

Greater Phoenix

Global Investment Plan



Letter from Chris Camacho

President & CEO, Greater Phoenix Economic Council

In 2017, Greater Phoenix was selected to develop a regional plan to attract foreign direct investment (FDI) as part of the Global Cities Initiative (GCI). The joint project from Brookings Institution and JPMorgan Chase was created to help city and metropolitan leaders better leverage their global assets by identifying key indicators that would drive actionable ideas for expanding the global reach of their economies by building on best practices and policy innovations from around the world. Focus areas include advanced manufacturing, exports, FDI, freight flow and immigration. International trade and investment are promising pathways for local businesses to scale, create jobs and expand our economy.

This updated Metro Phoenix Global Investment Plan includes feedback from the Greater Phoenix Economic Council's (GPEC) International Leadership Council, regional partners and corporate executives.

The entire process was anchored on the premise that regions with a high number of foreign firms benefit from increased economic stability, higher wages, enhanced innovation and R&D spending, and stronger clusters with higher productivity.

Our original market assessment identified a clear opportunity for Greater Phoenix within the IoT industry. We set out an ambitious goal to become a global leader in the development and manufacturing of next generation microelectronics and applications, while championing foundational efforts that make the region even more competitive, attractive, and low risk for companies looking to expand operations.

Over the next three years, we will execute a revised set of strategies and tactics to achieve our goals, while accounting for substantial landscape shifts over the short-term driven by:

- New federal policies incentivizing reshoring of critical supply chains and materials.
- Stronger calls for more products to be "Made in America."
- New industrial policies, such as the CHIPS Act, that are creating the right environment for renewed investments.

Our business case for advancing this plan is strong. To compete on the global scale, Greater Phoenix must continue building a modern economy on the foundation of semiconductors and remain agile to pivot with the industry. Whether for the lifestyle benefits, access to a robust workforce, ideal geographic location or a myriad of other reasons, companies are choosing Greater Phoenix for relocation and expansion. The region offers more value than cost alone. Investments by business, government and community leaders has shaped Greater Phoenix into a high-value opportunity for advanced manufacturers seeking a market that can meet current and future demands of industry. Greater Phoenix is at the forefront of innovation, and it is an exciting time to be a part of its transformation.

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Going Global

Greater Phoenix is one of the largest and fastest-growing regions in the United States. Known for its pro-business policies and minimalist regulatory approach, Greater Phoenix is where companies go to scale because of an advantageous operating environment and geographical location offering greater opportunities.

With a current population of nearly 5 million people, the region is expected to grow to approximately 7.6 million residents by 2055, outpacing the U.S.' population growth rate three times over.

Greater Phoenix's workforce is fueled by some of the best colleges and universities in the nation. The region is populated with a pool of young and diverse talent due to the abundance of recent college graduates and roughly 200 people who move here each day.

For international businesses, Greater Phoenix is primed for growth and local leaders are knowledgeable and eager help companies considering investing in the United States.

Why FDI is important to the growth of Greater Phoenix:

- **Advanced Jobs** – Focused international engagement with foreign exporters and advanced industry companies can infuse better jobs into the region and help align international efforts with local priorities.
- **Stronger Firms, Stronger Clusters** – When a foreign firm locates in a region, they bring institutional knowledge that strengthens the local industry cluster.

- **Enhanced Innovation** – A strong foreign presence in the region's innovation ecosystem enables leaders to tap into the knowledge generation that happens outside the United States.
- **Economic Stability** – Aligning FDI activities around sensor technologies, Greater Phoenix's strong STEM industries, strengthens the region's ability to withstand future economic downturns.

GPEC actively works to attract and grow quality businesses and advocate for the competitiveness of Greater Phoenix. As the regional economic development organization, GPEC works with 22 member communities, Maricopa County and more than 170 private investors to accomplish its mission. GPEC serves as a strategic partner to companies across the world as they expand or relocate by providing market and cost-comparison analysis, workforce data, connections to key regional political and business leaders, and site selection assistance – all at absolutely no cost to businesses. As a result, over the past 31 years, GPEC has fueled the regional economy by helping more than 850 companies, creating more than 154,000 jobs and \$20.4 billion in capital investment.

