Boosting Exports, Delivering Jobs and Economic Growth

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"States should create their own vision around exports as part of their competitiveness strategy."

An export strategy is an essential component of a state competitiveness agenda in the 21st century and a critical element of job growth in the immediate term. American exports grew 12.7 percent from the third quarter of 2009 to the third quarter of 2010, outperforming the 3.2 percent growth of the economy. Exports are just as critical to state economies, but state export promotion efforts often suffer from several shortcomings, although not across all states and not to the same degree. States do not have the data to understand their own export strengths, nor the effectiveness of their existing export programs. State export efforts are reactive, fragmented, and inconsistently funded. Finally, state export efforts all too often ignore (and therefore duplicate and fail to leverage) the export-promoting work of other groups or the federal government. To remedy these problems, bolster their economies, and create jobs in the process, states should:

- Get smart about assessing exports and the performance of their export promotion activities
- Create an export strategy as part of the state's economic agenda
- Leverage the resources of other organizations involved in export promotion

I. Introduction

More exports mean more and better paid jobs across the United States. In 2008, between 10.3 million and 11.8 million jobs were supported by exports in the United States.[1] Wages were roughly 11 percent higher for exporting manufacturing companies in the early 1990s, for both production and non-production workers.[2] Leading export industries, such as freight services in Memphis or transportation equipment manufacturing in Detroit, paid better than the national average salary in 2008.[3]

Growing exports is a recipe for a job-filled recovery because it takes advantage of new sources of global demand. According to a recent Brookings study, Brazil, India and China (the so-called BIC countries) accounted for 8.4 percent of the global middle class consumption in 2009, but could account for 26 percent by 2020.[4] Consumers in rising nations have increasing purchasing power for products and services exported by U.S. companies.

Exports are an important growth engine in the United States. American exports grew 12.7 percent from the third quarter of 2009 to the third quarter of 2010, outperforming the 3.2 percent growth of the economy.[5] Between 2003 and 2008, the exporting industries in Ohio's seven large metropolitan areas increased their employment by 32 percent, while the overall employment in these metros had almost zero net growth.[6] Entire industries, such as general aviation manufacturing, survived the recession because of exports. In 2009 exports first accounted for more than half of the U.S. general aviation manufacturing industry sales.[7]

Seeking to capitalize on these trends, the federal government is mounting a new export promotion effort through the National Export Initiative (NEI) and the export promotion legislation in the Small Business Jobs Act of 2010. States will be an essential partner in this national project, as exports are important to state economies just as they are to the national economy. For example, 14.7 percent of Michigan's economy came from exports in 2008.[8] (These are goods and services produced in Michigan and sold abroad, not only goods that are shipped from Michigan's ports and airports.) Inland states, like Colorado, also have a stake in exports. In 2008, goods and services produced in the state and sold abroad represented 8.1 percent of the state's output.[9]

This is a unique moment for the states to transform and establish their place in the global economy. An export strategy is an essential component of a state competitiveness agenda in the 21st century. Because metropolitan areas produce most of a state's exports, new governors should focus on ways to leverage the power of these places. In cooperation with the federal government and their metropolitan areas, states should:

- Get smart about assessing exports and the performance of their export promotion activities
- Create an export strategy as part of the state's economic agenda
- Leverage the resources of other organizations involved in export promotion

Definitions

U.S. exports: the sale of a good or service made in the United States to a person or business residing in a foreign country

State exports: the sale of a good or service made in a specific state to a person or business residing in a foreign country. This is a portion of all the state exports, the goods and services produced in the state and sold outside of the state, to an out-of-state U.S. resident or a foreign resident

Regional industry cluster: a geographic concentration of interconnected businesses, suppliers, service providers, and associated institutions in a particular field

State export promotion program: a state agency or office in charge of helping companies located in the state in their export efforts, coordinating the export promotion activities across the state and promoting the state brand internationally

II. Challenges

Exports hold out important possibilities for state and metropolitan growth, but they are not widely pursued. Only 1 percent of U.S. businesses export, and less than half of those sell goods and services to more than one country.[10] For most U.S. businesses, especially small and medium-sized firms, exporting is a risky venture.[11] Small and medium-sized businesses often lack sufficient resources and information to mitigate the risk of doing business in a foreign market. State export promotion programs can help businesses export through strategies and services meant to lower the risk and cost of selling abroad.

