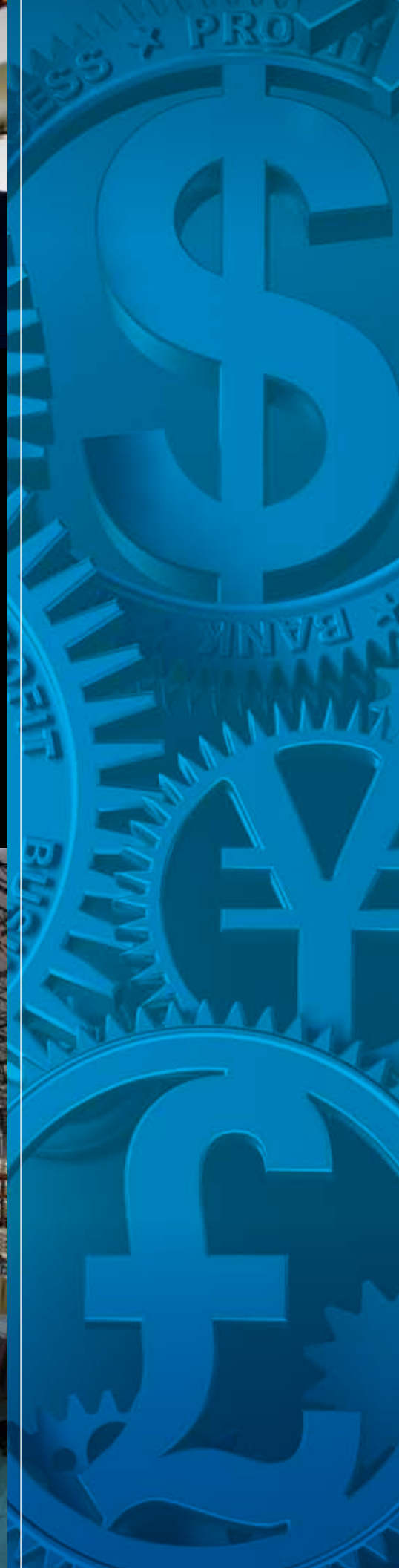


COLUMBUS GLOBAL CONNECT

GLOBAL TRADE AND INVESTMENT PLAN



GLOBAL CITIES INITIATIVE
A JOINT PROJECT OF BROOKINGS AND JPMORGAN CHASE







INTRODUCTION

THIS ITERATION OF THE *COLUMBUS GLOBAL CONNECT* plan brings together findings and strategies for both exports and foreign direct investment (FDI) into a single document, updating and superseding the export plan released in April 2014 (*Columbus Global Connect, Part I: Metropolitan Export Initiative*). The linkages between international trade and investment became increasingly apparent as the original export plan was completed and implementation initiated. The FDI market assessment further clarified the common need among exporters and FDI companies to be globally competitive, and how this expectation also applies to the places where they do business. While this plan identifies certain issues distinct to exports or to FDI, the combined plan synthesizes their overlap and connectedness.

With the Columbus Region at the midpoint for achieving its 2020 economic development goals, Columbus Global Connect will be an integral part of a refreshed economic growth strategy. Domestic and foreign-owned companies, experienced and aspiring exporters alike, require a more globally fluent region that can be an informed and effective partner as they continue to adapt to an ever-changing world economy. The development of this plan has been a crucial step toward realizing a truly global and economically vibrant Columbus Region.

The Columbus Region is already inextricably connected to the global economy, investment, and trade.

AN IMPERATIVE FOR THE COLUMBUS REGION

A METROPOLITAN REGION'S ABILITY TO COMPETE GLOBALLY for investment and trade is more important than ever before. According to the International Monetary Fund, 79 percent of global economic growth from 2013 to 2018 is expected to occur outside the United States, and 75 percent of the world's purchasing power is outside the nation's borders. Investment flows are also growing faster outside the United States. The U.N. Conference on Trade and Development notes that the United States attracted only 12 percent of global FDI in 2012, down from 26 percent in 1999.

