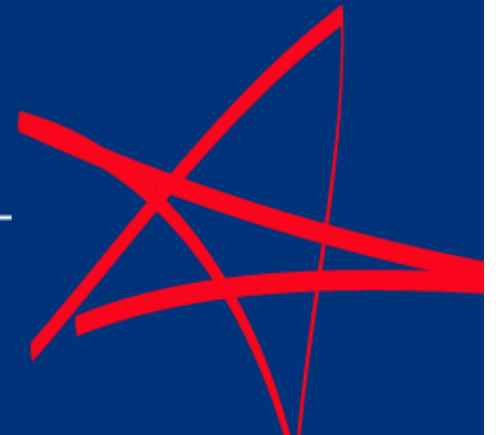


Rockford Area Economic Development Council

2nd Quarter 2009 Investor Event

June 24, 2009

ROCKFORD AREA ECONOMIC DEVELOPMENT COUNCIL



RAEDC

RAEDC Mission

Enhance wealth creation in the Rockford Region by marketing the area and helping employers retain and create quality jobs

Collaborate with regional partners to serve as a one-stop resource for clients, to improve the competitiveness of the region, and to engage the community in the work of economic development



Rockforward!

Rockforward! Five Primary Strategies for 2008-2012

- Thriving Business Climate
- Targeted Marketing & Recruitment
- World-Class Business Infrastructure
- Workforce Development
- Emerging Opportunities Fund



Today's Economy

Janyce Fadden

RAEDC President



Today's Agenda

Focus on Today's Economy & International Trade

- Current Economy
- ARRA
- International Trade
 - ❖ Exporting
 - ❖ Foreign Direct Investment
- Call to Action



Today's Economy

What Do Local Companies Say?

- Performed three “feet-on-the-street surveys” - Jan, Feb, Mar
- 65% of Manufacturing segment are negatively impacted
- 50% of Services segment are negatively impacted
- 70% reported Sales are down year over year
- Outlook majority is for continued sales decreases over next 12 months



America's Recovery & Reinvestment Act

Stimulus Program

- The act has formulaic and competitive opportunities
- Our region automatically receives the formula-based opportunities
- Now begins the opportunity for competitive grants

www.recovery.gov



Competitive Grants: 20 Areas Identified

- National Surface Transportation System- IDOT- RMAP
- National Clean Diesel Campaign- IEPA- Municipal Govt
- Watershed Infrastructure-IEPA- Municipal Govt
- Aquaculture Assistance –IEPA- Municipal Govt
- Community Health Center Service/infrastructure- IDPH-
- Health Information Technology – IDHFS-
- Energy Efficiency and renewable energy- DCEO
- National Grid training- DCEO-Public Housing capital-IDHS- RHA, WHA
- Neighborhood Stabilization- IDHS- Municipal Govt
- Lead Hazard Reduction- IDPH- Municipal Govt
- Economic Development Assistance- DCEO- CEDS committee
- Business stabilization- DCEO- RLDC
- Community development financial institutions-DCEO-
- SBA 7a loan guarantee-DCEO- SBDC
- SBA- 504 loan –DCEO- RLDC
- Micro Loan program – DCEO- RLDC
- Youth Build- IDHS- CCI
- Green jobs training- DCEO- CCI
- Education for the disadvantaged- ISBE- School districts
- Teacher quality enhancement competitive- ISBE - School districts
- Broadband technology opportunities- DCEO- RMAP



State of Illinois

Resources

- Main Site: <http://www.illinois.gov/recovery>
- Additional information in an 81 page document
- Outlines programs and applicable State of Illinois department
- http://www.illinois.gov/recovery/documents/ARRA_Grant_Program_Doc.pdf



Rockforward! Challenge from Launch

Rockforward! Campaign Launched in 2007

“A rapidly changing global marketplace requires a focused, targeted and regional approach to job creation, international trade, and entrepreneurial development.”