An overwhelming majority of the state export promotion programs provide services primarily to manufacturing companies and to small and medium-sized businesses, those with less than 250 employees.[12] The services offered include counseling, market research, training seminars, buyer matchmaking, agent distributor search, foreign company background check, and contract review, trade missions and shows, inbound buying missions, and market entry strategy development. Some states also provide financial support to small and medium-sized businesses, mostly in the form of grants.[13] Yet, state export promotion efforts have seen large fluctuations in size and performance, due to state economic conditions, state budgets, change in personnel and shifting interests and priorities at the political and programmatic levels. State export efforts often suffer from several shortcomings, described below, although not across all states and not to the same degree.[14]

First, states rarely have a solid understanding of where their export strengths lie or how effective their export promotion activities actually are (or aren't). For example, most U.S. exports are produced in states' metropolitan areas. In Michigan, for example, almost 84 percent of exports were produced in the state's 14 metropolitan areas in 2008, and some of the state's smaller metro areas contributed more to the state's export output than their share of Michigan's overall output.[15] The metros produce the largest share of state exports because they concentrate the states' internationally competitive clusters. However, most state export promotion programs do not take into account economic geography. Even when states focus on the exports of certain industries, they often don't consider different metro and cluster strengths across the state.

Nor do states pay careful attention to service exports. Although the United States is the largest services exporter in the world, most states do not keep track of this growing export sector. A majority of states did not track services exports in 2009.[16] Instead, most states focus on manufacturing and agricultural goods as exports. Yet expenditures of foreign students, international tourists, or fees paid by foreigners for U.S. intellectual property count as exports. During the 2009–2010 academic year, a record high of 690,923 international students came to the United States and spent almost $20 billion.[17] While the U.S. economy plummeted, education exports increased by almost 12 percent between 2008 and 2009, in real terms.[18] Foreign students spent more than $657.6 million in Michigan in the 2009–2010 academic year.[19]

States also fail to implement well-developed performance metrics and quality control mechanisms. Many state export promotion offices measure their success mainly by the number of businesses assisted, not taking a comprehensive view of different aspects of export promotion. Some state export promotion offices include total state exports as one of their performance metrics, rather than exports directly facilitated by their office.[20] Most states do not use a methodology to show return on investment for the state.[21] As a result, it is difficult to show the impact and effectiveness of the export promotion programs and gain continued support from the state legislatures.

The lack of quantified goals and regular reporting on reaching specific objectives can prove fatal to a state export promotion program. In May 2003, a series of articles from the *Orange County Register* identified serious problems with the performance reporting of the California Technology, Trade, and Commerce Agency, especially its foreign trade offices.[22] These publicized failures, together with state budget problems and a Legislative Analysts Office report on the trade office's performance management, led to the closure of California's trade agency in 2003.

Second, state export efforts are often reactive, fragmented, and poorly financed. State export promotion programs are often merely reactive, dealing with the businesses that approach them. They also tend to view export promotion in a limited way, ignoring the fact that exporting companies require an efficient transportation system that allows them to better connect with their clients abroad and state innovation and education policies that help firms maintain their competitive advantage in the world.

Because states do not have a clear strategy on export promotion, the state agencies involved in international trade follow their own program requirements, without any complementary effects. Most state export promotion offices link with other state agencies on a case by case basis, depending on the specific needs of a client. This applies to other agencies involved in export promotion (state departments of agriculture and energy, and the offices in charge of small business development) and state departments of education and transportation, and agencies responsible for the states' innovation efforts. Most often, state agencies do not strategically coordinate to help grow exports through multiple channels. In states such as California, most of the state export activities are around isolated or event-specific services.[23] Or to take another example, some states with big tourism industries have created a separate tourism agency, further disaggregating their strategy towards services exports. Florida has a tourism marketing corporation VISIT FLORIDA, which is well funded by the state, but it does not collaborate with its other substantial export promotion entities.

