



# Going Global: Opportunities for the Houston Region

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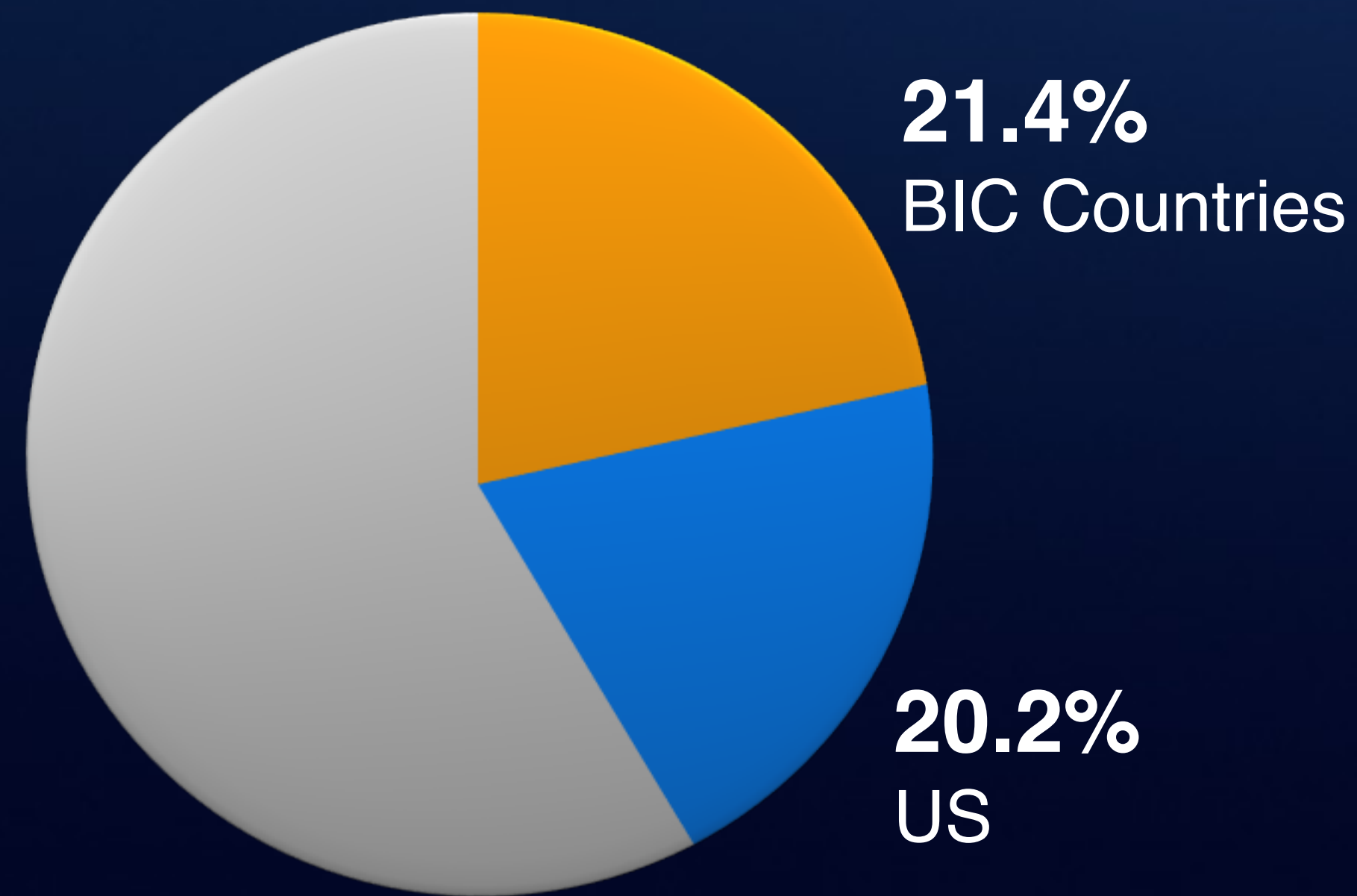
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Exports will be a key driver of growth in the next economy



