

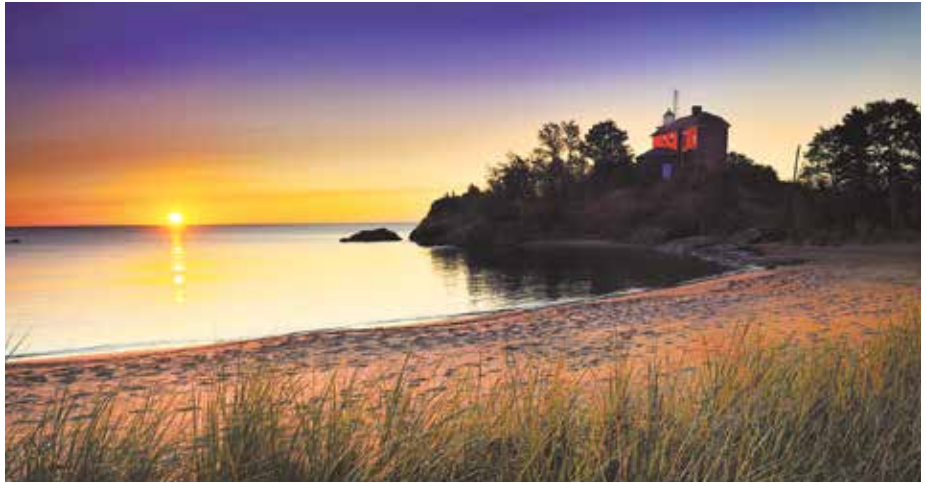
MICHIGAN

Michigan/China trade profile



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Michigan was one of the first U.S. states to begin a formal relationship with China, establishing sister state ties over 30 years ago.



Michigan has taken a number of steps to support international trade, investment and growth. Michigan exported approximately \$4.2 billion in manufactured goods to China in 2013. Since 2011, this represents a 54.5 percent increase. China's exports to Michigan totaled \$7.6 billion (2013), demonstrating a two-way advantage to business between Michigan and China. Top commodities include machinery and transportation equipment, making up nearly 60 percent of China's exports to Michigan.

The Michigan Economic Development Corporation (MEDC) has taken a number of steps to secure a strong trade partnership with China, establishing a wealth of on-the-ground resources in China. MEDC established a China trade office in partnership with the Council of Great Lakes Governors. This foreign office provides Michigan companies with an invaluable resource in the Chinese market. The China team of professionals along with the

MEDC export team helps companies to research, identify and capitalize on market opportunities in a broad range of industry sectors across China.

MICHIGAN PROFILE

Bold change has made Michigan more business friendly than ever. State business taxes are the lowest in decades. Hundreds of outdated and burdensome environmental, workplace and business rules have been eliminated. Michigan is the newest freedom-to-work state, enabling Michigan businesses to partner with a world-class workforce that is free to decide whether union is right for them while preserving the roles of unions and collective bargaining. These changes, combined with the state's manufacturing leadership, talent, geographic advantage, and Pure Michigan lifestyle, make Michigan a great destination—and a great partner—for Chinese companies.



A global player

A global site selection publication named Michigan the eighth-most competitive state (out of 50 U.S. states) for achieving success in job creation and economic development. The same publication ranked Michigan No. 5 in major corporate facilities and expansions in 2013. Michigan is home to 1,231 foreign-owned companies that employ approximately 141,000 and have invested \$25.3 billion in plants and equipment. Foreign direct investment in Michigan totaled \$1.24 billion in 2012, resulting in 5,277 jobs.

Manufacturing and R&D leader

Nearly 15,000 manufacturing establishments produce everything from cars and trucks to medical devices and military hardware. Eight of the top 10 automotive global suppliers are headquartered in Michigan and the state is home to the world's largest concentration of industrial R&D.



World-class talent

Michigan is one of the nation's premier centers of brainpower. With more than 87,000 engineers, 70,000 R&D professionals and 75,000 skilled tradespeople, Michigan is the No. 1 state in availability of skilled labor and has the fourth-largest high-tech workforce in the U.S.