Over the past 15 years, various efforts have been underway to implement foreign investment strategies. These efforts represent valuable steps forward to make Greater Phoenix a recognized global hub capable of attracting FDI and generating important wins for individual cities and the region. To increase the effectiveness and sustainability of these efforts, strong alignment amongst the cities and towns is required to ensure the region continues to work collaboratively to cultivate long-lasting global ties that attract investment.

Historically, most foreign investment attraction efforts have been focused on Canada and Mexico, a strategy that tried to maximize the limited available resources. Recent efforts prioritizing outreach in European and Asian markets have yielded strong results in strengthening the region's advanced industry clusters.

Prior to 2006, only 1% of GPEC's prospects were international. By contrast, since the first year of implementation of the original plan in 2018, GPEC has provided strategic support to 202 international prospects. Through continued improvement to the FDI strategies first developed in Brookings' Global Cities Initiative, GPEC has increased its effectiveness to support international investment in Greater Phoenix.

In the first three years of the Metro Phoenix Global Investment Plan, GPEC executed activities to promote the region as an international business destination through branding, education, targeted industry focus and support for market entry and growth. Here are a few milestones:

- Conducted sales missions and roadshows in 16 global cities around the world.
- Qualified 202 international prospects, with a job creation potential of 32,522.
- Launched several key initiatives:
 - » The Connected Place (TCP) marketing campaign increased FDI in Greater Phoenix and celebrated the region's growth and competency in cybersecurity, autonomous vehicles, wearables, industry 4.0 and blockchain.
 - » TCP magazine and newsletter highlighted the TCP technology ecosystem in Greater Phoenix and was sent to more than 7,000 CEOs.

- » The Global Growth Accelerator program helps international firms accelerate their U.S. growth plans by providing a low-risk, expert guided, soft-landing platform to do business in the United States.
 - » Global Partnership Program helps international companies connect with expansion and relocation support, joint venture search, merger and acquisition search, and find new investment opportunities.
 - » The Global Envoy Program brings together a network of volunteer professionals representing various global markets to serve as international connectors.
- Built partnerships with government agencies, foreign investment promotion agencies and various industry associations, strengthening the region's economic ties with global partners, including:
 - » SelectUSA and U.S. Department of Commerce - Serving for 2 terms on the International Advisory Council, first under Secretary Pritzker and then Secretary Ross.
 - » The Arizona Attorney General's Office - Promoting the Arizona FinTech Sandbox and supporting exchanges with regulators in the U.K., Singapore, Hong Kong, Taiwan and Mexico.
 - » U.K. Trade & Investment, Health Holland, Austrade, Taiwan-USA Industrial Cooperation Promotion Office - The Growth Hub, Global Scaleup Program and many others, hosting dozens of seminars and workshops.

- Targeted key industry clusters in selected countries via direct marketing campaigns, sales missions, and speaking engagements at conferences and delegation visits, including:
 - » GPEC partnered with Conway to produce a publication that highlights the technology ecosystem in Greater Phoenix featuring The Connected Place campaign. This publication was sent across the United States to more than 7,000 CEOs in targeted industries and used locally to further validate our ecosystem.
 - » Targeted foreign companies at large events such as CES, SXSW, Money20/20, Converge, IoT World, SEMICON West, Finnovista, Hannover Messe and others.
 - » Led and supported delegations to Canada, Germany, Israel, Mexico, Taiwan, and U.K.
 - » Hosted and supported dozens of diplomatic and business delegation visits and FDI consultations.



