



Michigan is Auto

Assets of the Motor State





Michigan is Auto

There is a reason the automotive world saves its best for the Motor City each year, unveiling its most dynamic vehicles on the global stage during the most anticipated industry spectacle in the world – the North American International Auto Show.

Nowhere else is there as dense an automotive industry cluster with manufacturers, suppliers and businesses from around the globe. Whether it's high-tech engineering, top-notch research, a highly skilled workforce or close proximity to a premier global supply chain; Michigan has it all.

Today's automotive industry is a testament to the scope of human ingenuity. Automobiles arguably contain more technology and innovation than any other product, adapting to meet mercurial consumer wants and growing regulatory demand for increased efficiency and improved performance and safety. Automotive manufacturers are navigating the twists and turns of globalization and fending off relentless competition through just-in time delivery, revamped product lines, global vehicle platforms and build-where-you-sell business models.

The birthplace of the modern automobile is now a pioneer in the research and development of technology defining the 21st century automobile, like infotainment systems, lightweight composite materials, and fuel cell and plug-in vehicles. The road to automotive innovation and cutting-edge technology runs through the heart of Michigan.

With Governor Rick Snyder at the helm, Michigan has emerged as a right-to-work state, a top ten business tax climate and one of the fastest growing economies in the nation. Following tax reforms like the repeal the Michigan Business Tax and the personal property tax on industrial capital, Michigan's business climate is getting even better.

This document combines substantive data and testimonials from automotive experts to prove Michigan is the global epicenter of the automotive industry. This report profiles the high quality academic institutions and programs, the extensive supply base, the research and development footprint and the prime business climate here, all of which support a vibrant and growing automotive cluster.

I contend there is no place more ideal to design, engineer and mass-produce automobiles or auto-related components than in Michigan. I invite you to experience this for yourself and see why "Michigan is Auto."

A handwritten signature in black ink, appearing to read "Sandy K. Baruah".

Sandy K. Baruah
President and CEO
Detroit Regional Chamber

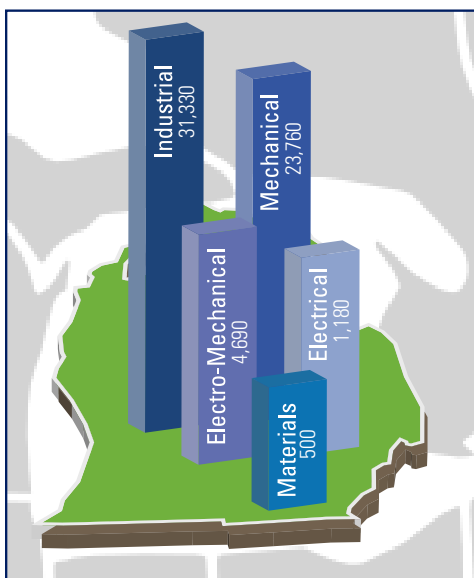


Source: College for Creative Studies

Education & Industry: Michigan's Talent Advantage

If it's top-notch automotive industry talent you're looking for, look no further. Michigan's highly skilled workforce is a prime reason it is still the epicenter of the automotive industry – as it has been since the dawn of the 20th century. Home to more than 65,000 engineers, Michigan ranked first in the nation for its concentration of engineering and architecture talent in 2011. It has the highest concentration of industrial and mechanical engineers of any state in the U.S. and as of May 2011, Michigan employed more industrial engineers (31,330) and mechanical engineers (23,760) than any other state in the country.

Highly Skilled, Competitive Workforce



Michigan Ranks:

- #1 in employment of **industrial engineers**
- #1 in employment of **mechanical engineers**
- Top 5 for employment of **materials engineers**
- Top 10 for employment of **electro-mechanical technicians**
- #11 for employment of **electrical engineers**

Uniquely Educated Workforce

Changes in technology and the increasingly technical nature of the automotive industry are causing automotive organizations to hire employees with specific knowledge, skills and expertise. What makes Michigan's workforce valuable to this industry are the auto-specific programs being offered at 91 colleges, universities, community colleges and vocational schools around the state. **According to the Center for Automotive Research, Michigan has 650 automotive programs being offered at the post-secondary level.**

Post-Secondary Automotive Programs:



Source: College for Creative Studies

College for Creative Studies (CCS)

CCS offers a world-renowned transportation design program, which combines research, business and studio courses to simulate real projects in the classroom that reach beyond aesthetics and styling. With alumni working at every major automotive company in the world, CCS has an unmatched reputation within the transportation design industry.

Lawrence Technological University (LTU)

LTU's Transportation Design Program reflects the university's signature "Theory and Practice" approach to learning for students by combining in-depth conceptual investigations with hands-on projects and extensive exposure to working professionals. Through this program, students work on industry-sponsored projects during all four years of college and many are hired as interns or co-op students prior to graduation.

Michigan Technological University (MTU)

MTU's Enterprise Program provides students the opportunity to work on real-world client projects, whether the deliverable is an innovative product, a pioneering solution, or a much-needed service. Many teams design, manufacture and test their own prototypes, collaborating with clients from industry, communities and government organizations.