# The New Reality: Growth Markets Are Increasingly Located Outside of the U.S.

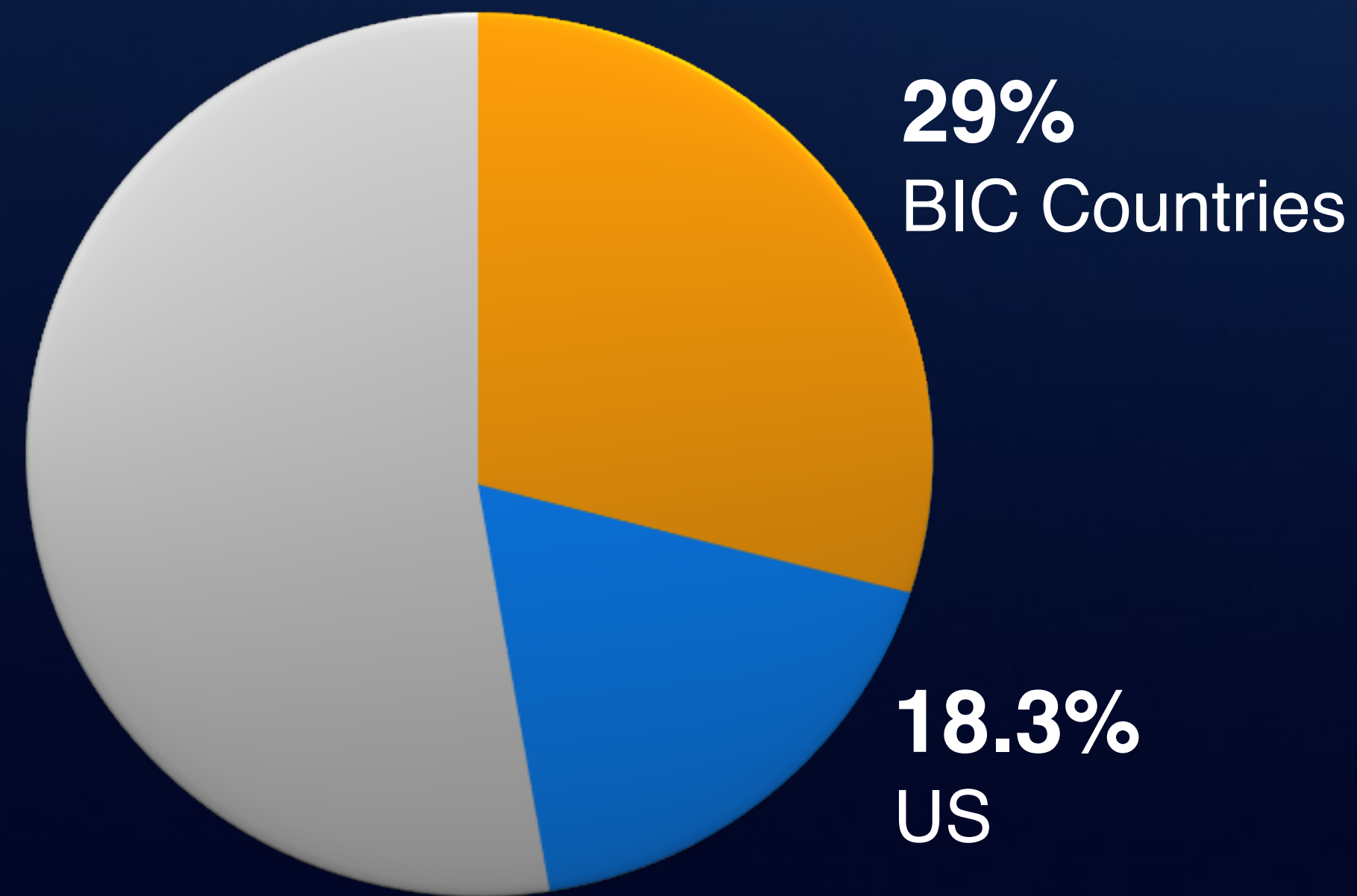
## Global GDP



2010

# The New Reality: Growth Markets Are Increasingly Located Outside of the U.S.

## Global GDP

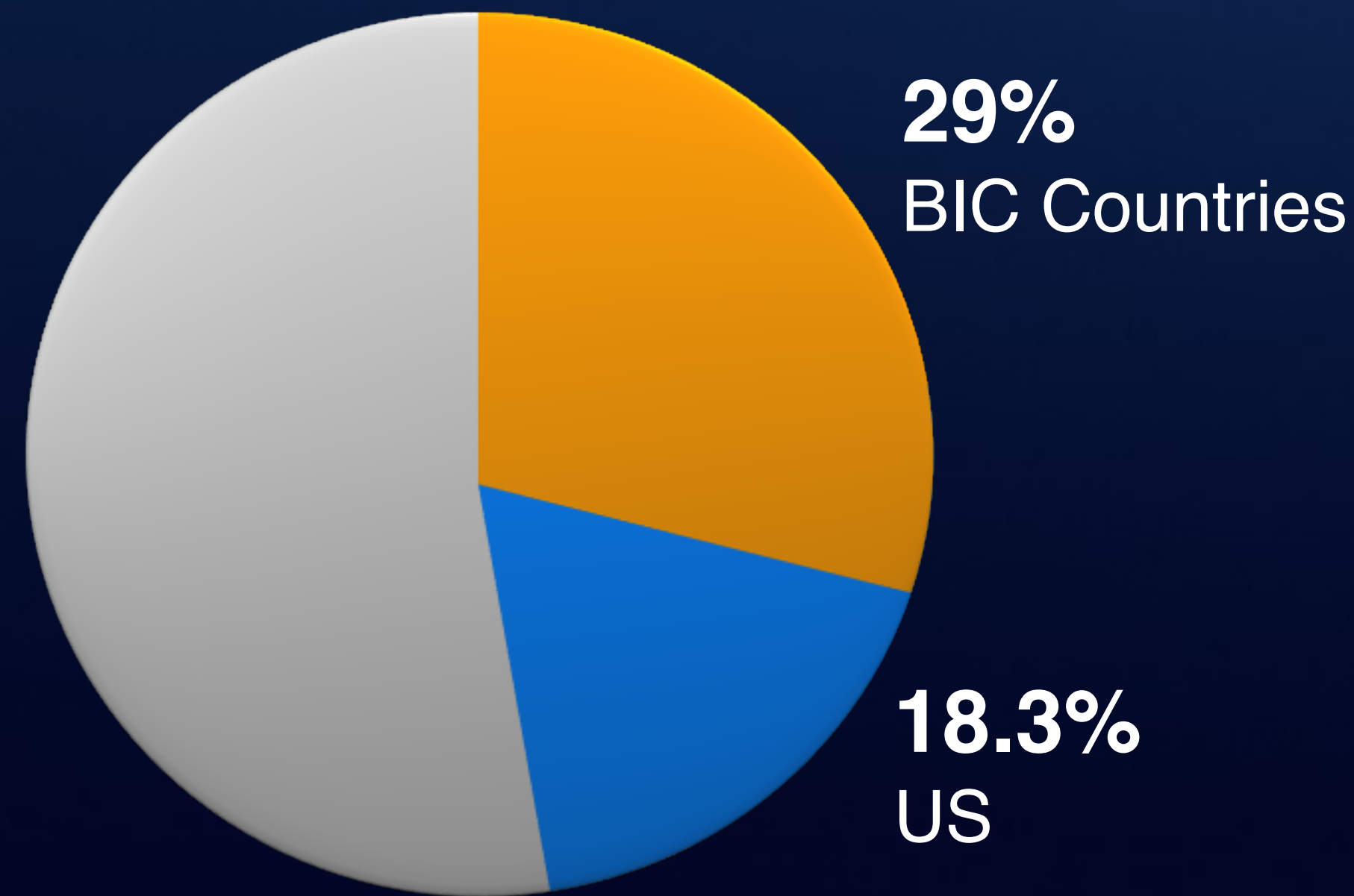


2016



# The New Reality: Growth Markets Are Increasingly Located Outside of the U.S.

## Global GDP



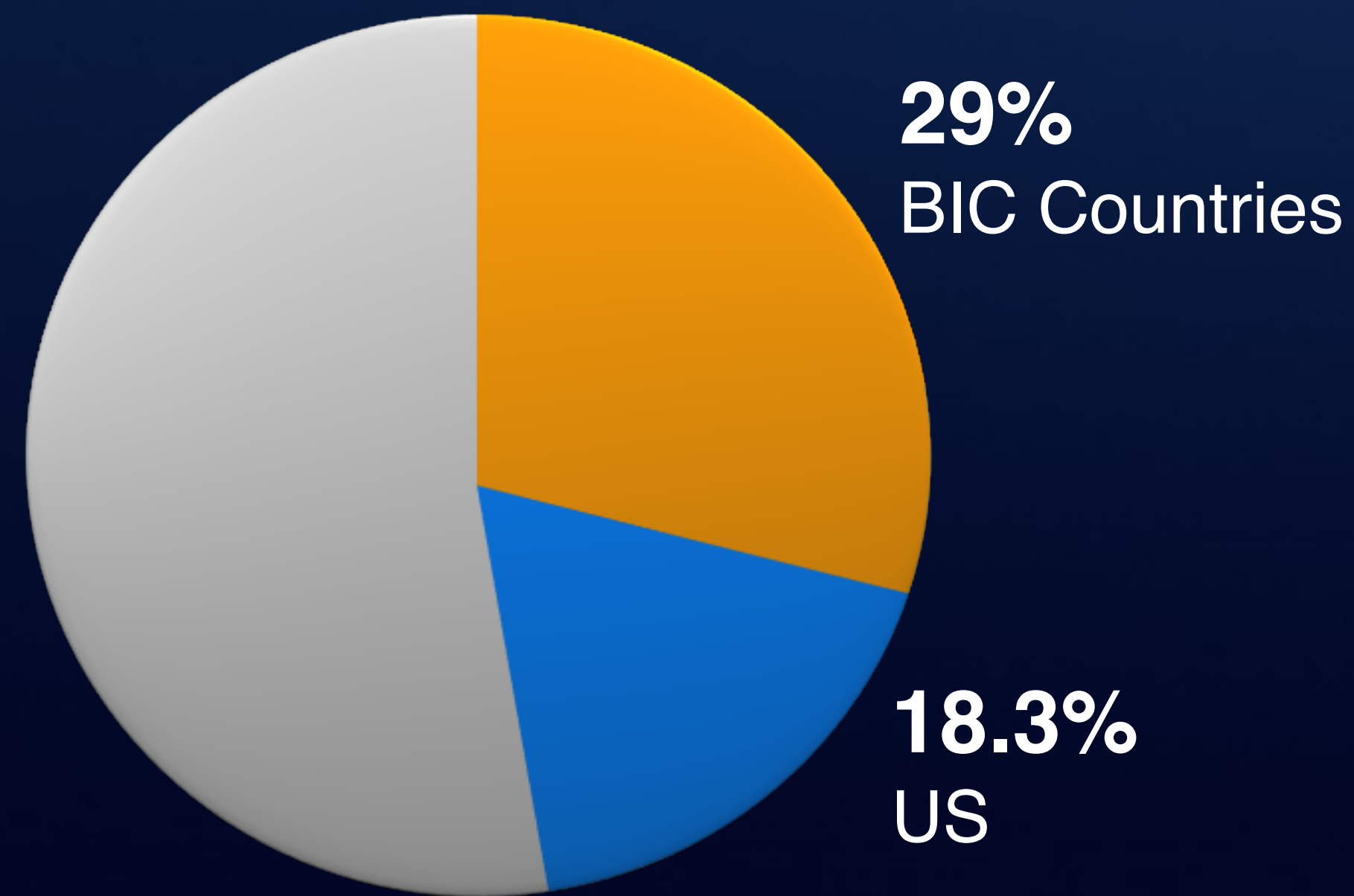
2016

**\$21 trillion**

global middle class consumption in 2000

# The New Reality: Growth Markets Are Increasingly Located Outside of the U.S.

## Global GDP



2016

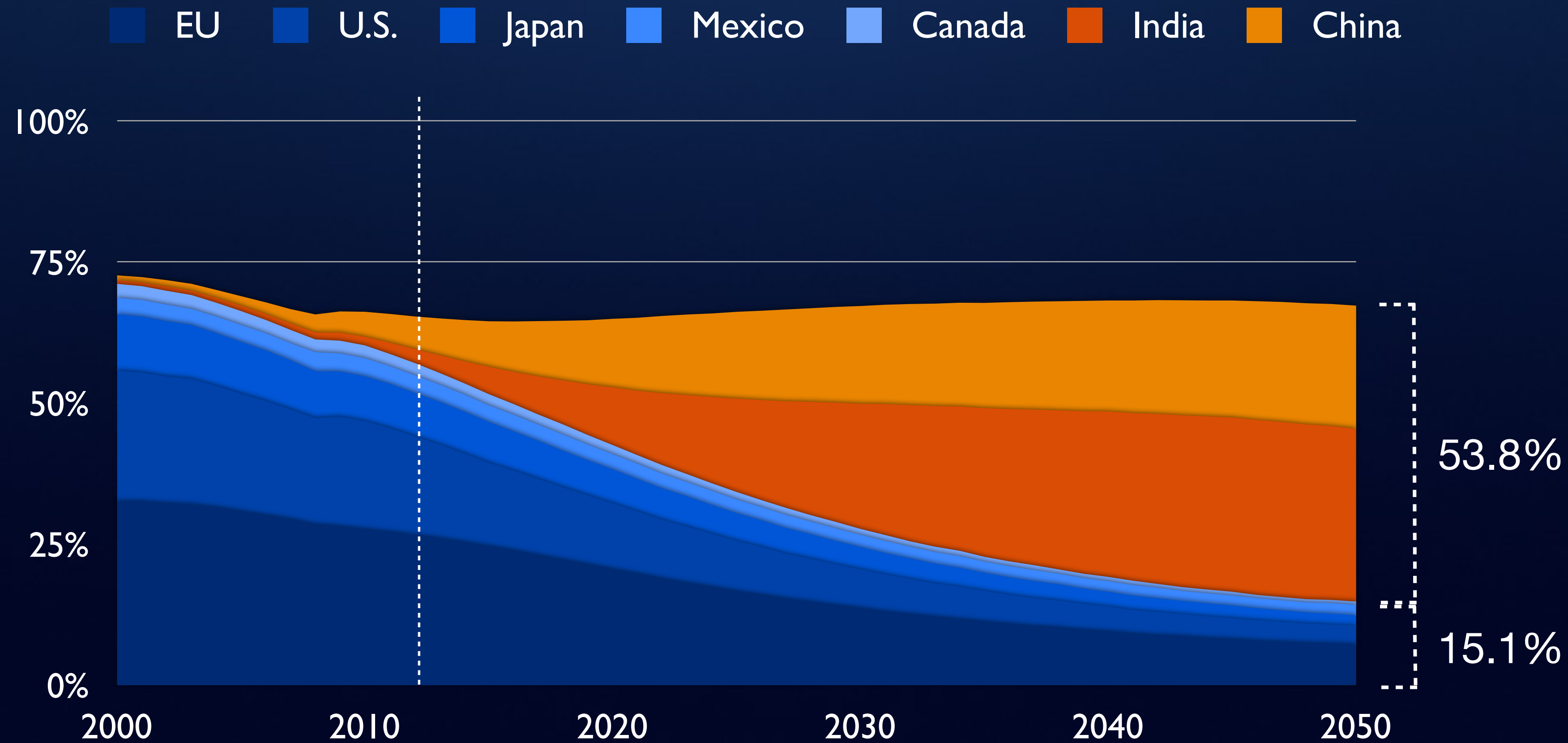
**\$31 trillion**

global middle class consumption in 2020