A state without a clear export strategy cannot provide adequate leadership to the plethora of state trade organizations or prioritize budget resources for exports. So, when the Great Recession took its toll on state budgets around the country, programs focused on business development were often the first to be cut. According to a State International Development Organizations (SIDO) survey, a majority of states indicated that their export promotion budgets were cut in 2009, with reductions ranging from 2 to 65 percent, and averaging approximately 16 percent.[24] While some of these cuts were in line with budget reductions across state agencies, in some cases the export promotion programs were the first in line for cuts. For example, the Michigan Economic Development Corporation, the state's agency in charge of export promotion, lost all its overseas trade offices during recent years, and its export promotion activities are minimal.

Even before the recession, some states did not provide significant financial support to their office in charge of export promotion. On average, states employed about eight people to carry export promotion activities in 2009, with 68 percent of the states employing less than five trade representatives. The budgets dedicated to export promotion ranged from $20,000 in Wyoming to $5.3 million in Pennsylvania in 2009. Twenty-seven states have cut the number of employees in their state export programs over the last five years.[25] California, after closing its agency responsible for export promotion in 2003, authorized the Business, Transportation, and Housing Agency to engage in export promotion. However, this agency has more of a regulatory role and has no budget to sustain any export efforts on behalf of the state of California.[26] Other states, such as Tennessee, focus their international efforts on attracting foreign direct investment and do not engage in export promotion.

Third, state governments rarely engage other groups in their own state that also promote exports. Most states are home to a patchwork of entities that are involved in export promotion, a mix of public and private organizations and public-private partnerships (so-called "multipliers"). The public entities include organizations such as the federal Export Assistance Centers located in 48 states, international trade assistance centers located within the Small Business Development Centers (SBDCs) such as in Ohio and Massachusetts, the California Community College system's Centers for International Trade Development, and university centers such as the Van Andel Global Trade Center at the Grand Valley State University in Grand Rapids, Michigan. These are joined by a myriad of private or voluntary organizations, for instance world trade centers, district export councils, chambers of commerce, industry organizations such as Automation Alley in Southeast Michigan and the Miami Valley International Trade Association in Ohio, business groups focused on a specific country (e.g. the U.S.-India Business Council), metropolitan organizations such as the Bay Area Council in California or the Trade Development Alliance of Greater Seattle.

All these organizations could be powerful allies for states export promotion efforts. However, most often the state export promotion offices do not integrate these initiatives in a coordinated state strategy. There is a constant concern that many of these entities, including the state export promotion offices, duplicate each others' efforts and they do not sufficiently collaborate in helping exporters and promoting the state brand. Further, not many states partner with each other or with a local organization in a foreign country to share the costs of an international office.

III. A New State Approach

In an increasingly competitive global economy, states need to invest in the assets that give their companies an edge in the marketplace. Any successful business invests beyond capital and equipment; it commits significant time and resources in cultivating a wide network of clients, suppliers, and supporting organizations. Following the business example, an export promotion program should be a long-term investment in a network of relationships with the state's businesses, trade and economic organizations and partners abroad.

Thus, states should move aggressively to develop or sharpen their export promotion programs by taking the steps outlined below.