University of Michigan (U-M)

U-M offers one of only two Ph.D. programs in the country in automotive engineering. Areas of specialization in the program include:

- o Materials and materials processing
- o Energy systems and thermal management
- o Dynamics and controls
- o Power electronics
- o Vehicle design
- o Manufacturing and systems integration
- o Vehicle informatics and communication

"This is the ideal place to assemble a workforce of skilled, experienced engineers and to recruit new engineers from some of the country's best engineering colleges and universities. Michigan is also the home to many of the industry's top suppliers, helping to establish strong relationships and collaborations. Finally, being headquartered in Michigan gives us access to many of the nation's top laboratories and research partners to strengthen our efforts to develop cutting-edge future vehicle technologies."

- Carla Bailo, Senior Vice President of Research and Development, Nissan North America, Inc.

Michigan is **#1** in availability of skilled labor.

- Area Development Magazine

Nationally Ranked Engineering Programs

Michigan has 17 universities and colleges with nationally ranked undergraduate engineering programs according to the 2013 *U.S. News & World Report*.

Andrews University

Baker College – Flint

Calvin College

Ferris State University

Grand Valley State University

Hope College

Kettering University

Lake Superior State University

Lawrence Technological University

Michigan State University

Michigan Technological University

Northern Michigan University

Saginaw Valley State University

University of Detroit Mercy

University of Michigan-Dearborn

University of Michigan

Wayne State University

Kettering University

Two programs ranked in the top 10:

#1 Industrial/Manufacturing

#7 Mechanical

University of Michigan

Four programs ranked in the top 10:

#2 Industrial/Manufacturing

#5 Mechanical

#7 Electrical

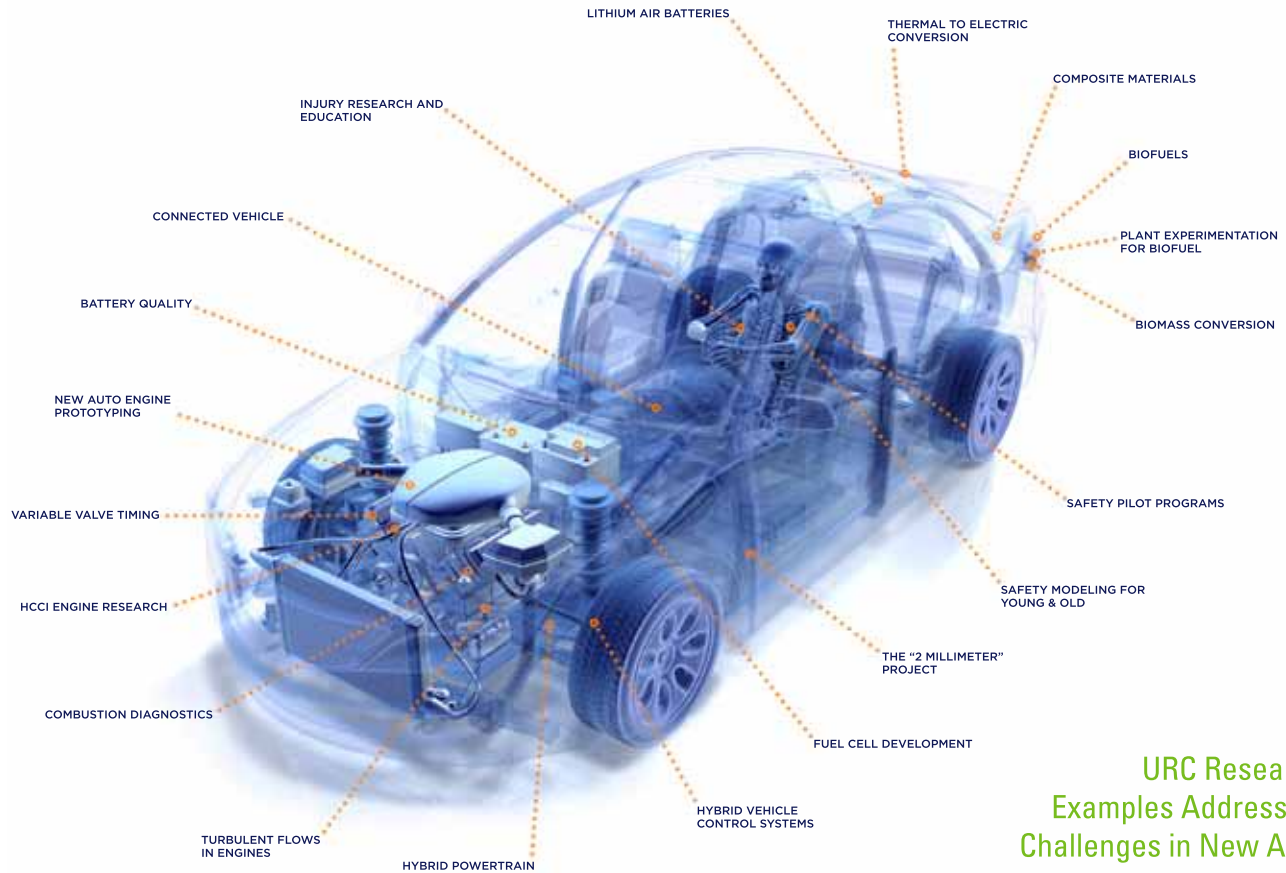
#8 Materials

In addition to the nationally ranked undergraduate programs, Michigan also has four universities with nationally ranked graduate engineering programs, including:



The University Research Corridor

Michigan is home to the premier collaborative automotive education program. **The University Research Corridor (URC)** – which includes **Michigan State University (MSU)**, the **University of Michigan (U-M)** and **Wayne State University (WSU)** – provides a unique educational platform to the automotive-related engineers and technicians of tomorrow while playing a key role in automotive research and development (R&D) today.