Market Opportunity: Next Generation Microelectronics and Applications

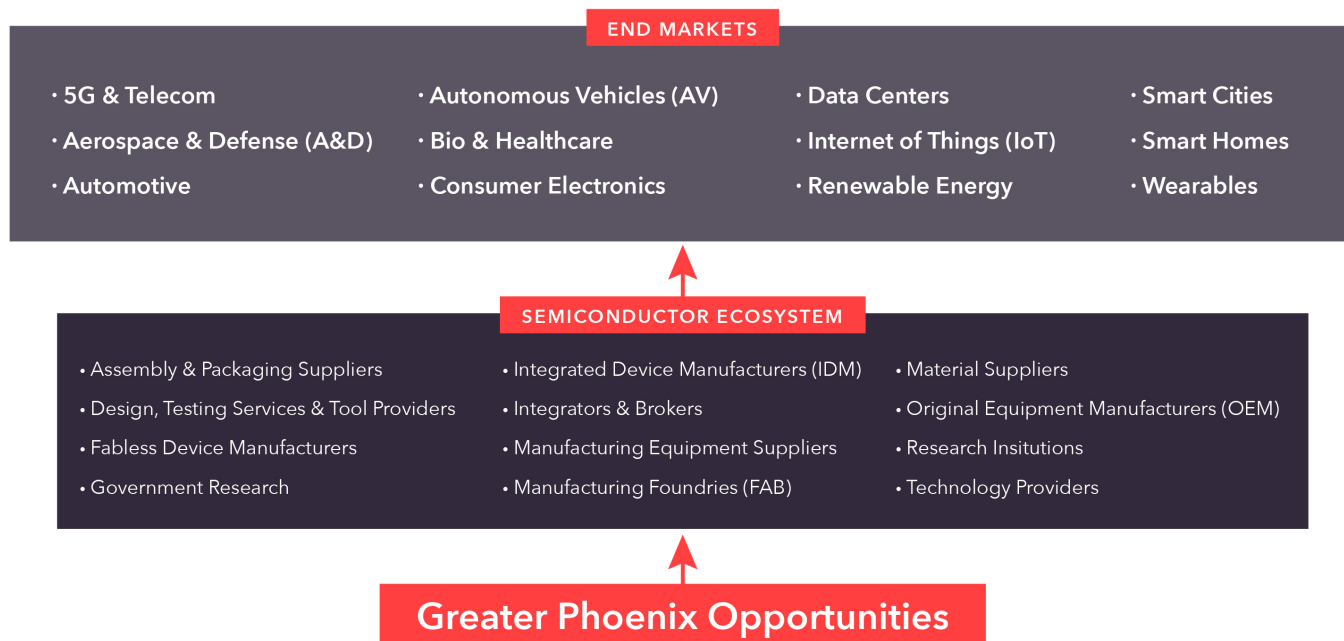
During the Global Cities Initiative FDI planning process, GPEC completed an extensive market assessment leading to the identification of target industries and target countries. Additionally, we conducted prioritization exercises to further study the semiconductor and microelectronics ecosystems with the objective of better understanding the underlying supply chain and legacy cluster dynamics that support the proliferation of Internet of Things (IoT) applications and embedded sensors.

Within the large emerging field of IoT and embedded sensors, GPEC's international efforts initially focused on end-markets, such as: cybersecurity, including blockchain technologies and related fintech applications; wearables and health tech; autonomous vehicles, and Industry 4.0 applications. Since then, our approach expanded to include initiatives that attract investment and

stimulate growth across the full semiconductor value chain, while also targeting international original equipment manufacturers (OEM) and market leaders across high growth, end-user segments that depend on semiconductor technologies and the reshoring of international suppliers.