Get smart about assessing exports and the performance of their export promotion activities. Any state policy on exports needs to be grounded in empirics and data analysis. State executives should develop better information about goods and services exports, the export intensity of state clusters and the performance of the state export promotion programs that exist. Most of these activities can be developed at little cost to the state, because they are about better management of the existing program or data analysis that can be done through partnerships with the existing state economic development offices, university research offices, or business and/or civic partners. Three types of data work are necessary:

- ***Market analysis*** to identify both goods and services exports produced in the state, the trading partners for the state's services and goods exporters, and the impact of export promotion activities on the state's exports.
- ***Cluster study*** that highlights exports. States should develop cluster assessments to better target policy based on regional industry concentrations, and exports should be an essential component of this economic development appraisal.[27]
- ***Performance measurement*** that evaluates the state export promotion program by different metrics such as volume of newly created export sales, export related jobs, and tax receipts as the result of state promotion activities that would allow the state to show return on the budgetary investment in export promotion. Pennsylvania has had a successful performance measurement program of its export promotion program since 2005 (See *Pennsylvania's Export Promotion Performance Measurement System*).

These empirics will enable decision makers to show the importance of exports in the state economy and jobs; create more focused policy intervention; and develop an objective assessment of the state's export promotion program.

Pennsylvania's Export Promotion Performance Measurement System

Since 2005, Pennsylvania's Center for Trade Development (CTD) has developed a quantitative-based performance system to better measure the effectiveness of the activities of its network of partners and offices in Pennsylvania and abroad.[28]

This system measures five goals: number of firms that have requested and been provided with export counseling or services; number of requests for export assistance for a client sent by a regional office to a foreign office; number of measurable and significant actions taken to help clients; number of companies reporting an export sale within the fiscal year as a result of assistance provided; and value of assisted export sales as reported by clients. The CTD quantifies these goals every fiscal year. For example, CTD's goal for fiscal year 2008–2009 was $350 million in export sales.

CTD divides and distributes the system-wide goals among its ten regional partners and separately for its foreign offices, based on the grant amount awarded by CTD to a regional partner or the contract value with the foreign- based consultant. For example, if a regional partner receives ten percent of CTD's budget for in-state activities, it is expected that this region will fulfill ten percent of the system-wide goals. CTD weights each goal, given the varying importance and impact of each objective. At the same time, CTD caps the accrual of points for each performance metric, encouraging the regional partner or foreign office to meet the goals of all five metric categories. Combining the performance on each metric with the weights and caps assigned, CTD develops a single "Performance Score" for each regional partner or foreign office, with a score of "100" representing optimal performance over the course of the fiscal year.

CTD calculates, compares, and publishes each regional partner's or foreign office's performance in its monthly progress report. In this way, all the members of CTD's network are aware of their relative performance and where action is needed. CTD developed this system in collaboration with its regional partners and foreign offices, to insure the established goals and metrics were in line with the reality on the ground. In developing this system, the Pennsylvania office also reviewed the performance metrics that the federal government uses to assess the effectiveness of the US Export Assistance Centers and Small Business Development Center networks.

This system has paid off in terms of return on state investment. CTD achieved $ 454.5 million in assisted export sales for fiscal year 2008–2009, with a $60 return per dollar of state investment.[29]

Create an export strategy as part of the state's economic agenda. States should create their own vision around exports as part of their competitiveness strategy. An effective export policy would provide leadership to all the other organizations involved in export promotion in a state. This strategy would entail little new spending because it is focused on deploying more efficiently existing program dollars and linking with other department agencies, stronger involvement from the governors in raising awareness about exports and using small investments to catalyze export capacity. It could start with something as simple, and inexpensive, as the governor leading trade missions, emphasizing the importance of exports in speeches (such as a state of the state address), engaging a broad group of stakeholders, including labor, in export promotion, and acknowledging successful exporters. Ohio, for example, honors several successful exporting companies every year with the Governor's Excellence in Exporting Award.