URC Research Examples Addressing Challenges in New Auto

- The URC graduates more than 3,600 students annually in technical careers for the automotive industry, including more than 1,100 in mechanical, industrial and manufacturing engineering, and 2,500 in computer science, math and physical sciences.
- The URC plays a direct role in automotive industry innovation, spending more than \$303 million on more than 1,400 automotive R&D projects between 2007 and 2011.
- URC universities have 23 research centers, laboratories and partnerships focused on automotive-related research, including, but not limited to:
 - o **U-M's Transportation Research Institute (UMTRI)** engages in research to increase driving safety and advance transportation systems knowledge. The UMTRI employs 144 researchers, technical and administrative personnel, teaching faculty and graduate students. Its biggest ongoing project is the result of a \$22 million contract from the U.S. Department of Transportation focused on the viability of connected vehicle technology and safety applications.
 - o **MSU's Composite Vehicle Research Center (CVRC)** engages in research and design of composite structures for safe, durable and lightweight vehicles for all modes of transportation. With a particular focus on research in composite vehicles and vehicle components, the center aims to unify the transformation of materials knowledge into product development. Fifty-five faculty members and graduate students conduct cutting-edge materials testing research.
 - o As a result of a U.S. Department of Energy grant, **WSU's Electric Drive Vehicle Engineering Labs (EDVEL)** engages 14 faculty members and several graduate students in utilizing industry-standard testing and simulation tools to improve the performance of electric and hybrid vehicle systems and their components.



Source: Ford Motor Company

Manufacturing Expertise: Continuing the Legacy

In addition to Michigan's top notch engineering talent, the state employs a highly skilled manufacturing labor force at nationally competitive wages. As a result, Michigan has led the nation in manufacturing jobs created between 2010 and 2012, adding more than 57,000 jobs. Since 2010, Michigan has created 13,526 jobs specific to automotive manufacturing, which equals **more than 12 jobs created every day for 3 years.**



Competitive Wage

In 2011, Michigan's average hourly wage (\$20.07) compared favorably to the national average (\$21.32). Specific to unionized workers, Michigan's average hourly wage (\$22.91) also compared favorably to the national average (\$25.32), as did the average hourly wage for unionized workers in private manufacturing (\$21.29) compared the national average (\$22.48).

Michigan's private manufacturing sector has proven they understand the importance of competitiveness to their companies' success.

The Center for Automotive Research reports that in the past 5 years, Chrysler, Ford and General Motors have reduced labor costs by an average 25 percent thanks to positive partnerships with the UAW.

"The ability to compete on a global level requires a strong foundation: resources, technology, worldwide distribution network and strong partnerships. Michigan has been an ideal location to operate our business because of its access to a skilled work force, the proximity to an exemplary university system and the availability of an integrated supply chain that provides essential technical and manufacturing expertise."

*Jody Trapasso, Senior Vice President, External Affairs, Chrysler Group LLC
President, The Chrysler Foundation*

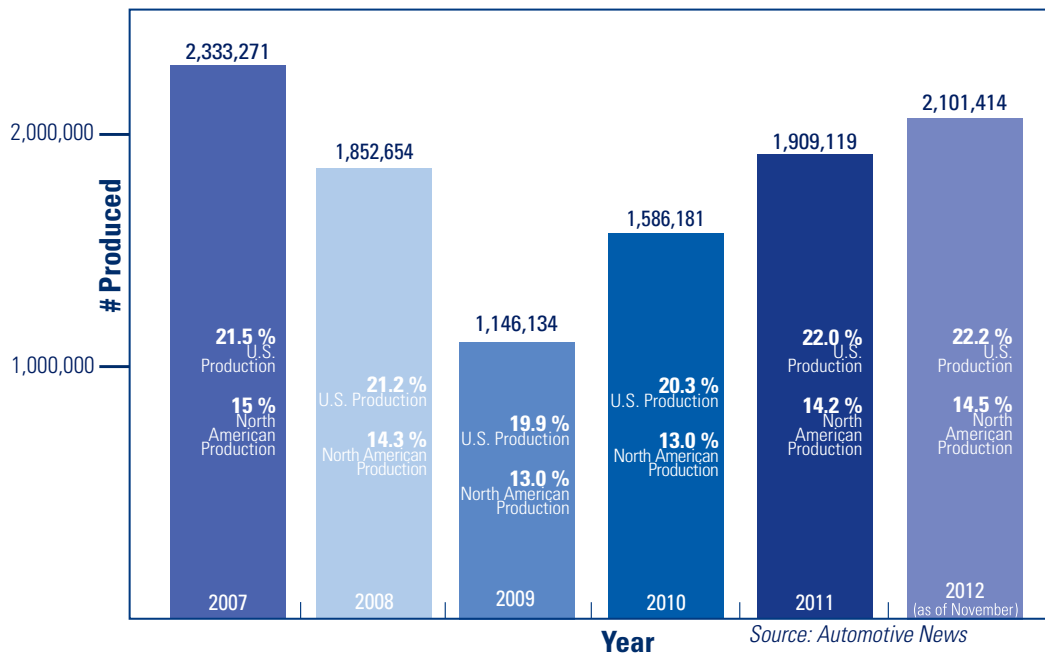
Cooperative Partnership

Labor has partnered with management to create 2 or 3 job classifications rather than the old model of 16 to 20, allowing for more flexibility and increased productivity. The UAW has partnered with major manufacturers to develop new operating procedures that have allowed companies to bring work previously performed outside the U.S. to Michigan. The UAW has also partnered with automakers to reverse-engineer processes in order to keep Michigan costs low and quality high.