Tax competitive

A simple, fair and flat 6 percent corporate income tax has reduced the state business tax for Michigan businesses by at least 80 percent. It is one of the most competitive among the Midwest U.S. states and among the lowest in the entire U.S. According to the nonpartisan, Washington, D.C.-based Tax Foundation, Michigan's corporate tax is seventh-best in the U.S.

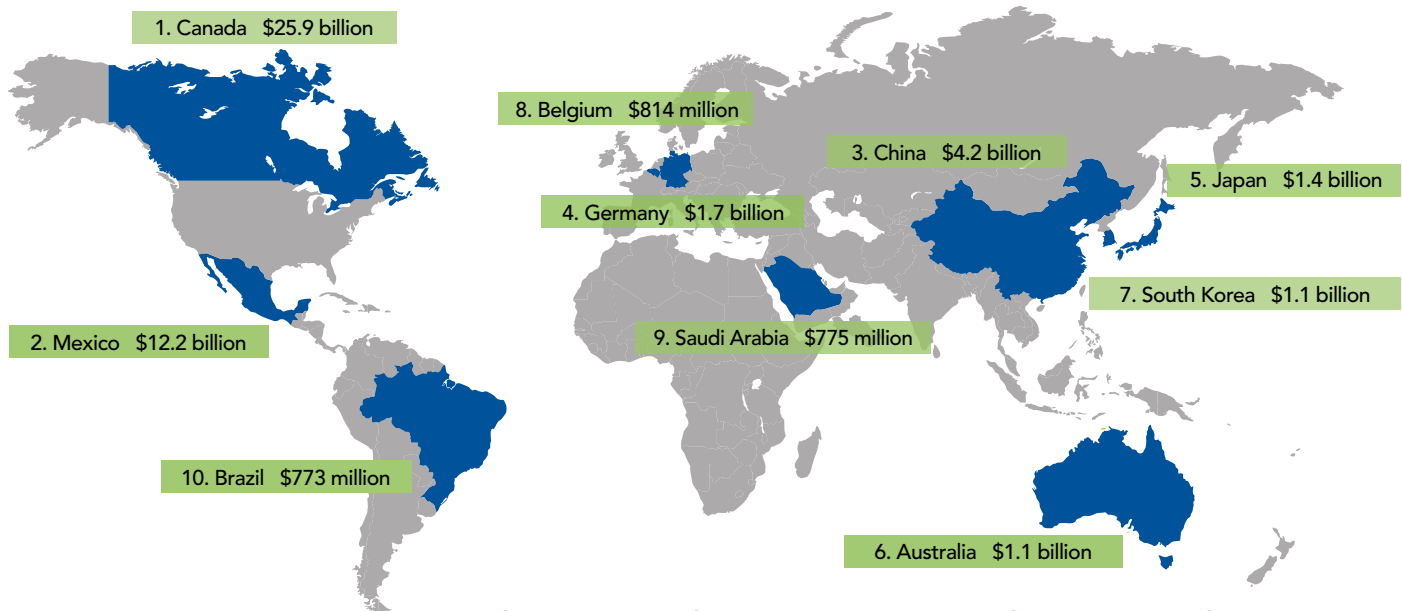
Gateway to North America

Located within 805 km of half of the U.S. and Canadian population and income, Michigan is a strategic entry point to the North American market.

The state has nine international border crossings, nautical connections to the Atlantic via the St. Lawrence Seaway, a rail system with 5,794 km of track, 18 airports, and 1,997 km of toll-free interstate highway lines built for industrial use.

Pure Michigan lifestyle

Michigan is a great place to do business, and it is a great place to live and play. From urban excitement to the great outdoors, the state offers beaches, mountains, forests, parks, museums and hundreds of cultural and historical attractions to suit every taste. Home to four of the five Great Lakes, Michigan's 5,150 km of freshwater shoreline is the longest in the world. No matter where you stand, you are never more than 10 km from a body of water among our 11,000 inland lakes and 58,000 km of rivers and streams. For golfers, there are 800 public courses set among glorious natural surroundings. ABC News' "Good Morning America" named Sleeping Bear Dunes the "most beautiful place in America."



MICHIGAN TOP 10 TRADE PARTNERS*

Total exports from Michigan to other countries exceeded \$58 billion in 2013, with China representing the third largest partner.