An appropriately aggressive strategy should have the following features:

- ***Focus on place:*** Given that majority of states exports are produced in metropolitan areas, states should leverage the export advantages of their metropolitan economic engines. States can be an active partner to their metro areas if those metros organize their own export strategies. The support provided to the metro areas in their export efforts multiplies the effect of a state export strategy.
- ***Quantifiable goals and clear measures:*** Governors should select their own export goals in terms of added exports, new jobs in exporting firms and their suppliers, or number of new exporters over the following five years. Washington state created such as strategy in June 2010 (see *Washington's Export Initiative*).
- ***Operational support for export promotion:*** This export promotion program may vary in size and function, depending on the existing efforts in the state government and across the state. A state export promotion program should have: 1) a senior state executive in charge of the state export strategy who would coordinate with the other organizations involved in export promotion in the state; 2) a team that would support the state export representative and any state export activities the state deems necessary; and 3) consistent funding over time because building networks of exporters at home and clients abroad requires a long-term investment.
- ***Competitive program grants:*** Organizations that would provide training, marketing services, commercial advocacy and any other services to increase firms' export capacity should be eligible for state competitive grants. These grants would be offered to consortia of organizations (port associations, cities, counties, universities, trade associations, business groups), especially those organized at the cluster and metropolitan level. Criteria for winning the grant would include the applicant's organizational capacity; the export potential for the proposed activity; and the expected ability to raise future funds to sustain the activity once the award is spent. During fiscally challenging times, Washington state provided such grants in September 2010.
- ***Alignment with other state policies:*** A proper export strategy must include policies beyond commercial advocacy and export financing, such as efforts to boost the quality of the goods and services in the state through cluster strategies, and policies that address the state's manufacturing and workforce needs. States should delineate the measures that will help them reach their export goals, not only through their export promotion programs but also other departments and agencies such as departments of agriculture, transportation, education, and innovation programs. For example, Florida has specific goals towards freight and logistics to help achieve its "global hub" objective.[30] One way to make sure that disparate programs are well aligned would be to establish an intra-governmental coordinating body among state agencies with programs or activities that impact export promotion.[31] This task force would insure that the state programs, traditional export promotion and supporting activities, serve the state export promotion strategy.

Washington State's Export Initiative

Washington announced the creation of a statewide export initiative in June 2010, with the aim of increasing the number of Washington exporters by 30 percent and helping 5,000 Washington businesses achieve $600 million in new export sales over the next five years.[32] This strategy has three elements: 1) enhancing the export capacity of Washington firms through data analysis, training, and buyer matchmaking; 2) engaging a multitude of organizations involved in export promotion and economic development around the state; and 3) partnering more closely with the federal government.[33]

The state has taken steps to implement each of these elements. First, using its general revenue funds, in September the state awarded $3 million to organizations to build export capacity for firms.[34] The awards, ranging from $100,000 to nearly $1.3 million, were granted on a competitive basis by the Community Economic Revitalization Board, an independent state commission. The applicants are consortiums of organizations involved in export promotion, reflecting a metropolitan or cluster perspective. For example, the city of Bellevue, together with the City University of Seattle and the Trade Development Alliance of Greater Seattle are developing an Asia Target Market strategy using social media. All of the projects will begin to deliver their services in early 2011 and be complete within two years.

Second, Washington plans to create a competitive program to enhance the export capacity of the agricultural sector, do more to attract foreign students to Washington universities, expand key trading partner relationships through more trade missions led by the governor, and increase engagement with the federal government on a federal transportation bill.

Finally, the state signed an agreement with the federal government for closer cooperation and early implementation of new programs, such as the export counseling training program being developed by the U.S. Department of Commerce and the Small Business Administration, for use by Small Business Development Centers across the country.[35]

Leverage the resources of other organizations involved in export promotion. As their final step, state export promotion programs should leverage the resources of other organizations involved in export promotion at home and abroad. This strategy would create an integrated collaborative system that reduces duplication and enable the states to maximize the impact of their investment at no additional cost. The creation of such a cooperative network would require strong state leadership and a broad mandate. After establishing a database of all the export promotion organizations in their jurisdictions to better understand the existing resources and services in the state, states could pursue several actions:

