



**Morocco Assistance for Regional Investment Centers and
Investment Promotion**

**Observational Study Tour to Washington, D.C.
April 20-30, 2004
Final Report**

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I. Overview

The study tour was effective in meeting the desired objective of exposing the delegates to strategies for promoting foreign direct investment. The delegates were inquisitive, making it easier to direct the focus of the discussions to the most helpful and relevant themes. The hosts were accommodating, offering assistance in all ways possible. Their flexibility in expanding on topics was instrumental to the success of the tour.

This report will provide an overview of the topics discussed at each site visit. It will also address the study tour logistics and interpretation. Finally, it will provide recommendations for future study tours.

II. List of Study Tour Advisors

Marguerite Zandrowicz, Interpreter
Ron Robinson, Advisor for Georgia
Bob Whitaker, Advisor for South Carolina

III. Meeting Summary

Georgia Department of Industry, Trade & Tourism (GDITT)

Charles R. Gatlin, Deputy Commissioner, Business Recruitment & Retention
Thomas G. Croteau, Director, Regional Economic Development
Bob Harris, Director of Marketing, Tourism Division
Jeff Strane, Director, Office of Science and Technology
Kathe Falls, Director, International Trade Division
Craig Dominey, Location Liaison, Georgia Film, Video & Music Office

The first day of meetings focused on the role of the state government in attracting businesses to and keeping them in the state of Georgia. Charles Gatlin's opening presentation gave a nice *tour d'horizon* on the way in which the state-funded GDITT, which bills itself as Georgia's "lead sales and marketing arm," collaborates with the private sector and academia to promote regional job growth and development. This collaboration, he argued, was the key to the region's economic success.

He and Ron Robinson provided the delegation with some historical context, explaining how Georgia moved from an agrarian economy to an industrial and then post-industrial economy based on information and services. They both stressed that these changes took place relatively recently and that there are universal lessons to be drawn from Georgia's experience.

During the presentation, ideas and concepts were introduced that would later be brought up in numerous meetings: the product marketing approach to investment promotion; the need to understand your market competitors (i.e. other states and regions); the need for a communal vision for development that includes leaders from the public, private, and non-

profit sectors; the importance of personal relationships when business decisions are being made; the incentives (such as tax breaks or nice golf courses) that make one's region appear more attractive; and the challenges and opportunities posed by globalization. Mr. Croteau's brief remarks touched on these same themes.

Bob Harris, Marketing Director for the Tourism Division, spoke of the attractions the state has to offer and GDITT's efforts to promote them. He addressed the need for a tourist infrastructure (airports, hotels, etc.) in addition to the attractions that draw tourists. Mr. Harris also discussed the relationship between tourism and investment, citing the importance of quality of life considerations in a firm's site selection process.

Mr. Strane addressed the technology initiatives that his office is spearheading in an effort to attract high-tech and life science companies. He talked about the clustering of "Centers of Innovation" that focus on growth industries identified by market research.

Ms. Falls discussed with the delegation the efforts of GDITT to assist Georgia-based businesses in expanding their international markets. She presented the group with a handout listing the (rather small) trade flows between Morocco and the state of Georgia. One delegate raised a question regarding the recently-announced U.S.-Morocco Free Trade Agreement (FTA). Ms. Falls admitted to knowing very little about the details of the FTA. This question was posed a number of times during the study tour, and invariably, the response was along the lines of "I've heard of it, but I don't know about the details." The delegates hoped that their raising the issue would increase overall awareness of the FTA.

Mr. Dominey's presentation was short in terms of length and substance. He listed a few movies that had been filmed in Georgia and discussed the economic impact. He then showed a series of clips from the movies he had earlier cited.

Georgia Power's Georgia Resource Center (GRC)

Stan Van Gilder, GRC Team Leader

Mr. Van Gilder works for the Community and Economic Development Division of Georgia Power, the state electricity utility. He demonstrated the interactive software (parts of which are available on the Internet) that makes use of multimedia and geographic information systems to provide information to businesses considering a move to or expansion in Georgia. The software – which cost nearly a million dollars to develop – allows users to browse a map of the state to view detailed information or to conduct a search using criteria such as zoning laws, demographic information, proximity to airports, rail lines, etc. Users can then view images of vacant office and industrial sites with pertinent information.