The commercial importance of trade to Michigan

In 2012, Michigan's GDP was \$400.5 billion, making Michigan the 13th largest economy within the U.S. Goods produced in Michigan for export (2013) were valued at \$58.4 billion, ranking eighth among U.S. states. Michigan 2013 imports were \$118.1 billion (29.5 percent of Michigan's GDP), making Michigan the sixth largest importing state in the U.S. In other words, over half (\$176.5 billion or 44 percent) of Michigan's economy is dependent on foreign trade.

Michigan ports of entry play a significant role in facilitating Michigan's foreign trade as well as that of other states. In 2013, the Port of Detroit alone handled approximately \$67.7 billion of imported goods and exported over \$73.1 billion of goods. The Port of Detroit was ranked eighth amongst all U.S. ports for imports and was ranked fourth amongst all U.S. ports for exports.

Michigan's top industries

1. Advanced automotive
2. Agriculture
3. Tourism
4. Medical devices
5. Bio-tech
6. Clean energy

Michigan industry clusters and products

In Michigan, companies can leverage the state's position as the global capital of vehicle R&D and advanced manufacturing with tens of thousands of engineers and scientists working toward new solutions. Many of the world's most innovative corporations, including every major vehicle-related manufacturer and supplier, have established 375 R&D tech centers in Michigan. Companies are finding opportunity in the production of everything from medical devices to military hardware and increasingly alternative energy technologies. With nearly 15,000 manufacturing

Source for GDP: U.S. Department of Commerce, Bureau of Economic Analysis

*Source for exports: U.S. Department of Commerce, International Trade Administration, TradeStats Express

Source for imports: WISERTrade

establishments in the state, Michigan's high-quality engineering and skilled manufacturing continue to attract employers in emerging 21st century industries.

Michigan is targeting state and nationwide markets for alternative energy sources such as bioenergy and fuels; wind generation (wind energy); advanced energy storage (advanced batteries); and solar cells (solar energy). The strong alignment of scientists, universities, policy makers, industry players, the natural resource management community and engineering talent is creating the next generation of power provision for businesses, consumers and vehicles through alternative energy.

With a 140-year legacy of biotechnology innovation and an eye toward the future, life science companies of every stage are experiencing great success in Michigan. Starting in 1866 with the founding of Parke-Davis Pharmaceuticals in Detroit and followed two decades later by Upjohn Company in Kalamazoo, Michigan has been home to a life sciences market. Emerging and well-established companies looking to develop and commercialize leading-edge products, everything from the latest diagnostic tool to creative advancements in pharmaceuticals, know that Michigan is the place to be.

Michigan has played an important role in defense and homeland security since World War II, when its engineering and manufacturing prowess helped equip and protect our nation's

soldiers and defenders. This sector is important as ever. Michigan is home to an impressive number of military and defense-related facilities, including advanced research labs, testing grounds and bases, and is also a leader in the manufacture of military vehicles.

Michigan's agriculture industry is comprised of 54,900 farms totaling over 10 million acres. The top agricultural exports are soybeans and related products, feed grain products, dairy, vegetables and fruits, as well as forestry-based products. The "Cherry Capital of the World" is in Traverse City, Michigan, demonstrating the volume of quality fresh and processed consumer fruit products which can be found originating in Michigan. In total, over 200 commodities are produced commercially. With an estimated nine billion people worldwide to feed by 2050, Michigan is poised to take a lead in meeting those needs.

Michigan companies in China

- Alticor
- Borgwarner
- Dow Chemical
- Dow Corning
- DPH Holdings
- Ford
- General Motors
- Key Safety Systems
- Lear
- TRW Automotive
- Visteon
- Whirlpool

Recent Michigan investments in China

Ford (Detroit) announced two investments near the city of Nanjing, China, in March 2014. The first is a \$100 million investment to expand its research operations by adding a third building to its complex in Nanjing. Ford currently employs 1,300 staff at this site, but plans to create an additional 800 R&D jobs by 2018. The second investment of \$147.7 million will be used to build a new test track about 100 km from Nanjing, China. This test track will allow researchers to expand their vehicle development capabilities in order to keep vehicle designs competitive in the global market.