Today, let's discuss the RAEDC's international trade tactics, results, and next actions



Rockforward! Strategies

- Targeted Marketing and Recruitment
- Thriving Business Climate
- Workforce Development World-Class
- Business Infrastructure
- Emerging Opportunities Fund

International Actions:
Exporting
Foreign Direct Investment

Public private partnerships
are critical to attracting
international developments



Foreign Direct Investment (FDI)

What is FDI?

- When a foreign entity places a capital investment in our region in the form of establishing a new enterprise or purchasing 10% or more of an existing local company, this is FDI.
- Over 4,600 foreign establishments employ more than 235,600 workers in Illinois, nearly five percent of all Illinois employees.
- Illinois ranks first in the Midwest as a destination for foreign investment and fifth in the nation in “insourced” workers.
- Foreign companies in the U.S pay an average compensation of \$63,428 per year, 32 percent higher than U.S. companies.

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Illinois every year, infusing money into the local economy and keeping unemployment low.



Foreign Direct Investment (FDI)

What is the Impact of FDI?

The United States is the largest recipient of foreign direct investment in the world and the largest investor abroad. In 2006, foreign investors spent \$184 billion investing in U.S. businesses and real estate.

Illinois ranks #1 in the Midwest as a destination for foreign investment. Illinois has attracted 1,523 foreign firms with 5,312 locations. These firms employ over 276,000 Illinois residents.

Source: IL Department of Commerce & Economic Opportunity



Foreign Direct Investment (FDI)

What are the Benefits of FDI?

- Creates New Jobs
- Boosts Wages
- Increases U.S. Exports
- Strengthens U.S. Manufacturing and Services
- Brings in New Research, Technology, and Skills
- Contributes to Rising U.S. Productivity
- Buy from U.S. Businesses

Sources: Int'l Trade Administration & U.S. Dept. of Commerce



Exporting

Exporting is a Significant Portion of Illinois' Economy

- Illinois exports totaled more than \$53.4 billion in 2008, an increase of 9.3% from 2007
- Direct exports accounted for 8.0% of the Gross State Product (GSP) in 2007
- 539,300 Illinois jobs were supported by exports in 2008

Source: IL Department of Commerce & Economic Opportunity



Benefits of Exporting

“Studies have shown that exporters, small and large, pay higher wages, enjoy higher productivity, and have stronger staying-power than similar companies that do not export.”

Source: Szamosszegi, Andrew, *Exports by Small Businesses: Performance Issues and Policy Options*, Economic Strategy Institute, November 1999, p. iv



International Trade

Eric Voyles

RAEDC Vice President of National Business
Development



Targeting FDI Opportunities

Aerospace Industry

Double Digit Industry Growth Projections through 2020

The Rockford Region is one of the largest and most diverse clusters of aerospace companies in the U.S.



Targeting FDI Opportunities

China

- Go Global Strategy
- China is investing in the U.S. - \$4.9B in 2007
- U.S. Representative Don Manzullo is the ranking member of the sub-committee on Asia, the Pacific, and the Global Environment



Targeting FDI Opportunities

Sweden

- Leads the world in innovation
- Historic alignment with Rockford
 - Culture, industry, innovation
- Well-established European trading partner
- Established connections with Sweden both nationally and internationally
 - Mark Podemski is President of the Swedish-American Chamber of Commerce Chicago and serves on the Board of SACC USA



Inbound Trade Missions

International Trade Delegations in Rockford

- Hong Kong Productivity Council
- Chinese Investment Promotion Agency
- South Korean Embassy Delegation
- Japanese Embassy Delegation
- Tsing Hua University
- City of Changzhou



Inbound Trade Missions

International Trade Delegations

- City of Guiyang, China
- Wanxiang Group
- CEIBS Chinese Automotive Club
- Beijing Technology & Business Univ.
- Inner Mongolia EMBA Professionals



Outbound Trade Missions

Int'l Air Cargo Association 2006 Calgary, Canada

- **Attendees:** City of Rockford, Greater Rockford Airport Authority & RAEDC
- **Result:** Embry-Riddle Aeronautical University located Upper- Midwest campus at RFD in 2008



Outbound Trade Missions

SACC E-Days 2006-2009 Sweden

- **Attendees:** City of Rockford, Winnebago County, RAEDC, Business Leaders
- **Result:** Radius relocated their North American HQ and operations to Rockford in 2006. Radius has exceeded their staffing and sales goals at this location.



