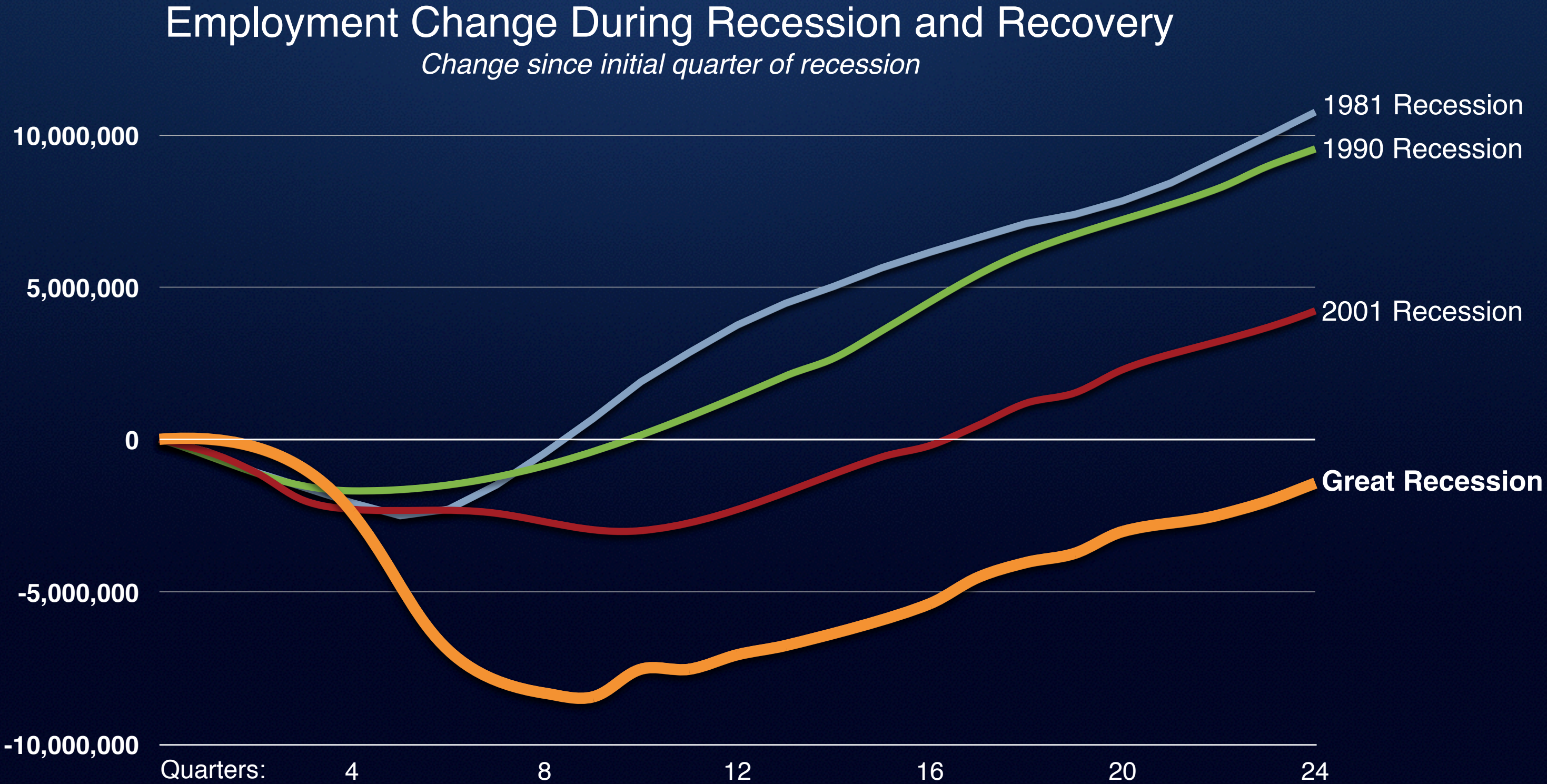


# Metros at the Vanguard of Exports and Trade: Delivering the Next U.S. Economy

@BrookingsMetro  
@Amy\_Liuw



# The Economic Recovery Remains Slow

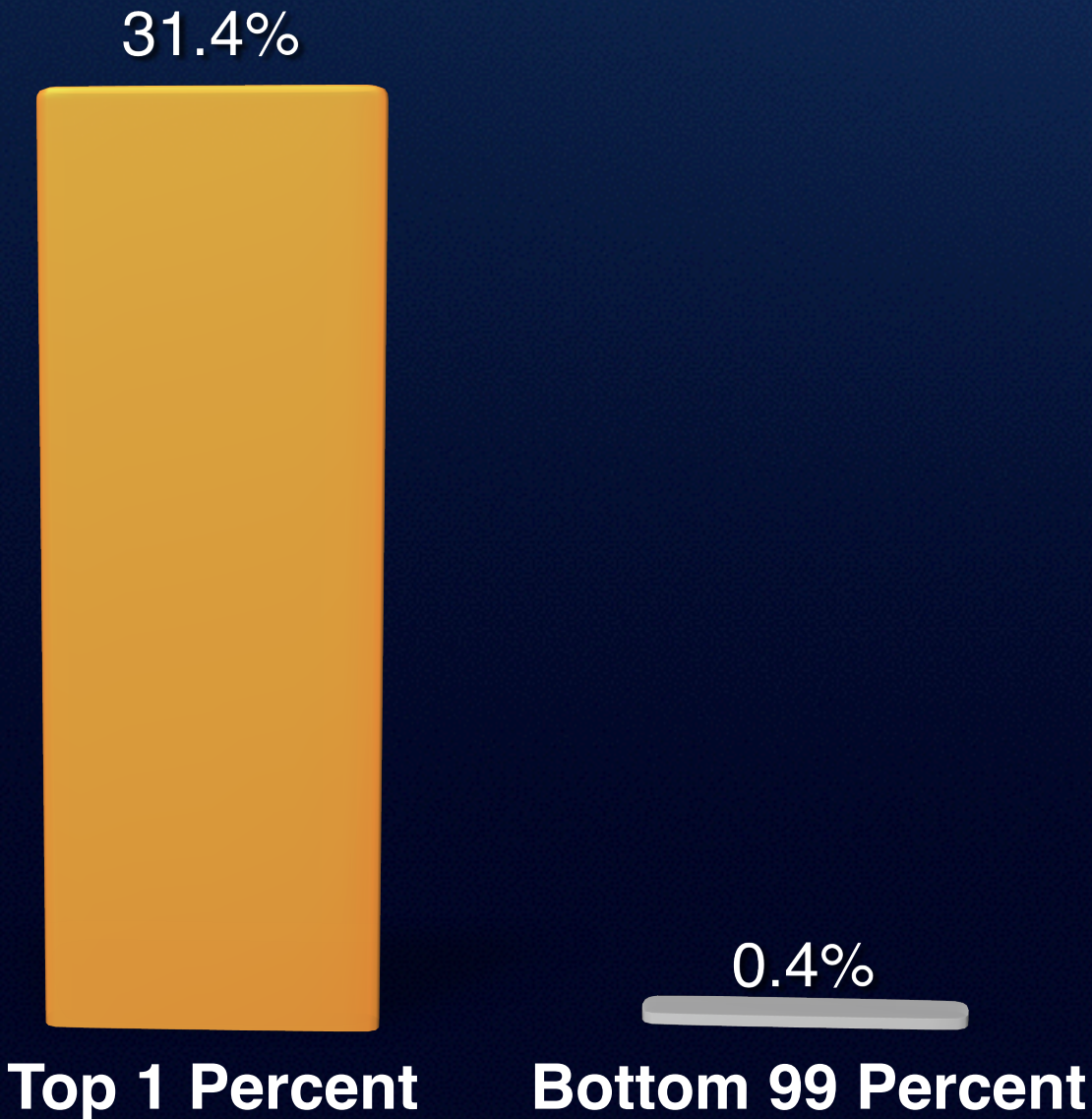


Source: Brookings analysis of Moody's Analytics data.