The Columbus Region is already inextricably connected to the global economy, investment, and trade. More than 450 foreign-owned firms employ in excess of 54,000 workers. In 2013, the Region exported \$11.3 billion in goods and services, supporting nearly 69,000 jobs.

Economic globalization of the Columbus Region is only intensifying. From 2011 to 2013, the Region had an annual average of 22 FDI project announcements with at least 50 jobs created or \$1 million investment, double the 11 announcements per year from 2000 to 2010. The Region's exports of \$11.3 billion in 2013 were up 61 percent from \$7 billion in 2003. Export-supported

jobs accounted for 27 percent of employment growth from 2003 to 2013.

While international trade and investment are important and growing components of the regional economy, the Columbus Region lags the nation as a whole and many Midwest peer metro areas in various export and FDI measures. In 2013, the Columbus metro area ranked 37th among U.S. metros for export value, below its GDP rank of 31st. The Columbus Region's FDI share of employment was 5.3 percent in both 1991 and 2011, while the U.S. share grew from 4.6 percent to 5.4 percent during the same period.



However, opportunities abound for the Columbus Region to accelerate export and FDI growth. The Region's economic development project pipeline is seeing an all-time high for FDI, portending additional growth in FDI project announcements. Since the fall of 2013, FDI has represented approximately half of business attraction projects. This supports information gathered from the Region's international missions and economic development networks: More foreign companies are looking to enter or expand in the U.S. market.

Rising FDI is evident in the recent success building on the presence of Honda and other Japanese-owned firms. These efforts, combined with broader trends such as the recovery of the automotive industry, have helped lead to Japanese firms accounting for 60 percent of FDI project announcements from 2011 to mid-2014, including a handful of major Honda projects and a couple dozen announcements from suppliers. Honda's commencement of exports out of the U.S. and their suppliers' exports to a growing supply chain in Mexico will support future export growth. The strength of the Japanese automotive industry in the Region may also present a challenge, marking a need to diversify

the Region's exports and FDI beyond core competencies in order to take fuller advantage of global trade and investment flows.

The Columbus Region's recent success with FDI, and in particular with Japanese companies, indicates that a deliberate plan and course of action can make a clear difference beyond the underlying macro trends. Exports are necessary for regional firms to tap faster growing international markets. FDI brings in not only new jobs and investment to the Region, but also innovation and business knowhow.

Each important in their own right, FDI and exports are also interconnected, requiring strategies that address issues across trade and investment. The U.S. Department of Commerce reports that 21 percent of U.S. exports in 2011 were by foreign-owned subsidiaries. The market assessment that was completed as part of this plan also revealed linkages, with more than 80 percent of the foreign-owned companies interviewed active in exports. Addressing trade and investment together can help make the Columbus Region, its businesses, and workforce more competitive in a globalized economy.



COLUMBUS GLOBAL CONNECT AND THE COLUMBUS REGION ECONOMIC GROWTH STRATEGY

The economic recession of 2008-2009 generated a sense of urgency for a regional growth strategy for Central Ohio. Even before the recession, public and private leaders saw that the region was not keeping pace with the nation in income and employment growth the way it had in the 1980s and 1990s. In the face of high unemployment rates and depressed investment, leaders organized support and resources for economic development at levels previously unseen in the 11-county Columbus Region, realizing that sustained efforts were necessary to achieve the following goals by 2020:

- Add 150,000 net new jobs
- Increase per capita income by 30 percent
- Attract \$8 billion in capital investment
- Be recognized as a national leader in economic development

The economic growth strategy led to the establishment of a regional economic development organization, Columbus 2020, which has since worked with government, business, and civic partners across the Columbus Region to implement the strategy. Early on, regional stakeholders observed the importance of FDI and the impact it was having on the progress toward meeting the economic growth goals.