Productive Labor

- Michigan produces more cars and trucks than any other state in the country, with 22 percent of the total U.S. vehicle production.
- In 2011, more than 1.9 million cars and trucks rolled off of Michigan assembly lines – nearly 65 percent more than the next closest state – an increase of 66 percent since the 2009 downturn.
- Michigan is on pace to produce roughly 2.3 million vehicles in 2012, the most in five years.

Michigan Vehicle Production by the Numbers



“Magna International, Inc. has a strong presence in Michigan. Our Michigan footprint includes more than 8,000 employees at 21 manufacturing facilities and 15 engineering, sales and product development offices. We continue to invest in Michigan for a number of reasons, including the proximity to customers and the availability of a skilled workforce in both manufacturing and product development.”

- Jim Tobin, Chief Marketing Officer, Magna International, Inc.

Michigan is **#6** in overall labor climate.

- Area Development Magazine



Source: Oerlikon Balzers Coating USA, Inc.

Automotive Epicenter: Unrivaled Assets & Resources

The existing automotive cluster is the number one reason why Michigan is the preferred place to relocate or expand an automotive business. Whether it's Michigan's renowned automotive manufacturing base, the automotive R&D footprint, the number of professional service firms with dedicated automotive practices, the abundance of automotive-related support organizations or its ideal global location, Michigan has an automotive infrastructure that is unmatched anywhere in the world.

Automotive Manufacturing Footprint

- Michigan leads the nation in motor vehicle and motor vehicle parts manufacturer establishments with 1,798. Nearly 20 percent of these (357) are foreign-owned.
- There are 1,526 tool and die establishments in Michigan, more than any other state.
- Michigan leads the nation in original equipment manufacturer (OEM) assembly plants with 12.
- There are 35 OEM components/materials plants in Michigan, more than any other state.

Automotive R&D Hub

- Michigan is home to 375 automotive R&D centers, 120 of which are foreign-owned.
- According to the Center for Automotive Research, nearly \$12 billion in vehicle-related R&D is spent in Michigan, the most in the country.
- **Between 1964 and 2008, Michigan accounted for more than 25 percent of the automotive patents issued nationwide, averaging 1 automotive patent per day for 45 years.** This outpaces every state in the nation by more than 260 percent.

Global or North American R&D Headquarters in Michigan



Additional Auto Manufacturers with R&D Facilities in Michigan



61 of the Top 100 Automotive Suppliers to North America are Headquartered in Michigan

Ann Arbor (1)

NSK Americas

Auburn Hills (2)

Autoliv North America
Benteler Automotive Corp.
BorgWarner Inc.
Brose North America, Inc.
Continental AG
Dow Automotive
Dura Automotive Systems, LLC
Faurecia
GKN Driveline
Grupo Antolin North America, Inc.
Magnetit Marelli Holding USA
TI Automotive Ltd.
TK Holdings, Inc.

Canton (3)

Yazaki North America, Inc.

Detroit (4)

American Axle and Manufacturing

Farmington Hills (5)

Akebono Brake Corp.
Autoneum North America, Inc.
Henniges Automotive
Mobis North America
Robert Bosch, LLC

Galesburg (6)

Eaton North America

Livonia (7)

CIE Automotive USA, Inc.
Tower Automotive, Inc.
TRW Automotive, Inc.

Monroe (8)

Tenneco, Inc.

Mount Pleasant (9)

American Mitsuba Corp.

Northville (10)

ZF Group NAO

Novi (11)

Cooper-Standard Automotive
Eberspaecher North America, Inc.

Plymouth (12)

Aisin World Corp. of America
Hella Corporate Center USA, Inc.
Honeywell
Johnson Controls, Inc.
JTEKT Automotive Group Cos.
Metaldyne, LLC
Sanluis Rassini, S.A. DE C.V.
TRAM, Inc.
Freudenberg-NOK

Rochester Hills (15)

Webasto Roof Systems, Inc.

Saginaw (13)

Nexteer Automotive

Southfield (14)

Denso International America, Inc.
Federal-Mogul Corp.
Grede Holdings, LLC
IAC Group North America
Lear Corp.

Troy (16)

Behr America, Inc.
Delphi Automotive, LLP
DuPont Automotive
Gestamp North America
HBPO North America, Inc.
Inteva Products, LLC
Kautex Textron North America
Plastic Omnium Co.
Schaeffler Group North America
Toyota Gosei North America Corp.
Valeo, Inc.

Van Buren Township (17)

Visteon Corp.

