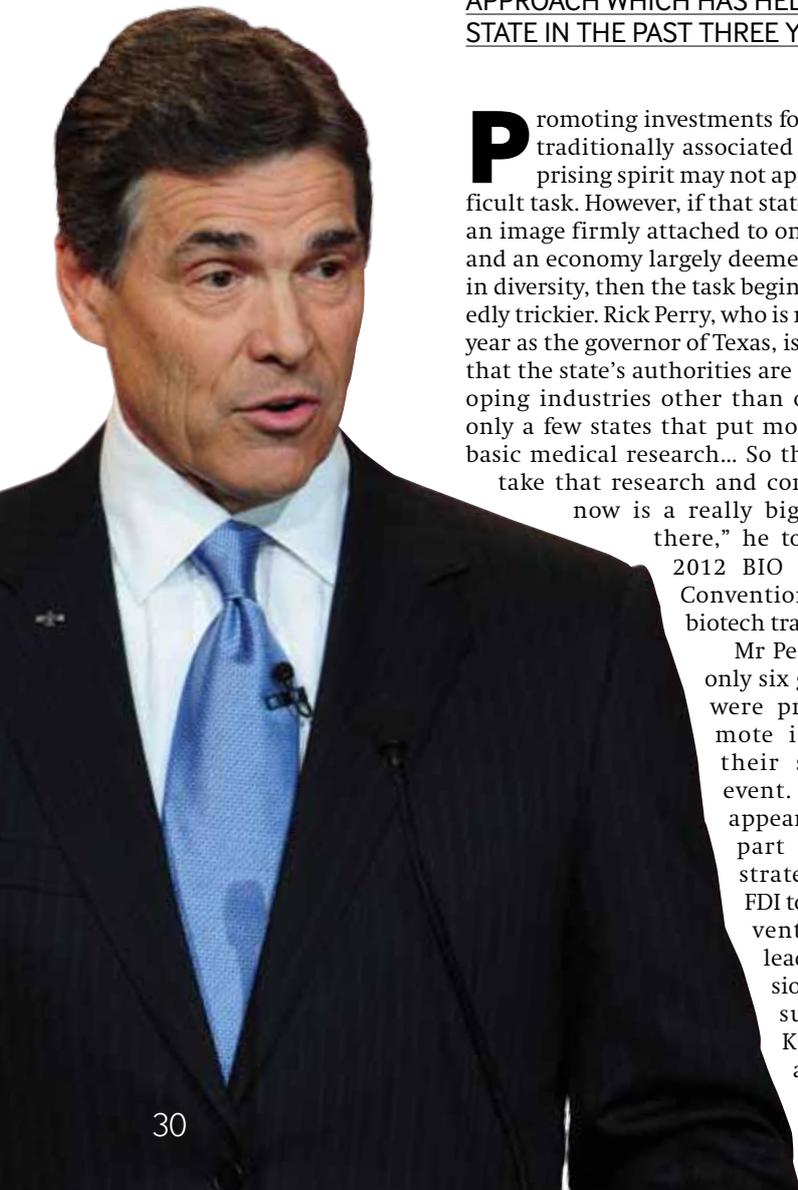


fDi
GOVERNOR'S
AWARD 2012



fDi Governor's Award 2012

TEXAS GOVERNOR RICK PERRY HAS WON THE INAUGURAL **fDi** GOVERNOR'S AWARD FOR 2012, THANKS IN NO SMALL PART TO HIS PRO-BUSINESS APPROACH WHICH HAS HELPED TO CREATE 300,000 NEW JOBS IN THE STATE IN THE PAST THREE YEARS. **MICHAL KACZMARSKI** REPORTS



Promoting investments for a state that is traditionally associated with an enterprising spirit may not appear to be a difficult task. However, if that state is Texas, with an image firmly attached to one sector – oil – and an economy largely deemed to be lacking in diversity, then the task begins to look decidedly trickier. Rick Perry, who is now in his 12th year as the governor of Texas, is quick to stress that the state's authorities are active in developing industries other than oil. "There are only a few states that put more money into basic medical research... So the potential to take that research and commercialise it now is a really big message out there," he told **fDi** at the 2012 BIO International Convention, an annual biotech trade show.