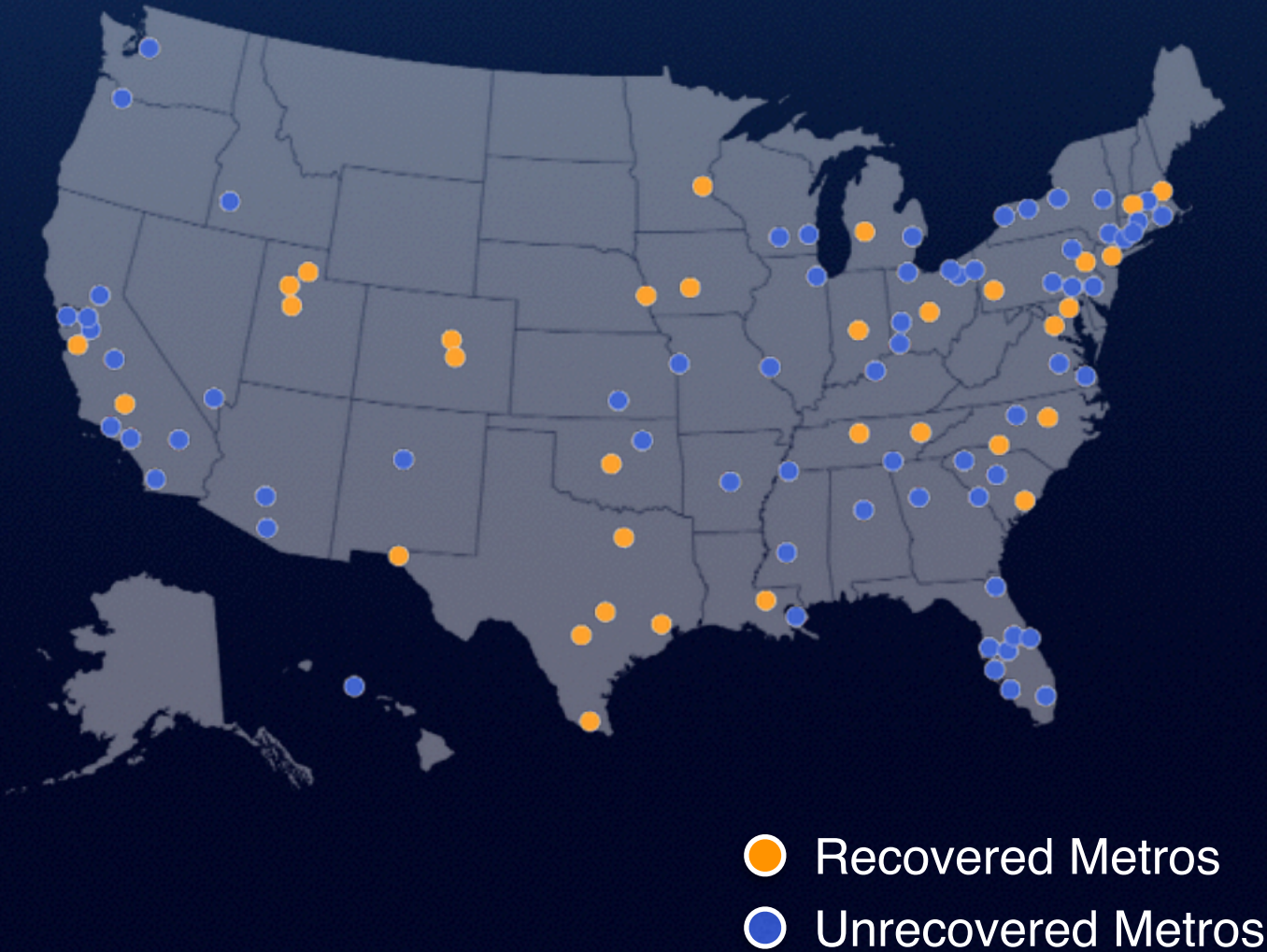


# The Economic Recovery Remains Slow

Income Growth During Recovery  
*2009-2012*



Employment Recovery By Metro Area  
*As of June 2013*



Source: Saez and Piketty, “The Evolution of Top Incomes in the United States,” 2013.

Source: Brookings, “MetroMonitor,” September, 2013.



# Traded Sectors Are Key to High Quality Economic Growth



Traded  
Manufacturing  
Job

Local Jobs

*Source: Ezell, Stephen and Robert Atkinson, 2012, "Fifty Ways to Leave Your Competitiveness Woes Behind," ITIF.*

2%

job growth in the U.S. between  
1990-2008 from tradable sectors

*Source: Michael Spence, "The Evolving Structure of the American Economy and the Employment Challenge," Council on Foreign Relations, 2011.*



# We Need New Growth Strategies





# We Must Adapt to New Macro Forces

## Disruptive Technologies

McKinsey Global Institute:

**\$33 trillion**  
**/YEAR**

global economic impact of **12**  
technology platforms by 2025



## Greater Global Integration

Global Exports Value  
(2009-2011, trillions)



## Demographic Revolution

**24.5%** of the workforce will  
reach retirement age by 2030



**53.7%** of the population  
will be minority by 2030





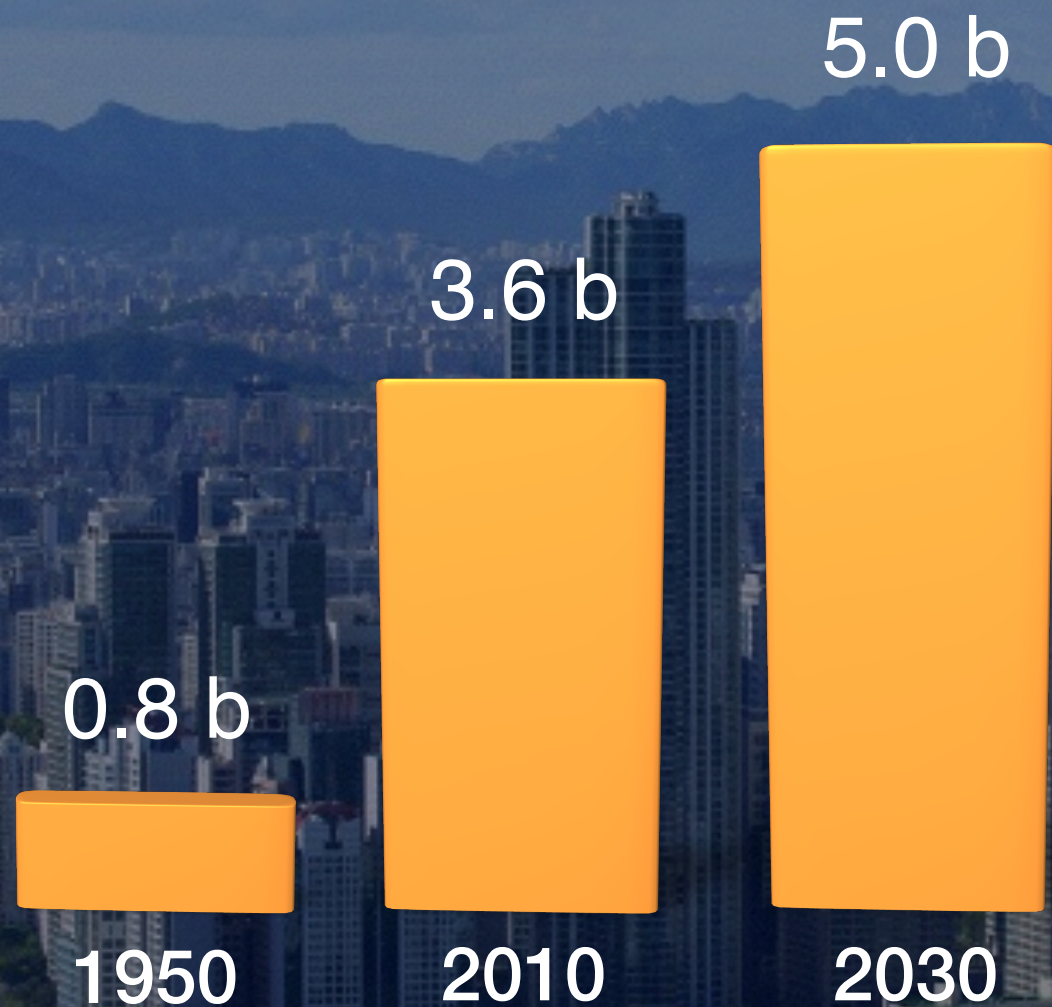
1 2 3

# 1 Why Export?



# Rapid Urbanization is Fueling the Growth of a Global Middle Class

Since 1950 the **global urban population** has **tripled in size**, and will reach 5 billion by 2030



Source: United Nations, World Urbanization Prospects, 2011

## \$21 trillion

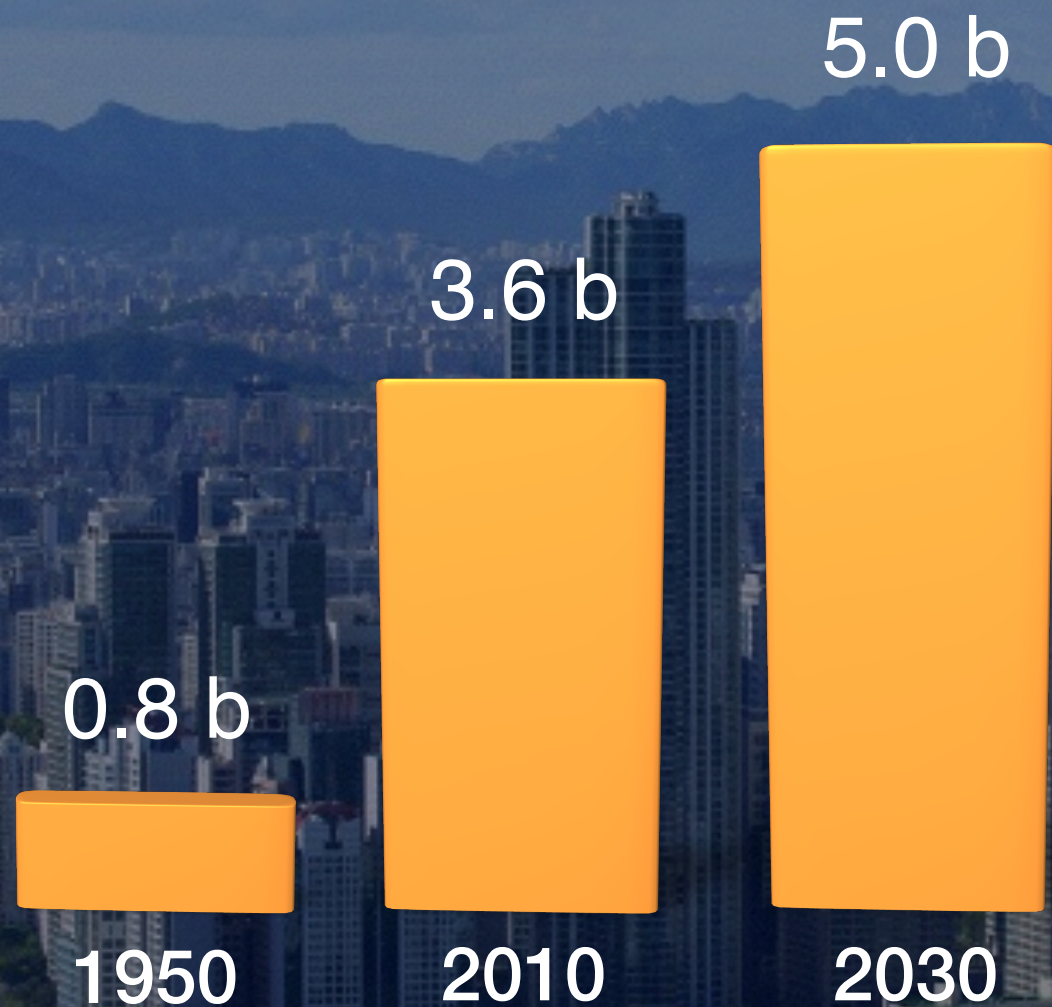
global middle class consumption in 2000

Source: OECD



# Rapid Urbanization is Fueling the Growth of a Global Middle Class

Since 1950 the **global urban population has tripled in size**, and will reach 5 billion by 2030