Since 2012, participation in the Global Cities Initiative (GCI), a joint project of the Brookings Institution and JPMorgan Chase, has further cemented awareness of the global economy's role in regional job creation and investment. GCI aims to help metro leaders direct their economies toward greater engagement in world markets. This focus recognizes that metropolitan regions drive the U.S. economy. The 100 largest metro areas in the United States account for 67 percent of the nation's exports and 74 percent of its employment in foreign-owned companies. Businesses view Columbus at a regional level with regard to their operations, whether

for supply chain, workforce, or infrastructure. The Region is where national and global trends and policies become economic reality.

An important element of GCI is the Global Cities Exchange (the Exchange). The Exchange is a “learning and action network” of 28 U.S. metro areas that are developing and implementing regional export and foreign direct investment strategies to boost global trade and investment. They also seek to forge partnerships between U.S. and international metropolitan areas and advocate for state and national policy changes. The Columbus Region and other metro areas in the Exchange were selected through a competitive application process based on demonstration of readiness, capability, and commitment to advance international business efforts.

As part of the Exchange, the Columbus Region shared ideas about the process of developing export and FDI plans with like-minded U.S. metro areas in the network, and continues to collaborate with these metro areas on relevant policy issues and other aspects of plan implementation. These activities align with a broader push for increased global awareness and orientation, including initiatives such as the biennial Global Columbus report and recent successes with adding international air freight service.

A key outcome of the Region’s participation in the Exchange has been the development of Columbus Global Connect, a trade and investment plan to help assure that the Columbus Region has a central place in the world economy, with strong links to both established and emerging markets. Involvement in the Exchange first yielded an export plan, enhancing traditional business attraction, retention, and expansion activities performed by Columbus 2020 and local economic development organizations (LEDOs) in the Columbus Region. Addition of an FDI component further clarified

that the Region’s economic development work needed to focus on business and supply chain intelligence, aligning activity more closely with how companies conduct business.

To respond to the trade and investment needs of business, the Columbus Region brings together a wide range of partners and networks:

- International companies with local operations
- Service providers
- Local, state, and federal government agencies
- Economic development organizations at local, regional, and state levels
- Contacts in foreign markets

Working together, the Region’s economic development efforts have strengthened relationships with current and potential exporters, foreign-owned companies, service providers and consultants.

In the face of high unemployment rates and depressed investment, leaders organized support and resources for economic development at levels previously unseen in the 11-county Columbus Region.

KEY FINDINGS

FROM THE MARKET ASSESSMENTS



DETAILED MARKET ASSESSMENTS FOR EXPORTS AND FDI were conducted for *Columbus Global Connect*. The assessments provide a clear picture of the Columbus Region's current performance and assets. For each assessment, data from the Brookings Institution, Columbus 2020, and other sources were supplemented with information collected directly from companies in the Region. The exports market assessment included meetings and an online survey of 135 companies that currently export or are likely to export in the near future, as well as companies that provide services to exporters. The FDI market assessment included in-depth interviews with 28 foreign-owned companies in the Columbus Region.

The assessments revealed a number of common themes across exports and FDI, outlined in these key findings:



KEY FINDING 1

Exports and FDI support high-quality job creation

Exports and FDI are crucial for the Columbus Region's global competitiveness. They help drive innovation and support higher-paying jobs.



KEY FINDING 2

The Columbus Region has underperformed in exports and FDI

The Columbus Region is underperforming against other Midwest communities and the United States in exports and FDI.



KEY FINDING 3

Regional exports and FDI are concentrated by both market and industry

Existing concentrations of exporters or FDI from certain countries or in certain industries highlight areas of strength, but they may also point to growth possibilities through diversification within a key industry or market.



KEY FINDING 6

Exporters and FDI companies face a range of business challenges

The challenges identified by exporters and foreign-owned companies range from those applicable to doing business in general (e.g. workforce) to issues related to international business, such as regulations and visas.



KEY FINDING 8

FDI often leads to exports in the long term

Many foreign companies initially invest in the United States to access the U.S. market or customers. Exports eventually follow, sometimes five, 10, or 20 years after the first investment. Some of the Region's major FDI employers today began here with far smaller levels of investment and exports.