Mr. Van Gilder presented the delegates with a statistic that they would hear a number of times throughout the trip: about 80 percent of all potential sites for investment are eliminated by firms through the use of Internet searches. Although he didn't clarify whether this was limited to the U.S. market, Mr. Van Gilder said that software such as

this provided Georgia with a competitive edge in attracting investment. He encouraged the delegates to contact him with further questions via e-mail.

Georgia Institute of Technology, Economic Development Institute (EDI)

Todd Greene, Manager, Information Technology Services

Robert Lann, Manager, Research Services

Ann O’Neill, Manager, Tourism and Regional Assistance Centers

Joy Wilkins, Manager, Community Innovation Services

Vivian Chandler, Manager, Marketing Products

Mr. Greene and his colleagues provided the delegates with an overview of the Economic Development Institute and its services. EDI performs research and provides technical assistance for company managers and business owners, city and county government officials, and economic development professionals. The institute also offers courses in economic development.

The delegates were curious to know whether the government finances any of the institute’s activities. They weren’t surprised to learn that most of EDI’s funding came from the fees it charges for its services and courses.

Georgia Department of Technical and Adult Education, Georgia Quick Start

Michael Grundmann, Director, Marketing & Program Improvement

Mr. Grundmann was a gracious host and provided lunch for all of the delegation. His talk centered on the role of technical skills training in promoting a region’s economy. The state-funded Quick Start program provides an incentive for companies to relocate to Georgia by developing and delivering tailored training programs for new and existing businesses in the region. In addition to on-site training activities provided by Quick Start, the agency partners with local technical schools for training and certification programs. Unfortunately, Mr. Grundmann’s presentation was overly reliant on PowerPoint slides with lots of text and video testimonials which distracted the delegates. Some of the CRI directors noted that the day’s meetings caused them to reflect on the need for greater collaboration between the Moroccan government and Moroccan universities and technical schools.

BellSouth

Ted Lawrence, Director, Economic Development

Many of the delegates seemed impressed with Mr. Lawrence’s discussion with the group. Mr. Lawrence’s comments focused on how the Allies Program, a 50-50 partnership between the state government and the private sector, markets the state’s assets and targets corporate decision-makers to build relationships and identify “sales” opportunities. The Allies Program implements marketing initiatives such as a “red carpet” event in which invitations are given each year to CEOs of major corporations to attend the Masters Golf Tournament at Augusta. The CEOs are given exclusive access to the course during the tournament, but they also meet with state officials and business executives to discuss

what the state has to offer. Mr. Lawrence reminded the delegates that it is important to include the private sector in economic development initiatives because it is in the interest of existing businesses to promote the region's growth.

South Carolina State Ports Authority

Craig Lund, National Accounts Manager

Mr. Lund is a sales representative for the ports of South Carolina. It seemed as if Mr. Lund's presentation on the ports of Charleston was designed for business executives who were considering using the port's services. His speech was, by most accounts, too technical and not focused enough on the "big picture" of how an existing port can play a role in luring foreign investment. Mr. Lund then led us on a tour of the port. The delegates seemed impressed with the port workers' efficiency and their ability to load and unload container ships quickly.

Suzan Carroll-Ramsey, Manager, Foreign Trade Zones 21 and 38

Ms. Carroll-Ramsey manages all of the foreign trade zones ("FTZs") in the state of South Carolina. She spoke of the history of FTZs, which are specially-designated zones that operate outside of the general customs laws of the United States. They were designed to encourage capital investment in the United States rather than abroad by allowing firms to import manufacturing inputs and export finished goods with no customs duties or excise taxes. A foreign trade zone, which allows firms to maintain cost competitiveness, can be a tool to attract foreign direct investment. The delegates didn't seem to view the idea of a foreign trade zone as particularly applicable to the Moroccan context.

South Carolina World Trade Center

Mark Condon, Executive Director

Anthony Russo, Trade Specialist

Mark Addy, Director of Trade

Stephen Ward, Senior Advisor, Asia

The meeting with representatives from the South Carolina World Trade Center focused on entry and expansion into the U.S. market. Mr. Condon spoke of the international trade services his office provides to importers and exporters. He seemed interested in USAID in particular, and wanted to know if his office could work with projects that need advice on how to target and gain entry into the U.S. market.