Outbound Trade Missions

Changzhou Science & Technology Forum 2008 China

Attendees: City of Rockford, RAEDC

Results:

- Held over 30 meetings in 7 cities
- Met with the Chinese Civil Aviation Administration and Air China to discuss air cargo opportunities at RFD
- Mayor Morrissey presented the Rockford Region to over 1,000 conference attendees
- Met with CEO and COB of Wanxiang Group
- Drafting Sister City Airport MOU w/ Changzhou & GRAA



Outbound Trade Missions

Paris Air Show 2009 Paris, France

Attendees:

- DCEO, Clinkenbeard, GE Aviation, Hamilton Sundstrand, Leading Edge Hydraulics, Woodward, RAEDC

Results:

- 33 meetings and contacts
- 7 leads for FDI with an estimated value of \$100 Million in capital and 700 jobs



Outbound Trade Missions

Paris Air Show 2009 Paris, France

Potential regional cooperative agreements with 3 regions:

- Wallonia Region of Brussels
- Shannon Region of Ireland
- Singapore

Referrals from local companies led to FDI opportunities :

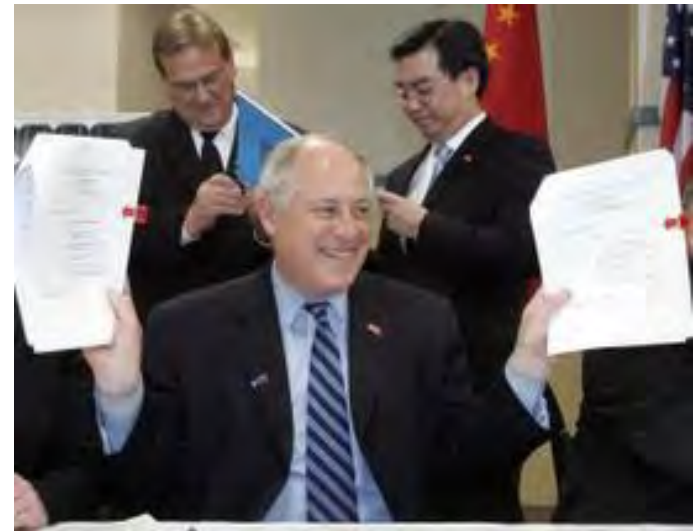
- Bombardier - Canada
- Tigerfish - Australia
- Unnamed - Germany



Successes for the Rockford Region

New Investments

- Embry Riddle Aeronautic University
- Radius US Inc
- Tigerfish/Kaney Aerospace
- Wanxiang America Corporation



Successes for the Rockford Region

Growing International Reputation

- Recognized by DCEO as premier international marketing region within IL
- Invitation by Canada to Western Aerospace Alliance Conference
- Relationships with International Consulates in Chicago
- Promoted Rockford's institutions such as Rockford College with Sister City Changzhou
- Chinese Investment Promotion Agency has approved over \$35 Million of investment in the Rockford Region



International Trade

Mark Podemski

RAEDC Vice President for Development



Illinois Exports

IL Exports

- Machinery was Illinois' leading export product, accounting for 30% of total exports. (Rockford Area Targeted Industry)
- Chemicals is one of the fastest growing exports for Illinois and has grown at an annual rate of 13.4% since 2001. (Rockford Area Targeted Industry)

Other Leading Exports

- Transportation Equipment 9% (Rockford Area Targeted Industry)
- Computers/Electronics 13%
- Electrical Equipment 6%



Many Benefits to Exporting

Advantages to Consider

- Enhance your domestic competitiveness
- Increase sales and profits
- Reduce dependence on existing markets
- Extend sales potential of existing products
- Stabilize seasonal market fluctuations
- Sell excess production capacity



Go Global Seminar 2008 and 2009

“So if Rockford gets behind this kind of activity to expand trade and it’s ... one of the real leaders in the Midwest — which is the way China and other countries look at us — I think there’s a lot of opportunity.”