KEY FINDING 4

Mergers and acquisitions are a major source of FDI

Despite the perceived and real risks M&A can present, the data show opportunity for foreign investment via the various forms of M&A.



KEY FINDING 7

Fragmented service delivery limits export growth

Due to fragmented and perhaps under-resourced assistance from federal, state, or private-sector programming, and lack of awareness or intent related to global opportunities, many companies with highly competitive goods or services have exported on a limited basis or not at all.



KEY FINDING 9

Companies are willing to engage around issues related to growth and competitiveness

Compared to traditional business retention and expansion (BRE) outreach and topics, companies were more interested in meeting to discuss international trade and investment.



KEY FINDING 5

Networks and relationships matter

Networks and relationships play an important role for companies' exports and FDI activities. They facilitate entry to new markets, whether it is a U.S. company exporting abroad or a foreign company investing in the United States.

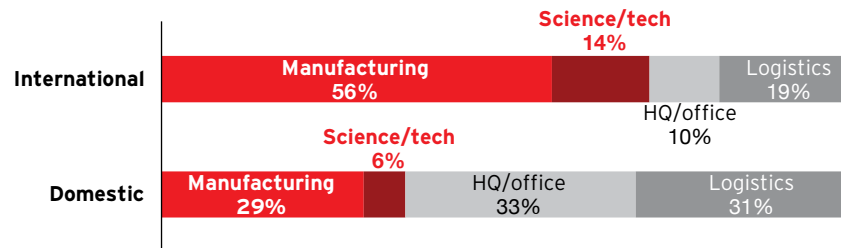


KEY FINDING 1

Exports and FDI support high-quality job creation

Compared to companies operating solely within the U.S. market, exporters and foreign-owned companies are more likely to be globally competitive and innovative. In turn, they support higher-paying jobs. From 2007 to 2013, 70 percent of FDI project announcements in the Columbus Region were in manufacturing and science and technology. In comparison, these sectors represented only 35 percent of projects of domestic origin.

FDI versus Domestic Project Announcements* by Sector, Columbus Region, 2007-2013

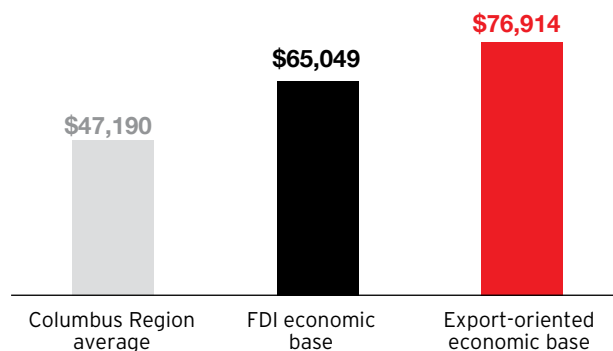


Source: Ohio Private Investment Survey

*Economic base projects exceeding 50 new jobs or \$1M investment

Reflecting the innovation and productivity required to operate in global markets, average annual wages for FDI and export-oriented industry jobs in the Columbus Region are significantly higher than the regional average—28 and 63 percent higher, respectively.

Columbus Region Average Annual Wages, 2014



Source: Columbus 2020 analysis of EMSI data

The 450-plus foreign-owned firms in the Region employ more than 54,000 workers, while the Region's exports support nearly 69,000 jobs. Among the Columbus Region's project announcements from 2000 to 2013, FDI projects on average generated 9 percent more jobs and 15 percent more capital investment than did domestic projects. Exports also generate job creation, albeit not immediately in the form of a new or expanded facility. According to the U.S. Department of Commerce, \$1 billion in new exports translates to approximately 5,000 new jobs.