Warren (18)

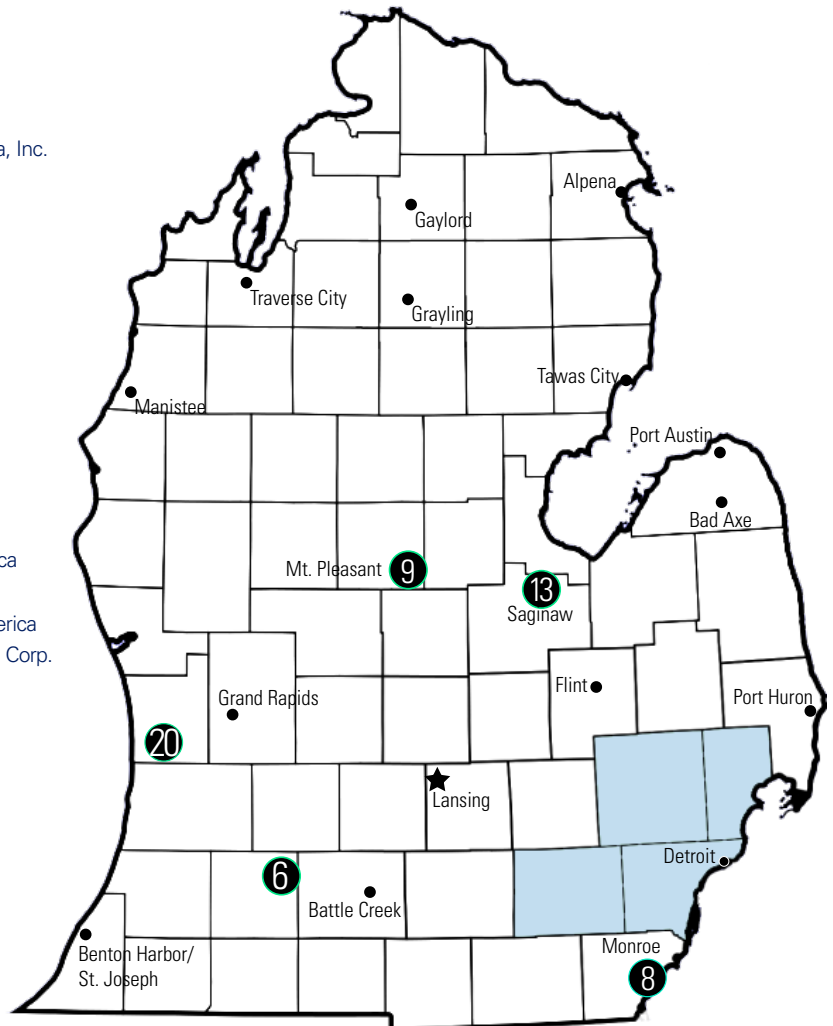
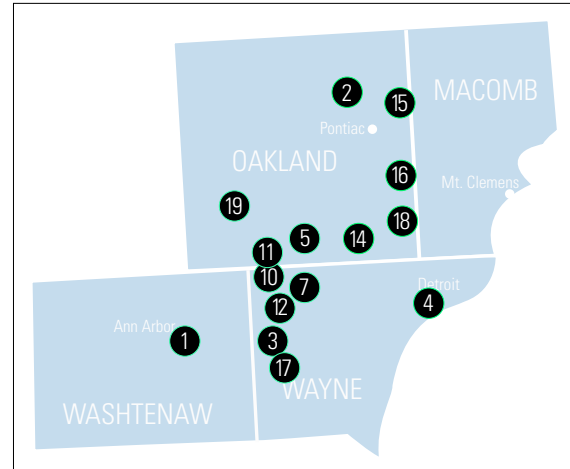
SRG Global, Inc.

Wixom (19)

NHK International Corp.
JATCO USA

Zeeland (20)

Gentex Corp.



Source: Automotive News

Automotive-Related Support Organizations

Michigan has an extensive network of nonprofit associations, research organizations and incubators with automotive-related programs and services providing a variety of support and training services.

- Automation Alley
- Automotive Industry Action Group (AIAG)
- Center for Automotive Research (CAR)
- Engineering Society of Detroit (ESD)
- Environmental Protection Agency's National Environmental Vehicle and Fuel Emissions Laboratory
- Michigan Academy for Green Mobility Alliance (MAGMA)
- Michigan Corporate Relations Network (MCRN)
- Michigan International Speedway (MIS)
- Michigan Manufacturing Technology Center (MMTC)
- Michigan Technical Education Centers (M-TEC)
- National Center for Manufacturing Sciences (NCMS)
- Original Equipment Suppliers Association (OESA)
- Society of Automotive Analysts (SAA)
- Society of Automotive Engineers (SAE)
- U.S Patent and Trademark Office

Michigan Corporate Relations Network (MCRN)

MCRN is a statewide university network designed to connect Michigan's corporations to critical university assets in order to help promote innovative research and grow Michigan's economy. Six major public universities in Michigan make up the network, collectively representing more than 98 percent of the academic research done in Michigan and 99 percent of all patent activity.

Michigan International Speedway (MIS)

MIS provides automakers and after-market manufacturers the ability to test and develop technologies in a protected, neutral, closed, safe and convenient environment. MIS offers a comprehensive, re-configurable network of tracks including the two-mile oval. The facility's road courses feature elevation changes, natural line-of-sight interferences, garages, skid pad, off-road testing, a tunnel, and intersection and merge testing opportunities.

The Michigan Manufacturing Technology Center (MMTC)

MMTC is Michigan's National Institute of Standards and Technology Manufacturing Extension Partnership affiliate. Located in five facilities across the state, MMTC assists small- and medium-sized businesses with business development, cost identification and management, lean business solutions, benchmarking, quality management, six sigma, sustainable manufacturing and environmental systems, and website enhancement.