Another speaker, Mr. Russo, announced a willingness to help any Moroccan firms who planned on doing business in South Carolina. The delegates thanked him for his offer. Most of the speakers' comments focused on the U.S. market and didn't seem to address the specific concerns of the delegation.

Charleston Regional Development Alliance

David Ginn, President and CEO

Mr. Ginn heads the Charleston Regional Development Alliance, a public/private economic development organization funded by the three county governments it represents and nearly 100 area businesses. He spoke at length about the ways in which he and his staff target businesses for potential expansion and provide timely information and advice to prospective investors. Mr. Ginn said that the Alliance, with its limited funds, can only afford to send representatives on marketing trips a few times each year. Therefore, they must be strategic in choosing whom to send and identifying which conferences and events the representatives should attend.

Mr. Ginn also mentioned the role that the Internet plays in the search for sites. He expressed frustration at the thought that Charleston could be among the potential investment sites for a business before his organization was even aware of it. The Development Alliance is therefore putting considerable resources into developing its website. He mentioned the website of Nashville, Tennessee as an example of a good investment promotion website.

One delegate seemed encouraged by the fact that this partnership, with a relatively small staff and limited funds, can compete with other regions in the United States for investment dollars.

Charleston Area Convention and Visitor's Bureau (CACVB)

Andy Rankin, Account Representative

Mr. Rankin spoke to the delegation about Charleston as a leisure and travel destination. He detailed how the CACVB targets niche tourists through direct mailings and advertisements in high-end travel magazines. He underscored the importance of high-income travelers and the tourist dollars they can bring. A number of the delegates didn't feel as if they gained much from the meeting, as it focused mostly on tourism marketing. Yet he too mentioned quality of life considerations as being important not only for tourists but for prospective businesses as well.

South Carolina Economic Developers' School (SCEDS)

John Clarkin, Director, Tate Center for Entrepreneurship

Dr. Clarkin is a professor at the College of Charleston and the director of the Tate Center for Entrepreneurship. He also heads the SCEDS, whose purpose is to educate local development practitioners. The SCEDS offers a certificate upon completion of its four two-day seminars on topics such as the fundamentals of economic development and business recruitment and retention. The school is supported by a partnership between the College of Charleston, the South Carolina Economic Developers' Association, and the South Carolina Department of Commerce.

Dr. Clarkin's talk highlighted the school's impact on the hundreds of people it has trained. The "competitive advantage" model of Michael Porter – whose work at the Harvard University was cited a number of times during the trip – was brought up by a delegate. When asked if this model was applicable not only to South Carolina but to

Morocco as well, Dr. Clarkin pointed out that although there are many strengths to Mr. Porter's arguments, there is not one single theory on development to which a region such as Charleston should ascribe.

South Carolina Department of Commerce

Will Lacey, Director, Business Solutions Division

Clarke Thompson, Director, International Trade, Business Solutions

Hal Stone, Jr., Senior Project Manager, Business Development

Ann Watts, Director, U.S. Export Assistance Center, U.S. Department of Commerce

Mr. Lacey provided a brief introduction to the South Carolina Department of Commerce and addressed the collaboration between his office and the U.S. Department of Commerce, housed in the same building. He then introduced Clarke Thompson, who showed a series of video clips that the state uses for marketing purposes.

When asked how successful investment promotion is measured by the state, Mr. Thompson replied that jobs and investment dollars are the indicators used. Mr. Thompson also piqued some interest when he explained that BMW's decision to build a plant in Greenville stemmed from a personal friendship between the state's governor and a BMW executive.

The delegates were eager to hear more from Hal Stone, whose work is similar to that of a director of a Regional Investment Center. Mr. Stone addressed the tax incentives that South Carolina offers to companies interested in investing in the state. The fiscal incentives depend on the region in which the company will invest (with higher incentives given for poorer, rural areas) and are valid for a designated period of time. He noted that the state must find a balance between the need to attract more investment (and jobs) and the need to sufficiently tax companies for the financing state services.

Ms. Watts, of the U.S. Department of Commerce, spoke briefly about the export promotion services provided by the federal government. Her comments were cut short when the delegates had more questions to ask Mr. Stone.