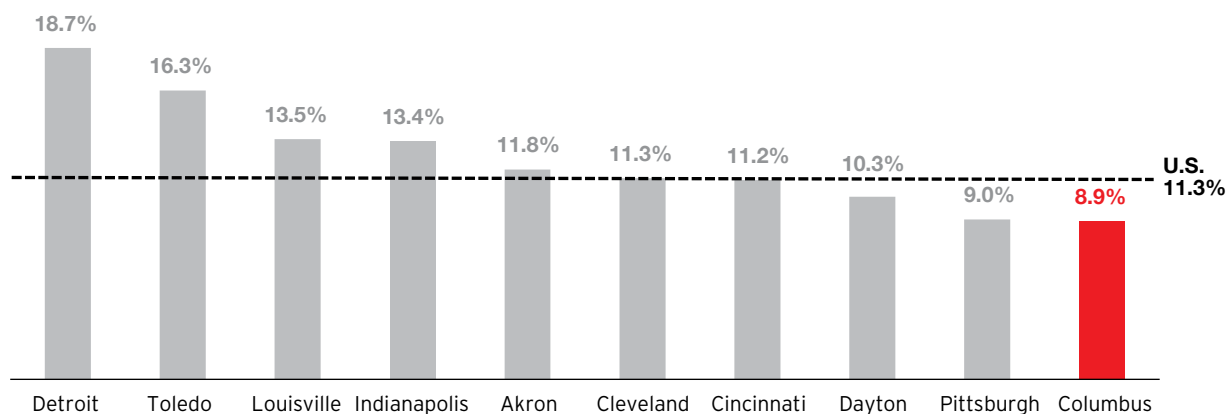


KEY FINDING 2:

The Columbus Region has underperformed in exports and FDI

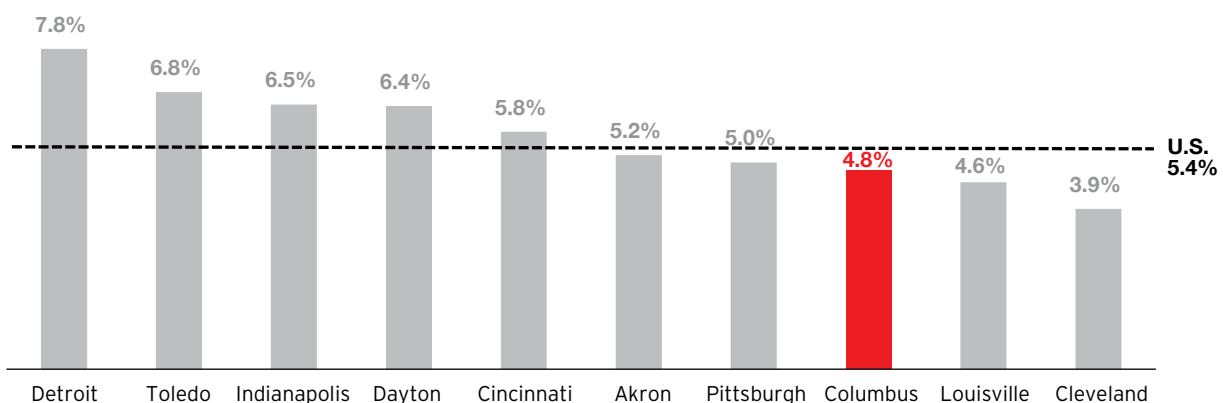
The Columbus Region is underperforming against other Midwest communities and the nation as a whole in exports and FDI. In 2013, the Columbus metro area's export share of output was 8.9 percent, a figure lower than other metro areas around Ohio and the Midwest and 2.4 percentage points lower than the U.S. average. Columbus ranked 37th among metro areas for export value, below its rank of 31st for metro GDP. Columbus' FDI share of metro employment has also been subpar, with a 4.8 percent rate in 2011, 0.6 percentage points below the U.S. average. Considering the Columbus Region's economic success relative to many parts of the Midwest and the United States, accelerated growth in exports and FDI can add yet another level of dynamism to the regional economy.

