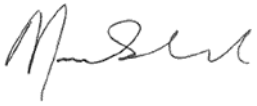




INFORMATION REPORT

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	April 5, 2023
SUBJECT/REPORT NO:	Hamilton's Foreign Direct Investment (FDI) Attraction Strategy (PED23033) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Brian Morris (905) 546-2424 Ext. 5602
SUBMITTED BY:	Norm Schleeahn Director, Economic Development Planning and Economic Development Department
SIGNATURE:	

COUNCIL DIRECTION

N/A

INFORMATION

Under the Growing Business and Investment priority of the 2021-2025 Economic Development Action Plan (EDAP), Action 34 is to update the City of Hamilton's Foreign Direct Investment Strategy.

The Economic Development Division of the City of Hamilton has positioned itself to capture its share of Foreign Direct Investment (FDI) by recasting value proposition, maximizing lead generation, and ensuring investment readiness – the stated recommendations and goals of the previous Foreign Direct Investment Strategy (2015). By several measures, this previous Strategy has been a success. However, much has changed in the City of Hamilton, the greater region and internationally since that time. The landscape and environment relating to FDI and investment decisions is no exception and there is a need for a current and refreshed approach. Technology and ongoing effects from the COVID-19 pandemic have significantly influenced and altered site location decisions as the global economy has evolved. Companies are actively looking to re-shore their supply chains and discover new sources of growth in foreign markets. Locations with talent availability, resilient supply chains, innovative technology,

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

dependable infrastructure, including high order public service, and flexible business models are attractive in this context. This presents numerous opportunities for Hamilton to attract FDI that will accelerate economic growth.

In the summer of 2022 KPMG International Limited (KPMG), a Canadian consulting firm, was retained by the Economic Development Division to update the City's Foreign Direct Investment Strategy. Building off their work on the City's Life Science Sector Strategy (2021), Manufacturing Sector Strategy Update (2022), and leveraging the outreach and input from key stakeholder groups, KPMG worked collaboratively with staff in Economic Development Division to validate internal and external findings on industry sectors of focus to create growth opportunities and high value job creation from a Foreign Direct Investment (FDI) perspective. The resulting Foreign Direct Investment (FDI) Attraction Strategy, Appendix "A" to Report PED23033 attached, represents a key opportunity for Hamilton to advance its economy and bolster existing sectors. This FDI Strategy is a call to action and provides a prioritized framework to accelerate investment by leveraging previous City of Hamilton strategies.

Why FDI?

According to the United Nations Conference on Trade and Development (UNCTD), FDI is "an investment reflecting a lasting interest and control by a foreign direct investor, resident in one economy, in an enterprise resident in another economy (foreign affiliate). FDI inflows comprise capital provided by a foreign direct investor to a foreign affiliate, or capital received by a foreign direct investor from a foreign affiliate." (UNCTD, Handbook of Statistics, 2021). The benefits and advantages of foreign direct investment to a community are well documented. Generally, these can be summarized as: economic stimulation, new or increased job creation, technology and resource transfer, and increased/facilitated trade. In the Hamilton context, strategic FDI investments could foster innovation, sustainability, high quality jobs, and ecosystem acceleration.

Key Findings

Hamilton features a thriving business ecosystem that combines a strategic location with an innovative and collaborative community providing investors unparalleled opportunity to tap into key North American markets. Hamilton has undergone a profound transformation in recent years, expanding beyond traditional manufacturing and developing reputable innovative capabilities.

Due to market conditions, development pressures, competition and the changing landscape for FDI, Hamilton needs to become much more strategic and targeted in its approach. Research identified specific growth opportunities and target markets (geographies) for the following subsectors that are economically important to Hamilton and/or offer strong investment attraction opportunities.

- Manufacturing – Steel and Metal; Aerospace and Defence; Water Technology;
- Life Sciences – Biomanufacturing; Nuclear Medicine; Medical Devices;
- Agri-business and Food Processing – Confectionery; Food Ingredients;
- Digital Media and Film – Animation; Live Action Film and TV; and,
- Decarbonization Technologies – Electric Vehicle (EV) Motors; Alternative Fuels.

Within these areas of focus, Hamilton can draw on key City initiatives to accelerate FDI and enable sector growth including clean energy transition, labour attraction, collaborating with academic institutions and research centres, and partnerships with neighbouring regions.

Recommendations and Actions

Hamilton's Foreign Direct Investment (FDI) Attraction Strategy identifies strategic pillars and key enablers to help achieve the vision to attract international and national investment that will increase Hamilton's global competitiveness by supporting the creation of high-quality jobs, benefiting local businesses, advancing innovation, and fostering sustainable supply chains.

It is proposed that the city strengthen the strategic pillars, city branding, attraction services, and strategic partnerships through a series of actions. Based on the collected data and analysis, several recommendations have been identified to assist staff in attracting new investment. A complete list of the 43 Actions with corresponding roles, timelines and priorities can be found in Section 4 of the Implementation Roadmap of the FDI Attraction Strategy, in Appendix "A" Report PED23033. The following are a few examples of identified actions with high priority:

- Ensure all levels of government are aware of notable industry successes and opportunities by promoting recent wins/opportunities to Hamilton City Council, Invest Ontario, and Invest in Canada;
- Leverage the existing Hamilton partnerships, municipal, provincial, and federal relationships (as appropriate) to connect with potential investors;
- Organize foreign trade missions with potential investors in key target markets for each spotlighted sector;

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- Increase availability of data, reports, and step by step assistance on the Invest in Hamilton website to make it easier for potential investors to receive information at a glance;
- Connect potential/existing investors looking to hire foreign labour with key resources across Hamilton;
- Based on the data assessment, seek to obtain licenses on the data most critical to supporting the site selection and lead generation process; and,
- Network with Global Affairs Canada's Trade Commissioners based in foreign target markets to assist the City in facilitating connections with potential investors and establish an in-market representative that promotes the Hamilton brand.

The completion of the Hamilton FDI Strategy update was an identified action item in the City's Economic Development Action Plan 2021 – 2025 and now it will be positioned for implementation.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report PED23033 – FDI Attraction Strategy

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