...*Honorable Neil Hartigan*

- Attendance over 200 in 2009, a 95% increase
- 10 consulates attended with matchmaking
- 18 exhibitors from throughout USA



Trade Missions to Sweden

E-Days 2006-2008

Attendees:

- More than 50 Rockford-area delegates participated

Results:

- Building relationships over time – attended three consecutive years
- Over 60 matchmaking meetings held during the E-days event (just with RAEDC – more held with individual companies)
- Regional education and awareness/marketing
- Industry, cultural and student exchanges



Trade Missions to Sweden

Success Stories

Leading Edge Hydraulic, a local tubing manufacturer, met Jimtec in 2007 which led to a joint-venture agreement signing at the 2008 E-Days in Stockholm



2007 E-Days in Rockford

- Nearly 100 business personnel attended conference sessions at NIU Rockford
- Tremendous opportunity to introduce Rockford to many business leaders
- More than 180 attendees at Rockford Art Museum networking event
- Blending economic, cultural and historical connections



International Trade Management Worldwide

International Trade Management (ITM) – Helps companies Globalize

- Recruiting, training and coaching an Export Sales Representative
- Founded in 1994 – today 1200 people have participated in the ITM program
- Appointed “best concept” by the EU
- Partnerships in nine countries; Unique in all of Europe

Launched in Rockford thanks to the industrial partnership

- Forest City Gear welcomed Daniel Wilhelmsson in mid-April
- Learns about their company, receives trade training and returns to Sweden in October
- ITM will then provide a free office space for another six months

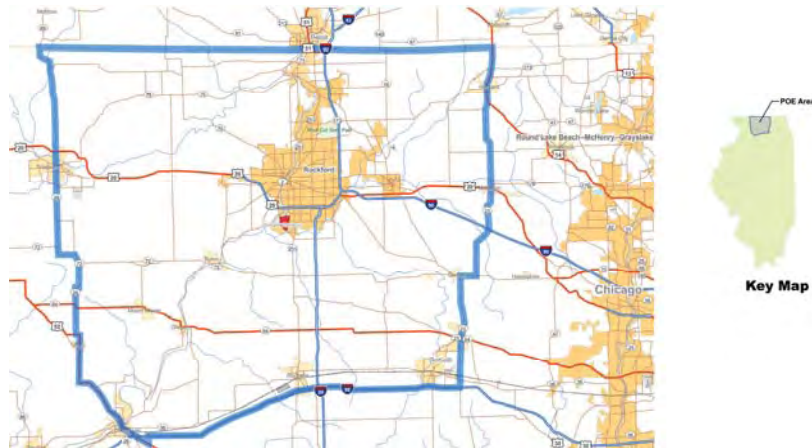


Daniel Wilhelmsson



FTZ Promotional Activities

- Assisting importers to manage and control costs
- GRAA invests in a consultant and an administrator
- Major reorganization of FTZ achieved in 2009
- \$250K+ potential savings
- Marketing the benefits to our existing companies