Source: United Nations, World Urbanization Prospects, 2011

## \$31 trillion

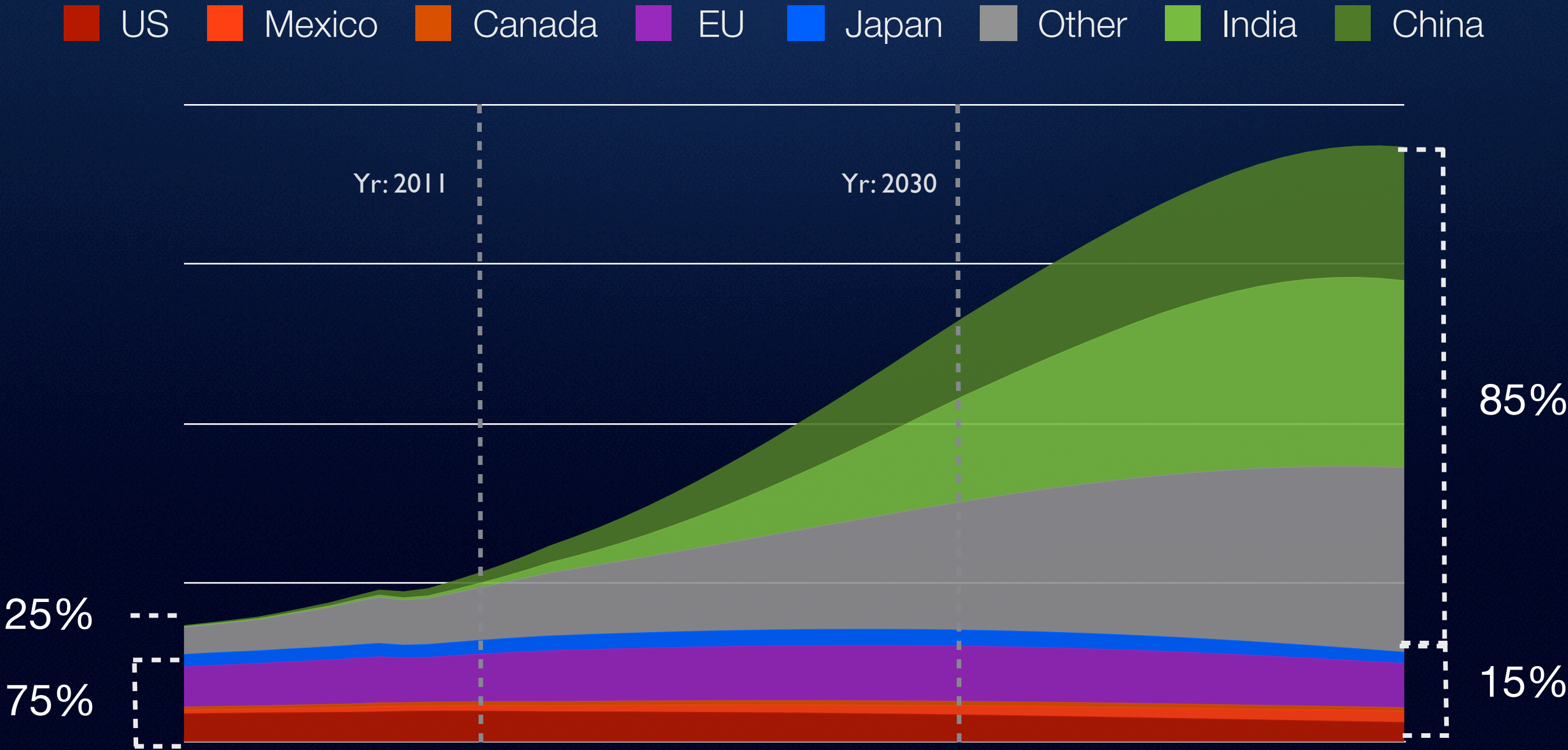
global middle class consumption in 2020

Source: OECD



# Growth Markets Are Increasingly Located Outside of the U.S.

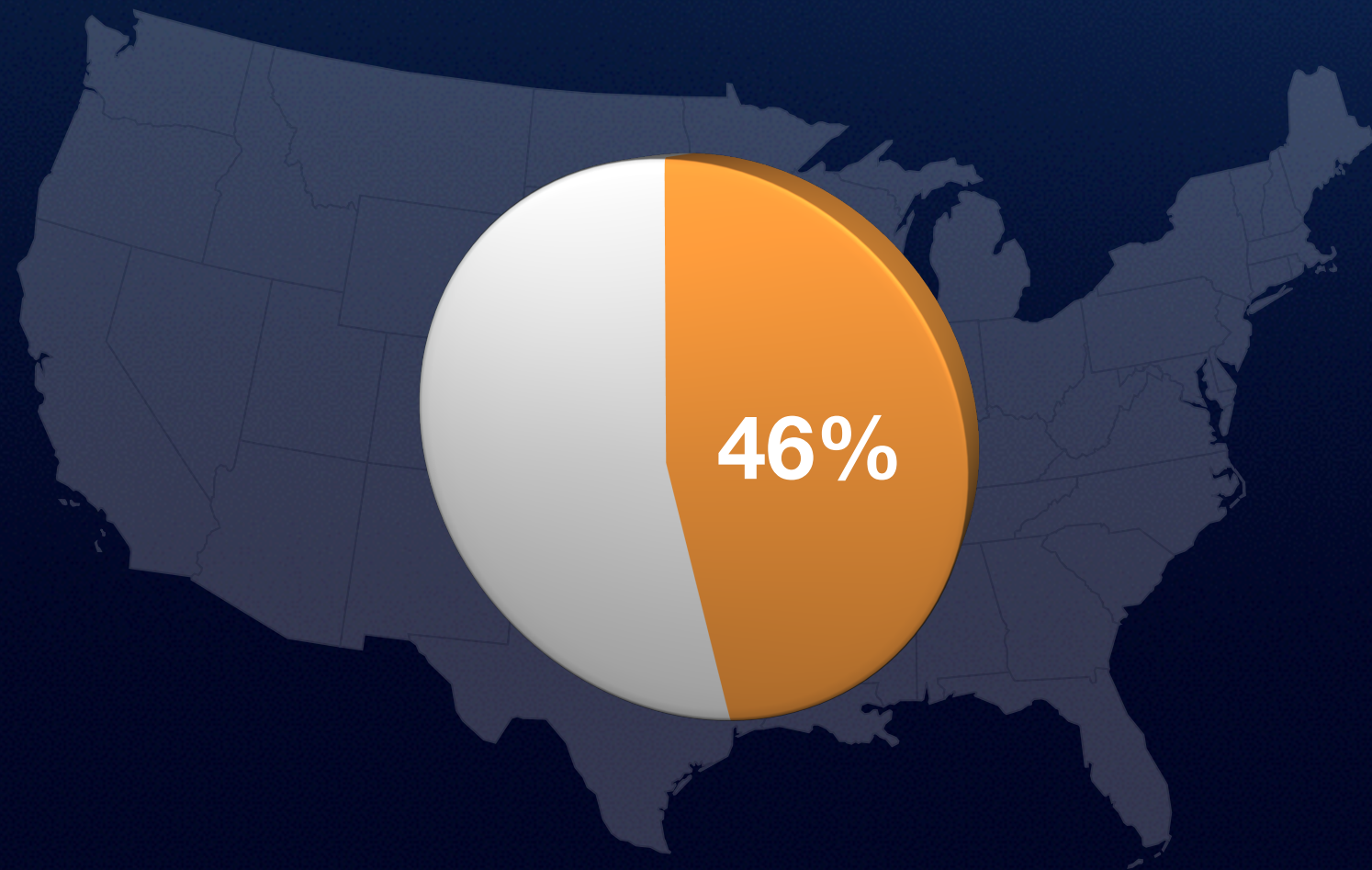
Global Middle Class Consumption  
Share by Region, 2000-2050