In August of 2012, Ford also invested in a new \$600 million assembly plant in Chongqing, China. The plant will have the capacity to produce 250,000 vehicles per year and is projected to be completed by the end of 2014. Over 2,000 jobs are expected to be created.

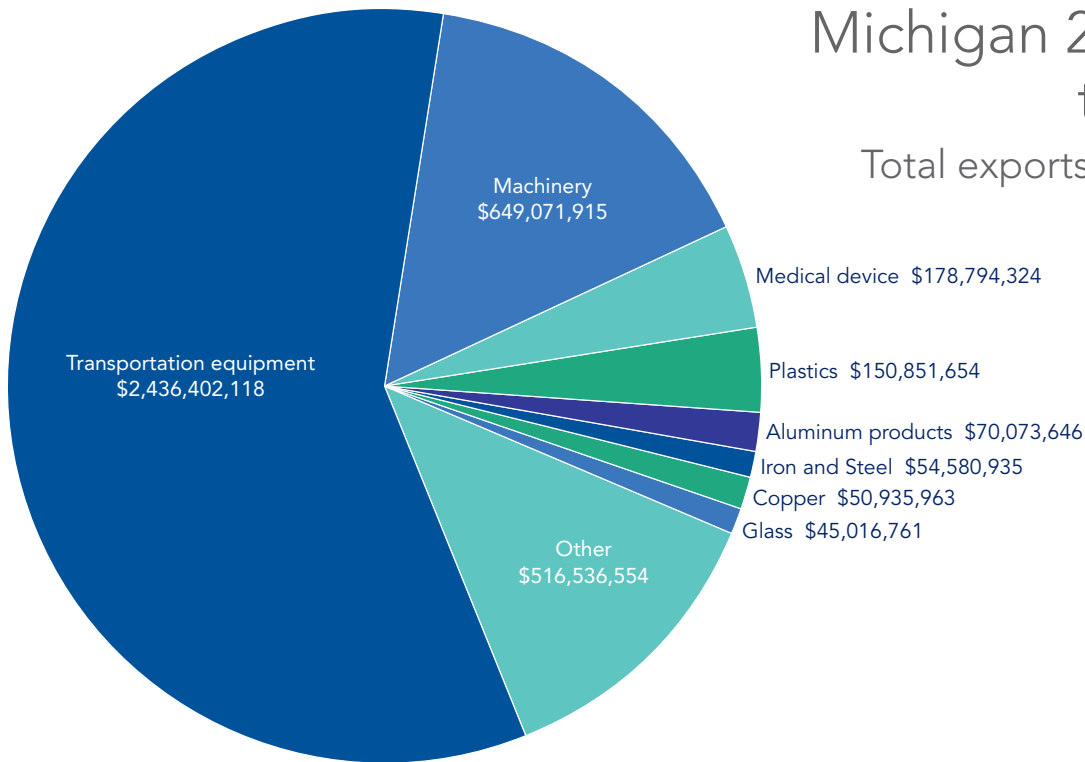
General Motors (Detroit) is investing in China with multiple projects estimated to create thousands of jobs. The latest \$417.7 million investment in April 2013 is expected to be completed by 2016 and will expand manufacturing production capabilities in Shanghai, China.

Embraco, a subsidiary of Whirlpool (Benton Harbor) is expected to double production capacity of variable speed compressors in China in 2014. This is part of the company's expansion plan to meet local growing demand for energy-saving home refrigeration.



