2022 NACo

LEGISLATIVE
CONFERENCE

FEBRUARY 12-16 | WASHINGTON HILTON | WASHINGTON, D.C.
International Economic Development Task Force

Sunday, February 13 | 1:30PM – 3:00PM
U.S.-China Business Council (USCBC)

Mr. Craig Allen
President
Embassy of Australia in Washington, D.C.

Mr. Andrew Jory
Minister-Counsellor (Trade)
Embassy of India in Washington, D.C.

Dr. Ravi Kota
Minister (Economic)
U.S.-China Business Council (USCBC)

Mr. Craig Allen
President
Chinese Investment in the US Economy

And how county leaders can help connect local business with Chinese businesses
Two-Way Street: 2021 Update
US-China Investment Trends

- Report by Rhodium Group and National Committee on US-China Relations
- Published May 2021

Source: Rhodium Group.

US-China Business Council
Geographic distribution of Chinese FDI (2020)

Source: Rhodium Group.
Top US state recipients of Chinese FDI (2020)

1. California ($3.9 billion)
2. Pennsylvania ($950 million)
3. Delaware ($465 million)
4. Massachusetts ($177 million)
5. Missouri ($163 million)

Source: Rhodium Group
Chinese FDI in the US by industry (2010-2020)

Source: Rhodium Group.
Investment Outlook Variables

1. Pandemic Recovery – infections and economy
2. China’s restrictive policies toward outbound investment, driven by a renewed focus on domestic stability
3. China’s regulatory approach to specific industries
4. US’s political and regulatory approach
   ▪ Rivalry remains, but more predictable than under Trump
   ▪ Less decoupling rhetoric instills confidence
   ▪ Potential implementation of new export, investment, supply chain, and other rules
   ▪ Coordinated with allies
5. Greenfield investments by China to avoid tariffs

Source Summary: Rhodium Group
Tips for Recruiting Chinese Investment

1. Relationships and cultural competency are key
2. Roll out the Red Carpet
3. Hire a professional interpreter/translator
4. Involve local leaders from the Chinese community
5. Have a list of local Chinese community resources and nearby Chinese-invested businesses
Tips for Connecting with Chinese Businesses

1. For Exporting:
   - **US Commercial Service**
   - **USDA Foreign Agricultural Service**
   - **Small Business Development Center (SBDC) International Trade Centers**

2. For General Business Partners or Sourcing:
   - **Local/regional China-related business associations**
   - **Trade shows in China**

3. For Investment:
   - **InvestUSA**
   - **Investment banks**
2021 State & District Export Reports

- Reports by US-China Business Council

- Published Summer and Fall 2021 (respectively)

- https://www.uschina.org/reports
Topline national data on US exports to China

$123 billion • US goods exports to China, 2020
$54 billion • US services exports to China, 2019
916,000 • US jobs supported by exports to China, 2019
Change in goods exports to China (2019-2020)
Change in services exports to China (2018-2019)
50 States, 50 Stories

- Sign up for 50/50 E-newsletter
- Interview and tell your community’s China investment or trade story
- Refer SMEs in your community to tell their story
- Invite USCBC to speak at your local event
- Email erowland@uschina.org for more info

https://www.uschina.org/50-states-50-stories
Embassy of Australia in Washington, D.C.

Mr. Andrew Jory
Minister-Counsellor (Trade)
CELEBRATING 15 YEARS OF AUSFTA
AUSTRALIA-UNITED STATES FREE TRADE AGREEMENT

Video Link: https://www.youtube.com/watch?v=GODbx1v0RRg
Embassy of Australia in Washington, D.C.

Mr. Andrew Jory
Minister-Counsellor (Trade)
Embassy of India in Washington, D.C.

Dr. Ravi Kota
Minister (Economic)
DEEPENING INDIA-US PARTNERSHIP:

Connecting Local Businesses To Global Economy

2022 NACo: LEGISLATIVE CONFERENCE
International Economic Development Task Force
Sunday, Feb 13, 2022, 1.30pm-3.00 pm, Washington DC

Speaker:
Dr. Ravi Kota, Minister (Economic)
Embassy of India, Washington DC
US-India Economic Partnership: Then and Now

In 1994, WSJ said: “India is more interesting than important”.

Today: MORE THAN IMPORTANT
3rd largest economy (PPP), youngest demographically, 2nd largest English-speaking population, 2nd largest in STEM graduates, internet users, and mobile-phone users, 3rd largest group of scientists and technicians in the World, and many more.

$5.7 billion bilateral goods trade in 1994
NOW, $113 billion

Strategic partners in true sense

Young and aspiring India, Only largest economy with a high growth for next 25 years

Need is to mastering SME’s cross-border supply chains; Digital is the key and Supply Chain Finance
Importance of Indian Investments in the US Economy

• The US is India’s largest trading partner
• Bilateral trade stronger than ever
• 35% increase in Goods trade throughout the last four years
• Crossed the historic $100 billion mark in FY21.