# Exports Have Driven the Bulk of U.S. Economic Growth

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



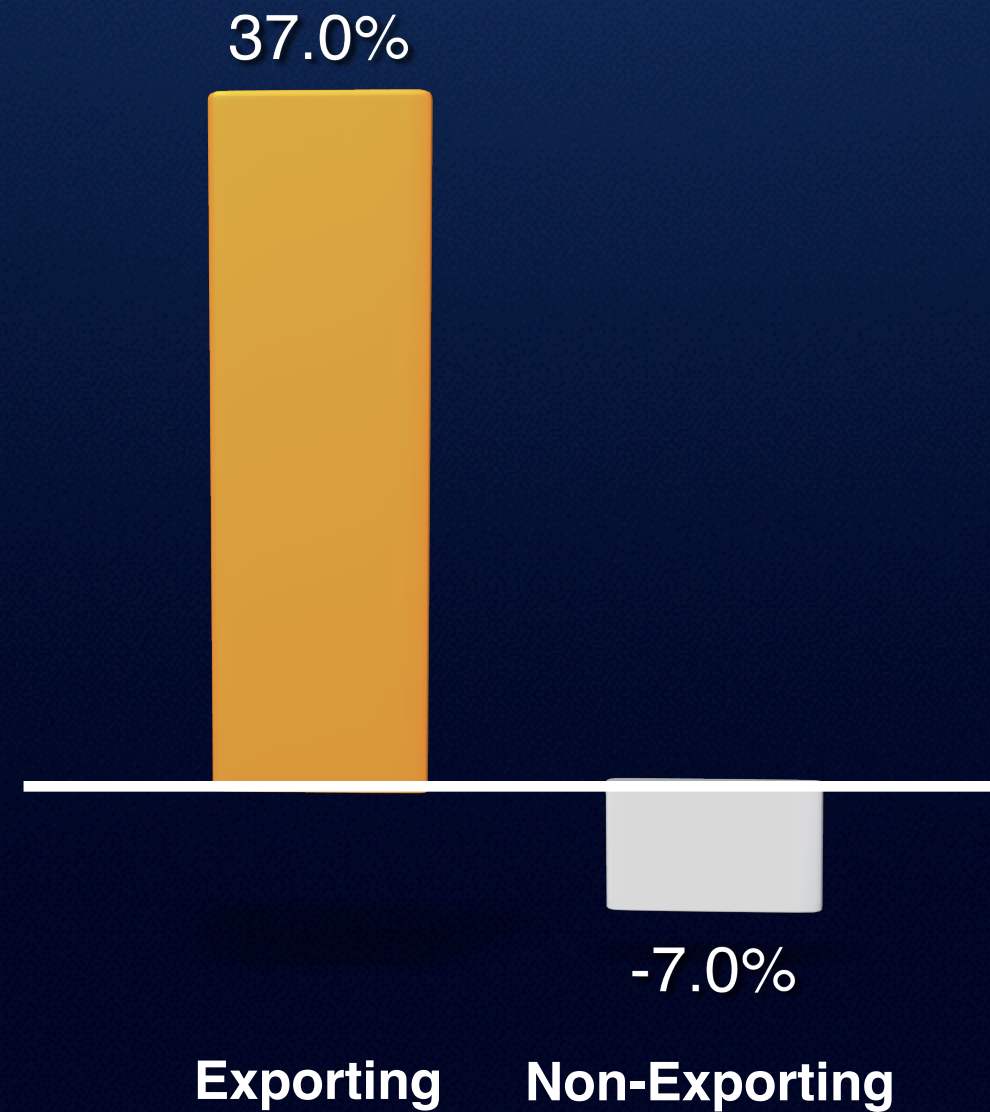
# 5,600

total jobs created for every \$1 billion in exports



# Metro Economies and Firms Benefit From Global Trade

## U.S. Manufacturing Firms Revenue Growth *2005-2009*





# Metro Economies and Firms Benefit from Global Trade

U.S. Business Services Exporters, Compared to Non-Exporters

**100%**

higher sales

**70%**

higher employment

**20%**

higher wages

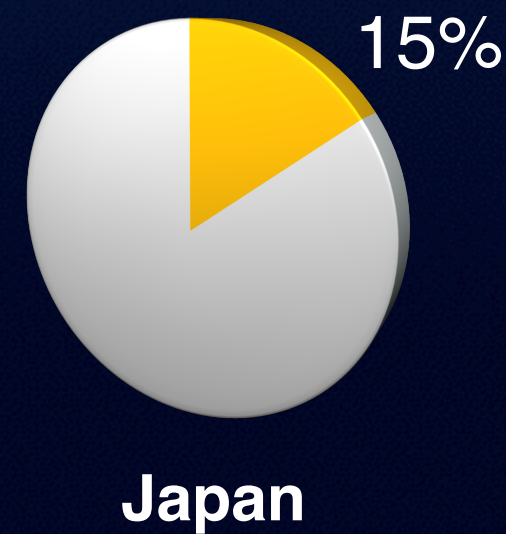


Despite these benefits, the U.S. remains an under exporter.



# The U.S. Is an Under-Exporter

## Exports Share of GDP



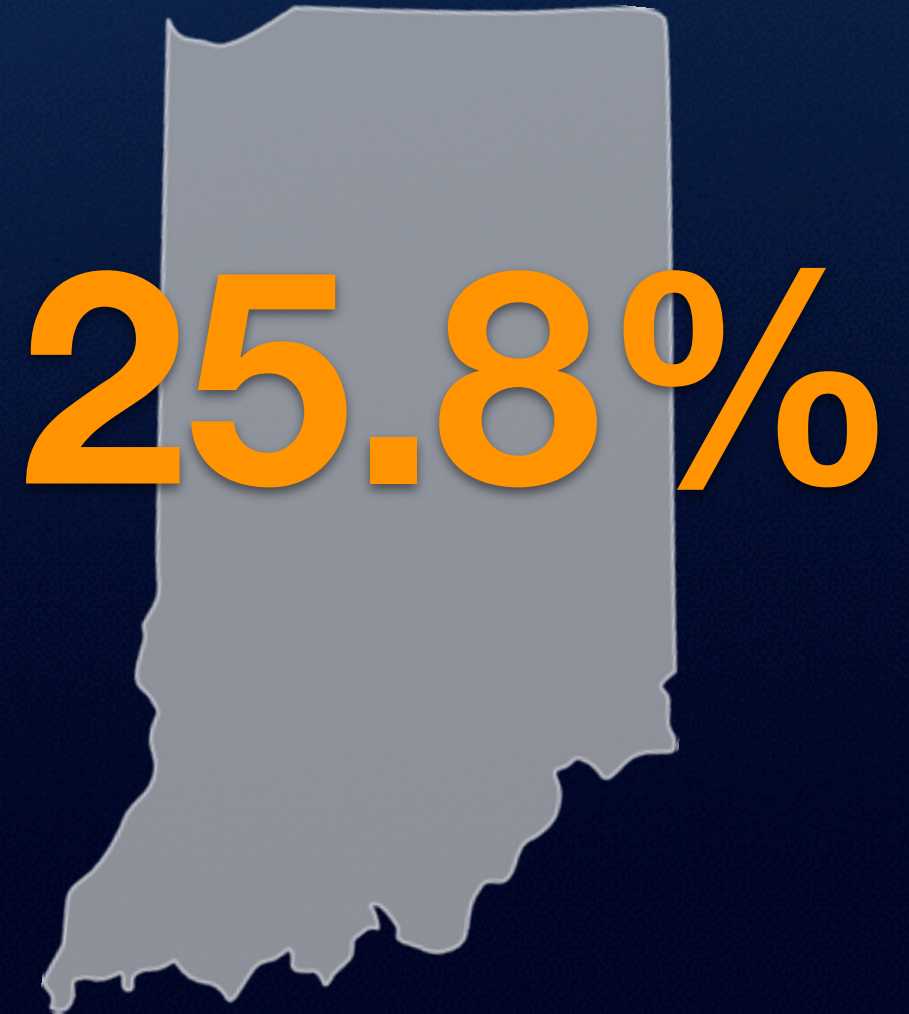


# Export Intensity Varies Widely by Place

Exports Share of Output  
(2012)



Florida

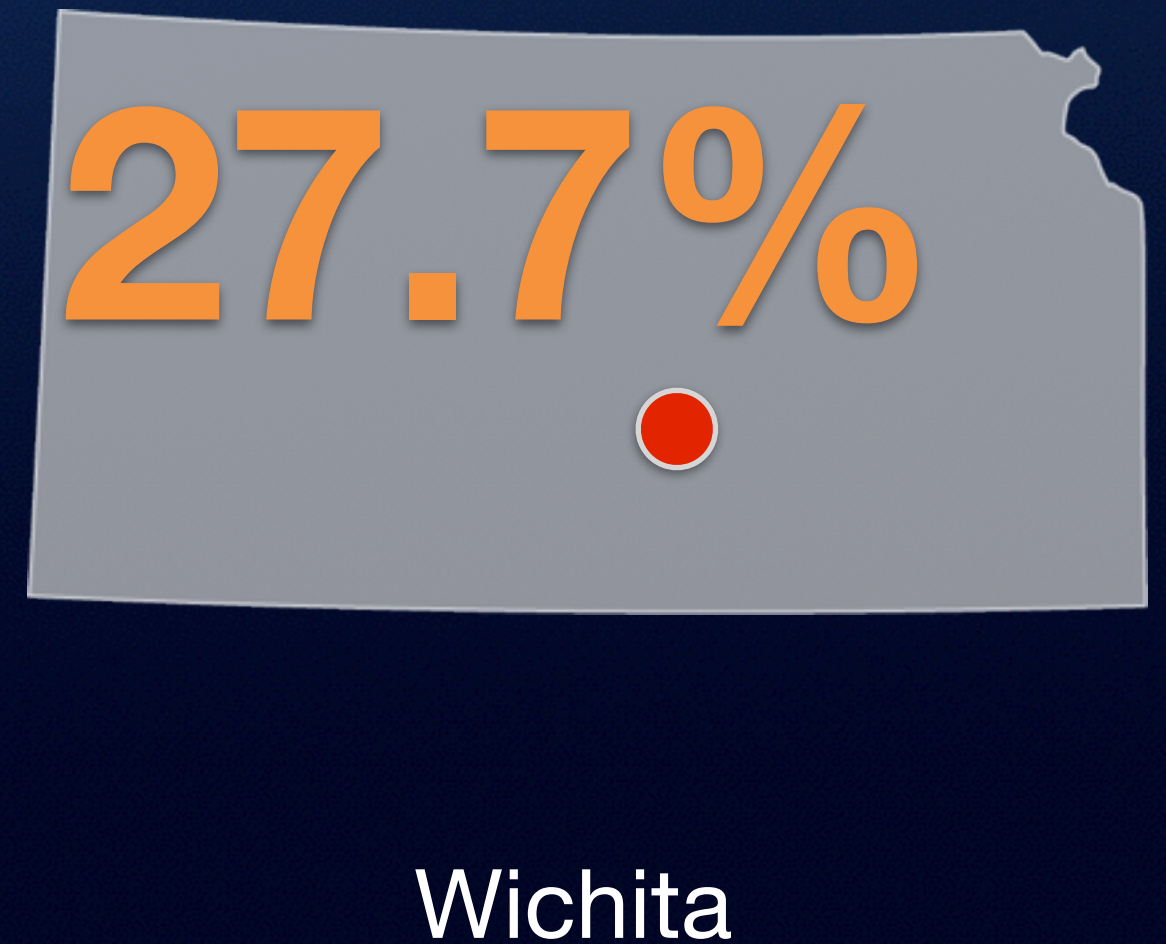


Indiana



# Export Intensity Varies Widely by Place

Exports Share of Output  
(2012)