# The New Reality: Growth Markets Are Increasingly Located Outside of the U.S.

## Global Middle Class Consumption Share by Region, 2000-2050



# The New Reality: Growth Markets Are Increasingly Located Outside of the U.S.

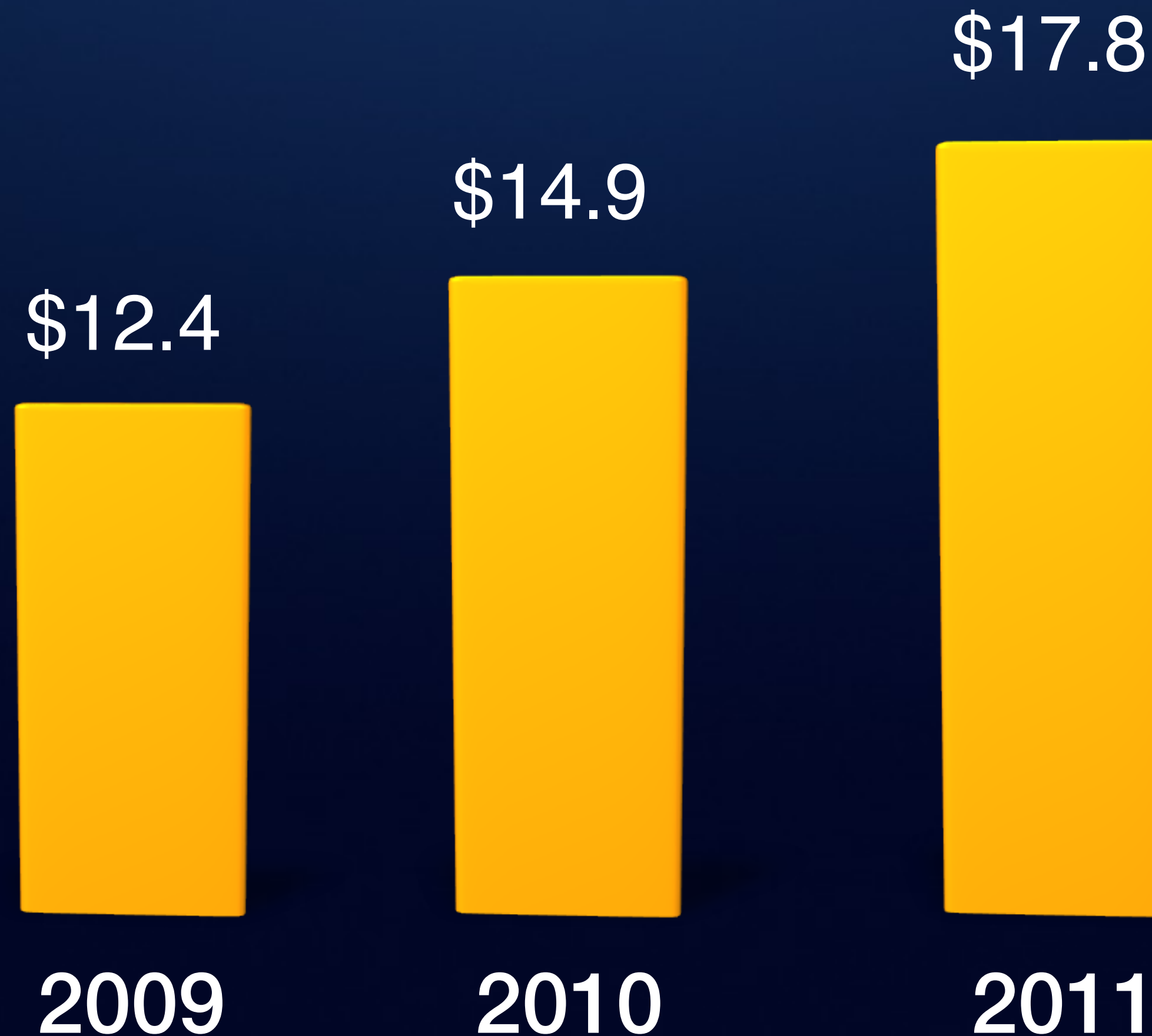
## Top 20 Global Metros, Economic Performance (2011-2012)

1. Macau, **Macau**
2. Perth, **Australia**
3. Riyadh, **Saudi Arabia**
4. Xiamen, **China**
5. Changsha, **China**
6. Fuzhou, **China**
7. San Juan, **Puerto Rico**
8. Hangzhou, **China**
9. Wuhan, **China**
10. Hefei, **China**
11. Jakarta, **Indonesia**
12. Zhongshan, **China**
13. Delhi, **India**
14. Jeddah-Mecca, **Saudi Arabia**
15. Shenzhen, **China**
16. Ningbo, **China**
17. Zhuhai, **China**
18. Wulumuqi, **China**
19. Kunming, **China**
20. Dongying, **China**
- .....
40. Houston, **U.S.**