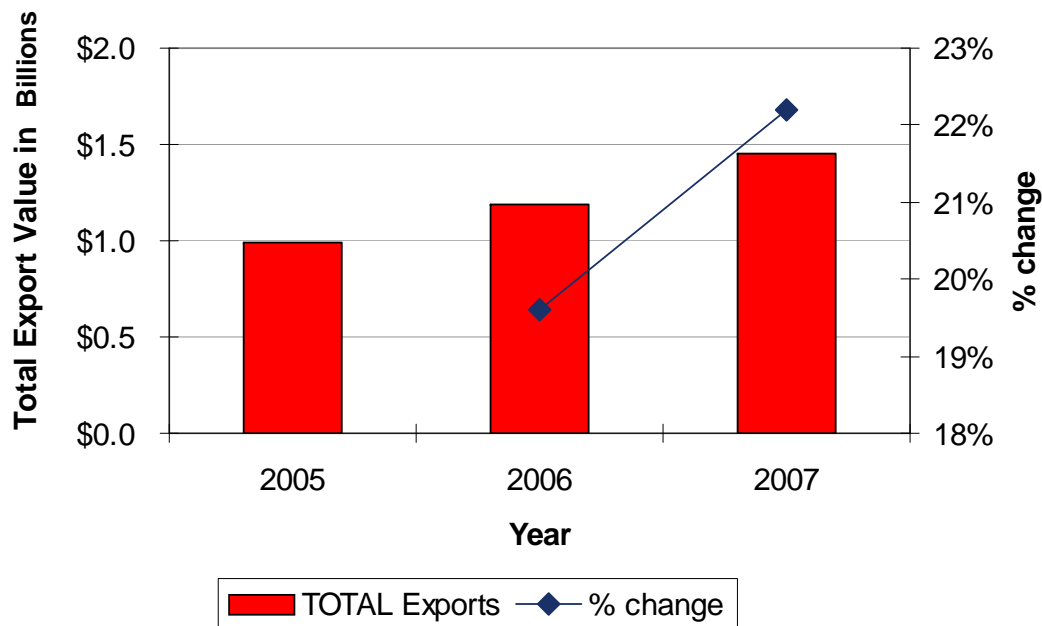
VOC Engagement

- Capturing information about current export/import performance with our companies
- Direct marketing of export benefits and available programs
- Increases our knowledge of barriers local companies are facing in *Going Global*



Rockford MSA Export Impact

Total Rockford MSA Exports and % Change



Top 5 Industries – Rockford MSA

- Industrial Machinery
- Transport Equipment
- Electrical Equipment
- Computer Electrical Products
- Fabricated Metal Products

Averaging greater than 20% per year increase from 2005.
Represents nearly \$500 million in new exports.



Building an International Brand

- The Keeling-Puri Peace Plaza
- Top in ethnic diversity in Illinois
- Seven Sister Cities
- International Gate at Airport
- FTZ #176
- Immigration Services
- Significant number of Rockford-area businesses involved in Int'l trade
- Growing Foreign Direct Investment from multiple countries



Invitation to Participate

What's Next?

- Israel In-Bound Trade Mission – July 21, 2009
- Changzhou China Sister City 10th Anniversary Celebration – September 26, 2009
- Bioenergy Days in Lidköping Sweden - September 2009
- Turkey Provincial Governors with NIU – Oct 8, 2009
- China Auto Parts Association In-Bound Trade Mission - October 2009
- Go Global III – April 20-22, 2010
- Bioenergy Days in Rockford - Sept 2010



Closing Remarks

John Chadwick

RAEDC Chairman of the Board

WREX-TV Vice President & General Manager



2009 Calls to Action

Janyce Fadden's Three Calls to Action at '08 Annual Meeting

1. Embrace and Grow International Connections
2. Build a Strong, Sustainable Region
3. Improve Our Education System

The RAEDC is Dedicated to Implementing Strategies and Gaining Outcomes



Today's Calls to Action

You Can

- Capitalize on Opportunities in the Int'l Marketplace
- Explore and Utilize RAEDC Networks
- Contact RAEDC for Programs & Trade Missions

How to Get Involved

- Invest in *Rockforward!*
- Volunteer to Serve
- Refer a Client



Thank You

Thank You for Your Ongoing Support of the Rockford Region and the Work of the RAEDC

Thank You to Today's Event Sponsor:





Rockford

I L L I N O I S  U S A

ROCKFORD AREA ECONOMIC DEVELOPMENT COUNCIL