The end-user segments are where microelectronics capabilities become functions in products and systems. A recent study prepared for the European Commission DG Communications Networks, Content & Technology, estimated that these end-user segments represent a \$2.3 trillion market that continues to grow.¹

¹ Study on the Electronics Ecosystem. https://www.ipcei-me.eu/wp-content/uploads/2020/11/Study-on-the-Electronic-Ecosystem_Decision_Feb2020.pdf





Greater Phoenix is one of America's longest-standing semiconductor hubs. Motorola kicked off the region's microelectronics boom in 1949 when it opened a research and development facility in Phoenix. Today, many industry leaders call Greater Phoenix home with operations from Intel Corporation, ON Semiconductor, NXP Semiconductors, Microchip Technology and others. In 2020, Taiwan Semiconductor Manufacturing Company (TSMC) validated the region by choosing Greater Phoenix to create a new advanced manufacturing campus,

starting with a \$12 billion investment and 2,000 high paying jobs. In March 2021, Intel announced it would invest \$20 billion in Greater Phoenix to build two new fabs at the company's Ocotillo Campus bringing 3,000 new jobs to the region.

These established manufacturers have created a legacy of innovation in Greater Phoenix, fostering the region's skilled engineering workforce and developing the semiconductor industry's cutting-edge technologies.

Goal & Objectives

Goal: _____

To be a recognized global leader for:

Development and manufacturing of next generation microelectronics and applications.

Development of collaborative initiatives that enhance the region's legacy and emerging assets, global readiness, trade and competitiveness.

Objectives: _____

1. Enhance the Greater Phoenix, USA, brand as a leader in development and manufacturing of next generation microelectronics and applications, in key European, Asian and North American markets.
2. Enhance the region's microelectronics and applications clusters through foundational efforts that foster innovation, expand export capabilities, promote collaboration opportunities and maintain the region's business-friendly climate.
3. Outpace the national average growth rate for new foreign-owned establishments and foreign firm employment by 2027.
4. Provide a full-service concierge attraction and aftercare program to all international assisted locates, regardless of mode of entry.
5. Fully fund foreign direct investment attraction, aftercare, branding and promotion activities.



Strategies and Tactics

Strategy One: _____

Enhance the global competitiveness of the region to attract new investment expanding core microelectronics competencies and emerging end-market clusters.

Tactics:

1. Increase private and public alignment to create and expand applied research and commercialization centers.
2. Facilitate collaboration between local firms, universities, and international startups and scaleups.
3. Advocate for the modernization of federal, state and local tax and regulatory policies that open new opportunities and markets and lower the cost of production and encourage reshoring.
4. Support efforts to expand the number of direct international flight destinations in key target countries.

Strategy Two: _____

Expand the region's legacy microelectronics ecosystem and emerging end-market clusters.

Tactics:

1. Attract investment and growth across the value chain, including design, frontend to backend testing and assembly, equipment and material suppliers and related services.
2. Target international original equipment manufacturers (OEMs) and market leaders across high growth end-market clusters.
3. Identify reshoring opportunities within OEM supply chains.

Strategy Three: _____

Expand GPEC's full-service concierge activities.

Tactics:

1. Grow the Global Growth Accelerator and other regional assets helping international firms accelerate their U.S. expansion by connecting local and foreign companies, business advisory services and peer-to-peer mentors.
2. Promote the region's workforce, infrastructure, competitive business climate, growth incubation and affordable lifestyle through workshops, targeted marketing and communications campaigns.
3. Collaborate with partners such as SelectUSA and U.S. Department of Commerce to increase the profile of Greater Phoenix for trade and FDI.
4. Update and maintain the GPEC International Toolkit for international companies expanding to the U.S.
5. Engage city-led business retention and expansion programs to develop a comprehensive directory of foreign owned enterprises (FOE) in Greater Phoenix.
6. Use regular competitive market research tools for lead generation.

Strategy Four: _____

Promote the Global Partnership Program to connect parties interested in joint venture, aquisition or investment opportunities.

Tactics:

1. Enhance the Global Partnership Program, an on-demand service to identify companies with potential to become joint venture partners and M&A candidates.
2. Build on existing domestic and international capital ecosystem outreach to support privatization and public-private partnership opportunities.

Strategy Five: _____

Enhance collaboration within and outside Greater Phoenix to capitalize on the region's connection to key trade partners.