# Leaders Will Engage in Global Trade and Harness Its Benefits

## Global Exports Value (2009-2011, trillions)





# Exports Are Fueling the U.S. Recovery

## Exports Share of U.S. GDP Growth (2010-2011)



46%





# U.S. Services Exports Are Growing Faster Than Goods Exports

**38%**

real growth in U.S. goods  
exports 2003-2010

**54%**

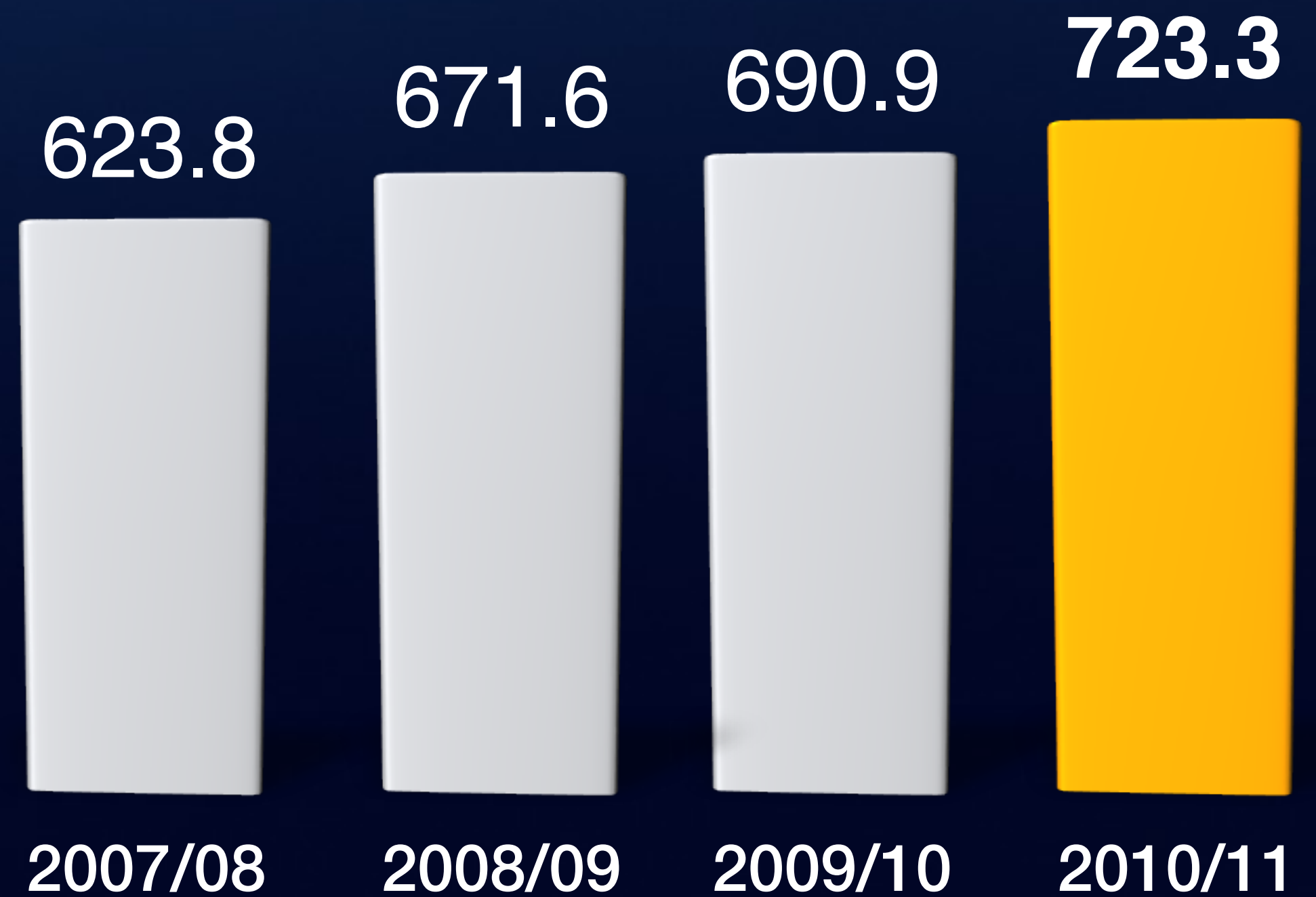
real growth in U.S. services  
exports 2003-2010



# In Services, International Student Enrollment Continues to Grow



International  
Student Enrollment  
*Thousands*



Source: US Bureau of Economic Analysis, International Transactions Accounts, 2010



# In Services, International Student Enrollment Continues to Grow



## International Student Enrollment *Thousands*

723.3

**\$21.2 billion**  
education exports

2010/11

Source: US Bureau of Economic Analysis, International Transactions Accounts, 2010



# Exports Create Jobs

**5,080**

total jobs created for  
every \$1 billion in exports



# Primary Exporters Provide Opportunities to Their Suppliers

**6,000**

number of U.S. small businesses from which the average U.S. multinational purchases inputs annually

**\$3 billion**

average annual value of these purchases per U.S. multinational

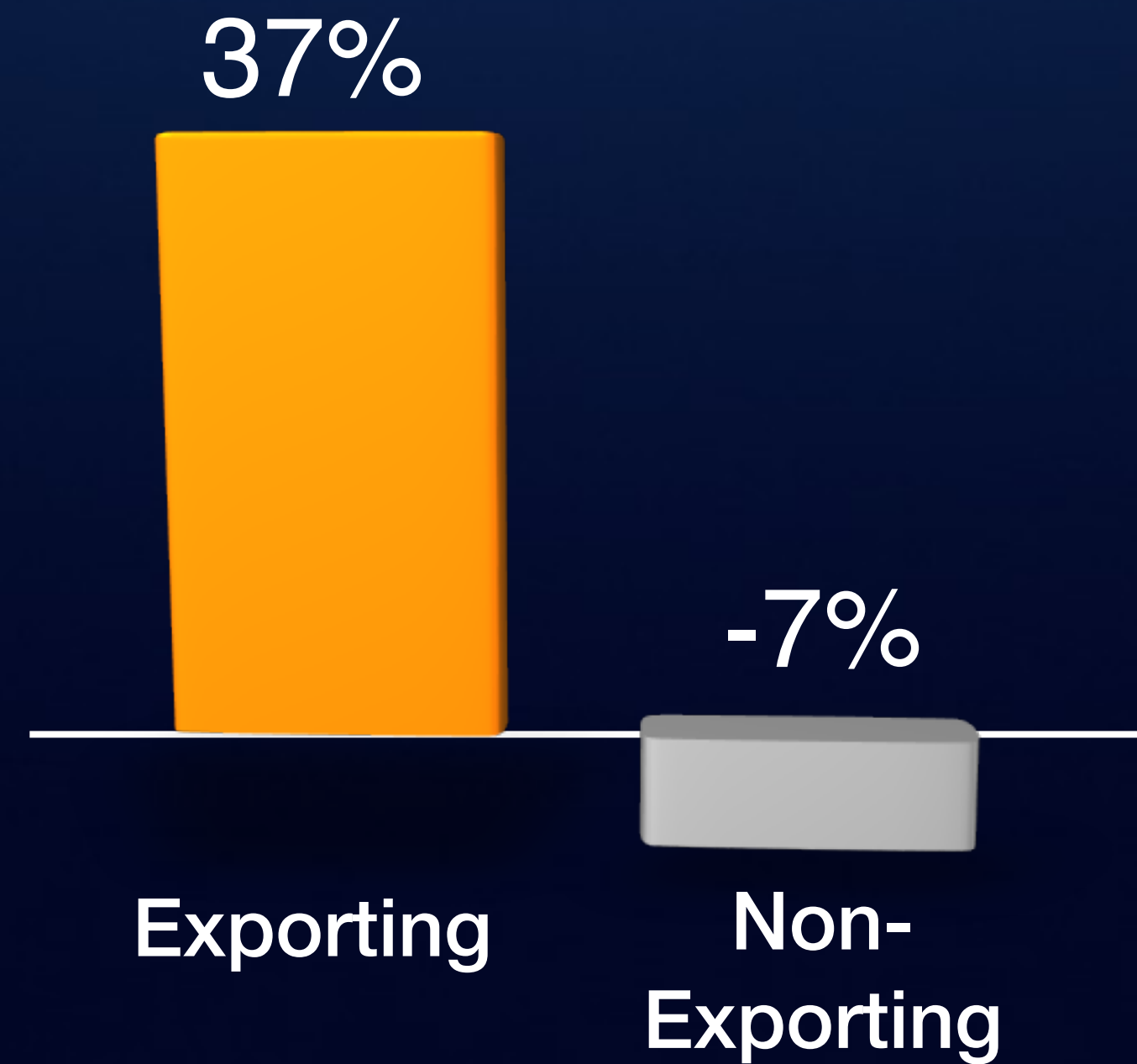




# Going Global Pays Off for Small and Mid-Sized Manufacturers

## U.S. Manufacturing Firms Revenue Growth

(2005-2009)





