

GRANHOLM SAYS MISSION WON JAPANESE INVESTMENTS

With eight additional Japanese companies announcing plans to make investments in Michigan, Governor Jennifer Granholm said Tuesday her just-completed trade mission to that country helped tip the balance to make the economic development moves possible. And other than providing location assistance, she said the string of investments worth \$30 million and 150 jobs were not lured by the offers of tax incentives.

The governor participated in several events related to automotive and life sciences during the five-day trip, including an industrial seminar at the attended the World Expo in Nagoya, which drew delegations from 19 other states.

“There’s no doubt that our effort caused these decisions to be made,” Ms. Granholm said. “The trip was the punctuation for their decisions. The fact that the governor of Michigan went to reach out is a huge, symbolic outreach.”

The investment commitments, she added, are “validation that we’re on the right track. We believe the seeds were sown for future investment.”

The state did lose the largest recent Japanese investment to its Northern neighbor. Toyota, which is closing in on General Motors as the world’s largest automotive company, decided to put its new North American assembly plant in Ontario, in part

because of lower health care costs.

But Ms. Granholm said the contacts the state made and the strengths it offers “are real opportunities for Toyota to give us a fresh look. The door is ajar and I hope they come in. They (Toyota) indicated they are open to investing in Michigan.”

Lawrence Reed, president of the Mackinac Center for Public Policy, said more fundamental changes are needed to get Michigan back as a preferred investment option for most companies, saying the state is in bad shape despite prior gubernatorial missions and development schemes.

“If you don’t get the fundamentals right, all the road trips, ribbon-cuttings, happy talk and sushi dinners in the world will produce little,” he said. “Until our leaders muster the courage to really tackle our high taxes, poor labor climate, substandard schools, and other core issues, trips to Tokyo are not much more than window-dressing junkets.”

Ms. Granholm, whose administration is in the midst of negotiations with Republican legislators on changes in the state’s business taxes, said the state’s tax structure was not raised by Japanese business executives as a potential negative factor. But she said the trade group raised it as a selling point on how the state is addressing ways to make the state more attractive.

“We must diversify; we can’t be passive,” Ms. Granholm said. “Our goal is to make Michigan the hub of international investment, whether it is life sciences or advanced automotive technology. Our message was if you want to sell in the United States, you need to be in Michigan.”

The governor said she also promoted Michigan’s well-trained workforce and its advantages as a regional center for automotive business along with Ontario and nearby states.

The governor said the personal relationships begun with the Michigan Economic Development Corporation, along with her personal presence which she said helped dispel some concerns arising from resentment in the state in the 1980s as Japanese carmakers were making significant inroads in the U.S. domestic auto market.

The administration had previously announced investments by DENSO and Tokai Rika. The new investment by Japanese firms include:

- Hitachi Automotive, expanding its presence in Farmington Hills;
- Sekisui Chemical, expanding its operations in Coldwater;
- Nippon Antenna,

undertaking a site search for a new research and development facility in Michigan;

- Nippon Piston Ring, ready to hire new workers at its new NPR Manufacturing plant in Grand Haven;
- Advanced Special Tools in Battle Creek, creating a new subsidiary called Advanced Plastics Molding in Battle Creek;
- Nakagawa Special Steel, opening its first sales office in Novi;
- Taiko Device Technologies, opening its first North American office in Southfield; A&D Inc., establishing A&D Technology Inc. as its wholly owned subsidiary in Ann Arbor to commence development of its measurement, control and simulation systems business in the North American region.

BUDGET TALKS: The governor said the administration and legislative negotiators are making progress on resolving differences on the 2005-06 budget, but declined to comment on how she would like to use any additional revenue that may be added to estimates in the special August revenue conference.

She said she was glad to see House Speaker Craig DeRoche (R- Novi) “come around” on providing

funding to avoid cuts to Northern Michigan University and closing the Newberry prison. Mr. DeRoche had said last week those two areas are priorities for any funds added due to increased revenue estimates; Democrats had been hammering Rep. Tom Casperson (R-Escanaba) for joining the GOP caucus in the budget plan that included the cuts to the Upper Peninsula items.

INTELLIGENT DESIGN: Ms. Granholm expressed disagreement with the sentiments of President George W. Bush regarding teaching of intelligent design along with evolution in high school. It is an issue that repeatedly surfaces and was last in the forefront in Michigan shortly after Ms. Granholm’s choice for state superintendent of public instruction, Mike Flanagan, said he supported teaching intelligent design, a position he later said was intended to be limited to social studies or other similar cultural curriculum.

The governor said intelligent design - a belief that a creator could only have produced the universe, Earth and humans - is not science and should not be taught along with the science-based theory of evolution.

“I don’t agree that intelligent design is science,” Ms. Granholm said.

Mr. Bush said Monday intelligent design should be taught along with evolution.

TUITION: The governor, who traveled part of the time with the presidents of the state’s three major research universities, remained

critical of the size of tuition increases for the upcoming year even as the state continues to scale back its financial support. “I worry that we are pricing families out of the market,” Ms. Granholm said of increases that this year are largely in double digits.

She said she was pleased most institutions were also increasing financial aid and called on legislators to pass her proposal to revise the Merit Scholarship Award from one based on high school achievement to a stipend of up to \$4,000 for completing two years of college.

TAX LIMIT AMENDMENT: Ms. Granholm had little good to say about the possibility that some groups will try to get a new tax limitation amendment proposal on the ballot, this one limiting the state budget growth to a combination of inflation and population changes. She said a similar 10-year-old amendment in Colorado has been “universally panned” and said the state’s Headlee Amendment is a tax limitation plan that is working well.