Tactics:

1. Develop collateral and case studies highlighting Greater Phoenix's value proposition for investments geared toward domestic and North American markets.
2. Support trade and FDI missions to key trading partner countries to promote Greater Phoenix as an entry point for expansion into North America.

Implementation

To achieve the stated goals of the Greater Phoenix Global Investment Plan, a regionwide engagement model must be successfully implemented. GPEC serves as the regional champion for inward FDI promotion in coordination with partner organizations, and public and private community leaders. GPEC's Economic Development Director Team, a group of the economic development directors from GPEC's member communities, play a pivotal role in leading and coordinating the strategies of this plan.

GPEC will continue to rely on the International Leadership Council (ILC) to provide guidance and oversight of the direction and implementation of the plan. ILC members will serve as strategic advisors on how to increase public support and financial resources to maximize programmatic impacts.

GPEC staff will present quarterly reports to the ILC on the progress and effectiveness of the strategies and tactics outlined in this plan. The plan will be re-evaluated at the end of the third year (2024) of its implementation.

Performance Measures

Many factors outside of local control influence how successful a metro will be in gaining additional foreign investment, including:

- Mounting tension in the Asia-Pacific
- Instability in the Euro Zone
- Decoupling of the U.S.-China value chains
- Trade frictions fueled by techno-nationalism
- Increasing inequalities and the polarized American political landscape
- High level of household debt
- Economic uncertainty as a result of the global COVID-19 pandemic

Nevertheless, GPEC will measure success using key performance indicators to track the effectiveness of the strategies and tactics.

The following strategic indicators will be used to track performance:

Strategy One:

- Number of meaningful engagements to align private and public investment
- Number of collaborations between local firms, universities and international startups, and percentage in the target clusters
- Number of supported policies to open new opportunities and markets and modernize tax and regulatory environments
- Number of supported targeted workforce development programs
- Number of direct international flights and destinations

Strategy Two:

- Total investment and jobs brought to the region
- Number of prospects and locates across the microelectronics value chain
- Number of OEM prospects, locates and expansions across end-market clusters
- Number of prospects, locates and expansion across OEM supply chains

Strategy Three:

- Number of GGA users and partnerships
- Number of workshops, targeted media campaigns and impressions in international markets
- Number of collaborations with SelectUSA and U.S. Department of Commerce

- Number of GPEC International Toolkit downloads
- Number of engagements with city-led BR&E programs
- Number of leads generated via market research tools

Strategy Four:

- Number of small- and mid-market M&A targets
- Number of engaged VC and sovereign wealth funds
- Number of PPP projects

Strategy Five:

- Number of collateral materials and case studies
- Number of supported trade and FDI missions

Marketing and Communications

The successful implementation of the Metro Phoenix Global Investment Plan depends largely on sustained and coordinated marketing and communications efforts to effectively position the region in key strategic markets.

In the first three years of the plan's implementation, GPEC focused on developing specific marketing and communications efforts to establish The Connected Place (TCP) brand. TCP and related campaigns shared our region's approach to connectivity and relentless pursuit of innovation and technology. Stories of our region's legacy businesses joining forces with emerging disruptors, our educational institutions collaborating to produce talent that is job-ready and entrepreneurial in spirit were captured and amplified.

Looking ahead to the next three years, GPEC and its regional partners will focus on gathering additional resources to strengthen the region's tech-forward brand, publish more technology focused blogs, and capture more success stories and case studies highlighting the region's position as a global leader for development and manufacturing of next generation microelectronics and applications.

Additionally, GPEC will continue to explore opportunities for industry specific story placements in targeted international outlets, and organize and promote inbound and outbound international media tours.

Acknowledgements

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International Leadership Council Members and Partners:

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- American Airlines
- Arizona District Export Alliance
- Arizona Israel Technology Alliance
- Bank of America
- Berkshire Hathaway Arizona Properties
- Canada Arizona Business Council
- City of Peoria
- City of Phoenix
- CopperPoint Insurance Companies
- Cox Communications
- Everspin
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- Global Chamber
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