"Yazaki's North American headquarters is in Michigan because it is the gravitational center of the North American automotive industry. Michigan understands automotive, they educate for automotive, and the support systems needed to be successful are well established. Michigan is where many of our customers are based and call home. Between the capabilities of our local team and our global footprint, we provide the best solutions to support our customers' worldwide programs from right here in Michigan."

Dieter Ehrmantraut, President and CEO, Yazaki North America, Inc.

Michigan Technical Education Centers (M-TEC)

Michigan has 18 state-of-the-art M-TECs located throughout the state. The M-TEC network provides a comprehensive array of standardized and customized training, workforce development and services to Michigan businesses delivered on demand. Services include, but are not limited to, “off the shelf” entry-level training, customizable advanced training, access to state-of-the-art equipment and technology, worker and job skills assessments, and workforce development consultation.

The National Center for Manufacturing Sciences (NCMS)

NCMS is the largest cross-industry collaborative R&D consortium in North America and is dedicated to driving innovation in manufacturing. NCMS recently established its first Predictive Innovation Center (PIC), providing small- and mid-sized manufacturers with high performance modeling, simulation and analysis, data mining tools and the digitization of processes to optimize speed, reliability and efficiency.

Cost-Competitive Real Estate

Michigan has more than 3,000 industrial properties and vacant lots ready for business, with an average asking price of \$21.90 per square foot and an average lease rate of \$4.28 per square foot.

Additionally, there are 63 Certified Business Parks in Michigan, most of which are zoned for industrial use. The Michigan Certified Business Park Program has set the standard for business and industrial parks in Michigan for more than 40 years. They are all shovel-ready and guarantee the following:

- Class A All-Weather Roads
- Continuous Management
- Enclosed Storm Sewers
- Improved Paved Parking
- Landscaped Development
- Municipal Water and Sewer Lines
- Protective Covenants
- Telephone, Gas and Electric Service

The Revitalizing Auto Communities Environmental Response (RACER) Trust

RACER Trust, established in 2011 to conduct environmental cleanups and successfully market 66 former General Motors’ facilities, is one of the largest industrial property holders in the U.S. **In Michigan alone, the RACER Trust holds 43 such properties**, all of which exempt buyers from environmental cleanup costs.

Cleanups are conducted and paid for by the RACER Trust and can be started and/or completed after the sale or lease of the properties, as long as RACER access is guaranteed. Detailed marketing brochures are available for all RACER Trust properties.

“Toyota established our initial R&D operations in Michigan to have quick access to the EPA emissions certification facility located in Ann Arbor. Over the past 35 years, we strengthened our R&D to fully serve our North American customer base. Michigan has been an excellent location to advance Toyota’s North American R&D capabilities. The excellent universities, high concentration of skilled engineering talent, a large supplier network and high quality of life have contributed significantly to our growth and success.”

Bruce Brownlee, Senior Executive Administrator, Toyota Technical Center



Logistics & Infrastructure

Michigan is only 500 miles, or a day's drive, from half of the population of the U.S. and provides the infrastructure needed to transport products and people there and across the world. Michigan has an extensive network of logistical assets that make moving automotive components a breeze.

Road

- Michigan is among the top **10** in the nation for road infrastructure with **1,244** miles of interstate highway and **8,480** miles of U.S. and state highways.
- Michigan is **one** of only **three** Great Lakes states with toll free highways.

Air

- Michigan has **18** commercial airports, including the 16th busiest airport in the world: Detroit Metropolitan Wayne County Airport (DTW). DTW offers **280** international flights weekly, ranks **7th** in the world for the movement of freight and is consistently ranked as one of the top international airports in the world.
- Willow Run Airport, conveniently located near **3** highways, handles more than **200** million pounds of cargo annually including high-value automotive and electronic components. It is one of the nation's largest airports for landed air freight flown exclusively by cargo aircraft.

Rail

- Michigan is served by **26** freight railroads (**8th** in the country) covering **3,634** miles of rail (**12th** in the country).
- In 2010, Michigan railroads moved more than **3.6** million tons of motor vehicles and parts on **210,100** carloads, more than any other state.

Water

- Michigan has **40** commercial ports, **38** of which are deep water ports.
- The Port of Detroit is the third largest international gateway in the U.S. It connects the Great Lakes and the entire Midwest to the St. Lawrence Seaway, and by extension, the rest of the world.



Automotive Investment & Trade: Growing & Globalizing Michigan's Economy

Michigan is the Place for Automotive Companies – Large and Small, Old and New

Michigan is the birthplace of the automotive industry and companies old and new are investing in the state. **Since 2010, 78 new motor vehicle and motor vehicle parts companies have been founded in Michigan.** According to the Center for Automotive Research, between 2010 and October 2012, automakers and suppliers invested \$10.6 billion in Michigan, **nearly \$1 billion of which came from 40 foreign automotive firms from 16 different countries.**

Detroit Three Investment

In 2012, Chrysler Group LLC, Ford Motor Company and General Motors announced manufacturing investments in Michigan surpassing \$1.6 billion.

- **Chrysler** is investing **\$238 million** at 2 Michigan facilities to prepare for production of its Pentastar engine and install a new flex line.
- **Ford** is investing **\$1.3 billion** across 6 Michigan facilities to expand capacity, procure new equipment and build a state-of-the-art, fully flexible body shop.
- **General Motors** is investing **\$35 million** at its Hamtramck plant for production of the new Cadillac ELR.

