

Fearing Trump effect, US Governors Seek to reassure foreign investors

Local officials feel need to compensate for president's combative rhetoric

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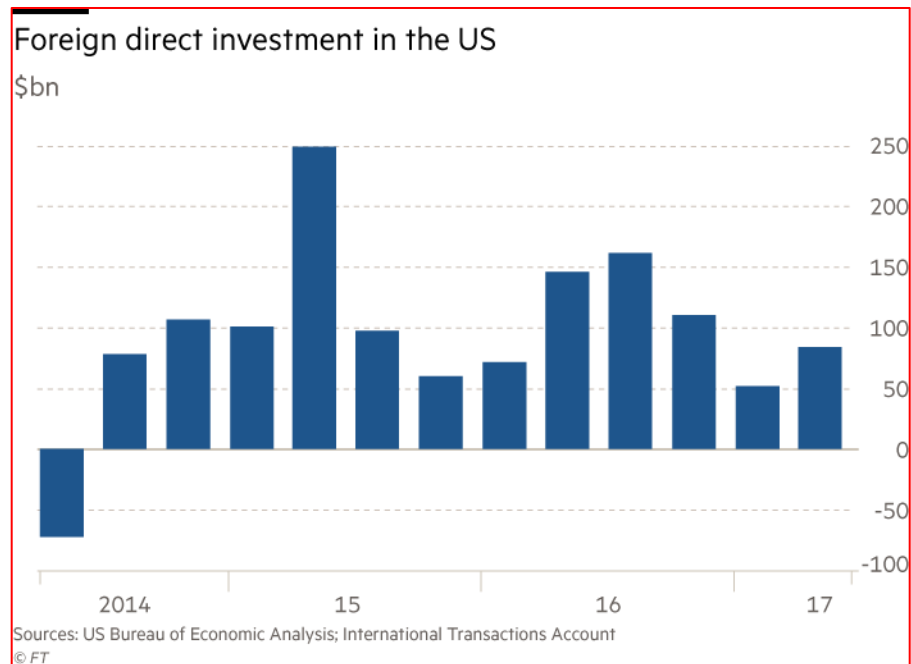
Governors and mayors across the US are mounting a push to reassure foreign companies they are welcome in the US despite Donald Trump's combative "America First" rhetoric and his increasingly tense relationship with the American business community.

The moves, which include initiatives by the US president's fellow Republicans, come alongside data showing foreign direct investment in the US has held up under Mr Trump, with the US recording \$83.6bn in new inflows in the first quarter of 2017. Mr Trump has in recent weeks hailed high-profile investment announcements by companies such as Foxconn and Toyota.

Despite the figures, local officials told the Financial Times they increasingly feel the need to compensate for Mr Trump, who has brought the most combative approach to globalisation and imports to the White House in decades. "I understand that people outside the United States may have misunderstandings about what 'Buy American' means.

[But] it's not an attack on people outside of the United States. It's a reminder of what we can do here in the United States," Chris Sununu, the Republican governor of New Hampshire, said in an interview. "I'm a firm believer in economic globalisation," Mr Sununu added. "That is where the 21st century is going to take us."

Mr Sununu earlier this year became the **first governor to sign an "open for investment" pledge aimed at reassuring foreign investors.** He has spent a significant amount of time courting international companies considering investments in the state, the southern portion of which sits in booming Boston's commuter belt.



Other **Republican governors have signed the investment pledge** while openly fretting about the uncertainty caused by Mr Trump’s protectionist threats. The pledge is part of a campaign mounted by the **Organisation for International Investment, a lobby group for foreign companies operating in the US.** **“Governors are realising they need to step out and provide some certainty to the global business community,”** said Nancy McLernon, OFII’s president. **“The anti-globalisation rhetoric is problematic for companies trying to understand where their investment is best welcomed.”**

Signing the pledge at a L’Oréal factory last month, Asa Hutchinson, Republican governor of Arkansas, told reporters he wanted to reassure foreign companies in his state. “They’re nervous about what the future of national policy on trade is going to be,” he said. “Are we going to set up tariffs? Are we going to continue with an open trading policy and an emphasis on global trade? I continually want to give that assurance to them, that Arkansas is open for business, that we welcome foreign investment.”

In the Arizona capital of Phoenix, where Mr Trump was rallying his supporters on Tuesday, local officials have been watching the president’s plans to renegotiate the North American Free Trade Agreement with Canada and Mexico with concern. They are working extra hard to reassure investors. Mr Trump’s plans for Nafta are undermining their business case for Phoenix, which relies in part on proximity to Mexico. The city, which is home to 840 foreign-owned companies employing more than 63,000 people, has for more than a decade marketed itself as a low-cost alternative to California for companies with supply chains that straddle the border. “This uncertainty on where we are going in regards to trade policy and Nafta has put some international investment in a holding pattern,” said Chris Camacho, president and CEO of the Greater Phoenix Economic Council. I understand that people outside the United States may have misunderstandings about what ‘Buy American’ means, Chris Sununu, Republican governor of New Hampshire.

But the divisiveness of Trump-era politics concerning foreign investors goes beyond trade. In North Carolina, a fight last year over a law requiring transgender people to use bathrooms of their birth sex led to consumer boycotts and sports tournaments relocating. It also unsettled many foreign investors in the state, which since the 1980s has built a pro-business reputation. Roy Cooper, the Democratic governor who narrowly won last November's election, oversaw a repeal of the law in March. But North Carolina is still working to win back business. "It's important to show the world that episode is behind us and we are open for business," says Anthony Copeland, North Carolina's secretary of commerce. "We are anchored in international investment." Some foreign investors are looking beyond the politics. Novo Nordisk, the Danish diabetes company, is in the midst of a \$2bn expansion of its operations in North Carolina, building a new 85-acre plant that will employ 700 local employees. It will be the first facility outside of Denmark where its new "active pharmaceuticals" will be produced.

Morten Nielsen, the senior vice-president in charge of the project, said the company was focused on the long-term business case for its investment rather than the short-term vagaries of politics. "Our patients, they are here now. They will be here in 10 years and they will be here in 20 years," he said. "We try not to build our decisions on the administration [in Washington] that we have now."