Mr Perry was one of only six governors who were present to promote investment to their states at the event. Making such appearances is a key part of Mr Perry's strategy to attract FDI to Texas. He also ventures abroad, leading trade missions to countries such as South Korea, China and Taiwan.

But what clinched Mr Perry the **fDi** Governor's Award for 2012 is his intention to make Texas the most pro-investment state in the US. The awards were decided by a mixture of qualitative and quantitative factors, which included a compilation of inward greenfield investment data from **fDi** Markets as well as an entry process whereby state governors were asked about their strategies for attracting investment with the answers judged by **fDi** Magazine's editorial team.

Leaving business to the businesses

As for the Texas strategy, Mr Perry says: "We get out of the way and let businesses do what they do best."

At the same time, the Texas governor admits that before the state stands aside, the authorities "do what they can to cultivate a favourable business climate". As an example of this, Mr Perry points to the Texas Enterprise Fund (TEF) launched in 2003. TEF's aim is to both attract new business to Texas and then encourage expansion, and according to the governor's office, of the 100 projects in which grants from the fund have been allocated, investments worth \$21.4bn have been brought into Texas. Additionally, in 2005 the state launched the Texas Emerging Technology Fund, which administers about \$500m in the form of venture capital for tech start-ups.

On top of the launch of these funds, four years ago the state tax regime underwent a major change, when the primary tax rate on revenues was lowered from 4.5% to 1%. At the

same time, Texas businesses and individuals residing in the state retained their exemption from the state income tax.

When asked about the biggest FDI success stories of his tenure, Mr Perry highlights the expansion of Toyota's manufacturing operation in San Antonio and Samsung's \$3.6bn investment in its semiconductor operations in Austin. However, Mr Perry is keen to stress that the state is not only focusing on mega-projects and considers the "little state involvement, much freedom" rule as something that helps create the perfect environment in which small and medium-sized enterprises (SMEs) can thrive. "If you over-tax, over-litigate and over-regulate businesses, they will die in the cradle. That is why [SMEs] are relocating to us from other states," says Mr Perry.

And given that in the period 2009-11 Texas created nearly 300,000 new jobs, Mr Perry remains bullish that his investment promotion strategy positions Texas ahead of the game. "Other states can be increasingly competitive, but at the end of the day they are still going to look at our backs," says Mr Perry.

Great Scott

In the judged component of the **fDi** Governor's Award rankings, Rick Scott, Florida's governor, came out on top, winning the qualitative Best FDI Promotion category and impressing the panel with his state's proactive FDI approach and sound strategy. He also came fourth in the overall rankings. The governors of California (number two), South Carolina (number three) and New Jersey (number five) completed the top five.

Mr Scott believes that the best way to attract business is to "talk business". And talking he does, given that since he assumed office in January 2011 he has delivered 22 presentations to more than 2100 executives and met with CEOs from 57 foreign companies. "We all do business with people we know, like and trust, and talking to people is the best way to build a relationship," says Mr Scott, who adds that on the top of personal meetings, he routinely engages in calling and mailing senior executives of foreign companies. 'Talking business' is where Mr Scott can feel at ease, given his three-decade-long stint as an entrepreneur and venture capitalist.

Mr Scott's efforts in the field of economic development are as unorthodox as some of his political speeches (such as his lecture on the importance of reforming the car personal injury protection system, delivered earlier this year to a group of primary school pupils), but they bring results. In March, Embraer, a Brazilian aircraft manufacturer, announced the expansion of its Florida-based operations. The project will bring 200 new engineering jobs to Florida, with an estimated average salary of \$70,000.

Mr Scott believes that the Embraer example perfectly demonstrates how FDI promotion is much more effective through personal con-

TOP 10 US GOVERNORS: OVERALL

RANK	GOVERNOR	STATE
1	Rick Perry	Texas
2	Jerry Brown	California
3	Nikki Haley	South Carolina
4	Rick Scott	Florida
5	Chris Christie	New Jersey
6	Deval Patrick	Massachusetts
7	Dave Heineman	Nebraska
8	Butch Otter	Idaho
9	Sam Brownback	Kansas
10	Martin O'Malley	Maryland