# ... and for Services Firms

## U.S. Business Services Sales (2007)

 **100%**

---

Exporting Business  
Services Firms

Non-Exporting Business  
Services Firms

# ... and for Services Firms

## U.S. Business Services Employment (2007)

 **70%**

---

Exporting Business  
Services Firms

Non-Exporting Business  
Services Firms



# ... and for Services Firms

## U.S. Business Services Wages (2007)



↑ 20%

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Exporting Business  
Services Firms

Non-Exporting Business  
Services Firms

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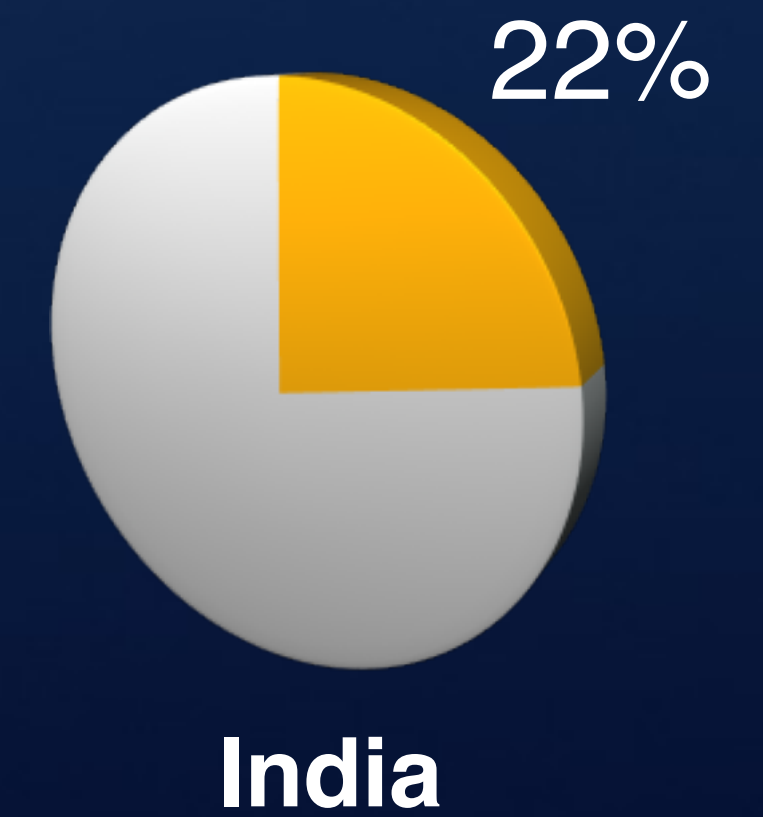
Yet, the U.S. remains an under-exporter





# The U.S. Is an Under-Exporter

## Exports Share of GDP 2011



# The U.S. Is an Under-Exporter

4%

of all U.S. firms export



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**4%**

of all U.S. firms export

*Source: U.S. Census Bureau, "Profile of U.S. Importing and Exporting Companies 2010-2011", 2013.*

**48%**

of surveyed middle-market  
U.S. firms operate  
internationally

*Source: Economist Intelligence Unit, "U.S. Middle Market Firms and the Global Marketplace: Should I Stay or Should I Go," 2013.*

# The U.S. Is an Under-Exporter

4%

of all U.S. firms export

*Source: U.S. Census Bureau, "Profile of U.S. Importing and Exporting Companies 2010-2011", 2013.*

3%

of U.S. middle-market non-exporters regularly review possibilities for international expansion

*Source: Economist Intelligence Unit, "U.S. Middle Market Firms and the Global Marketplace: Should I Stay or Should I Go," 2013.*



# The U.S. Is an Under-Exporter

4%

of all U.S. firms export

*Source: U.S. Census Bureau, "Profile of U.S. Importing and Exporting Companies 2010-2011", 2013.*

4%

of surveyed middle-market  
U.S. firms are currently  
expanding overseas

*Source: Economist Intelligence Unit, "U.S. Middle Market Firms and the Global Marketplace: Should I Stay or Should I Go," 2013.*

# Numerous Market Failures and Institutional Barriers Prevent Progress

## Firms and Regions

Too few firms are exporting and exporting regularly  
The nation remains a patchwork of exporting activity



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Firms fear exporting due to lack of awareness of global opportunities and high initial costs

Companies are confused by the fragmented export services delivery system

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## Export Services System

The federal export services system is reactive in nature and does not effectively assist first-time exporters

Regional leaders and institutions lack the resources to reorient their economic strategies towards global trade



# Growing Exports Requires a Culture Shift in Economic Development



**56.3%**

of job creation from  
**startups**



**41.8%**

of job creation from  
**existing firm expansion**



**1.9%**

of job creation from  
**business attraction**

Source: Jed Kolko, "Business Relocation and Homegrown Jobs, 1992-2006," Public Policy Institute of California, 2010.

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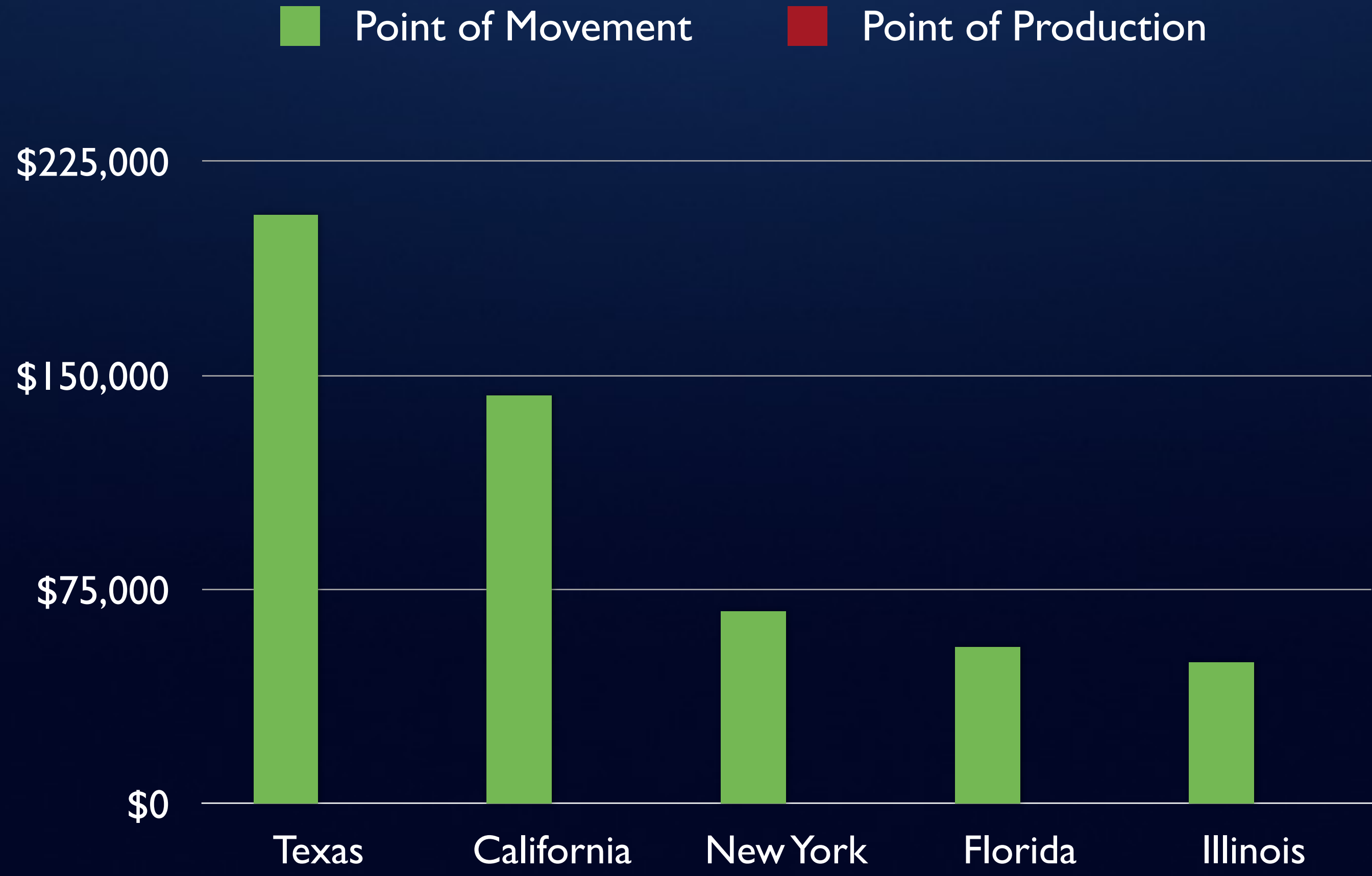
**Exports = middle-market business retention and expansion**

Source: Jed Kolko, "Business Relocation and Homegrown Jobs, 1992-2006," Public Policy Institute of California, 2010.



