



UNITED STATES INVESTMENT ADVISORY COUNCIL

October 31, 2016

The Honorable Penny Pritzker
Secretary of Commerce
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Madam Secretary:

The Investment Ecosystem Subcommittee (the “Subcommittee”) of the U.S. Investment Advisory Council (the “Council”) has been focused on identifying recommendations that will foster a climate that improves the ease of identifying opportunities, starting, and growing business investment by creating a community that leverages partnerships, best practices, and technological tools to best support foreign direct investment (FDI).

The Subcommittee’s initial discussions have been centered on identifying and leveraging best practices currently used by state and regional economic development organizations across the country to enhance the delivery of information, client services, and resources available to the U.S. Department of Commerce (the “Department”) and SelectUSA. The Subcommittee affirmed that creating a client management process would enhance transparency and enable states and regions to showcase their respective markets effectively. With more active participation from states and regions, SelectUSA can carry out its important mission to facilitate job-creating business investment into the United States.

Specifically to client services, the Subcommittee recognizes two types of clients of SelectUSA. One subset is executives of foreign-owned enterprises evaluating investing or expanding investments in the United States via greenfield projects, joint ventures, or mergers and acquisitions. The second subset is state and regional economic development organizations that often work side-by-side with SelectUSA to promote their respective regions to prospective foreign investors.

Recommendations:

Harmonize federal, state and regional EDOS’ foreign direct investment attraction objectives and strategies to create a stronger platform to promote the U.S. Prioritizing the deployment of current available resources will maximize the collective outreach efforts to potential foreign investors. Concurrently, expanding SelectUSA investment mission capabilities,

marketing and promotion campaigns, and dedicated tools and staff, will support outreach to potential foreign investors and support state, regional and local EDOs' FDI attraction efforts.

We recognize the tremendous value of SelectUSA and the impact it has had on the investment ecosystem. States and regions have begun to place significant resources to align themselves with SelectUSA, participating in the SelectUSA annual summit, attending international roadshows and other events, and connecting with the global network of Department specialists. The Council recommends SelectUSA continue forward with its ambitious mission, while ensuring that existing resources are deployed in a focused and prioritized manner, and in coordination with state and regional objectives and strategies. We recommend SelectUSA survey states and regions on a bi-annual basis to understand their key objectives and strategies, create frequent touch points aimed at increasing the level of direct communication and improve alignment and, when possible, integration of SelectUSA and EDOs efforts. Additionally, we recommend SelectUSA create a standardized process to share information with state and regional EDOs about the type of investment opportunities investors are seeking. This will increase the visibility of investment opportunities in the United States by providing investors greater access to information that will allow them to thoroughly evaluate locations. We recommend that additional resources be allocated to SelectUSA for the expansion of trade missions, marketing and promotional events, dedicated tools, and staff to expand outreach to enhance FDI attraction efforts.

Optimize the flow of information between SelectUSA, EDOs and potential foreign investors by creating standardized targeted questionnaires; request forms detailing the critical data-points investors need at each stage of the life cycle of their projects; and, develop procedures that allow EDOs, working through SelectUSA, to supply investors with the applicable data and information they seek.

This recommendation stems from the need to improve the level of service provided to potential investors. This can be achieved by better utilizing the available resources of SelectUSA and state, regional and local EDOs, and by strengthening cooperation between stakeholders while maintaining the highest standards of investor confidentiality and geographic neutrality. We recognize that SelectUSA is in a unique position to represent and speak about national economic development topics, federal regulations and characteristics of the nation's economy. Likewise, state, regional and local EDOs are in the best position to address regional and local assets, incentives, programs, market intelligence and opportunities. This Council recognizes that it is a best practice to provide accurate and timely information in response to specific requests by all investors, regardless of the stage of the proposed project. This process provides a format for collecting information from potential investors and acquiring the relevant state and regional information most important to the FDI inquiry. This is particularly important in providing data not captured by currently available federal sources. This will enable SelectUSA to respond to specific client needs, while limiting the burden on SelectUSA, in particular when the clients are still in the early exploratory stages and not ready to directly engage with multiple state and regional entities.