Export Value as Share of Output, Metro Areas, 2013



Source: Brookings Institution

FDI Share of Employment, Metro Areas, 2011



Source: Brookings Institution

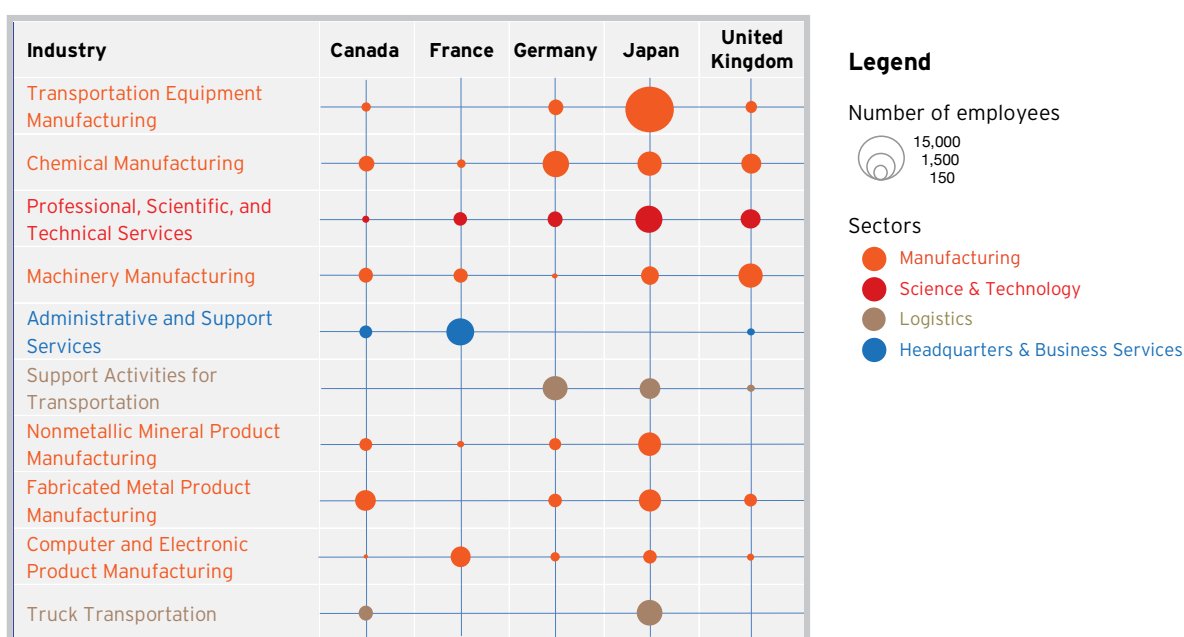


KEY FINDING 3

Region exports and FDI are concentrated by market and industry

Existing concentrations of exports or FDI in certain countries or industries highlight areas of strength, but they may also point to growth possibilities by diversification within a key industry or market. The Region's automotive supply chain is a prime example, where Japanese companies comprise 96 percent of FDI employment in transportation equipment manufacturing, and this industry represents 69 percent of Japanese firm employment. The clumped pattern of FDI employment raises questions of whether it is possible to diversify the source countries of FDI in an industry or the industries of FDI from a country. In other words, can clusters be extended across markets and industries?

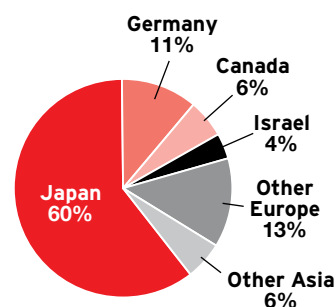
Columbus Region Employment by FDI Source Country and Industry



Source: Columbus 2020

Proactive diversification to other markets and industries may be necessary to provide consistent FDI growth in the future. Since 2011, the Columbus Region has leveraged the network of existing Japanese companies and broader automotive industry trends, resulting in 60 percent of regional FDI project announcements originating from Japan. This may be both a strength and weakness, marking a need to diversify the Region's FDI beyond core competencies but also highlighting that regional economic development practices can make an impact beyond the underlying industry trends.

Columbus Region FDI Project Announcements, 2011-2014



Source: Ohio Private Investment Survey

The prevalence of the automotive industry in FDI is also reflected in the Columbus Region's exports. In 2013, transportation equipment manufacturing represented \$3 billion (27 percent) of the Region's \$11.3 billion export value. From 2003 to 2013, the industry's export value increased by 73 percent, outpacing the Region's overall growth of 61 percent. Honda's exports out of the United States and their suppliers' exports to a growing supply chain in Mexico will support future export growth.