• *India’s FDI into US:
  • 155 companies
  • $22 billion invested
  • 125,000 jobs
• 1/3 are in IT & Telecom
• ¼ are in Life sciences, pharma and healthcare
• 1/5 are in mfg
• Others in Automobile, energy, food & agri, aerospace & defence, mining and materials

The Best is Yet to Come….

* CII-Grant Thornton Report 2020: “Indian Roots-American Soil”
What Indian businesses are looking for:

- The US is a priority market
- And, CII Survey, 2020:
  - 77%: plan to invest more; 12%: no & rest not sure
  - 80% said they plan to increase hiring in the US over the next 5 years
- WHAT distinguishes certain areas of the USA that got greater Indian Investment and job creation:
  - (a) Enabling business environment, strong local markets, infra, and incentives
  - (b) Accessible state/local leaders
  - (c) Strong educational institutions
  - (d) Skilled workforce
  - (e) Smooth labor mobility
  - (f) Equal access/level paying field

Next 10 years, Indian Investors are keen on:

- IT, ITES, Semiconductors
- Life sciences, Pharma and health care
- Automobile, emerging cleantech
- Energy
- Aerospace and defence, geospatial
- Food and agri

And, SMEs

Two-Fold:
Big Companies and SME partnerships
How County Leaders Can Help Connect Local Businesses with Indian Industry

• Besides, bigger companies, SME is a huge opportunity.
• Need to develop seamless global supply chains to improve SMEs’ competitiveness
• More intense cross-border economic relations-more regulatory processes

SMEs: A Promise Made But not (yet) Kept
• USA: 33-43-33
  (33 million SMEs contribute to 43% of GDP and 33% of exports)
  >60% of new jobs created annually
• India: 63-30-49
  (63.5 million SMEs contribute to 30% of GDP and 49% of exports)
  >40% of new jobs created annually

Resilience and Digitization: SMEs are The Answer in the Post-Pandemic Scenario
SME: International Supply chains and Competitiveness

- US and India should look at mutual strengths in SMEs and align the supply chains to make them resilient and target to export to other countries.
- EMs to consume ~ 2/3rd the world’s manufactured goods by 2025, with products such as cars, building products, and machinery leading the way.
- $4.6 tn of global exports (26% of the total) * could be in scope for relocation over the next 5 years.
- Supply-chain diversification as a catalyst for holistic Supply Chain Finance

• FDI into US: $4.4 trillion and out from US: $6.15 trillion: Can help in Supply Chain Finance (SCF)*
• India’s SME revolution, Start-ups, record number of Unicorns (44) in 2021.
• Counties and India can partner to create a new revolution, may we call it **Mission-SME 2.0**.
• Retooling and reskilling and >4 million Indian origin Americans can act as a bridge; bilateral trade/ advocacy bodies

---

Beyond trade revenue and employment, spillovers include *technical know-how, access to new technologies and mgmt (OECD, 2013)*

*The 2020 Global McKinsey Report*: Significant value in the global SCF market remains untapped. Nearly 80% of eligible assets do not benefit from better working-capital financing, and the remaining 1/5th of assets are often inefficiently financed
Digitization and Resilience of SME Supply Chains

Supply-chain leaders will focus on resilience and digitization
(McKinsey survey of 60 senior supply-chain executives, 2Q 2020)

- 93% Plan to increase level of resilience across supply chain
- 54% Expect changes to supply-chain planning after COVID-19
- 90% Plan to increase in-house digital supply-chain talent

Digitization: Tackling fragmentation of delivery across the supply chain

Changing Competitive forces for bank finance through IT platforms, Fintechs, Consortia and E-commerce giants

- For eg., Tradeshift, offers an integrated platform to large buyers and SME suppliers spanning the procurement value chain.
- Several consortia have emerged in trade finance leveraging technology such as blockchain
- It is possible that large e-commerce orchestrators (such as Amazon) will coalesce into this model over time and gain significant Supply Chain Finance market share, particularly in serving SMEs.

Covid-19 supercharged the trends around digitization, platforms and finance provision
Collaboration on Sourcing Opportunities:

• One District One Product (ODOP) initiative: INVEST INDIA can work with NACo for intermediate products (across distinct categories) to further manufacture in the US.

• Engagement could include:
  • Showcase & Buyer-Seller Meet
  • B2B Summit, connecting interested buyers and sellers from both sides.
  • Onsite/Virtual Roadshows
  • INVEST INDIA and the NACo can jointly identify areas of interest like spices, handicrafts, textiles, etc.

Innovation & Technology Opportunities:

• The AGNiI (Accelerating Growth of New India’s Innovations):
  INVEST INDIA and NACo can showcase India’s market-ready indigenous innovations across all major sectors.

• Further, INVEST INDIA and NACo can jointly identify new areas of technology infusion and organize innovation showcase series/challenges, pitching sessions, and other activities to promote collaboration in infra, clean energy, water, sanitation, waste management, etc.
THANK YOU

mineco.washington@mea.gov.in
International Economic Development Task Force

Sunday, February 13 | 1:30PM – 3:00PM