

# HELPING TO REMPLOY VERMONTERS

## Attracting Foreign Businesses to Establish Operations in Vermont

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**WHAT:** The Administration, through the Agency of Commerce and Community Development (ACCD), is proposing to establish a \$300,000 foreign investment program by establishing representation for our recruitment, trade, and tourism efforts on-the-ground in Quebec. This program proposes to hire a, Quebec-based representative that will help cultivate business opportunities, government relationships, and further Vermont's presence in this important marketplace to the north. They can also be expected to assist with language and cultural barriers and to provide help with targeting and preparing for important conferences. After making introductions, the FTR would then act as a liaison, and as a member of the Vermont economic development team, to educate prospect companies on the advantages of expanding their business in Vermont. Based on DED's past experience, we project that Vermont can expect to successfully recruit 5 of the 20 prospect firms each year. These would be five new firms investing and hiring in various Vermont communities.

Activities would include:

- Leading investment missions and providing information to firms that are evaluating the state of Vermont and various locations around the state. Indirect actions include building diplomatic ties; attending and hosting conferences, trade shows, presentations, and other events; and maintaining a cooperative network of economic development officials, government officials, trade associations, universities, and other agencies across the province.
- Building widespread awareness and connections, which may lead to further trade and investment in the future. These efforts have shown that they can generate a steady stream of interest from firms considering Vermont as the location for a business expansion.

**WHY:** Business investment by Quebec-based businesses is expected to generate increased employment, increase the range of job opportunities for Vermonters and increase the dynamism of our communities. Vermont businesses continue to grow, but investment in the state by outside businesses will increase that rate of growth. This increased investment can lead to better wages, more attractive job opportunities for our young people and more business activity to broaden the tax base – and therefore a reduced cost burden on each Vermonter. Now is the time to act as we recover from the Covid crisis and when the US/ Canada border reopens.

The Province of Quebec is large and diverse and so is its business community.<sup>1</sup> From the past work of DED, we know that small and mid-sized Quebec businesses have a natural inclination to explore Vermont as the site for an expansion into the US market. The proximity, the common culture and similar social views have all been expressed as reasons to consider Vermont in past interactions by expanding Quebecois businesses. DED already has working relationships with a broad network of commercial and governmental organizations in the Quebec. Adding the services of a firm able to provide local recruitment support will create stronger interconnections and allow The State of Vermont and its commercial entities to tap resources of institutions, enterprises, and people to a greater degree. By retaining a trade representative firm, Vermont would have local representation that would be able to answer preliminary questions and make referrals to the DED staff. The FTR would provide lead generation services, expansion monitoring, in-market representation, strategic targeting, market intelligence and trade show planning. They will possess an expert insider's view to

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<sup>1</sup> 1 US Bureau of Economic Analysis (November 2019)

better advise, encourage, and recommend a more viable and vetted prospect pool. With their local connections and presence, they will be able to engage and nurture high-growth companies primed for expansion and will be able to reach them early in their expansion planning process. A FTR will know the strengths of Vermont's business climate and attributes and will connect the State with companies who will fit best and succeed within our jurisdiction. This will help equalize the competitive situation with other U.S. states, many of which already have a foreign trade office representative in Canada and specifically in Quebec.

This same Vermont Foreign Trade Representative (FTR) will give Vermont a commercial edge by working proactively with Vermont exporters and focusing their efforts on small to medium sized enterprises (SMEs) that are poised to expand. Vermont will seek out a FTR that specializes in direct investment recruitment and has experience in the specific sectors where Vermont is well represented such as Aerospace, Biotechnology, Food and Beverage, and Financial Services. They will do this by managing trade missions and other group promotional activities as well as aid in establishing distribution for the businesses in a specific market or sector. The FTR would be expected to develop contacts with buyers and procurement enterprises and to identify business partners as potential clients for Vermont companies. The bilateral trade and investment relationship between Vermont and Canada, particularly the Province of Quebec, is quantitatively Vermont's largest. A representative with vested experience in the provincial and metropolitan business environment can bring increased leverage and exposure for to Vermont's businesses.

- **WHO:** This program will provide two types of benefits.
  - **FDI:** The business recruitment efforts will primarily benefit Vermont employees by expanding the number, diversity, and advancement in the occupational opportunities. The new business operations established by Canadian businesses will also benefit the communities that they select. The operations will increase employment for residents, will bring more revenues to local businesses, and will spread the cost burden of local services.
  - **Trade:** , the trade expansion work will primarily benefit Vermont's small and medium-sized exporters. Developing new markets will help these firms to increase their revenues, expand their operations and hire new staff. As a result of their expansion, both the local communities and the State, as whole will benefit from the same benefits described above.
- **HOW:** An RFP will be issued and a contract completed to secure the services of an FTR for a two-year period. The FTRs performance will be monitored over the course of the contract period. At the end of the period, the success of the FTR concept, as well as the performance of the specific contractor will be evaluated to make a recommendation on continuing the program.
- **FUNDING:** \$300,000 is included in the Governor's FY22 recommended budget to invest in contracting for Foreign Trade Representation in Quebec.
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