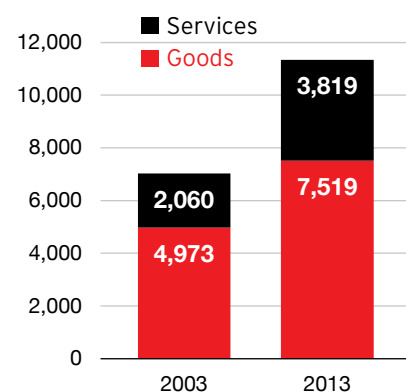
Value of Exports (\$ million, 2013 dollars) by Industry, Columbus Region, 2003-2013

Major Industry	2013	% of Region exports	Change 2003-2013
Transportation Equipment	3,043.5	26.8%	73.4%
Chemical	1,051.2	9.3%	35.9%
Machinery	881.9	7.8%	56.0%
Royalties	664.0	5.9%	67.6%
Financial Services	614.7	5.4%	369.9%
Travel & Tourism	587.8	5.2%	37.0%
Tech Sector	461.1	4.1%	96.5%
Food	409.9	3.6%	69.4%
Freight & Heavy Industry	379.5	3.3%	20.7%
Primary Metal	318.0	2.8%	202.6%
ALL INDUSTRIES	11,138.9	100.0%	61.2%

Source: Brookings Institution

Growth in other industries provides opportunities for diversification in exported goods and services. The primary metal manufacturing industry (e.g., steel, aluminum) in the Columbus Region tripled exports from 2003 to 2013. Services such as finance, royalties, and technology have grown at rates faster than the regional average. While goods represented two-thirds (66 percent) of export value in 2013, the value of exported services has grown faster. From 2003 to 2013, there was an 85 percent increase in exported services, compared to a 51 percent increase in exported goods.

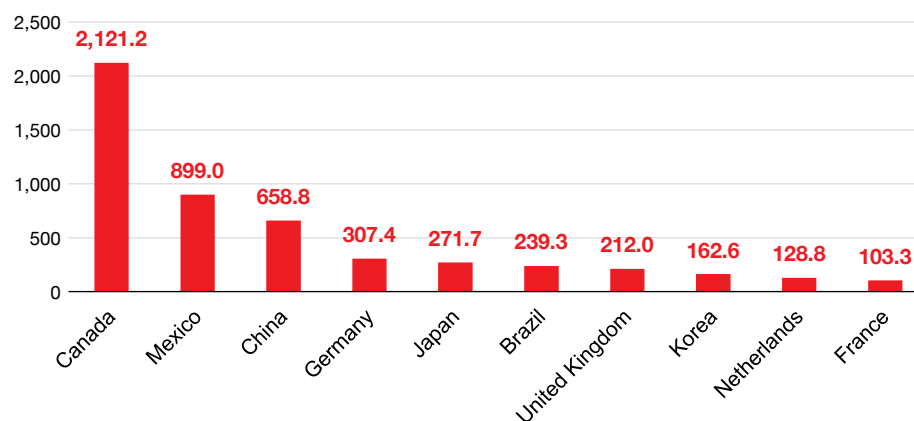
**Columbus Region Export Value
(\$ million, 2013 dollars), 2003-2013**



Source: Brookings Institution

A number of the Columbus Region's top FDI source markets—Canada, Japan, Western Europe—are also among its top markets for goods exports. In contrast, emerging markets such as Mexico, China, and Brazil are significant destinations for exports but not yet major sources of FDI. As multinational companies from these and other developing economies grow and invest in the United States, there may be opportunities to leverage existing trade and supplier connections among businesses.