- ***Create an export council or partner alliance*** as a formal mechanism that involves all the associations engaged in trade or economic development in the state, especially the local and metropolitan organizations. Florida has such an organization, the Florida Trade Partners Alliance that is led by Florida's state export promotion agency, Enterprise Florida (See *Florida's Trade Partners Alliance*).
- ***Collaborate with other states or foreign partners*** in developing networks abroad. For example, Pennsylvania and Maryland share the costs of a common Shanghai office with a Chinese partner.
- ***Partner more closely with the federal government.*** Both states and the federal government lack sufficient resources to conduct strategic export promotion programs on their own. A state could conclude an agreement with the federal government, as Washington State has done recently, or engage the federal government in a wider partnership network, such as the Florida Trade Partners Alliance. States need to integrate the federal Export Assistance Centers work in their own export plan and devise a better division of labor and responsibilities.
- ***Engage the federal government more actively*** in policies that affect exports. States should press the federal government to adopt policies that respond to the transformational changes

underway in metropolitan areas and states across the country. For example, states lack a wide network of foreign commercial services, and the federal government could help the states by expanding and supporting its Foreign Commercial Service, often the only support network for U.S. businesses in certain countries.[36] Further, as Washington state has recently announced it would do, states should get more active in the passage of a federal transportation reauthorization bill, an essential tool to build the necessary infrastructure for our global gateways.

➤ ***Connect with commercial banks*** more aggressively to ensure access to credit exporters, especially to small and medium sized companies. For example, the Ohio Export Finance Initiative assists firms in evaluating and selecting export payment options and works closely with banks and other financial institutions.[37]

Florida's Trade Partners Alliance

At the initiative of Enterprise Florida, the main state export promotion agency, a group of entities involved in export promotion created the Florida Trade Partners Alliance in 2003. This unique statewide alliance aims to integrate the export promotion activities offered to Florida's exporters.

This network brought Enterprise Florida together with the federal Export Assistance Centers, U.S. Department of Commerce, the International Trade Administration, and the United States and Foreign Commercial Service; business organizations (such as the Florida District Export Council, the Latin Chamber of Commerce, the International Business Council of Florida); nonprofits (the World Trade Association of Florida, the Florida Small Business Development Center Network); and metropolitan organizations (the Metro Orlando Economic Development Commission, the Economic Development Commission of Florida's Space Coast, the Broward County Office of Economic Development and the metropolitan Chambers of Commerce). The network has gained new partners over the years (such as the U.S. Small Business Administration, the Export-Import Bank, Pinellas County Office of Economic Development and Florida-China Association), and some, such as the U.S. Department of Commerce, have left.[38]

This partnership combines different organizations' strengths, non-confidential databases, information to other parties, and coordinates the events schedule and marketing services of the partners. The parties involved committed direct funding (to cover administrative costs for using business equipment and travel expenses for staff participating in joint events) and in-kind efforts to support the collaboration. As a result, the state export agency leverages the activities of the other export promotion organizations active in Florida and is involved in a much wider range of activities than its budget would allow.

IV. Conclusion

States around the country are at different stages with their export promotion programs and exports strategies, and no two programs look alike. While some states such as Washington, Pennsylvania, or Florida have well-established programs others, such as Michigan, California, or Tennessee lack state leadership in growing state exports. Although they might have different needs and different degrees of challenges, the steps outlined in this paper are useful for all the states, because every state needs a clear export strategy, with the implementation tailored to its needs, assets, and the current stage of its export promotion program. These recommendations show the way to a more focused and streamlined state economic development policy for maximum efficiency and job creation effects in these tight financial times.

Appendix. Learning from Abroad—Bavaria's Export Promotion Program

The German state of Bavaria is globally known as an exporting hub, and is the third largest German state in terms of exports in 2009.[39] As is the case with Germany as a whole, Bavaria's recovery has been fueled by exports. By June 2010, exports accounted for more than half of sales of the manufacturing sector in Bavaria.[40] This increase in exports contributed to the decline in the number of unemployed people in Bavaria by 14.2 percent between October 2009 and October 2010.[41]

This strength in exports is the result of a clear export strategy, based on well-developed market analysis, a multitude of export services and delivery through a strong institutional network. Export promotion is ingrained in the state economic policy. The Bavarian economic policy combines the power of innovation, clusters and exports. Since 2000, the program has had four main pillars: building high tech centers, targeting support to regional clusters, providing necessary infrastructure and workforce training, and supporting the exports of these clusters. Later on, the state added another program aimed at the transformation of urban development and transportation.

