



# Metropolitan Policy Program at BROOKINGS

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## **Brookings Report Remaps North American Economy and Identifies Metro Areas Critical to North American Competitiveness**

WASHINGTON, D.C. – The economies of the United States, Mexico, and Canada are deeply integrated through advanced manufacturing supply chains that are anchored by each country’s cities and metropolitan areas, finds a new report that the Brookings Institution Metropolitan Policy Program is releasing today as part of the Global Cities Initiative. The report, “[Metro North America: Cities and Metros as Hubs of Advanced Industries and Integrated Good Trade](#),” offers the first-ever analysis of production and trade among North America’s metropolitan areas and identifies the top metropolitan trading relationships across the three countries.

“The world is emerging as a network of cities that link together through trade and learn from each other about how best to urbanize,” said Bruce Katz, Brookings vice president, co-director of the Metropolitan Policy Program, and co-director of the Global Cities Initiative. “Nowhere is that more clear than in North America, given the integrated nature of the U.S., Mexican, and Canadian economies.”

Brookings is releasing the report in advance of the Global Cities Initiative’s forum in Mexico City on November 14. An online interactive and profiles for the 100 largest U.S. metropolitan areas, the 59 metropolitan areas in Mexico, and the 33 metropolitan areas in Canada accompany the report.

“This is a new map of the North American economy, one that reveals the critical role that metropolitan areas play in advanced industry production and trade,” said Alan Berube, co-author and Brookings Institution senior fellow and deputy director of the Metropolitan Policy Program. “With new opportunities emerging to increase domestic manufacturing, metropolitan leaders in the United States, Canada, and Mexico should work with their federal partners to strengthen trade relationships and grow jobs and exports across the continent.”

North American production and trade is no longer characterized simply by the exchange of finished products. Firms now locate different stages of production in each country to maximize cost efficiency and product quality, and as a result the three countries now co-produce high-value manufactured goods for North America and the rest of the world. Regardless of which side of the border firms choose, the interplay of skilled workers, innovation, and dense clusters of firms in metro areas is critical for advanced production.

“In both quantity and quality, North American trade is unique,” said Joseph Parilla, co-author and Brookings Institution research analyst. “The United States trades as much with its North American neighbors as it does with Japan, Korea, and the BRICS – Brazil, Russia, India, China, and South Africa – combined. And at least a quarter of what we import from Mexico and Canada is actually American-made content; for China, that number is four percent.”

“Metro North America” reveals the metropolitan areas in the United States, Mexico, and Canada that are most critical to North American competitiveness worldwide. It finds that:

- Metropolitan areas with populations of at least 100,000 in the United States, Canada, and Mexico contain 77 percent of the three countries’ total population but generate 86 percent of their combined GDP. They generate even higher shares of national and continental output in key advanced manufacturing sectors – aerospace, automotive, electronics, machinery, pharmaceuticals, and precision instruments.
- U.S. metropolitan areas traded \$512 billion in goods – 58 percent of total goods traded – with Canadian and Mexican metropolitan areas in 2010. The 25 U.S.-Canada metro pairs, led by New York and Toronto, and 15 U.S.-Mexico metro pairs, led by Los Angeles and Mexico City, each traded more than \$1 billion in goods in 2010.
- Advanced industries account for 47 percent of goods trade in North America, and metro areas account for 69 percent of trade in advanced industries. For the most technologically advanced goods, including aerospace, electronics, and pharmaceuticals, at least 75 percent of North American trade occurs among metro areas. Moreover, more than three-quarters of advanced-industries trade with Mexican and Canadian metro areas originates or terminates in non-border U.S. metro areas.
- Goods trade in key advanced industries binds distinct sets of metropolitan areas across North America. The largest trading relationships are between Detroit and Toronto in automotive, San Jose and Mexico City in electronics, and Seattle and Montreal in aerospace.

The North American share of world exports has steadily dropped over the past two decades, but recent global dynamics – from rising labor costs abroad to new energy sources and technologies at home – indicate that this moment may be unique for the North American export platform.

“Metro North America” offers recommendations for how the United States, Mexico, and Canada can reverse this decline and reposition themselves together on the global stage. Federal actors must enable goods movement at the border, create a more streamlined regulatory and trade environment, and provide access to foreign markets through free and fair trade. At the same time, sub-national leaders in cities, metro areas, and states/provinces must develop globally oriented economic strategies for their places; invest smartly in human capital, innovation, and infrastructure in the service of those strategies; and establish collaborative relationships with key continental trading partners to compete globally.

The forum, “GCI Mexico: Boosting North American Competitiveness,” will bring together subnational leaders from the United States, Mexico, and Canada, who will have participated in a series of tours, workshops, and networking events in Querétaro and Mexico City. More information about the forum is available [here](#).

Launched in 2012, the **Global Cities Initiative** is a five-year joint project of Brookings and JPMorgan Chase aimed at helping city and metropolitan leaders become more globally fluent by providing an in-depth and data-driven look at their regional standing on crucial global economic measures, highlighting best policy and practice innovations from around the world, and creating an international network of leaders who ultimately trade and grow together. For more information please visit <http://www.brookings.edu/projects/global-cities.aspx>.

**The Metropolitan Policy Program at Brookings** provides decision-makers with cutting-edge research and policy ideas for improving the health and prosperity of metropolitan areas, including their component cities, suburbs, and rural areas. To learn more, please visit: [www.brookings.edu/metro](http://www.brookings.edu/metro). Follow us on Twitter at [www.twitter.com/brookingsmetro](http://www.twitter.com/brookingsmetro).

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