# Texas Is a Leading Mover of Exported Goods

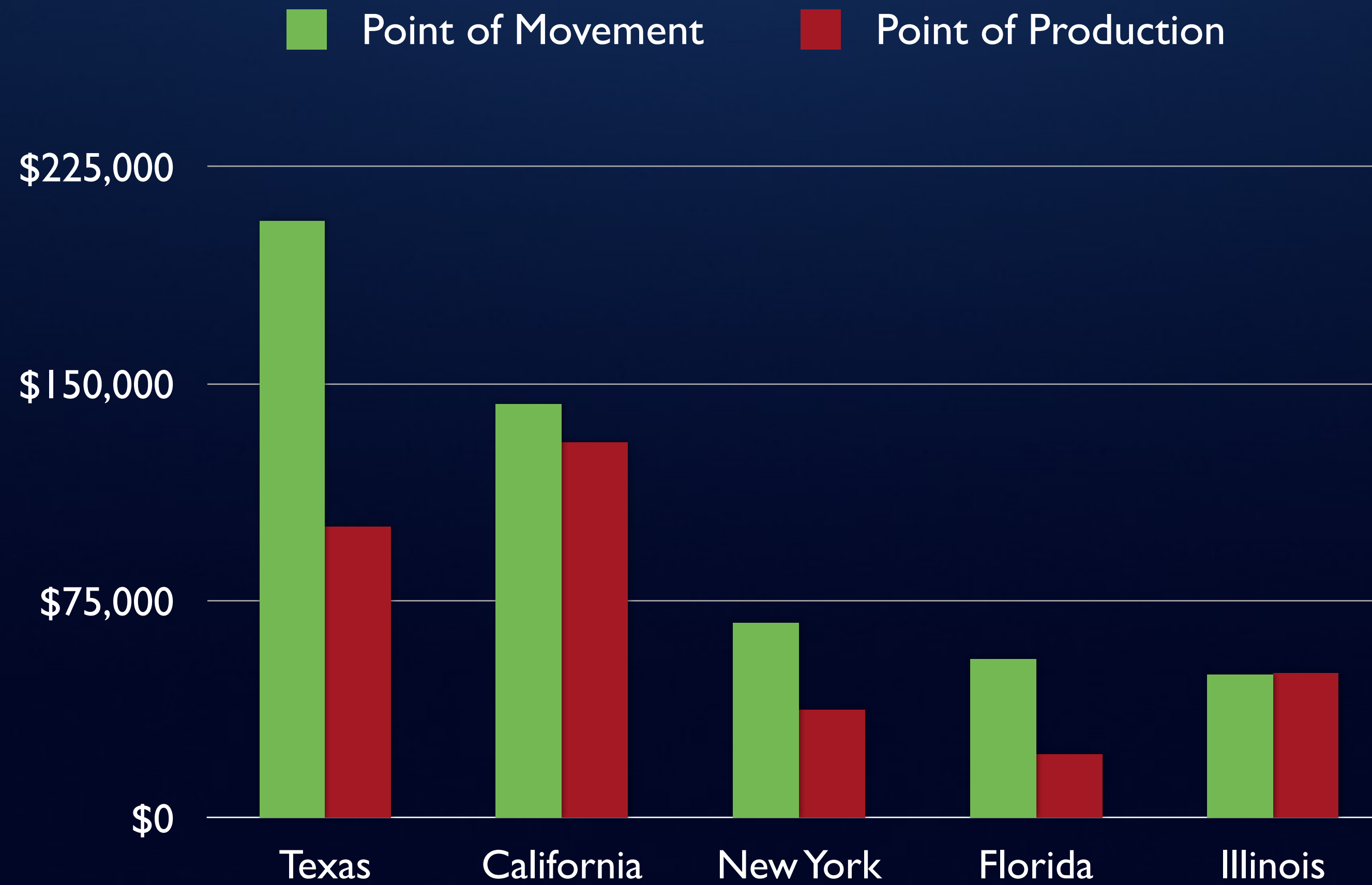
## State Goods Exports (2010, millions)



Source: Emilia Istrate and Nick Marchio, "Export Nation 2012," Brookings, 2012; Brookings Analysis of U.S. Census Bureau State Origin of Movement Export Data

# But Texas' Lead Drops as a Producer of Exported Goods

## State Goods Exports (2010, millions)





# The Houston Region Is a Strong Exporter

**Export Volume**  
(billions, 2010)

**\$47.9**  
(4th)

**Export Intensity**  
(2010)

**14.0%**  
(14th)

**Export Growth**  
(2003-2008)

**14.5%**  
(7th)

**Export Growth**  
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**12.1%**  
(30th)





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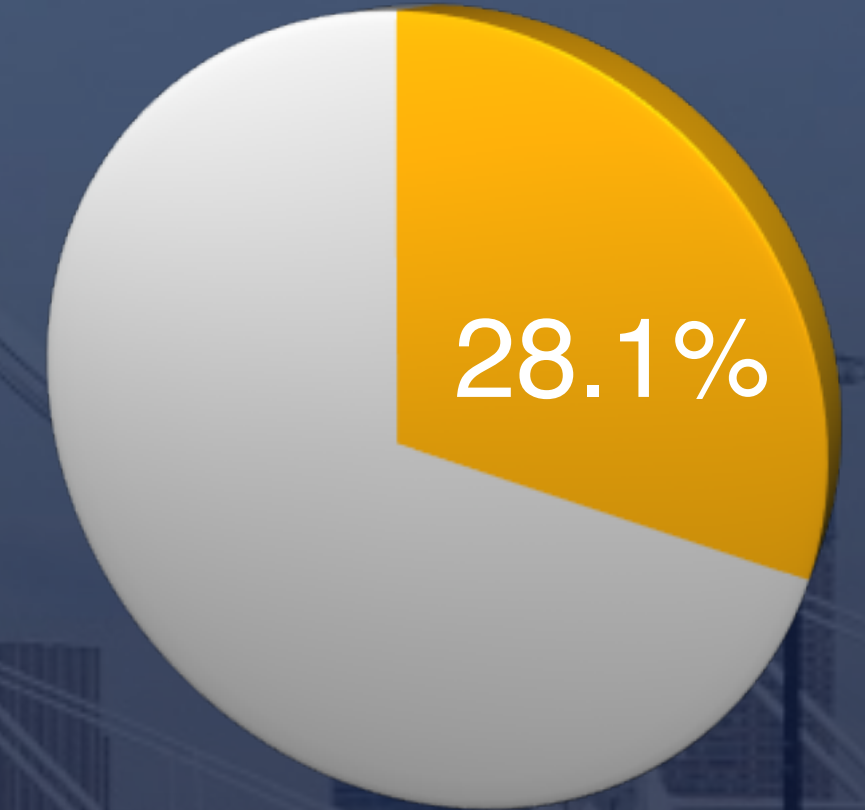
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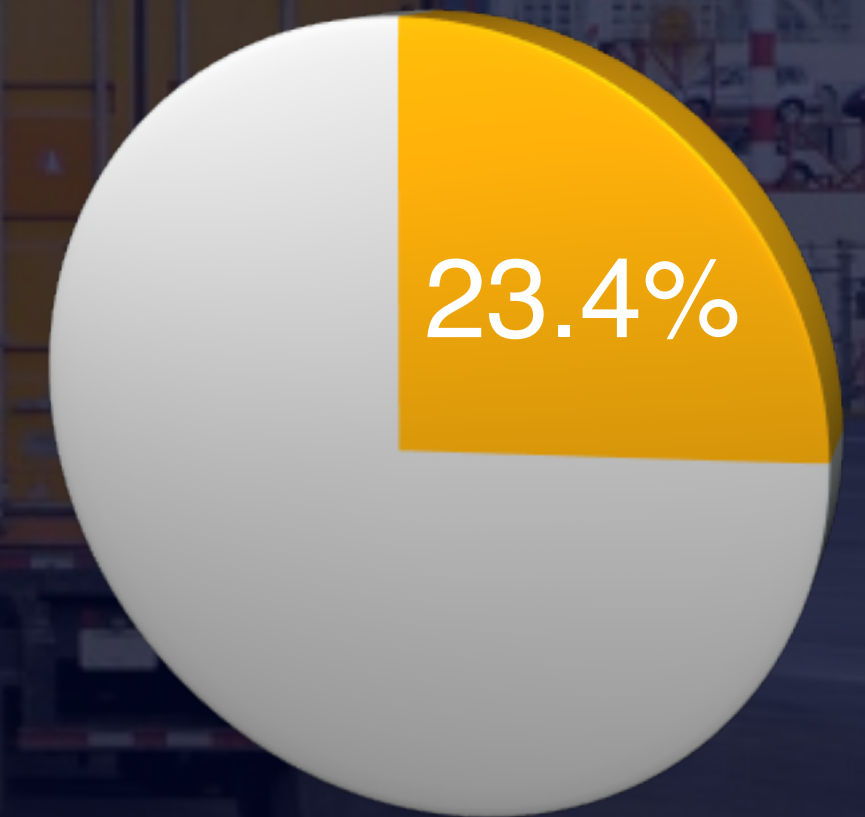
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**Services Share  
of Exports**  
(2010)