Establish a recommended set of standardized state and regional-level data to be aggregated from EDOs and made accessible to SelectUSA clients. Promote the purpose of the database

and actively pursue data-sharing to encourage inclusion of all states and regions of the country. Initially, the collected data will be warehoused on existing platforms with the goal of creating and maintaining a federally operated database of national and metro-level international business cost comparisons.

This Council recognizes that most state and regional EDOs invest considerable resources in data collection, acquisition and tools to assist clients in their due diligence process. It is recommended that SelectUSA establish a ‘collateral portal’ to collect specific state and regional data and collateral, to be on file for SelectUSA clients. In the interim, we recommend to actively encourage all states and regions to use the existing platform.

This Council recognizes that it is a best practice to present data to clients that offer demographic, labor, tax and business cost comparisons across multiple states and regions. However, it is very difficult and costly for states and regions to provide such comparative analysis against other countries and regions outside of the United States. We recognize that SelectUSA may be able to consult with domestic accounting firms or other resources to assess the feasibility and the cost to procure and maintain this information.

While certain recommendations will require further examination and the allocation of resources, we believe that some items can be achieved in the near-term. Those items requiring additional examination and resources should still be able to move forward by leveraging existing knowledge and projects advanced by other groups and agencies such as the Commerce Data Advisory Council and U.S. General Services Administration, Office of Citizen Services and Innovative Technologies. The Subcommittee would welcome the opportunity to explore next steps related to our recommendations, which may include identifying and cataloguing existing resources and best practices, to further advance the objectives of this Subcommittee.

We thank you for the continued opportunity to serve as members of the U.S. Investment Advisory Council, Investment Ecosystem Subcommittee, and we look forward to the discussion on the merit and impact of this set of recommendations.

Respectfully submitted,



Jane Garvey
Chair



Catherine Smith
Vice Chair



Chris Camacho
Chair, Investment Ecosystem Subcommittee



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The Honorable Penny Pritzker
Secretary of Commerce
U.S. Department of Commerce
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Dear Madam Secretary:

Enterprises seeking foreign direct investment opportunities identify a destination's workforce as a key factor that determines where they will invest. The U.S. offers foreign enterprises an unparalleled choice of regions, states, and local municipalities in which to invest, each of which possesses a workforce with its own unique attributes and skills.

The federal government is committed to ensuring that the capabilities of its workforce are aligned with the enterprise needs of today and the future, and the Department of Commerce's "Skills for Business" agenda is a prime example of that commitment. With the input of the Department of Commerce, the federal government has undertaken such initiatives as developing a job-driven training checklist. As of October 1, 2014, applications used by all federal agencies for competitive training grants (totaling \$1.4 billion) incorporate elements of the job-driven checklist.

The effort the federal government is undertaking to align the skillsets of our workforce with the needs of the private sector can enhance the appeal of the U.S. as a destination for foreign direct investment, and the U.S. Investment Advisory Council (the "Council") suggests that the Department of Commerce take steps to improve the process for foreign enterprises to obtain key workforce information that is relevant to their investment decision-making process. Enabling foreign enterprises to better understand labor markets in the United States will increase investor confidence and expedite the research and analysis that is an essential step of any investment decision-making process.

Recommendation:

Our recommendation is to develop a searchable, cloud-based portal that foreign enterprises can use to identify U.S. locations with the potential to meet their specific labor requirements. This portal will be populated with information provided by federal sources and supplemented with standardized workforce demographic data from state, regional, and local sources that is not available at the federal level. We additionally recommend development of a

promotional campaign that showcases to foreign enterprises the availability, accessibility and relevance of this information.

As part of this recommendation, we have identified three specific initiatives:

Develop a searchable, cloud-based portal that foreign enterprises can use to identify U.S. locations with the potential to meet their specific labor requirements. This portal will be populated with information provided by federal sources.