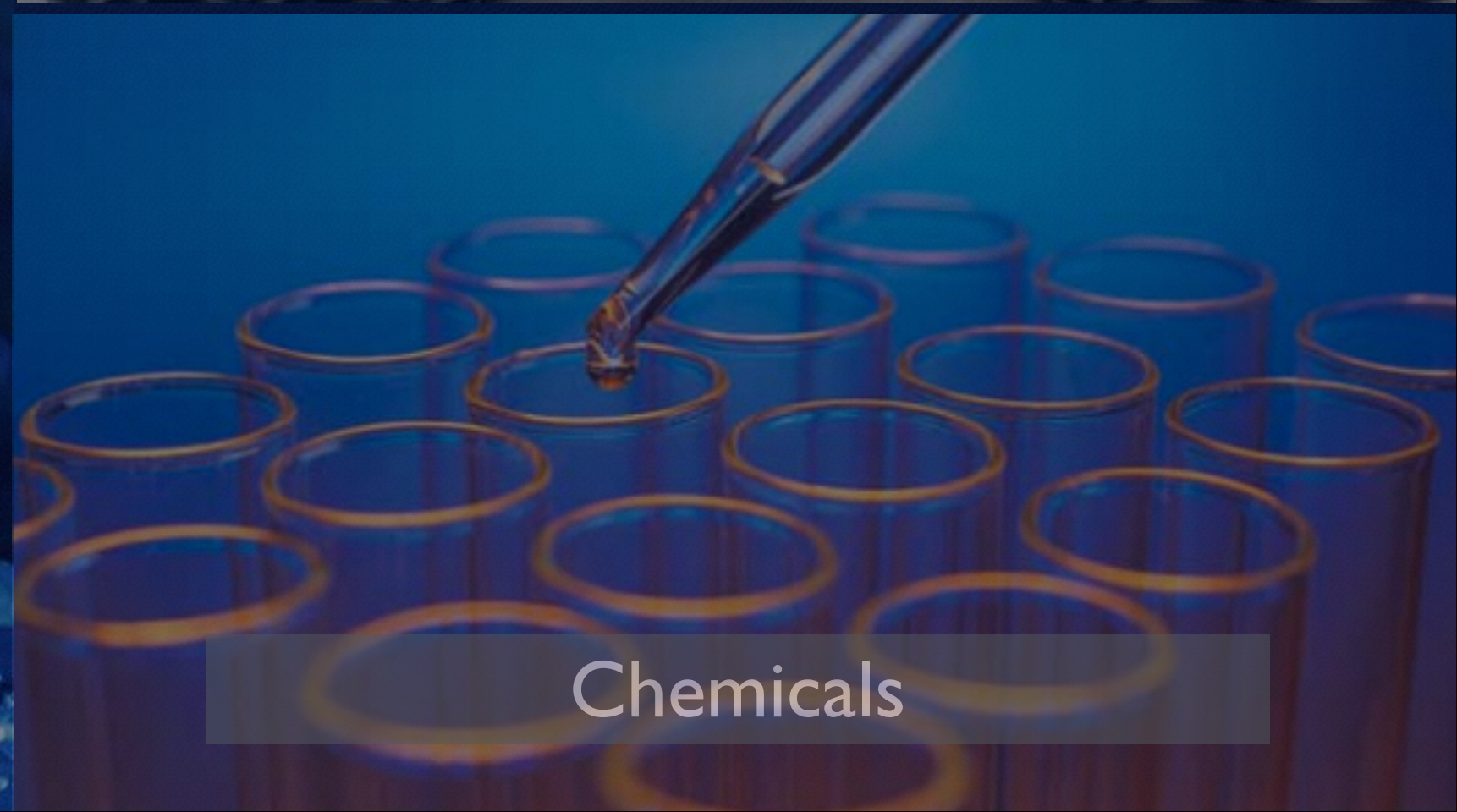
Transportation Equipment



Machinery



Computer Electronics

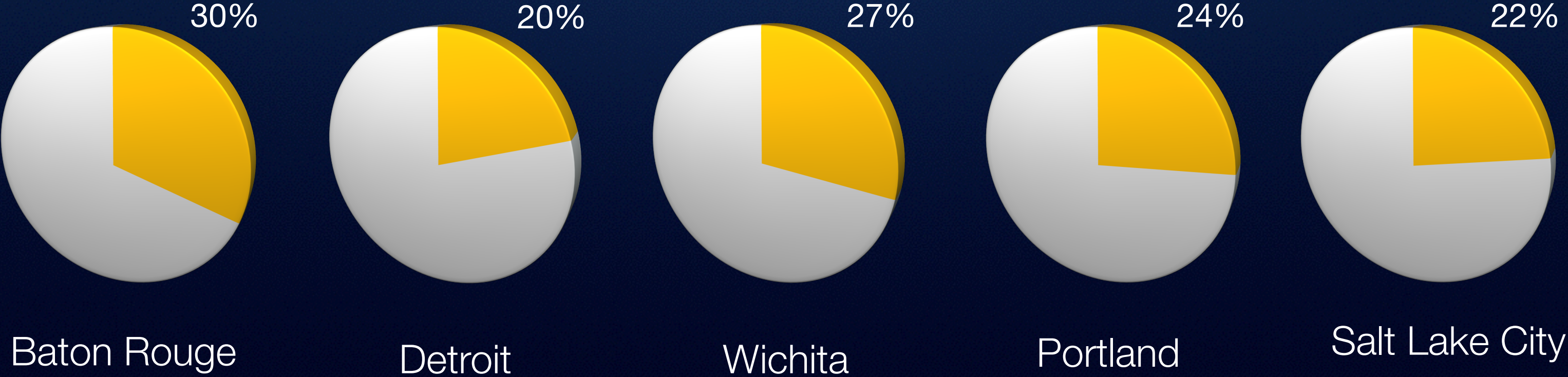


Chemicals



# Select industries dominate U.S. exports, masking other industry potential

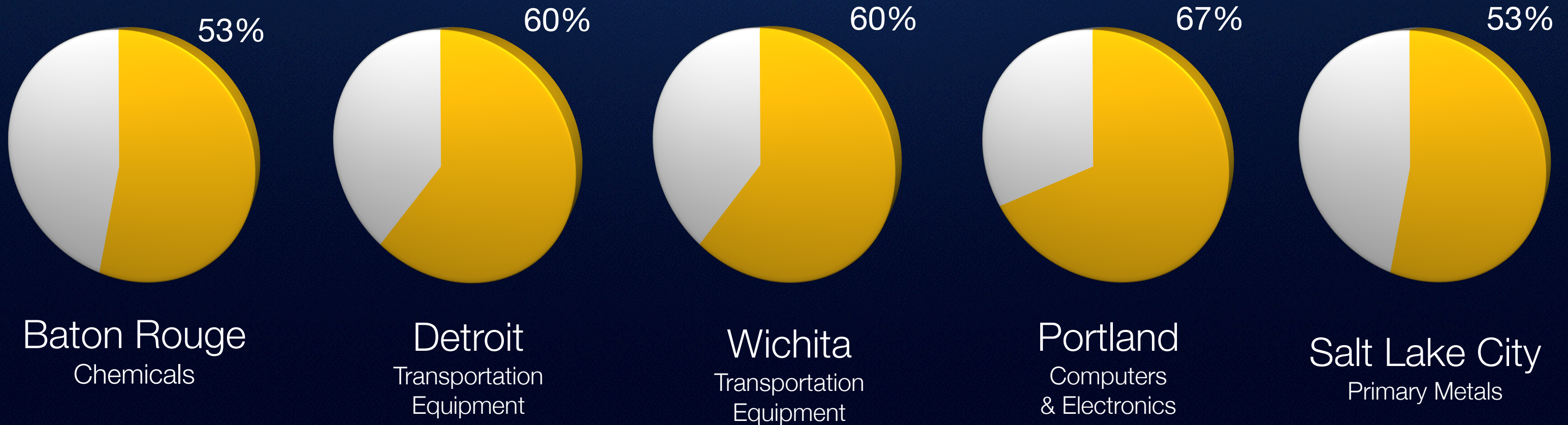
Most Export Intensive Metro Areas, 2012





# U.S. Exports are Dominated by Select Industries, Masking other Industry Potential

## Single Industry Share of Total Exports, 2012





# Further, Federal Data on Goods Movement Distorts Focus from Export Production

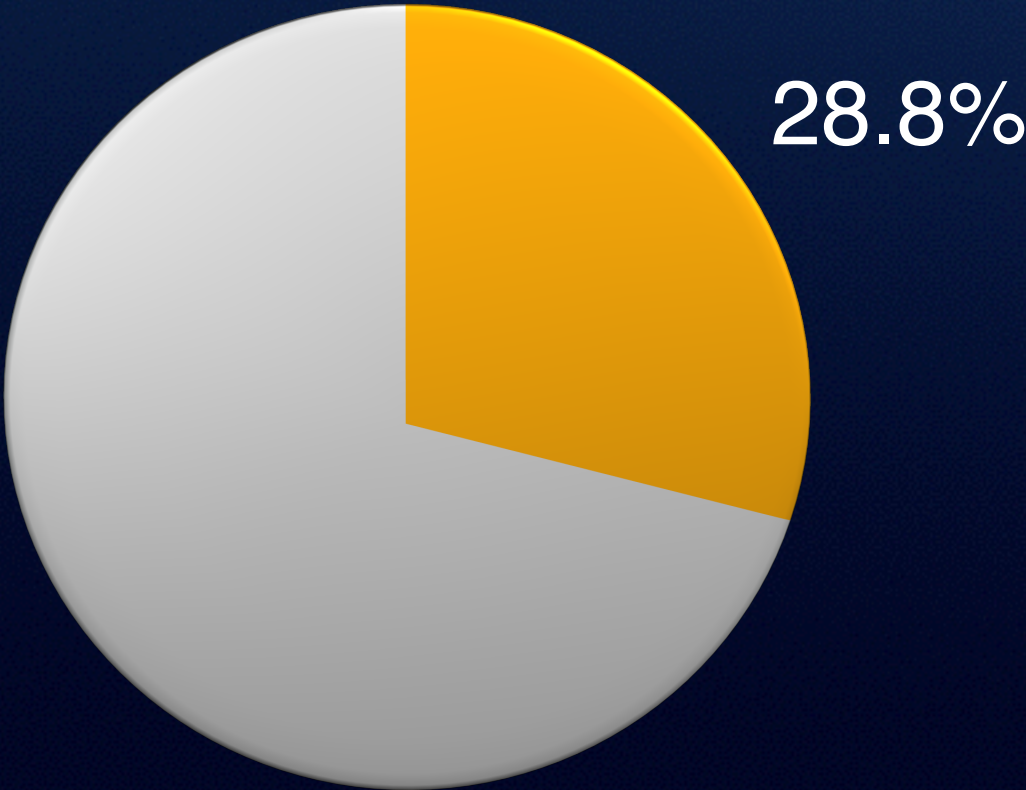


Source: U.S. Census Bureau and Brookings Export Nation 2013

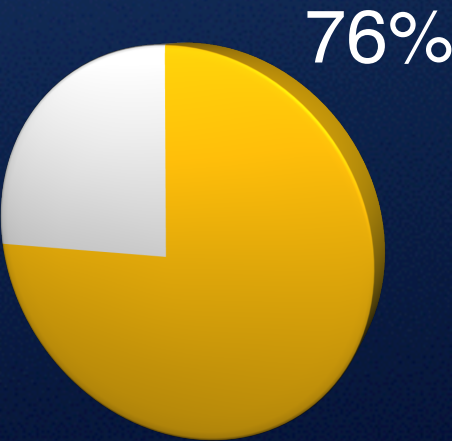


