11. Job-Creating Investment

First published as a blog post on May 4, 2017

**CAP Goal Statement:** Encourage foreign direct investment (FDI), spurring job growth by improving federal investment tools and resources, while also increasing interagency coordination.

The U.S. is seen as one of the safest places in the world to invest. And these investments turn into jobs. The Bureau of Economic Analysis reports that in 2014, 6.4 million Americans were employed by U.S. subsidiaries of foreign firms.

As of 2015, foreign firms had invested more than $3.1 trillion in the U.S. over the years, with a record-high of $348 billion *that year* alone. However, its overall share of global trends in foreign investments declined when compared to the pre-recession period of 1999–2008. So, how can this trend be reversed? One key strategy has been to enlist the federal government as both a promoter and a one-stop shop for foreign investors.

**Background.** Historically, economic development had been left to states and cities to compete among themselves for investments in their local economies. While this model may have worked in earlier years—before the unprecedented increases in investments by foreign companies in the global economy—competitor countries have now developed national strategies to attract foreign investments on a scale that U.S. states and localities could not.

In 2007, the George W. Bush Administration launched the Invest in America Initiative—the first U.S. government-wide program promoting and facilitating job-creating business investment in the U.S. Building on the success of Invest in America, SelectUSA was established by executive order in 2011. Housed within the International Trade Administration in the Department of Commerce, SelectUSA focuses on attracting high-impact investment that drives jobs, R&D spending and exports in the United States.

The executive order also created an Interagency Investment Working Group that includes more than 20 member federal agencies that coordinate activities to promote investments, helping “to make the United States a welcoming and supportive environment for businesses to open or expand,” according to SelectUSA’s website. In fact, there are even investment teams at posts led by ambassadors around the world. SelectUSA: “uses the convening power of the U.S. government to showcase investment opportunities and bring investors and U.S. locations together.” It held its first annual investment summit in 2013 where President Barack Obama announced expansions to the effort, including:

- a clear system within the federal government to advocate for high-priority, job-creating investments, led by senior Administration officials;
- a single point of contact for foreign investors looking to bring jobs and production to the U.S. and
- engaging in “unprecedented coordinated support” for states and localities to help them attract investment.
In 2014, the visibility of this initiative rose when it was designated as one of 15 Cross-Agency Priority (CAP) Goals for the federal government.

The Job Creating Investment CAP Goal is the focus of a smaller subset of agencies represented in the working group, and they have more a more defined set of common goals than the broader group. The key players involved in the CAP Goal include the Departments of Commerce, Agriculture, State and Homeland Security, as well as the Small Business Administration and the Export-Import Bank.

**The Cross-Agency Priority Goal.** The federal Cross-Agency Priority Goal, “Job-Creating Investment” facilitates foreign direct investment in the U.S. by improving federal investment tools and by increasing interagency coordination. The overarching intent is to create a whole-of-government, one-stop shop approach to assisting foreign investors. It is comprised of three sub-goals:

- Promote and market the U.S. as a premier investment destination for foreign investors;
- Improve federal services, tools and resources that facilitate investment by foreign companies and
- Improve and execute federal business processes that assist potential investors and state-local economic development organizations.

**Governance Structure.** Three co-goal leaders were tapped to lead this effort --one each from the Department of Commerce, the Department of State and the National Economic Council. The Goal Team, with staff from these three agencies, convenes monthly to assess the progress of sub-goals and milestones.

The CAP Goal team also works with the broader Interagency Investment Working Group, which helps facilitate transaction-level work, helping individual potential investors navigate the intricacies of the federal government and resolve sticking points, especially between agencies.

In addition, according to its website: “SelectUSA is largely responsible for leading this goal’s day-to-day operations. The program is housed within the International Trade Administration (ITA) of the U.S. Department of Commerce.”

**Progress to Date.** CAP Goal team staff say that the more defined goals and smaller subset of agencies helps create greater focus and allows analyses of different types of investment transactions. Staff also observed that being designated a CAP Goal helped create additional visibility for SelectUSA, which in turn helped foster increased collaboration efforts within a smaller nucleus of agencies. More specifically, it led to improved relationships with, and a better understanding by, the State Department’s foreign service officers and chiefs of mission as to the value of encouraging foreign direct investments. This has led to greater mutual support of each other’s missions. For example, at the 2015 SelectUSA Investment Summit, 54 U.S.
chiefs of mission stationed in countries around the world led delegations and came together on improving foreign investment attraction efforts.

The broader SelectUSA program has blossomed, in part because of the visibility that being designated a CAP Goal gave it. The CAP Goal helped a relatively new organization unify, raise visibility, encourage collaboration and hold partners mutually accountable for achieving common goals. The team relies on “agile” management approaches to its work, including the use of rapid testing, piloting and learning in a meaningful way.

**Examples of Results.** The SelectUSA year-end progress report outlines several results that stem from the CAP Goal designation:

- To date, SelectUSA has assisted in facilitating over $23.1 billion in client-verified investment, supporting tens of thousands of U.S. jobs. For example, Switzerland’s Kudelski Group, a leading cybersecurity advisor and innovator, announced in June 2016 that it would be opening a second global headquarters in Phoenix, Arizona. The Kudelski Group expects to create a significant number of high wage jobs over the next three years. The team at the U.S. Embassy in Switzerland and SelectUSA assisted the company with customized research reports and facilitated access to federal, state and local level services.

- In fiscal year 2016, SelectUSA and the Department of Commerce assisted a record 6,072 unique investment clients, more than tripling its comparable fiscal year 2015 performance. For example, SATA Group, a manufacturer headquartered in Valperga, Italy, announced on May 5, 2016 that it will invest $114 million to build a machining operation in Brownsville, Texas, that will create 300 jobs over the next decade.

- About 70 percent of attendees at the 2016 Investment Summit participated in “match-making” meetings. For example, the Italian tissue paper maker Sofidel participated in both the 2013 and 2015 SelectUSA Investment Summits and has made multiple investments across the United States. The company has committed to investing over $300 million in the U.S. through 2017 and creating over 600 jobs by 2018.

**Postscript.** The 2017 SelectUSA Investment Summit was held June 18–20, 2017 in the Washington, DC area. The summit hosted over 2,800 participants, with more than 1,200 international companies and 650 economic developers from 51 U.S. states and territories.