

## The Global Cities Initiative Presents Going Global: Boosting the Economic Future of Greater Los Angeles

On March 21, 2012, distinguished leaders from the private, public, and philanthropic sectors in southern California and beyond came together for the inaugural domestic forum of the Global Cities Initiative (GCI), a joint project of the Brookings Institution Metropolitan Policy Program and JPMorgan Chase & Co. Hosted by the University of Southern California, this one-day convening featured speakers and panel discussions that provided context on the position of Greater Los Angeles in the global marketplace, highlighted opportunities to strengthen the region's global economic competitiveness, and offered insight into how state and metropolitan leaders can work together and with international partners to expand global trade and enhance the economic prosperity of the region.

The day began with welcoming remarks from **C.L. Max Nikias**, president of the University of Southern California. President Nikias emphasized the crucial role that institutions of higher education can play in fostering economic growth, noting that research universities like USC often serve as the economic engines of regional economies. He described Los Angeles—with its diverse population, its global trade relationships, and its contributions to the ongoing global digital media revolution—as a critical player in the new Pacific Rim Economy, where emerging and established markets together are creating dense networks of global exchange.

The Honorable **Richard M. Daley**, former mayor of Chicago and chair of the Global Cities Initiative, then spoke to his fervent belief that cities and metropolitan areas are not only the economic engines of nations—they are also the backbone of global trade and exchange. Those that ignore this reality, he asserted, do so at their peril. Reflecting on his tenure in Chicago, he explained that “transforming Chicago into a global city was my goal and my passion.” Achieving this vision, he noted, required a global perspective, an innovative spirit, and a willingness to explore opportunities for collaboration both within and between the public and private sectors. In his estimation, the Global Cities Initiative is a natural extension of his passion for cities. By working to equip public and private sector leaders with the tools they need to strengthen their region's position in the global economy, GCI will help American cities and metropolitan areas realize their global potential. With rapid urbanization and the rise of megacities making such efforts more crucial than ever before, he insisted that “an initiative like this couldn't come at a better time.”

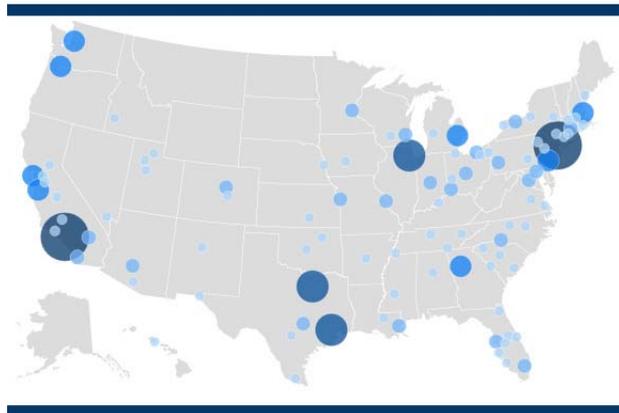
**Peter L. Scher**, executive vice president and head of corporate responsibility for JPMorgan Chase, offered words of welcome on behalf of JPMorgan Chase. At a time of diminished public support for economic development and job creation, he explained, the Global Cities Initiative offers a way “to help position US cities to deal with the opportunities and challenges that come with increasing globalization, urbanization and the rapid growth of emerging market nations.” Scher described Greater Los Angeles as a gateway between the United States and the rest of the world, with distinctive opportunities for increased trade and engagement with other global cities throughout the world. Over the course of the day, he noted, the forum would explore a vision for metropolitan-led economic growth and job creation driven by global trade and investment, with particular attention to how Los Angeles might leverage its strengths in the global economy.

### *Greater Los Angeles and the Next Economy*

**Bruce Katz**, GCI director and vice president and founding director of the Brookings Metropolitan Policy Program, offered [an in-depth presentation on Greater Los Angeles and the next economy](#). In the aftermath of the Great Recession, he argued, the United States must chart a different economic course, one that is driven

by exports and global engagement, powered by low carbon and advanced energy, fueled by innovation and production, and rich with opportunity. A growing chorus of leaders is calling for a new growth model, one that creates more and better jobs by engaging rising global demand abroad and attracting global talent and capital at home. These leaders recognize that the time has come for major US urban and metropolitan areas to build on their unique strengths and fully engage in the global marketplace.