While foreign enterprises interested in investing in the U.S. benefit from the breadth of regions, states and cities available to them, the corresponding task of determining the optimal U.S. location in which to invest can be daunting. Today, there is no single source foreign enterprises seeking workforce data for different U.S. locations can visit. As a result, foreign enterprises may be forced to undertake the burdensome and expensive process of searching for workforce data one region, state and city at a time.

In this competitive foreign direct investment environment, the U.S. can differentiate itself and demonstrate the high value it places on foreign direct investment by ensuring that data critical to foreign investment decisions is collected and made available in a manner that can be easily evaluated. The following are workforce data points we have identified as key to enterprises researching foreign direct investment opportunities:

- Salary/wages and benefits by community
- Labor availability by job classification, employment, and residence location
- Total size of the workforce by job classification and community
- Workforce demographics (population by educational level attained, age, workforce growth trends etc.)
- Number of college graduates by degree per year by state and local community
- Trade Certifications (by type and percent of workforce holding certifications)
- Community educational system (K-12, colleges and graduate schools, technical schools, and apprentice and co-op programs)
- Community workforce training support programs
- Regional/Local workforce productivity trends
- Cost of living by community
- Federal, regional, local, and other workforce hiring incentives
- Key employers by community
- International Benchmark comparisons of key labor statistics
- Federal/Regional/Local Labor Laws

We recommend the collection of standardized data including the above-mentioned data points and display of that data in a manner that enables potential investors to easily analyze and compare. In addition to a standard web-based portal, we recommend developing an application to make the data accessible on mobile iOS and Android devices.

Supplement the portal with searchable data from state, regional, and local sources that agree to provide standardized workforce demographic data and display it in a standardized format.

Currently, each region, state, and local municipality determines the data to collect and the method to use for depicting and describing that data, resulting in inconsistent data sets and, in some cases, lack of data. Without access to readily comparable information at the local community level necessary to make educated investment decisions, potential investors may delay their investment decisions or turn to other destinations where they can invest without facing as many unknown or confusing factors.

Develop a promotional campaign for the cloud-based portal that highlights the relevance and accessibility of its content.

To build awareness, we recommend publicizing the cloud-based portal at trade shows, seminars, and through advertising literature and communications made available through U.S. embassies and consulates and foreign economic development organizations. Targeted advertising of the portal will spur the interest of the foreign direct investment community, increase usage of this important tool and allow the U.S. to showcase its continuing commitment to making the U.S. the best global destination for foreign direct investment. Inclusion of testimonials and success stories would demonstrate to potential investors the positive experiences and outcomes other foreign enterprises have achieved through use of the portal.

In summary, the federal government has made significant efforts to develop and align workforce skillsets with private sector requirements. The Council strongly believes that improving the quality and accessibility of our workforce data will build investor confidence, speed investment decision-making, and ultimately increase the level of foreign direct investment in the U.S.

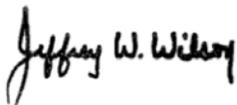
Respectfully submitted,



Jane Garvey,
Chair



Catherine Smith
Vice Chair



Jeffrey Wilson
Chair, Workforce Alignment Subcommittee



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The Honorable Penny Pritzker
Secretary of Commerce
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Dear Madam Secretary:

On behalf of the U.S. International Advisory Council's Investment Competitiveness Subcommittee, we would like to express our appreciation for the opportunity to partner with you on improving foreign direct investment ("FDI") opportunities in the United States. In your tenure as Secretary, FDI has expanded considerably. President Obama's directive to grow jobs has been met with action as evidenced by the fact that over 6.4 million Americans now work for inbound companies, more than one in twenty private sector jobs.

However, on a global basis the data reveals a decline in support for FDI and a momentum towards protectionism, even in the U.S. In certain circumstances, there have been disconnects between the goal of FDI attraction and the implications of policies that will disproportionately affect FDI at the federal and state levels. We believe it is more critical than ever to find opportunities for growth in the U.S. market. Your formation of the U.S. Investment Advisory Council (the "Council") shows your dedication to enhance the U.S. as the premiere location in which to invest.