# Further, Federal Data on Goods Distorts Focus from Services

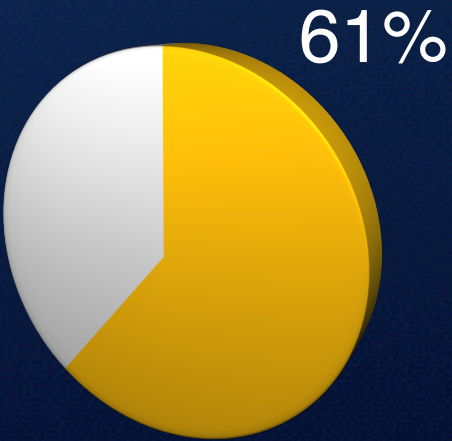
## U.S. Service Exports



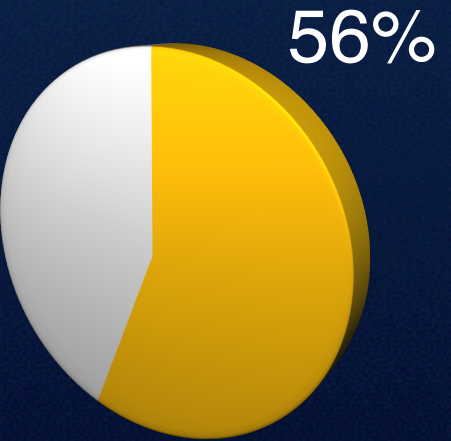
2011



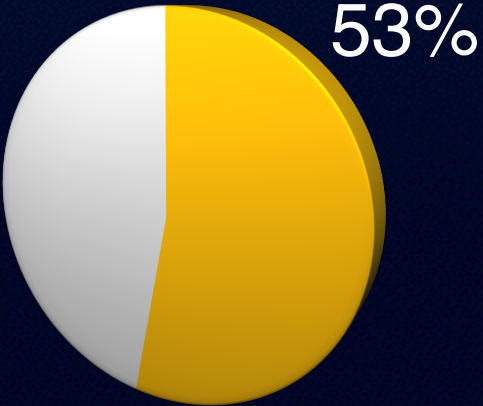
Washington



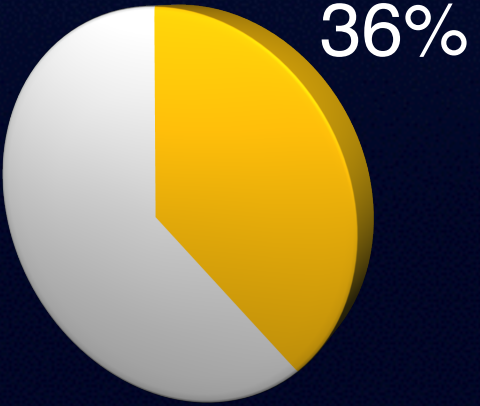
New York



Denver



Atlanta



Minneapolis



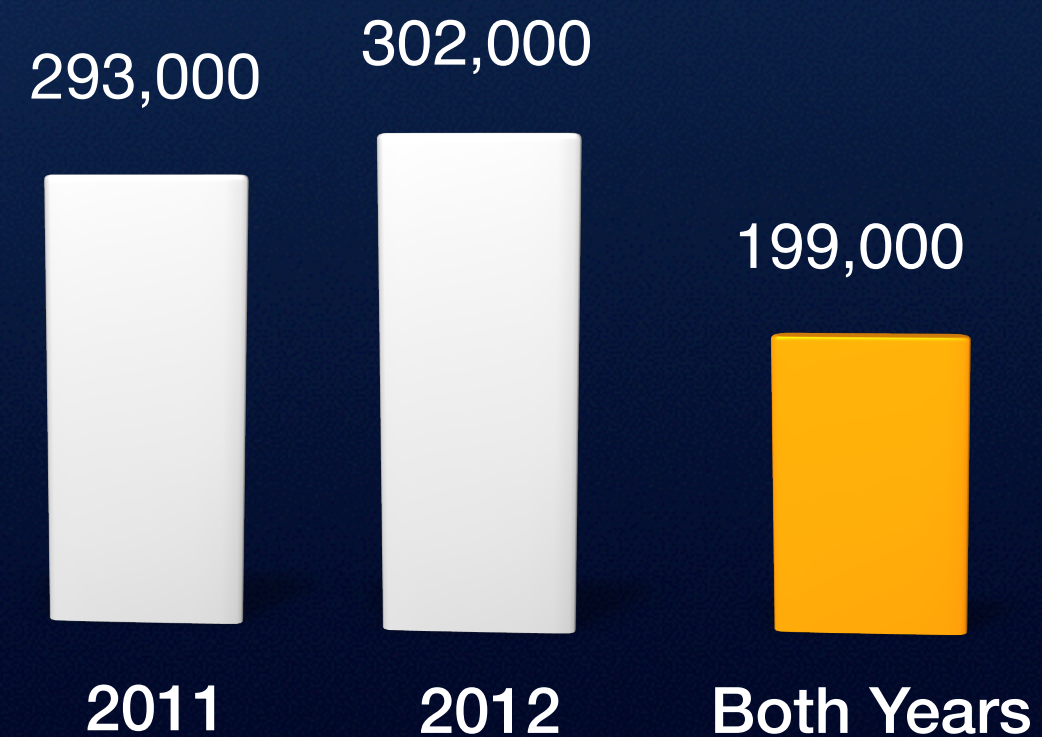
# U.S. Exports Are Generated by Too Few Firms

4%

of U.S. employer firms export

58%

of U.S. exporters sell to only one foreign market



Number of U.S. firms exporting



# Middle Market Firms Are also Under Exporting

58%

of surveyed middle-market U.S. firms export

4%

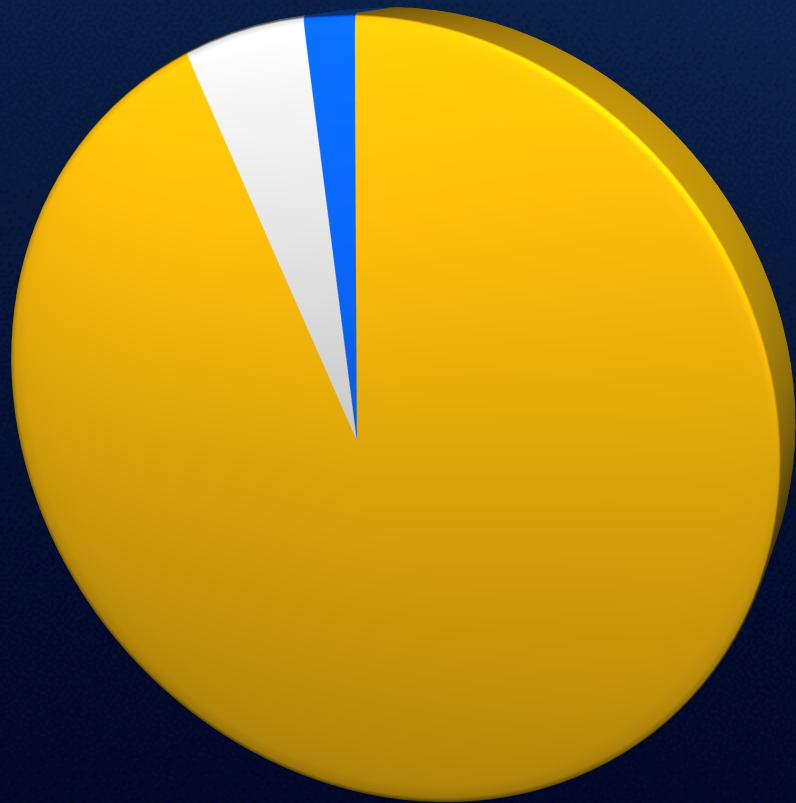
of surveyed middle-market U.S. firms are  
currently expanding overseas