TOP 10 US GOVERNORS: BEST STRATEGY

RANK	GOVERNOR	STATE
1	Rick Scott	Florida
2	Rick Perry	Texas
3	Chris Christie	New Jersey
4	Bob McDonnell	Virginia
5	Nikki Haley	South Carolina
6	Mitch Daniels	Indiana
7	Deval Patrick	Massachusetts
8=	Steve Beshear	Kentucky
8=	John Kitzhaber	Oregon
10=	Mike Beebe	Arkansas
10=	Scott Walker	Wisconsin

tact. "We have been in touch with Embraer for a long time. But visiting its headquarters in Brazil, talking to its CEO and discussing the company's plans and ambitions... was really helpful," he says, adding that this approach comes from his years spent in the private sector. "I treat [entrepreneurs] the way I always wanted to be treated," he says.

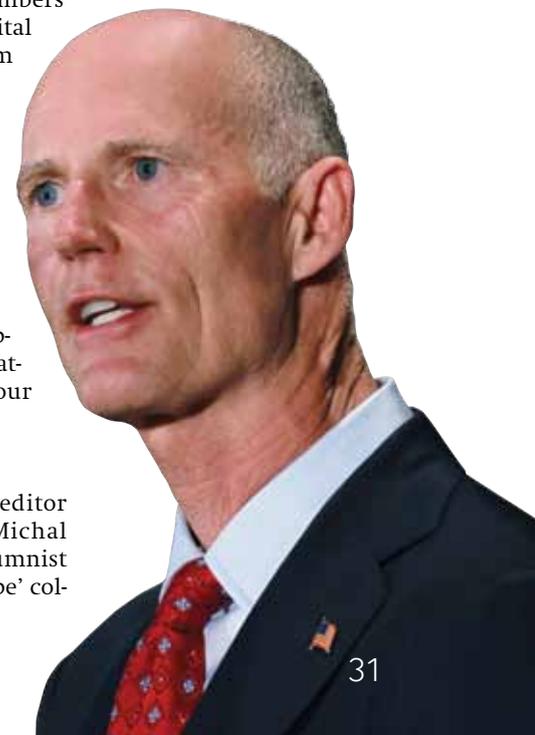
Methodology

The **fDi** Governor's Awards are based on green-field FDI data recorded by **fDi** Markets. FDI data includes project numbers, project numbers per capita, new FDI job creation and capital investment during the period from January 2011 to May 2012, as well as growth in project numbers, jobs and capital investment between 2010 and 2011. Data was weighted with a stronger focus on growth performance than absolute values and was combined with a qualitative score based on the FDI promotion strategy of each state. In this category, 28 of 50 US states, and the Commonwealth of Puerto Rico, submitted details about their promotion strategy, which was judged and scored by our judging panel.

Judging panel

The judging panel consisted of **fDi** editor Courtney Fingar, Americas editor Michal Kaczmarek, 'View from Americas' columnist Daniel Malachuk and 'View from Europe' columnist Douglas Clark. ▶

Left: Texas governor and **fDi** Governor's Award 2012 winner Rick Perry. Below: Florida governor Rick Scott





TOP 25 INTERSTATE DATA RESULTS (state scores based upon relative performance, 10 = highest, 1 = lowest)