Manufacturing Investment

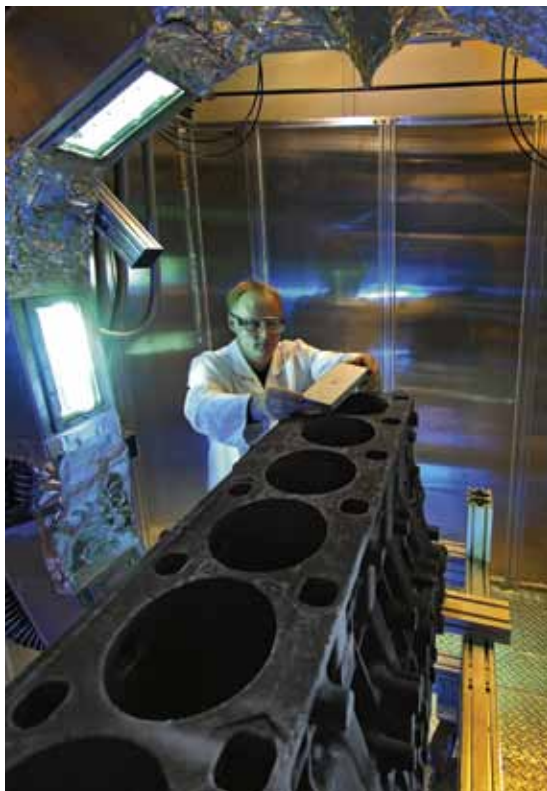
Several other automotive companies also announced major manufacturing investments in Michigan in 2012.

- In April, **Sakthi Automotive Group** announced an **\$18.6 million** investment in Detroit to establish its first facility in North America.
- In October, **ZF Group** announced a **\$58.5 million** investment at its Marysville facility to expand its capacity to produce lightweight, fuel-efficient axle drive technology.
- In December, **Nexteer Automotive** announced a **\$70 million** investment at its plant in Saginaw to expand its capacity to produce its electric power steering system.
- In December, **Daimler** announced a **\$100 million** investment at its Redford plant to manufacture a fully integrated powertrain for heavy-duty vehicles.

Research and Development Investment

Michigan does more than manufacture automobiles and their components; it serves as the global capital of automotive R&D. Several automotive companies announced automotive R&D investments in Michigan in 2012.

- In January, **Hyundai America Technical Center**, Inc. announced a **\$15 million** expansion to build a world-class hot/cold weather dynamometer test facility.
- In January, **Denso** announced a **\$2.6 million** expansion of its U.S. headquarters to establish two laboratories for battery cooling and in-dash technology engineering.



- In March, **Panasonic Automotive Systems** announced an **\$8.16 million** investment to establish a 90,000 square-foot R&D center in Farmington Hills to research and develop human machine interfaces, vehicle sound systems and electronics for electric/hybrid vehicles.
- In March, **Teijin Advanced Composites America** announced a **\$7.9 million** investment to establish the Teijin Composites Application Center in Auburn Hills, a technical center to develop automotive applications of carbon fiber reinforced thermoplastic composite products.
- In May, **Brose** announced a **\$60 million** investment across 3 facilities in Michigan, expanding manufacturing capacity in Warren, expanding its research and development capacity in Auburn Hills, and establishing a new manufacturing facility in New Boston.

Foreign Direct Investment

Between 2003 and June of 2012, 320 foreign direct investment projects from 236 companies were recorded in Michigan, 48 percent of which were automotive-related (supplier or OEM projects). These automotive projects resulted in nearly \$4.6 billion of investment in Michigan and created more than 19,000 jobs.

Based on the number of projects, 9 of the top 10 companies to invest in Michigan were automotive organizations.

- | | |
|--|--|
| 1. PSA Peugeot-Citroen 8 projects | 5. Daimler Chrysler 5 projects |
| 2. Toyota Motor 8 projects | 6. Robert Bosch 4 projects |
| 3. Brose 6 projects | 7. Denso 4 projects |
| 4. Hyundai Motor 5 projects | 8. Magna International 4 projects |
| | 9. FEV 4 projects |

Collectively, these **9 companies** invested more than **\$3.5 billion** and created **5,971 jobs**.

Michigan is **#1** for automotive R&D.

- Center for Automotive Research

Private Equity and Venture Capital

From 2007 to August 2012, Michigan ranked first in the nation for private equity automotive deals with 21.

From January to October 2012, \$186 million in venture capital was invested in 35 Michigan companies, more than doubling the previous year's total amount. By comparison, venture capital investments nationally declined by 9.5 percent. The lion's share of the \$186 million in venture capital invested in Michigan in 2012 went into automotive ventures.



Source: Ford Motor Company



Automotive Trade: Imports and Exports

According to the U.S. Department of Commerce's International Trade Administration, Michigan companies **exported more than \$24 billion in transportation equipment** to 172 countries in 2011, an increase of nearly 77 percent since 2009. Michigan companies **imported more than \$65 billion in transportation equipment** in 2011, an increase of more than 80 percent from 2009.

Canada remains Michigan's largest automotive trading partner by far, though automotive trade with China has increased the most over the past three years — 172 percent growth in exports and 155.2 percent in imports. In 2011, automotive exports to Canada totaled nearly \$13.3 billion, while imports totaled over \$32 billion, representing 53 percent and 49 percent of the Michigan transportation equipment export and import totals.