Middle Market Firm = \$10M-\$1B sales



# Yet, Mid-size Firms Have the Most Potential...

## Firm Size (Employees)



Exporters  
2010

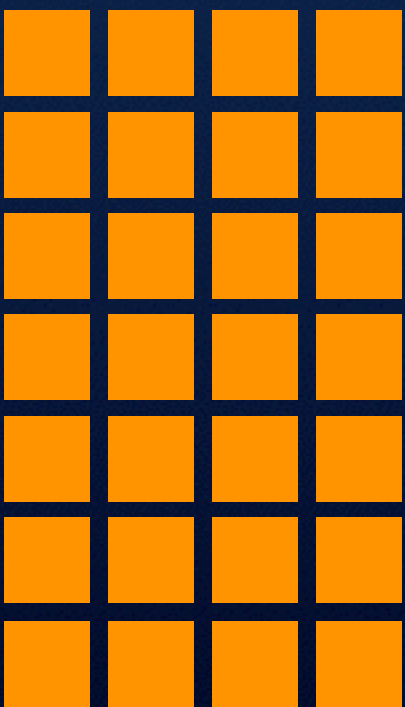
93%	Small (1-100)	24%
5%	Medium (100-500)	9%
2%	Large (500+)	67%



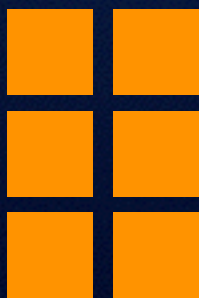
Export Value  
2010



# ...As Do “Threshold” Manufacturing Firms



28 million  
small  
businesses



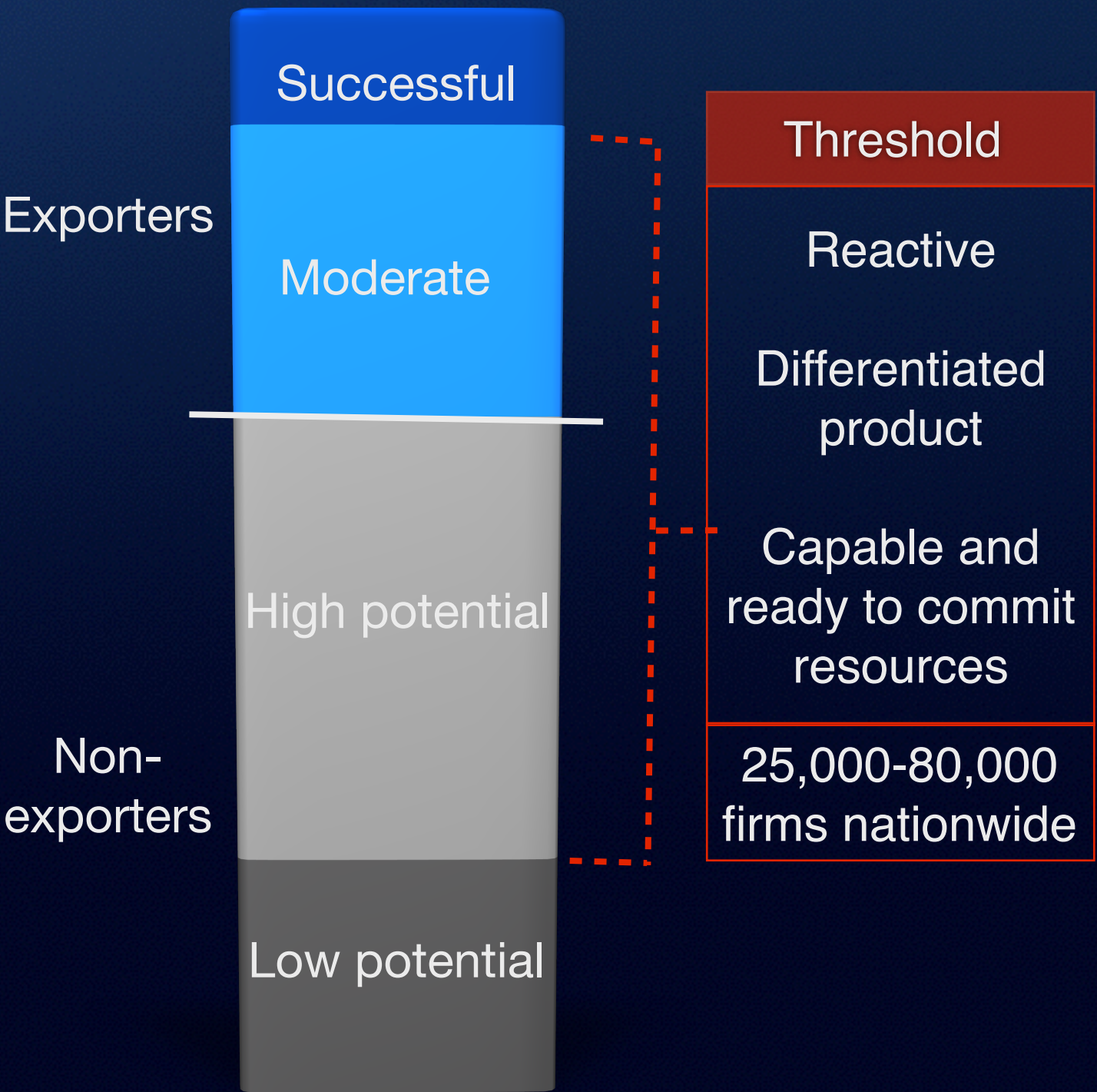
6 million  
have  
employees



2 million  
produce  
tradable  
goods and  
services



262,000  
are small  
and medium  
manufacturers



Source: Stone & Associates, “On the Threshold: Refocusing U.S. Export Assistance Strategy for Manufacturers”, 2013.



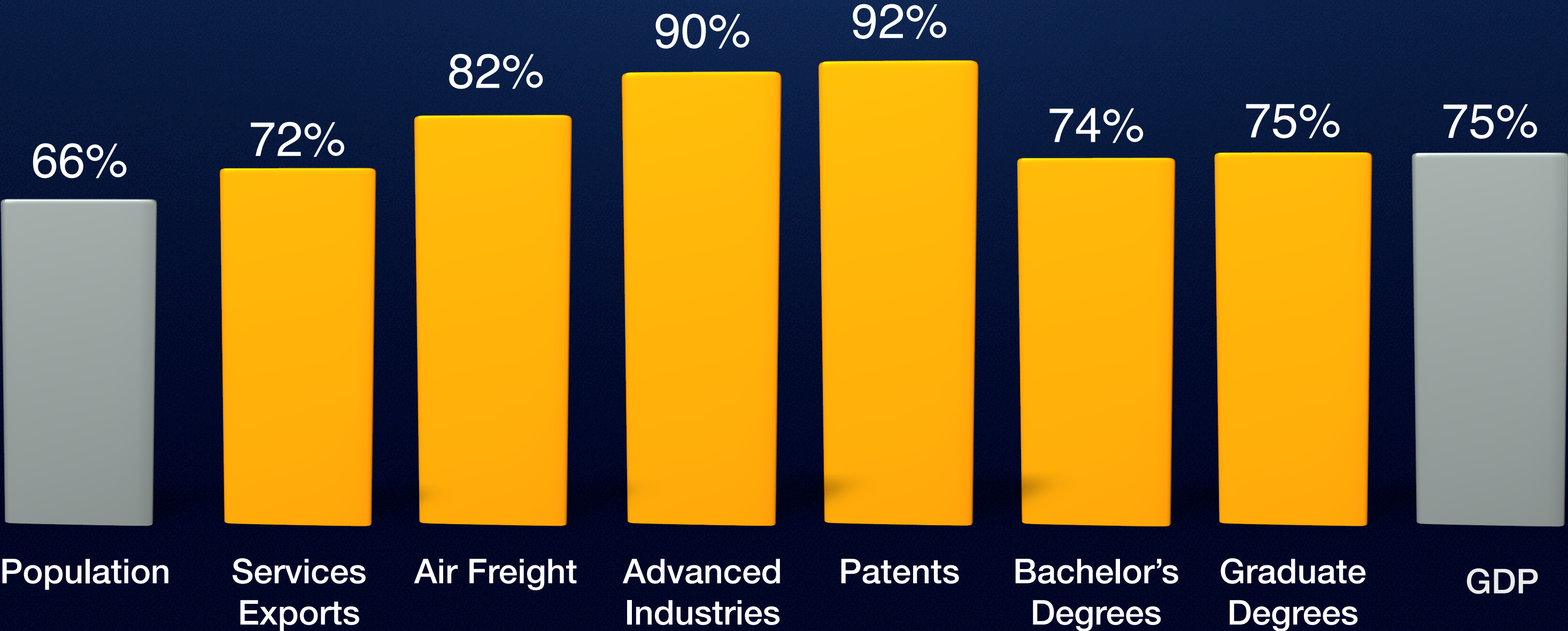
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## 2 Why metros?