RANK	STATE	PROJECTS	CAPEX	JOB	PROJECTS P/C	PROJECTS GROWTH	CAPEX GROWTH	JOB GROWTH	OVERALL
1	California	10.00	9.53	7.53	3.28	7.62	9.17	8.57	8.11
2	Delaware	1.52	1.72	2.05	7.14	10.00	10.00	10.00	7.24
3	South Dakota	1.35	1.46	1.35	5.52	10.00	10.00	10.00	6.97
4	Texas	9.46	10.00	10.00	4.30	6.45	4.77	6.29	6.88
5	Kansas	2.34	3.38	3.32	5.80	6.41	10.00	9.24	6.61
6	Maine	1.19	1.31	1.16	2.42	10.00	10.00	9.64	6.54
7	Colorado	3.85	5.91	3.30	6.82	6.20	8.75	5.33	6.04
8	Nevada	2.04	2.52	2.20	4.89	5.66	8.82	9.65	5.99
9	Minnesota	2.71	2.87	2.23	4.18	10.00	5.62	7.55	5.83
10	North Carolina	5.01	6.06	5.61	5.23	6.13	6.08	5.37	5.71
11	Massachusetts	3.42	3.43	2.63	4.68	6.19	6.64	7.35	5.45
12	Florida	6.53	5.08	6.31	3.85	5.79	5.22	4.91	5.36
13	Mississippi	1.82	3.65	2.23	3.73	4.43	10.00	6.62	5.35
14	Arizona	3.37	7.91	4.45	4.71	4.31	6.18	5.95	5.33
15	Pennsylvania	4.35	5.29	3.67	3.53	5.86	6.54	5.52	5.27
16	North Dakota	1.56	2.92	1.51	10.00	5.56	4.14	7.48	5.03
17	Michigan	3.03	2.96	2.23	2.91	6.70	8.15	4.41	4.97
18	Washington	3.29	3.05	2.56	4.37	6.61	6.34	4.35	4.79
19	Montana	1.13	1.24	1.04	2.32	6.67	10.00	4.27	4.76
20	Ohio	4.67	5.32	4.74	4.12	4.50	4.32	4.94	4.64
21	Wisconsin	2.29	2.08	2.29	3.17	5.37	6.57	6.32	4.63
22	Illinois	4.71	4.27	3.42	3.81	6.33	4.06	4.65	4.63
23	Tennessee	3.59	3.93	3.29	5.10	5.30	5.50	4.18	4.59
24	New York	6.22	4.92	3.91	3.59	7.03	2.72	3.60	4.53
25	Connecticut	2.01	1.90	1.47	3.79	8.20	5.35	4.45	4.52

TOP 25 FDI DATA RESULTS* (state scores based upon relative performance, 10 = highest, 1 = lowest)

RANK	STATE	PROJECTS	CAPEX	JOB	PROJECTS P/C	PROJECTS GROWTH	CAPEX GROWTH	JOB GROWTH	OVERALL
1	North Dakota	1.27	2.24	1.41	10.00	10.00	10.00	9.89	7.47
2	Washington	2.06	2.10	2.57	3.94	10.00	10.00	10.00	7.06
3	West Virginia	1.27	1.74	1.78	3.97	10.00	10.00	10.00	6.87
4	Idaho	1.21	1.26	1.44	3.78	10.00	10.00	10.00	6.77
5	Nebraska	1.12	1.11	1.50	2.28	10.00	10.00	10.00	6.60
6	South Carolina	2.69	4.67	5.26	8.38	5.83	9.91	6.52	6.55
7	Texas	5.71	10.00	8.89	4.51	6.39	4.86	6.71	6.50
8	Wyoming	1.00	1.05	1.09	1.66	10.00	10.00	10.00	6.48
9	Maryland	1.91	1.61	1.85	3.95	9.10	10.00	7.75	6.30
10	Connecticut	1.45	1.22	1.54	3.38	7.43	10.00	10.00	6.24
11	California	10.00	5.59	10.00	5.64	6.61	3.11	5.54	6.17
12	New Jersey	2.39	1.79	2.79	3.94	7.83	8.88	7.11	5.85
13	New York	6.65	4.29	6.20	6.71	5.53	6.18	5.20	5.76
14	Minnesota	1.69	1.59	1.90	3.41	7.19	9.68	7.19	5.67
15	Illinois	3.39	3.50	6.24	4.50	6.07	6.79	6.06	5.54
16	Michigan	2.48	2.98	5.78	3.75	5.08	8.11	6.67	5.47
17	Indiana	2.96	3.41	4.65	7.01	5.69	4.60	7.72	5.40
18	Puerto Rico	1.15	1.05	1.10	1.56	8.50	10.00	5.37	5.25
19	Georgia	3.30	4.16	6.01	5.59	6.08	5.57	5.04	5.24
20	Oklahoma	1.21	2.37	1.34	1.89	8.88	10.00	3.55	5.16
21	Vermont	1.00	1.09	1.12	1.55	3.25	10.00	10.00	5.12
22	Montana	1.00	1.08	1.08	1.18	3.25	10.00	10.00	5.08
23	Kansas	1.42	2.79	1.71	3.88	4.30	10.00	5.81	5.00
24	Alabama	2.30	3.05	4.35	6.39	5.35	7.75	3.75	4.98
25	Massachusetts	3.39	2.01	3.06	8.31	6.79	4.58	4.93	4.93

*excludes interstate investments