On any given day, more than \$124 million in transportation equipment is traded with Canada. This is due to Michigan's **nine international border crossings to Canada** (three rails with double stack and high cube capabilities, two ferries and four automotive crossings). A fifth automotive crossing between Michigan and Canada, the New International Trade Crossing, was approved for construction in 2012 to accommodate increasing demand, which was a key initiative and project for Governor Rick Snyder.

"We moved our world headquarters to Michigan from downtown Chicago in 2005 and it's one of the best decisions we ever made. Those of us located here know the benefits Michigan has to offer. The global auto industry has a major footprint throughout the state and no other state can beat Michigan for talent, resources and beauty. It is time that our industry tells the real Michigan story."

- Timothy M. Manganello, BorgWarner Inc.



Source: Michigan Economic Development Corporation

Competitive Business Environment: Enticing Corporate Investment

Michigan is a top state for business. Since taking office in January 2011, Michigan Governor Rick Snyder has streamlined state government and leveraged a new state tax system to create an environment conducive to economic growth. Chief among his accomplishments are positive tax reform, decreased regulations, and flexible and varied incentive programs.

Positive Tax Reform

In 2011, Michigan lawmakers enacted positive and business-friendly tax reforms that went into effect on January 1, 2012. **The new corporate income tax is the lowest in the Midwest and is among the lowest in the nation.** According to the Tax Foundation's 2013 State Business Tax Climate Index, Michigan ranks seventh in the nation in corporate income tax. The 2011 reforms also lowered the individual income tax rate and increased the personal tax exemption.

On December 20, 2012, Governor Snyder and the Michigan Legislature continued to make Michigan a more manufacturing-friendly state by **eliminating Michigan's Personal Property Tax (PPT)** on industrial property. Commonly referred to as a penalty on investment, the PPT will begin to be phased out in 2014. The elimination of the tax advances Michigan's reputation as a leading manufacturing destination.

Decreased Regulations

In 2011, Gov. Snyder's administration created the Office of Regulatory Reinvention to simplify "Michigan's regulatory environment by reducing obsolete, unnecessary and burdensome rules that are limiting economic growth." **As of December 31, 2012 1,016 rules have been eliminated.**

In 2012, Michigan enacted sweeping changes to environmental regulations, imposed time limits on agency actions and facilitated the pace of site closures involving properties with impacted soil and groundwater. **These amendments provide a promising vehicle for stimulating the remediation and redevelopment of Michigan's large inventory of property.** Changes are also being made to streamline air quality, resource management and water regulations to make Michigan more competitive.

Michigan is a Right-to-Work State

On December 12, 2012, Governor Snyder and the Michigan Legislature made Michigan the 24th right-to-work state in the U.S., effective April 1, 2013. A right-to-work environment is often among a job provider's considerations when deciding where to locate. As the second right-to-work state in the Midwest, Michigan is now a more competitive location for industrial investment.

Flexible and Varied Incentive Programs

The state of Michigan sponsors a number of incentive programs designed to encourage investment in Michigan. The Michigan Economic Development Corporation is the state's principal incentive vehicle and works to increase the availability of capital for companies in Michigan at every stage of business development. Michigan's incentive programs are varied and are dependent on the project. These programs include, but are not limited to:

- The Brownfield Redevelopment Act Michigan Land Bank Program
- The Capital Access Program
- The Commercial Redevelopment Act
- The Industrial Property Tax Abatement Act
- The Michigan Business Growth Fund Loan Collateral Support Program
- The Michigan Business Growth Fund Loan Participation Program
- The Michigan Business Development Program
- The Michigan Community Revitalization Program
- The Michigan Emerging Technologies Fund
- The Obsolete Property Rehabilitation Act
- The Personal Property Tax Relief in Distressed Communities Program
- The Private Activity Bond Program
- The U.S. Small Business Administration Certified Development Company

Michigan Business Development Program (MBDP)

MBDP is a new incentive program designed to provide grants, loans or other economic assistance to businesses that create qualified new jobs and/or make qualified new investment in Michigan.

As of December 14, 2012, the MBDP has awarded nearly \$43 million in incentive packages on investments totaling more than \$749 million, resulting in the creation of 6,183 Michigan jobs.

Michigan Community Revitalization Program (MCRP)

MCRP is also a new incentive program, designed to promote community revitalization that will accelerate private investment in areas of historical declining value, contribute to Michigan's reinvention as a vital, job generating state, foster redevelopment of functionally obsolete or historic properties, reduce blight and protect the state's natural resources. The program is designed to provide grants, loans or other economic assistance for eligible investment projects in Michigan. **As of December 14, 2012, the MCRP has awarded nearly \$11.4 million in incentive packages on investments totaling over \$111 million, resulting in the creation of 321 Michigan jobs.**

"As one of the key centers of the global automotive industry, Michigan is a very logical location for a global automotive company such as SAIC Motor to establish a North American operation center. The access to critical talent is important, the increasing focus on attracting new business to the state, as well as the pro-business environment all help make Michigan an attractive place to do business. Michigan must be part of the new global automotive economy in order thrive, and this seems to be very well understood and supported in Lansing."

- Garry Neel, Director of Corporate Marketing and Public Affairs, SAIC USA

Michigan is ranked **#4** in leading in the economic recovery.

- Area Development Magazine

Thank you

This report was developed in partnership with:





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