Katz noted that the export economy, unlike the consumption economy, is highly differentiated. Each US metro presents a different economic face to the world, and Greater Los Angeles is no exception. As the largest metro exporter in the country, its export intensity is above the top 100 metro average. The region's export economy is more service-oriented than the national average, but close to 60 percent of the region's exports comes from the manufacturing sector, which supports over 106,000 direct export manufacturing jobs. Within the Los Angeles metropolitan area, he explained, closely connected networks of private firms, universities, and public and nonprofit institutions fertilize ideas, extend innovation, enhance competitiveness, and collaborate to catalyze economic growth for the entire region. In his estimation, future economic prosperity will depend in large part on urban and metropolitan leaders working together to strengthen their region's position in the global economy.



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[Watch video](#) from Bruce Katz's presentation and read the full remarks from his address at the Greater Los Angeles forum

Building a stronger, more resilient, and more export-focused economy, Katz argued, will require a major structural shift in the ways that cities and metros approach economic development. With the federal government mired in gridlock, metropolitan areas will need to *innovate locally* to leverage their economic assets to the fullest. A handful of US metros—including the Greater Los Angeles region—have begun to embrace their innovative role by developing and implementing regional export plans. Rooted in strong data and market analysis, these plans unite stakeholders across the private, public, philanthropic, and academic sectors in order to coordinate export support and better capitalize on the regions' distinctive competitive advantages in the global economy. With these evidence-based plans in hand, metro leaders will then need to *advocate nationally*, urging state and federal policymakers to set a strong platform for export growth. At the state level, metro leaders are pressing for improved support from state trade offices and greater coordination of state-provided services. At the federal level, reauthorization of the Export-Import Bank, development of new free trade agreements, strategic investment in freight transport infrastructure, simplification of federal bureaucracy, and intellectual property protection are among the priorities being advanced by metro leaders.

As metropolitan leaders work to innovate at the local level and advocate for policy changes at the state and federal levels, Katz asserted, they will also need to *network globally*, cultivating strong relationships with key trading partners in mature and emerging markets. These global connections will allow US metros to build on their unique economic strengths and distinctive geographic advantages in the world economy. By leveraging their distinctive assets and acting collaboratively to increase global engagement, Katz maintained, Greater Los Angeles—like other US cities and metros—will be able to foster job growth in the near term and restructure the economy for the decades ahead.

### *Realizing Los Angeles' Potential as a Global Metro*

The panel discussion that followed explored how Greater Los Angeles might realize its potential as a global metro. All agreed that success in the global economy demands new modes of cooperation that bring together a wide array of stakeholders. However, as **Dr. Ernest Wilson III**, dean of the USC Annenberg School of Journalism and panel moderator, noted, communication and collaboration across public, private, and academic sectors remains a challenge. Even within the public sector, Los Angeles County Economic Development Corporation chairman **Robert M. Hertzberg** pointed out, balkanized governance structures hamper effective economic development in Greater Los Angeles. At the same time, Hertzberg expressed cautious optimism that such problems could be surmounted. He related what he described as positive levels of cooperation in support of the regional export planning process, which was spearheaded in large part by area business leaders. Continued willingness to act nimbly, combined with efforts to restructure and realign governance in Greater Los Angeles, would in Hertzberg's view support economic growth and help restore citizens' faith in government.

**Richard Drobnick**, Director of the Center for International Business Education and Research at the USC Marshall School of Business, offered one example of regional innovation in the provision of export support services—the newly established Export Champions program. This joint effort of the USC Marshall School of Business and the UCLA Anderson School of Management aims to support new-to-export and new-to-market firms by connecting them with local MBA students, who will provide market research as well as export plan development assistance. By leveraging the resources of these two world-class academic institutions, Export Champions aims to provide firms in Greater Los Angeles with the expertise, data, and analysis they need to enter new markets.

**Scott Ermeti**, Vice President of International Business at Los Angeles-based manufacturer Pelican Products, related how Pelican Products “accidentally” got into exports, driven by consumer demand in foreign markets rather than any intentional effort to begin exporting. Unaware of support services available to US exporters, the firm only began working with the US Foreign Commercial Service five years earlier. Ermeti called attention to the disparate nature of export support programs available to firms interested in exporting. In his estimation, this lack of coordination, combined with companies' lack of awareness of such programs, limited the effectiveness of these programs and likely kept some firms from becoming strong exporters. At the same time, he lauded the creation of Export Champions, noting that his firm had recently embarked on a supply chain research project with the assistance of this program.

