

**Subject:** FW: Information for WEDC Meeting

Here you go Brian.

**Kyle Roskam**

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**From:** Roskam, Kyle - GOV  
**Sent:** Thursday, June 15, 2017 10:38 AM  
**To:** 'McCarthy, Dan (Baldwin)' <Dan\_McCarthy@[REDACTED]>  
**Subject:** Information for WEDC Meeting

Dan: Please see attached and below.

Kyle

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Please note the Wisconsin Economic Development Corporation (“WEDC”) has entered into a Nondisclosure Agreement covering the following information.

Participants (bio’s are attached)

Mark R. Hogan – Secretary & CEO, Wisconsin Economic Development Corporation  
Dr. Louis Woo – Special Assistant to Foxconn Chairman & CEO Terry Gou  
Dr. Alan Yeung – Director of U.S. Strategic Initiatives, Foxconn Technology Group  
Brian R. Smith – Leader of Ernst & Young’s U.S. Location Investment Services  
Kyle Roskam – Director of Federal Regulations, Office of Wisconsin Governor Scott Walker

Background

On April 28, 2017, Governor Scott Walker, WEDC Secretary & CEO Mark Hogan, and Chief of Staff Rich Zipperer traveled to Washington, D.C. at the request of the White House to meet with Mr. Terry

Gou (pr. Go), Founder, Chairman & CEO of Foxconn Technology Group (“Foxconn”). Also included in the meeting were White House Chief of Staff Reince Priebus and Reed Cordish, Assistant to the President for Intragovernmental and Technology Initiatives for President Donald Trump. The purpose of the meeting was to discuss Foxconn’s interest in making a significant foreign direct investment in the U.S., with Wisconsin having been identified as one of several states being considered. The other states under consideration include Michigan, Ohio, Indiana, Pennsylvania, and North Carolina.

Since that time, there have been a significant number of meetings between Foxconn and Wisconsin officials to determine Wisconsin’s capabilities. These meetings included a two-day visit (May 18 & 19) to Wisconsin from approximately 30 Foxconn associates during which they assessed Wisconsin’s abilities surrounding workforce availability and to tour 12 sites in three counties (Rock, Kenosha and Racine). All of these interactions culminated in Governor Walker making a three-day trip to Osaka, Japan the weekend of June 2<sup>nd</sup> to meet with Chairman Gou and present a preliminary incentive package from Wisconsin totaling approximately \$2.25 billion. Foxconn has identified Speed (they anticipate breaking ground in 3Q2017), Cost, and Workforce as being the primary drivers to their decision and we believe Wisconsin’s proposal has addressed all three of these requirements.

#### About Foxconn

Chairman Terry Gou founded Hon Hai Precision Industry Co., Ltd. In 1974. The company is known as Foxconn Technology Group (or Foxconn) and is a Taiwanese electrical component manufacturer best known as the contract assembler for a host of Apple-related products, including the iPhone and iPad. Foxconn is among the world’s largest companies with 1.3 million employees (6<sup>th</sup> largest private sector employer in the world) and \$135 billion (U.S.) in annual revenues (similar in size to GE, Ford and AT&T).

Foxconn has multiple locations throughout the world, but its primary manufacturing facilities are in China (12 facilities in cities) and Japan. Chairman Gou believes the company needs to have a manufacturing presence in the U.S. to better serve customer demand in North America. There are two projects being considered for the U.S. which in total represent an investment of approximately \$10.3 billion and employment of approximately 14,000 individuals.

#### Wisconsin’s Proposal

Foxconn has encouraged Wisconsin to submit proposals for both projects [REDACTED] and \$6.1 billion & 8,800 jobs). Governor Walker presented options covering both (\$1.0 billion and 1.25 billion) during his trip earlier this month. Either of these would be significantly larger than any incentive Wisconsin has provided to other companies (Quad/Graphics and Kohl’s were both approximately \$60 million). The Foxconn opportunity, however, offers a unique opportunity due to the significant impact its operation would have on attracting other manufacturers to Wisconsin to build-out its supply chain needs. A more detailed description of these projects is attached to this memo (projects labelled Fab 868 and Fab 818, taken from the company’s RFP).

#### Purpose of Today’s Meeting

The underlying challenge in attracting Foxconn to Wisconsin (or any state), is Foxconn’s assertion that building and operating a facility in the U.S. will add 25-30% to its cost base. Foxconn believes the U.S. consumer will not “absorb” these increased costs and therefore significant incentives are

required to attract Foxconn's investment. As mentioned, Wisconsin has provided guidance regarding significant incentives we are willing to consider.

The purpose of today's meeting is two-fold. First, to introduce Foxconn associates to key members of Wisconsin's delegation and update them on the status of discussions.

Second, to receive feedback from Wisconsin's delegation regarding potential existing federal agency programs, and introductions to those agencies, that could provide Foxconn resources to help bridge the gap it has identified. Areas of interest the company has identified include, but are not limited to, the United Nations' Green Climate Fund, the use of New Markets Tax Credits, and grants through the U.S. Department of Transportation.

We have been advised that Wisconsin will receive "credit" for any federal programs that are identified and introduced by Wisconsin's delegation.

#### Schedule

Monday, June 19<sup>th</sup>

**-Senator Johnson** (Hart 328): 3:30-4pm EST

Tuesday, June 20<sup>th</sup>

**-Senator Baldwin** (Hart 709): 10:15-10:45am EST

**-Speaker Ryan** (H-232): 2:40-3pm EST

Wednesday, June 21<sup>st</sup>

**-Congressman Sensenbrenner** (Rayburn 2449): 9-9:30am EST