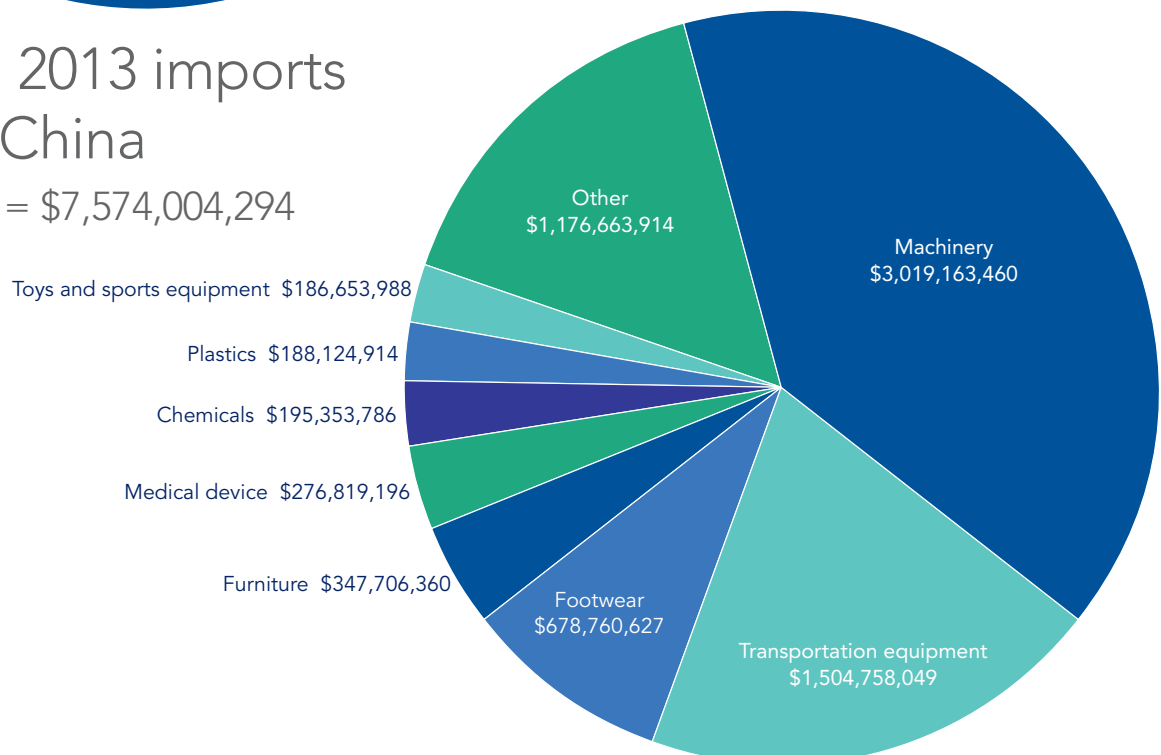
Michigan 2013 exports to the China

Total exports = \$4,152,263,870



Michigan 2013 imports from the China

Total imports = \$7,574,004,294





Chinese companies in Michigan

- Shanghai Automotive Industry Corporation (SAIC)
- Nexteer Automotive/Aviation Industry Corporation of China
- Yanfeng Visteon Automotive Trim Systems Co. Ltd.
- Chang'an Automobile Group
- Fuyao Auto Glass
- Wanxiang Auto Parts
- MINTH
- First Auto Works (FAW)
- Beijing West Industries Co. Ltd.
- China North Industries Group (NORINCO)
- China Automotive Systems (CAS)
- Daimay
- ZYNP Corporation

Recent Chinese investments in Michigan

Nexteer Automotive has been a subsidiary of China's Aviation Industry Corporation (AVIC) since 2010. Since the purchase, AVIC has invested \$300 million in Michigan operations, and grown local employment at

Nexteer by 1,000. New investments have included expanding Nexteer's global headquarters in Saginaw, Michigan, with testing and innovation capabilities; expanding production to support the company's new contract for a 12-volt rack electric power steering system; and opening a new customer service center in Troy, Michigan.

Fuyao Auto Glass expanded its Lake Orion, Michigan, facility with the help of the MEDC. New glass encapsulation work at the facility created 102 new jobs with an investment of \$15 million.

Chongqing Machinery Group purchased Enstrom Helicopter in 2013. Production capacity and employment in Menominee, Michigan, has since doubled.

Shanghai Automotive Industry Corporation (SAIC), opened its North American operations center in Birmingham, Michigan, in 2012. It houses purchasing, logistics, technology and engineering functions, as well as directing the operations of SAIC's subsidiary companies in Michigan.

Michigan is building a strong partnership with China to create never-before-seen opportunities and advantages for our respective businesses and citizens. For the people of Michigan, this will mean new markets for our goods and services. For Chinese companies, we provide North America's most strategic location for global expansion. In both cases, it means new investments here and jobs for Michigan's world-class work force.

—Rick Snyder
Governor, State of Michigan



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