# Metro Areas Hold the Bulk of the Assets That Will Drive Exports

Largest Metros' Share of U.S. Market Assets



Source: Brookings analysis of US Census Bureau, FAA, BLS, and BEA data



# 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 U.S. and foreign markets

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



## State

Organize and facilitate **trade missions**

Provide **export training and seminars** to local firms

**Prioritize, support and coordinate** metro-level efforts



## 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



# Metros Coordinate the Critical Network That Empowers Exports



City  
State  
Federal



Business/Civic Alliance  
Industry  
Venture Capital/Finance



Universities



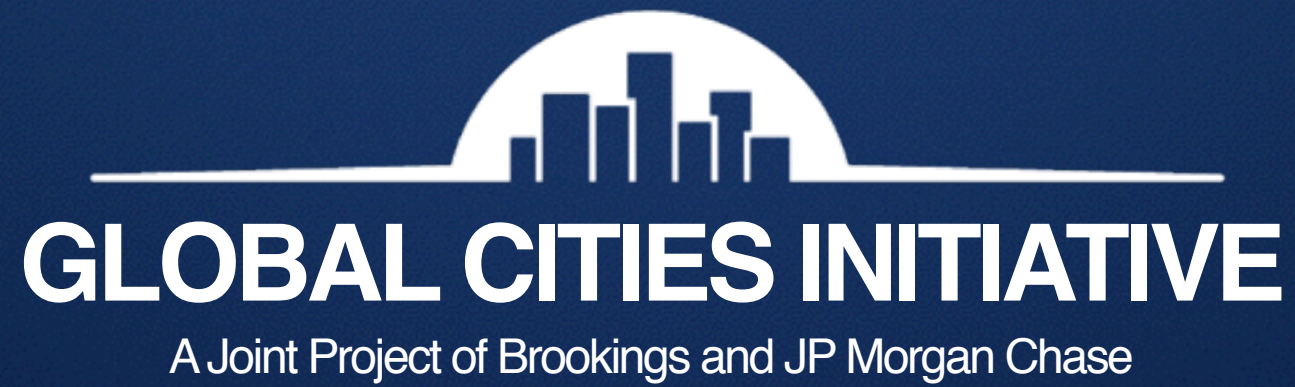
Ports  
Airports



1 2 3

## 3 Emerging Metro Innovations





## Goal

The Global Cities Initiative will catalyze a shift in economic development priorities and practices resulting in more globally connected metropolitan areas and more sustainable jobs and economic growth.

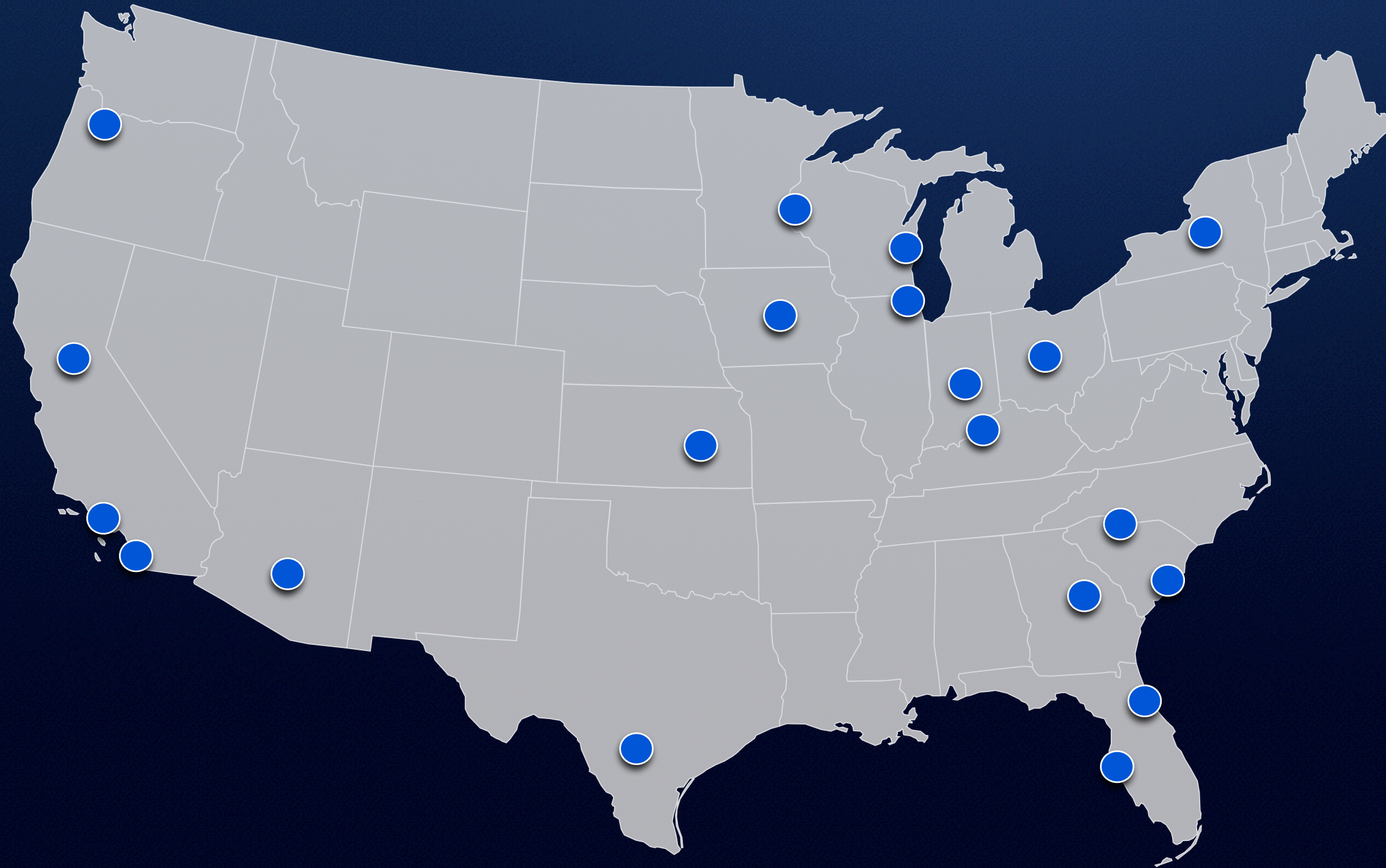
Research

Convenings

Exchange



# The Exchange Involves 28 U.S. Metro Area at the Vanguard of Global Engagement



Atlanta  
Charleston  
Chicago  
Columbus  
Des Moines  
Indianapolis  
Jacksonville  
Louisville-  
Lexington

Los Angeles  
Minneapolis-St. Paul  
Phoenix  
Portland  
San Antonio  
San Diego  
Sacramento  
Syracuse  
Tampa Bay  
Upstate SC  
Wichita



# Each Metro Area Is Leveraging their Unique Specializations and Global Brand





# Each Metro Has a Goal Driven Export Plan to Target Under-Exporting Firms and Industries



## **Goal : Double Regional Exports**

Maintain the regions competitive advantage through a heightened focus on cluster development, trade and innovation.



# Each Metro Has a Goal Driven Export Plan to Target Under-Exporting Firms and Industries



## Computers & Electronics

**Research:** 67 percent of region's total exports

**Strategy:** maintain advantage, boost secondary exports, fill supply chain gaps

**Progress:** Intel role as co-chair, Westside Freight Analysis

## We Build Green Cities

**Research:** Portland has an international reputation for sustainability

**Strategy:** Brand and market Portland's global edge in key clusters

**Progress:** Highly successful trade mission to Japan with four green firms

## Target Under-Exporters

**Research:** Company surveys reveal lack of proactive export strategies

**Strategy:** Provide case management to 10-15 mid-sized under-exporters

**Progress:** Launched pilot program to help 6 firms access new markets



# Each Metro Has a Goal Driven Export Plan to Target Under-Exporting Firms and Industries

San Diego



## **Goal : Global San Diego**

Position San Diego as a globally competitive metro region through export and foreign direct investment strategies that capitalize on the strengths of the regional economy.



# Each Metro Has a Goal Driven Export Plan to Target Under-Exporting Firms and Industries

San Diego



## Leverage Core Industries & Markets

**Research:** Top 5 industries account for 65% of exports; export markets shifting toward Pacific Rim and Latin America

**Strategy:** Capitalize on geographic position; market products & firms to international consumers.

## Develop Capacity of SMEs

**Research:** SMEs are 99% of San Diego enterprises

**Strategy:** Create a roadmap of export services, create competitive program to provide financing and consultation to SMEs

## Invest in Infrastructure

**Research:** Survey of firms found that airport, port and cyber infrastructure are most in need of improvement

**Strategy:** Establish regional export council to ensure infrastructure improvement



A background image of the Chicago skyline, featuring several tall skyscrapers and a body of water in the foreground. The image is slightly blurred and has a blue tint.

# 2nd largest

Mexican immigrant population  
resides in Chicago metro area

# 130

Chicago-based firms with  
operation in Mexico City

# Chicago

A background image of the Mexico City skyline, featuring several tall skyscrapers and a body of water in the foreground. The image is slightly blurred and has a blue tint.

# Mexico City

# \$1.7 billion

total bilateral trade of locally  
produced products

# 290,000

tourists and business travelers  
between Chicago and Mexico City  
per year





**GLOBAL CITIES ECONOMIC PARTNERSHIP**



# The Ultimate Goal: Metro Areas Will Become More Globally Fluent

## Global Fluency

The level of understanding, competence, practice and reach that a metro area exhibits in an increasingly interconnected world economy.

1. **Leadership with a Worldview**
2. **Legacy of Global Orientation**
3. **Specializations with a Global Reach**
4. **Adaptability to Global Dynamics**
5. **Culture of Knowledge and Innovation**
6. **Opportunity and Appeal to the World**
7. **International Connectivity**
8. **Investment for Strategic Priorities**
9. **Government as Global Enabler**
10. **Compelling Global Identity**

aware

oriented

fluent



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