As metropolitan leaders work to increase the number of active exporters in the region, the panel affirmed, they also must ensure that regional freight infrastructure can support such an expansion of global trade. **Matthew K. Rose**, Chairman and CEO of BNSF Railway, warned that the current state of America's infrastructure was not built for the global economy of the twenty-first century. Continued partisan gridlock in Washington and federal inattention to regional needs have stymied infrastructure investment at a time when action is most needed. With limited options at the national and state levels, he maintained, metropolitan areas will need to work at the regional and local levels to develop plans, secure financing, and execute the necessary infrastructure improvements. He held up the Alameda Corridor freight transport project as an example of the type of collaboration needed, and affirmed the positive effects of the project, including job creation and greater freight transport efficiency.

### *Dialogue on Global Engagement*

The second panel, moderated by the Honorable **Michael “Mickey” Kantor**, former US Secretary of Commerce and US Trade Representative, shifted focus from the metro to the macro by examining opportunities available to US cities and metros in the global marketplace. Kantor began the conversation by pointing out that trade is not just about economics but also involves building connections between different places. **Mayor Daley** agreed, underscoring the important roles that local leaders from both the private and public sectors must play in strengthening relationships with cities and metros abroad.

Singaporean Ambassador **Chan Heng Chee** asserted that the importance of global connections to local economic prosperity is not well understood by the American public and encouraged leaders to educate their constituents about the benefits of global trade. She also noted that any discussion of global trade should include imports as well as exports, since both are crucial to global economic exchange.

Chinese Minister Counselor **Zhang Shaogang** offered insight into the shifting economic priorities of the People’s Republic of China, noting that in the coming years, he expects a greater attention to imports and increased domestic consumption. Both Ambassador Chan and Minister Counselor Zhang stressed that the growing middle classes in China and the Association of Southeast Asian Nations (ASEAN) are creating new opportunities for US firms ready to engage in the global economy.

To take advantage of these new openings effectively, Ambassador Chan explained, US businesses would need to develop a better understanding of Asian consumer demand. With rising nations and their rapidly growing metros driving global demand, Ambassador **David Carden** of the US Mission to ASEAN emphasized the importance of building relationships in these emerging markets, both to foster trade and to encourage adoption of IP protection, bankruptcy law, and sustainable approaches to economic growth. He highlighted the US-ASEAN Business Council as an example of how US businesses might work together to engage in key markets.

### *Keynote Address*

Following an introduction by **Peter Barker**, California chairman for JPMorgan Chase, Los Angeles **Mayor Antonio Villaraigosa** delivered a keynote address outlining the actions that Greater Los Angeles is taking to bolster its competitiveness in the global economy. He began by making the case for a metropolitan focus, pointing out that metropolitan areas are responsible for spurring innovation, driving economic transformation, and fostering job creation. “As metros go,” he noted, “so goes the country.”

Mayor Villaraigosa then turned to exports and the metropolitan economy. He asserted that his one regret from his tenure as mayor was that he hadn’t spent more time traveling abroad to promote Los Angeles exports and attract foreign direct investment to the Greater Los Angeles region. At a time of soft labor markets, he explained, efforts to increase exports could help hasten the recovery process by sparking economic growth and job creation. He noted that other cities and metros throughout the United States were adopting a new focus on bolstering exports, due in large part to the export challenge that he issued to the US Conference of Mayors. In his view, exporting offers particular opportunities for the Greater Los Angeles economy, given the region’s position as a gateway to the rising economies of the Pacific Rim and Latin America. This insight prompted formation of [a regional export plan](#), including the Los Angeles Regional Export Council (LARExC). Created with support from the Brookings-Rockefeller Project on State and Metropolitan Innovation, this region-wide collaboration brings together a wide range of key stakeholders, including the City of Los Angeles, the Los Angeles Area Chamber of Commerce, UCLA Anderson Center for Global Management, Los Angeles World Airports, the Port of Los Angeles, USC Marshall School of Business, and regional business associations. By coordinating and expanding export-ready companies’ access

to market research, export training, and export services in twelve key industries, LARExC will help ensure that Los Angeles stays at the forefront of efforts to create jobs and reinvigorate the economy by strengthening the region's position in the global marketplace. Mayor Villaraigosa held up the USC-UCLA Export Champions collaboration as an example of the types of services that LARExC would provide, noting that the Torrance, California-based technology firm Luminit would be one of the first companies to participate in this new program.

*Concluding Remarks*

Bruce Katz brought the forum to a close, noting that the efforts by Mayor Villaraigosa and other leaders in the Greater Los Angeles region reflect the genius of the American system, which allows cities and metros to innovate and take deliberate, purposeful actions on economy-shaping efforts such as export promotion. "At the end of the day," he asserted, "this effort is about creating more and better jobs, inclusive growth, and shared prosperity."