As you know, the Investment Competitiveness Subcommittee was tasked with focusing on identifying policy barriers and challenges to FDI. We have worked together to prioritize and highlight actionable areas that we believe need continued attention and resources today and as we transition between Administrations. With this in mind, below are our initial recommendations.

Recommendations:

As an authoritative source on inbound investment, the Secretary and SelectUSA should be used as a resource for the review of public policy. As such, we recommend the Secretary continue to work to remove barriers to FDI in the United States by preventing or changing regulations/regulatory actions that may disproportionately disadvantage foreign companies doing business in the United States. Furthermore, to that end, advocating for necessary statutory fixes, where appropriate, to help create a more level playing field.

- The Secretary should serve as an expert resource in this area by advocating for a regulatory climate that balances both the policy objectives with their impact on FDI.
- The Secretary and the Department should continue to engage interagency colleagues, including utilizing the Interagency Investment Working Group, on matters that relate to FDI promotion in the US such as regulations that are prejudice against FDI.
- The Council can serve as a positive resource for the Secretary in this context.

The Department can serve as an advocate for commerce in the U.S. by clarifying that U.S. subsidiaries should be regarded as part of the U.S. business community for purposes of federal government support, advisory groups, services, and promotion in the United States and around the world. Given inbound companies export nearly a fourth of U.S. exports, they should have an active role in government-business dialogue guiding our business environment.

- The executives of U.S. subsidiaries of foreign companies should be more actively included and considered for business engagement opportunities including advisory groups, roundtables, and trade missions with senior U.S. government officials.

We request that the Department include in its transition documents to the next Secretary the significance of FDI in the U.S. and encourage the next Administration to consider establishing national FDI goals within the next four years, ensuring the sustainability of SelectUSA, and increasing awareness of FDI as a national economic priority. We commend you for your dedication and express our gratitude for the opportunity to partner with you in improving opportunities for inbound investment in the U.S.

Respectfully submitted,



Jane Garvey
Chair



Catherine Smith
Vice Chair



Eric Spiegel
Chair, Investment Competitiveness Subcommittee



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Dear Madam Secretary:

The Department of Commerce has undertaken a number of initiatives to increase foreign direct investment (FDI) into the United States. As a key stakeholder in this area, the Department is exploring ways to increase FDI across many sectors including infrastructure investment. The Infrastructure Investment Subcommittee to the U.S. Investment Advisory Council seeks to assist the Department in providing research into this area and as part of this undertaking, subcommittee members were provided with briefings from staff at both the Treasury and Transportation to augment independent research.

Increasing private capital (foreign and domestic) in public infrastructure projects provides multiple benefits. In addition to providing alternate financing capabilities, private capital brings with it expertise that may be lacking at the state and local government level. The private sector brings knowledge, efficiency, and an “on-time/on-budget” mentality. Private capital can propel projects to be realized earlier, resulting in accelerated job creation and economic development opportunities. As has been recognized by the Department, there exists a benefit to generally reducing barriers and increasing FDI in the United States across the economy. An American economy that is “open for business”—including for foreign investors— has residual benefit across sectors.

There is analysis to support the idea that there is sufficient private capital (foreign and domestic) available to support the current supply of infrastructure projects. However, there is still clear reason to increase FDI in this area. Not only does FDI participation bring expertise as outlined above, educating government entities (especially around public-private partnerships), reducing barriers to entry and so forth over time may help increase the pipeline and hence benefit the overall economy by propelling important infrastructure initiatives.

To this end, an important note should be made on urban planning and infrastructure spending: comprehensive regional, state and federal planning provides the roadmap for infrastructure programs. States are in a position to drive this planning both down at the local level and up to the federal one. There is a need for undertaking this basic work and then the need to ensure the

states have the knowledge and tools they require. Moreover, consider infrastructure projects where FDI can be readily deployed— e.g. in categories of infrastructure that in the U.S. are not readily available for full tax-exempt financing structures and therefore more prime for Public-Private Partnerships (railroads, investor-owned utilities, renewable power projects, many hospitals, etc.), or have some commercial risk and are in private hands and therefore require an equity component as part of the project financing to assume critical risks.