**Services Share  
of Export Growth**  
(2003-2010)





# The Houston Region Is a Strong Exporter

Top 10 industries, total		88.9%
1	Chemicals	20.3%
2	Machinery	15.1%
3	Petroleum and Coal Products	14.9%
4	Travel and Tourism	8.9%
5	Business Services	6.9%
6	Computers and Electronics	5.7%
7	Royalties	5.6%
8	Oil and Gas Extraction	5.3%
9	Freight and Port Services	3.4%
10	Fabricated Metal Products	2.6%

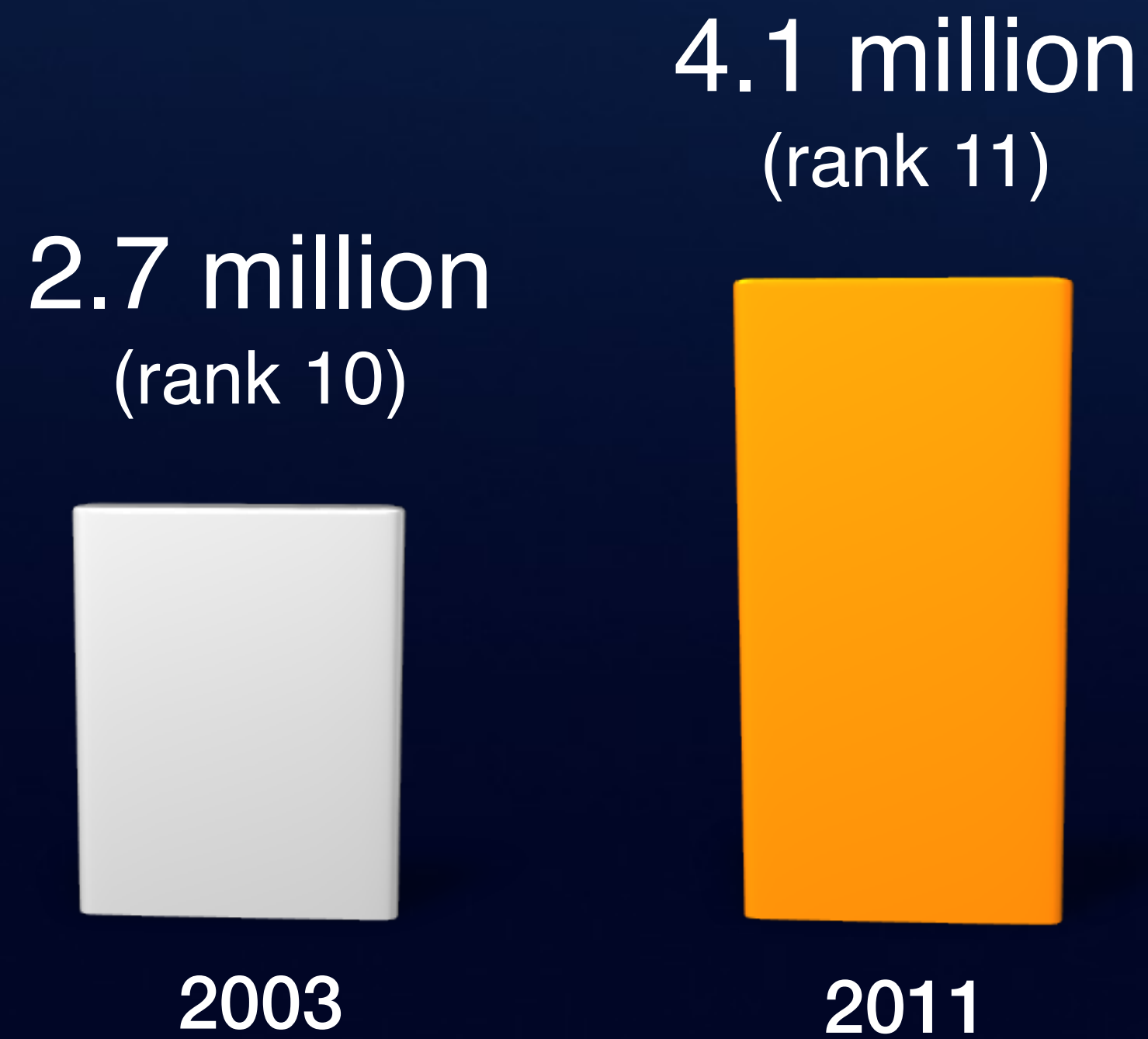
**50.4%**





# The Houston Economy Is Globally Connected

## Houston International Air Passengers





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The Houston region can launch an export plan to maintain the region's global competitiveness



# Metros Have a Critical Role to Play in Exports



## Federal

Open **new markets** through free trade agreements

**Finance** exports through Ex-Im and SBA

Provide **on-the-ground expertise** in foreign markets

Produce **export data** to inform state and regional efforts

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## State

- Organize and facilitate **trade missions**
- Support and coordinate** metro-level efforts
- Prioritize exports** in state economic strategy



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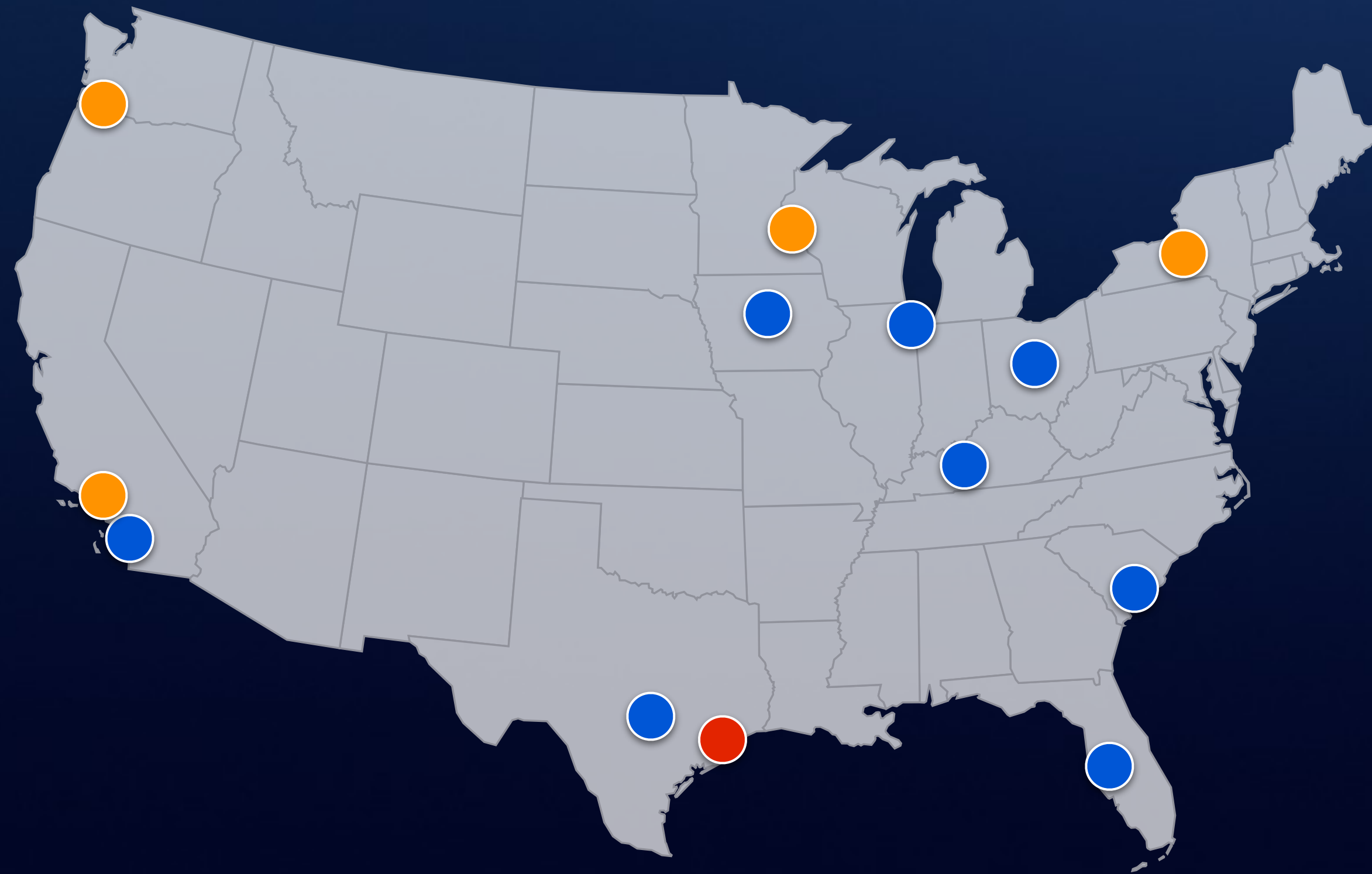
Organize and facilitate **trade missions**  
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## Metro