South Carolina Export Consortium

Dorette Coetsee, Director of Operations

The presentation by Dorette Coetsee focused on the export assistance her organization provides to South Carolina businesses. The consortium does this by providing market studies and consulting services to firms that solicit help. The studies are written in partnership with international business students at the University of South Carolina and Clemson University. When asked why firms decide to invest in a specific region, she cited the importance of the labor markets, infrastructure, taxes, and the overall quality of life.

Greenville Area Development Corporation (GADC)

Wayne Gregory, Project Manager

Mr. Gregory began with an overview of Greenville and the strengths of the region from the perspective of business who may want to invest there. The delegates, who had been given numerous presentations highlighting the assets of each place they had visited, tried to steer the presenter toward a more substantive discussion of what happens when prospective businesses contact the GADC. They were particularly interested in the industrial sites that are rented or purchased by businesses. Who owns the land? Who provides the utilities? Does the government play a role in the process?

The Greater Greenville Chamber of Commerce

Mr. Drew Medlyn, Economic Development Manager

Mr. John Moore, Senior Vice President, Economic Development & Small Business

Mr. Medlyn gave an impressive presentation on the competitive challenges that regions face when trying to attract investment. He spoke of China and the region's efforts to move away from labor-intensive industries. He provided all the delegates with copies of his presentation and copies of an article in the *Harvard Business Review* that featured Greenville. Mr. Moore, who did not give a formal presentation, spoke informally with the delegates during the breaks about how new businesses gain access to credit. The delegates mentioned that efforts should be made in Morocco to increase collaboration between its chambers of commerce and the government.

IV. Interpretation and Logistics

The interpreter, Marguerite Zandrowicz, was well qualified for her role. She was highly recommended by another interpreter and by a Chemonics employee. The delegates, particularly at the beginning of the study tour, were most pleased with her performance, saying that she translated the somewhat technical vocabulary into impeccable French with a *voix douce et claire*.

Per her contract, Ms. Zandrowicz was allowed a 15-minute break after 45 minutes of interpretation. This began to frustrate the delegates, as the flow of the discussions was impeded by the breaks. Presenters were informed of the need to structure their presentations accordingly, and Ms. Zandrowicz performed quite well. However, it remained evident that the study tour would have benefited from an additional interpreter.

With regard to the ground transportation, I was pleased with the flexibility shown to me by Access Limousine, based in Atlanta. The buses were on time and the owner provided me with a larger vehicle soon after I had requested it. In South Carolina, however, the company was unable to provide us with a vehicle larger than a van so we had to rent two vans for our delegation. The overall transportation costs were thus greater than projected in the original budget.

There were no major issues with the flights, although there were lengthy security checks for some of the delegates flying into and out of the United States. Flying from Atlanta to Charleston may have been more costly and more time-consuming than renting a minibus.

V. Recommendations

The study tour locations (Georgia and South Carolina) were appropriate for the purposes of this study tour because they allowed delegates to compare and contrast two approaches to economic development. I would, however, consider other locations in the future for a number of reasons (price, language, appropriateness, etc.). As I discussed with the PMU, a francophone country that has been successful at attracting investment promoting export growth (namely Mauritius) or an Arabic-speaking country in the Middle East such as Jordan are other options to explore.

The consultants hired to arrange the itinerary certainly helped “open doors” but it was difficult to coordinate activities with them and the hosts. A few of the hosts didn’t have a clear idea of what they were supposed to address in the meetings. A brief phone call to a host could have avoided things like text-heavy PowerPoint presentations and videos that are not appropriate for a francophone audience. Moreover, some of the meetings in South Carolina did not seem particularly relevant for the purposes of the study tour.

I must commend Ron Robinson on the itinerary he put together and his willingness to accompany the study tour. Ron’s salient points in the meetings and his ability to tie the pieces together for the delegates made the Atlanta portion of the trip a success.

In terms of logistics, one could not have foreseen the challenges that the field office would face to obtain visas for the delegates. This is another argument in favor of choosing a non-U.S. destination for a future study tour.

As mentioned earlier, it would be helpful if two interpreters could accompany the delegation if the next study tour were to take place in an English-speaking country.