In August 2008, the Bavarian government released its new international strategy "Exports Create Jobs." The goal of this strategy was to increase the share of exports produced by small and medium-sized businesses. The state government delineated ten measures, including the increase in the number of international offices, trade missions and shows, export financing and stronger involvement with the regional and metropolitan partners, visits of government officials in important emerging markets (such as Vietnam, China, India) and measures to strengthen the Bavarian companies' exports to developing countries in Central and Eastern Europe as well as Asia, Middle East and Latin America.[42]

Bavaria's Ministry of Economic Affairs, Infrastructure, Transportation and Technology is in charge of implementing the state export promotion strategy, in partnership with a wide network of public and private entities and other state agencies. Two main partner organizations are Bayern International, a corporation created by the state of Bavaria to provide export promotion services to small and medium sized businesses, and the Bavaria International Economy Center, an initiative of the Bavarian Chambers of Commerce and Industry. Bayern International operates both domestically and internationally, offering various services to Bavarian companies. A diverse group of stakeholders sit on the board of Bayern International, reflecting the wide economic and political cooperation in export promotion in the state.[43] The Bavaria International Economy Center provides services mainly domestically, such as its new initiative "Go International, "a program intended to prepare companies for exporting.[44]

Endnotes

1. Tschetter estimated 10.3 million export related jobs in 2008 and Istrate, Rothwell, and Katz estimated 11.8 million export related jobs for the same year. See John Tschetter, "Exports Support American Jobs" (U.S. Department of Commerce, International Trade Administration, 2010); Istrate, Emilia, Jonathan Rothwell, and Bruce Katz," Export Nation: How U.S. Metros Lead National Export Growth and Boost Competitiveness" (Washington: Brookings Institution, 2010).

2. Bernard and Jensen estimate that exporting manufacturing plants paid 11.9 percent more than non-exporting establishments in 1992, on average; Bernard, Andrew B., and Bradford J. Jensen, "Exceptional Exporter Performance: Cause, Effect, or Both?" *Journal of International Economics*, 47 (1) (1999): 1-25.

3. Brookings analysis of Moody's Economy.com, the Institute of International Education (IIE), the Internal Revenue Service (IRS), the United States Bureau of Economic Analysis (BEA), the United States Bureau of Labor Statistics (BLS), Quarterly Census of Employment and Wage (QCEW) and Integrated Public Use Microdata Series (IPUMS) (for metro industry wages), and the United States International Trade Commission (USITC) data. The leading exporting industry in a metropolitan area is defined by the value of exports produced by the industry in 2008. Data for the 2008 average wage in leading exporting industry in a metropolitan area was estimated using QCEW and IPUMS. The US average salary was 45,563 dollars in 2008 and it refers to all industries, as reported by the QCEW.

4. Calculation based on Kharas, Homi, and Geoffrey Gertz, "The New Global Middle Class: A Cross Over from West to East." In Cheng Li, ed., *China's Emerging Middle Class: Beyond Economic Transformation* (Washington: Brookings, 2010).

5. U.S. Bureau of Economic Analysis, *National Income and Product Accounts*, Table 1.1.11. Real Gross Domestic Product: Percent Change From Quarter One Year Ago (U. S. Department of Commerce, December 22, 2010).

6. Brookings analysis.

7. General Aviation Manufacturers Association, 2009 General Aviation- Statistical Databook and Industry Outlook (General Aviation Manufacturers Association, 2010).

8. Brookings analysis of Moody's Economy.com, the Institute of International Education (IIE), the Internal Revenue Service (IRS), the United States Bureau of Economic Analysis (BEA), and the United States International Trade Commission (USITC) data.