Increase the number of export-ready firms through **direct relationships**  
**Coordinate** federal, state, and local programs  
Catalyze **cultural shift** by mainstreaming exports and trade

# Through the Metropolitan Export Initiative, Regions Are Acting on Global Trade and Investment



## Metropolitan Export Initiative

- Portland
- Los Angeles
- Minneapolis-St. Paul
- Syracuse
- Charleston
- Chicago
- Columbus
- Des Moines
- Louisville/Lexington
- San Antonio
- San Diego
- Tampa Bay
- Next cohort: Houston?





# Metropolitan Export Planning



**Goal:** Double exports in the next five years

**Target industries:** computers and electronics, clean technology & innovation

---

## **Strategies:**

1. Leverage primary exporters in computer and electronics
2. Catalyze under-exporters in manufacturing
3. Improve the export pipeline for small business
4. “We Build Green Cities” - brand and market Greater Portland’s global edge

# Metropolitan Export Planning



**Goal:** Double exports in the next five years

**Target industries:** computers and electronics, clean technology & innovation

GREATER PORTLAND INC

**PDC** | PORTLAND  
DEVELOPMENT  
COMMISSION



**City of  
Portland  
Mayor's Office**



**METRO**



**PORT OF PORTLAND**



**PORTLAND BUSINESS  
ALLIANCE**



**O B C**  
Oregon Business Council



# Metropolitan Export Planning



## Export Plan Co-Chairs





# The 10 Steps Guide and MEI Website Help Metros Deliver Export Plans



TEN STEPS  
TO DELIVERING  
A SUCCESSFUL  
METRO  
EXPORT PLAN

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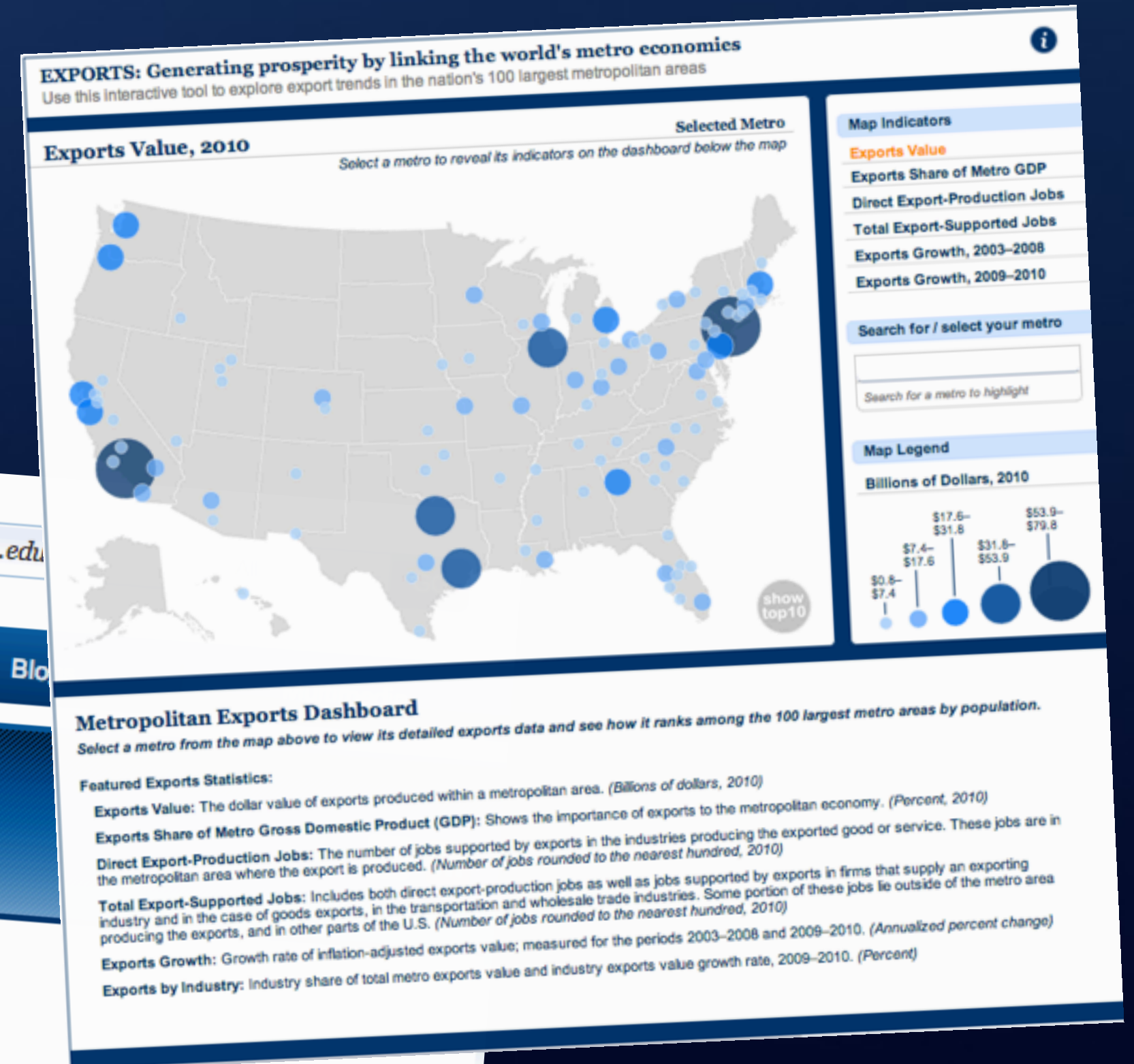
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PROJECT ON STATE AND METROPOLITAN INNOVATION

## Building the Next Economy From the Bottom-Up: The Metropolitan Export Initiative

The Metropolitan Export Initiative (MEI) is a ground-up collaborative effort to help regional civic, business, and political leaders—with their states—create and implement customized Metropolitan Export Plans (MEPs). These localized export plans will apply market intelligence to develop targeted, integrated export-related services and strategies that help regions better connect their firms to global customers, as outlined by their individualized export goals. These MEPs will also lay out the kinds of



### Export Plan Toolkit

- ▶ TEN STEPS TO DELIVERING A SUCCESSFUL METRO EXPORT PLAN
- ▶ BACKGROUND ON METROPOLITAN EXPORTS
- ▶ CURRENT METROPOLITAN EXPORT PLANS
- ▶ DATA RESOURCES
- ▶ METROPOLITAN EXPORT EXCHANGE



# 10 Steps to Delivering a Successful Metro Export Plan

1. Go Metro to Go Global

2. Organize for Success

3. Produce a Data-Driven Market Scan

4. Capture Local Market Insight

5. Champion Exports Now

6. Develop a Customized Export Plan

7. Prepare for Implementation

8. Identify and Promote Policy Priorities

9. Track and Publicize Progress

10. Mainstream Exports Into Economic Development

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## Go Metro to Go Global

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## Market Assessment

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4. Capture Local Market Insight

## Developing the Export Plan

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## Track and Publicize Progress

9. Track and Publicize Progress



# Exports Should Be Part of a Larger Global Engagement Strategy





# Going Global: Opportunities for the Dallas-Fort Worth Region

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