

America and China

Choose me! No, me!

NEW YORK

Mayors go east to set out the store

THOMASVILLE, Alabama seems as far away from China as you can get. Fewer than 5,000 souls live there, and it sits more than 60 miles from the closest interstate highway. This October, though, its mayor was spotted sitting in a pipe-factory canteen in Dalian, a city in north China, eating lunch with the factory's owners. Sheldon Day was there to drum up investment. Two



years ago he convinced another Chinese company, which makes copper tubes, to build its first American factory in the county next door. The plant will create around 300 jobs when it opens next year. Mr Day wants more.

He plays up his town's smallness. "If you want attention to your company, some real bang for your buck, Thomasville is on your side," he declares. If an investor were to set up in town, he could walk into the local grocery and a granny would give him a pat on the back. "The community has been very supportive—they've accepted our Chinese friends with open arms."

Mayors like him are streaming into China to tell potential investors how welcome they would be. In 2007, on average, an American mayor touched down every two months. By 2013, it was one every ten days. In October that average rose to one every three days as mayors from Kokomo, Indiana to Portland, Oregon flew in to sell their cities.

Attention began to focus on China when America's economy slumped in 2008. As gross fixed capital formation contracted, plummeting by 15% in 2009, inbound Chinese investment began to surge. According to the Bureau of Economic Analysis, Chinese direct investment into America rose by an average 71% a year between 2008 and 2012.

City efforts are often backed by state incentives, such as tax credits or worker-training programmes for firms opening a factory. Support at national level strengthened recently, too. In 2011 Barack Obama issued an executive order to establish Select usa, the first co-ordinated federal effort to promote foreign direct investment into the United States.

The battle for Chinese attention is fierce. Aaron Brickman, SelectUSA's deputy director, explains that American cities are competing for projects not only against each other, but against cities in Canada, Australia and Europe. Other mayors are also racking up air miles—Boris Johnson, the mop-haired mayor of London, recently charmed locals in Beijing by riding a bicycle and cracking Harry Potter jokes.

Among American mayors, ambitions vary. Some are just starting to dip their toes in the water. Jill Swain, the mayor of Huntersville, North Carolina, made her first trip in May after she saw what these efforts had done for Alabama towns. Others have grander visions. San Francisco, which has attracted 30 Chinese firms since 2008, wants a critical mass of them to make the city the first choice for Chinese companies setting up American offices. In 2011 Chicago's then-mayor, Richard M. Daley, announced that he wanted to make his city the most "China-friendly" in America. Carl Brewer wants his city, Wichita in Kansas (where Cessna is based), to help supply parts for China's general-aviation industry. »

□ Wichita set up a Beijing office in October, and plans another in Xian. Reciprocal delegations have been lined up for next year.

There are political risks in these efforts. Some mayors have come under fire for spending too much on travel. Voter-disapproval deters others. The mayor of Farmer City, Illinois, cancelled his plans after residents expressed anger at the idea of using city money to woo foreign businesses. Chad Auer, a mayor in a right-wing bit of Colorado, had to take to YouTube to explain that when Richard Nixon went to

China in 1972, it turned out to be worth his while.

For that reason, mayors often tend to lag a little behind business sentiment in their state. One business delegation from Alabama, that was visiting China recently said they would welcome investment in the state by Huawei, the Chinese mobile-phone-equipment-maker that is constantly being accused by officials in Washington, dc of cyberspying. Even in his enthusiasm, Mayor Day of Thomasville would not go as far as that. □

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