9. Colorado's exports of goods and services from Brookings analysis of Moody's Economy.com, the Institute of International Education (IIE), the Internal Revenue Service (IRS), the United States Bureau of Economic Analysis (BEA), and the United States International Trade Commission (USITC) data. Colorado's shipments of goods abroad from U.S. Census Bureau, Origin of Movement of U. S. Exports of Goods by State by NAICS-Based Product Code Groupings, Not Seasonally Adjusted: 2008 (U.S. Department of Commerce, 2009). Colorado's Gross State Product from Moody's Economy.com, November 2009.

10. U.S. Department of Commerce, *Secretary Locke, Postmaster General Potter Launch New Initiative to Boost U.S. Exports* (Department of Commerce, 2010).

11. William J. Burpitt and Dennis A. Rondinelli, "Small Firms' Motivations for Exporting: To Earn and Learn?" Journal of Small Business Management, 38(4) (2000): 1-14.

12. State International Development Organizations (SIDO), Survey 2009: Trends in State International Business Development (2010).

13. For example, New York offers the Global Export Marketing Services (GEMS), which is a grant of up to 50 percent of the project cost, with a $ 25,000 cap, to help small and medium-sized businesses get technical and marketing assistance in exporting. The Florida Export Finance Corporation offers loan guarantees and direct loans for 90 percent of project costs, up to $50,000.

14. This analysis is based mainly on discussions with individuals involved in export promotion activities in the following states: California, Colorado, Florida, Georgia, Michigan, New York, Ohio, Pennsylvania, Tennessee, and Washington.

15. Metro areas such as Holland-Grand Haven and Saginaw. Brookings analysis of Moody's Economy.com, the Institute of International Education (IIE), the Internal Revenue Service (IRS), the United States Bureau of Economic Analysis (BEA), and the United States International Trade Commission (USITC) data.

16. State International Development Organizations (SIDO), Survey 2009.

17. The number of foreign students for the academic year 2009-2010 is from the Institute for International Education, Open Doors 2010 (Institute for International Education, November 2010); The U. S. 2009 education exports is from the U. S. Bureau of Economic Analysis, Trade in Services: 1992–2009 (U.S. Department of Commerce, 2010).

18. Calculated based on U.S. education exports from the U.S. Bureau of Economic Analysis, Trade in Services: 1992–2009 (U.S. Department of Commerce, 2010) and deflated using the U.S. price index for "other private services" exports from the U.S. Bureau of Economic Analysis, Table 4.2.4-. Price Indexes for Exports and Imports of Goods and Services by Type of Product (U.S. Department of Commerce, October 2010).

19. Estimates produced by NAFSA: Association of International Educators based on enrollment data from the Institute for International Education, in Institute for International Education, Open Doors- 2010 (Institute for International Education, November 2010).

20. State International Development Organizations (SIDO), Survey 2009.

21. Ibid.

22. Kimberly Kindy, "Trade Secrets" *The Orange County Register*, May 25, 2003. Kimberly Kindy, "Trade Office Rebuked" *The Orange County Register*, May 26, 2003.

23. California Business, Transportation and Housing Agency, *Toward a California Trade and Investment Strategy: Potential Roles for the State in Global Market Development* (California Business, Transportation & Housing Agency, 2007)

24. State International Development Organizations (SIDO), Survey 2009.

25. Ibid.

26. California Business, Transportation and Housing Agency, 2007.

27. See Mark Muro and Kenan Fikri, "Job Creation on a Budget: How Regional Industry Clusters Can Add Jobs, Bolster Entrepreneurship, and Spark Innovation" (Washington: Brookings Institution, 2011).

28. This case study draws heavily from Pennsylvania Center for Trade Development, A Performance Metrics Regimen for State Export Promotion Programs, Application for NASBITE International (the National Association of Small Business International Trade Educators) 2010 Program Excellence Awards (Pennsylvania Department of Community & Economic Development, 2009).

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