Finally, it should be understood that the federal government's BUILD AMERICA program has undertaken a number of initiatives to streamline processes and to create a one-stop resource for state and local government as well as (potentially) for prospective investors, contractors, service providers, and advisors. This working group understands the complexity of accessing information needed to move projects forward. Congressional legislation in December 2015 has expanded BUILD AMERICA's staffing and capabilities. Growing awareness of the capacity of BUILD AMERICA to help facilitate projects will play a key role in the future as the likeliest opportunity to create increase FDI lies within expanding Public-Private Partnerships (PPPs).

Recommendations:

Create an information register that identifies priority projects. Prioritization and Communication of these projects is a clear need in order to increase private sector involvement. The Commerce Department should request that states and municipalities create a priority list of 4 to 6 infrastructure projects each that are viewed as priority projects and share these with BUILD AMERICA, other appropriate agencies, and working groups. These projects should span the infrastructure spectrum from roads and railroads to schools and public buildings and everything in between. The key is that they be prioritized by the states. While BUILD AMERICA currently has capacity to analyze and fund projects on a first come, first served basis the day is not far off where demand will out-weigh capacity. At that point, prioritization of projects will become important to the agency and there is the potential for FDI to help serve as part of the financing solution. This Infrastructure Register of Priority Projects should be published by Commerce and available to the private sector with updates to be included on an ongoing basis. This process could be begun in the coming months with the goal to have this register available before the end of calendar year 2017.

Promote a Symposium on Public-Private Partnerships. Currently 33 states having enabling legislation that allows for public-private partnerships (PPPs) in some capacity. However, the level of expertise in administering these types of projects varies from state to state. While some states have offices and staff to work through these agreements, many do not. Taking inventory of where the states are in their PPP process would be a good first step to understanding ability in this area. Further, in terms of ground transportation projects, BUILD AMERICA itself does not yet have a sizable staff in place to help educate state and local governments with PPPs however this is an area of focus for BUILD AMERICA and the working group is in the process of hiring a staff person. However, BUILD AMERICA would benefit from additional support because while PPPs tend to be complex, they also offer great opportunity to deliver projects faster, at a lower cost and with particular technical expertise found in the private sector. It is also clearly a financing mechanism that is not typically taken advantage of. Short of offering a small grant to those states without staff to manage PPPs (also a worthy undertaking), the Commerce

Department should consider holding a symposium (perhaps as part of SelectUSA), sponsored jointly by private sector companies with expertise in this area for both public and private sector interested parties. While the NGA offered a conference, doing so on the federal level might raise greater awareness. The purpose would be educational and to allow the public sectors officials to hear examples of successful PPP projects, ask questions and meet some of the key players in this field. Private sector sponsorship would ease the budgetary burden from Commerce. Planning for such a symposium could be undertaken immediately with the goal to host such an event within the calendar year 2017.

Long Term Recommendations:

The subcommittee has developed several longer term suggestions that could serve to help increase FDI in infrastructure and perhaps help increase the infrastructure pipeline in the United States. The Department of Commerce has already undertaken any number of initiatives including SelectUSA to make the country more accessible to foreign investors. The Department and the Secretary are not only undertaking action in this area, but are thought leaders and incubators of ideas for the Administration and should consider sharing some of this thinking with the new Administration in 2017. These suggestions range from clarifying FIRPTA taxes on foreign investors' investment in revenue producing projects (which would require guidance from Treasury), to streamlining processes, to a more vigorous education process to supporting tax reform provisions. We would be pleased to more vigorously debate and discuss the merits of any of these at a future date.

We are honored to have had the opportunity to participate in helping to frame the discussion around increasing foreign direct investment in to U.S. infrastructure projects. We appreciate the Administration's commitment to increasing FDI as a means of continuing to grow our economy and creating meaningful employment for Americans. We look forward to continuing to work together and to assist this process.

Respectfully submitted,



Jane Garvey
Chair



Catherine Smith
Vice Chair



Peter Lowy
Chair, Infrastructure Investment Subcommittee