in FDI.

“I think there will be differences. We will have to court them just like we did before. ... It’s really important to keep that connection close, and we’ve done a very good job of that with Japan,” she says.

“Think about a bell curve. A couple Japanese companies started coming in ... then we hit the top of the curve and we have some wonderful, strong Japanese companies here and it’s going down the other side of the curve now. China is at the very beginning of it. I don’t know whether it’s going to be the magnitude of Japan, but it could be. There is a huge opportunity.”

Laying the groundwork

Manufacturing is by far Indiana’s strongest FDI suit. The IBRC report highlights that in



A report from the Indiana Business Research Center at IU Kelley School of Business points out some of Indiana’s strengths in foreign direct investment.

Continued on page 86

Foreign Direct Investment

Continued from page 81

2009, MOUSAs accounted for 18.5% of total manufacturing employment – higher than the nation’s 16.6%.

Nanshan America Co. (a subsidiary of China’s second largest aluminum company located in the Shandong Province) selected Lafayette as the location for its first aluminum extrusion manufacturing facility in the country in 2011.

“To put a direct investment here is very close to our customer. From Lafayette, any direction from 400 miles covers a big circle. In one day we can deliver our product,” explains Nanshan America Co. President Lijun Du.

“Especially in the Lafayette area ... the labor cost is low, but we can still recruit a very excellent labor pool to support this facility. And (Purdue University) has a very good engineering school, which gives us a lot of other high-end technical support. Considering all these factors, it makes a lot of sense to put this facility in Lafayette.”

Du notes that incentives from the city of Lafayette and the IEDC, as well as assistance from Gov. Mitch Daniels, were also big selling points. He first met Daniels on an Indiana trade mission to China in late 2010.

“After the meeting, Gov. Daniels gave me his personal cell phone number. He said, ‘I know my colleagues here will do a fast job for you, but if it’s not fast enough, just give me a call.’” Du recalls.

Seriously, let it shine

Du outlines that each part of the United States has different strengths, but the Midwest is where you go for manufacturing.

“I think Indiana needs to let the manufacturer side of



Gov. Mitch Daniels toured a number of Chinese companies in 2009 as part of a trade mission to generate additional interest in investing in Indiana.

the investor realize those key factors for them to be very competitive,” he offers.

Just as important, says Hall: “A skilled workforce is the most critical component – that alone is the No. 1 thing to focus on.”

Hasler emphasizes that issue as well.

“If someone looks at us, as a state and on average, they’ll see a state that’s still struggling with high school attainment rates,” he admits. “There are a lot of people working awfully hard on this topic and it’s gotten a lot of people’s attention.”

Still, Hasler confesses, we need to get the word out about Indiana.

“We’re not nearly as important as we think we are,” he contends. “The U.S. to (most foreigners) is New York, Los Angeles, Chicago and maybe Dallas. We can’t underestimate how insignificant we appear. That just means we’ve got to have a really big mouth. Outreach, brand, volume and voice ... the Super Bowl was huge for us. But, as incredible as it was, it takes a constant drumbeat.”

INFORMATION LINK

Resources: Dan Hasler, Indiana Economic Development Corporation, at www.iedc.in.gov

Jennifer Lewellen, America China Society of Indiana, at www.chinaindiana.org

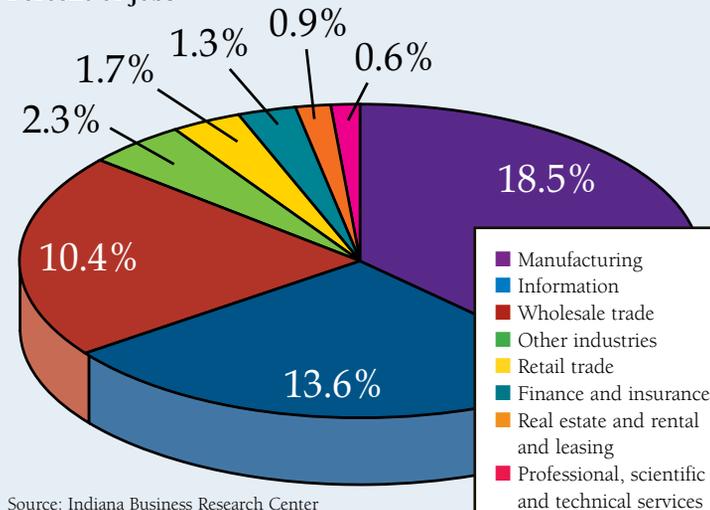
Tanya Hall, Indiana Business Research Center, at www.ibrc.indiana.edu

Lijun Du, Nanshan America Co., at nanshanamerica-aat.com

Employment of Majority-Owned U.S. Affiliate

by Indiana industry, 2009

Percent of jobs



Source: Indiana Business Research Center