Value of Goods (\$ million) Shipped from Columbus MSA by Foreign Market Destination, 2010



Source: Brookings Institution





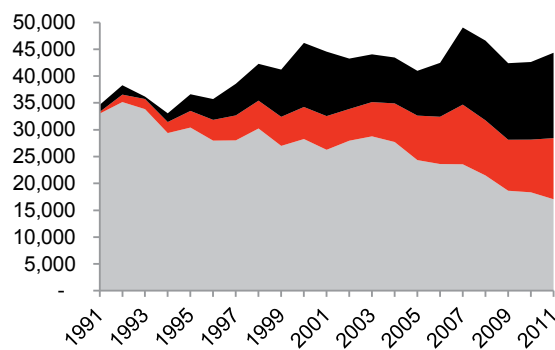
KEY FINDING 4

Mergers and acquisitions are a major source of FDI

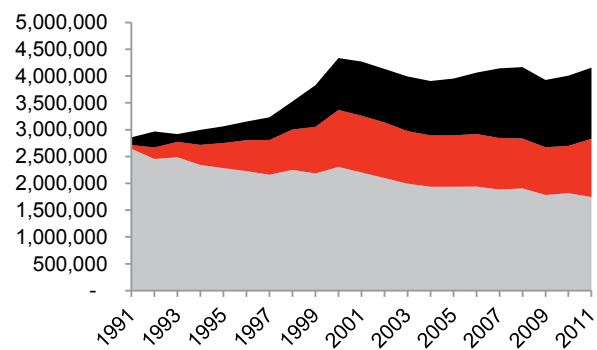
Despite the perceived and real risks M&A can present, the data show opportunity for foreign investment via the various forms of M&A. Since 1991, M&A has represented 58 percent of the Columbus Region's employment growth in foreign-owned firms, compared to just 42 percent for new openings (i.e., greenfield). While an individual M&A transaction may not add net new jobs beyond the shift of employment from domestic- to foreign-owned, the new parent company can provide global scope in resources, technical expertise, and knowledge of international markets.

FDI Employment by Pre- and Post-1991 Foreign-Owned Establishments

Columbus Region



100 Largest MSAs



■ Pre-1991 stock ■ Openings since 1991 ■ M&A since 1991

Source: Brookings Institution

Boehringer Ingelheim Roxane, Exel, PharmaForce and other companies in the Region came to be foreign-owned through acquisition of an existing company, often one much smaller compared to the company that exists here today. Blockbuster M&A deals may make news headlines, but smaller targeted investments are often the norm. Foreign buyers have acquired companies in the Region for a variety of reasons, such as gaining a foothold in the U.S. market or accessing intellectual property. These can become building blocks later on for expanded activity and investment, as local capabilities are linked up to the parent company's global resources and markets.



KEY FINDING 5

Networks and relationships matter

Networks and relationships play an important role for exports and FDI activities. They facilitate entry to new markets, whether it is a U.S. company exporting or a foreign company investing in the United States.

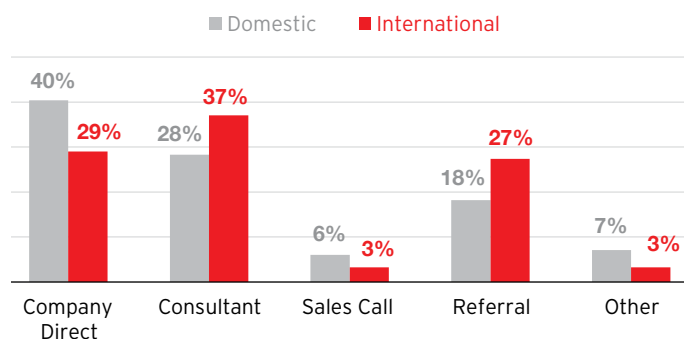
Among foreign-owned companies interviewed, external advisors played a significant role in their location decision process more often than in-house staff. This small sample of results is supported by data from the Columbus Region's pipeline of approximately 150 active projects. Foreign-owned company projects were more likely than domestic projects to have entered the pipeline via consultants or referrals from the Region's networks of companies, service providers, and government agencies operating in foreign markets.

Use of Internal Teams or External Advisors by Respondents in Site Selection Process



Source: Columbus Region FDI company interviews

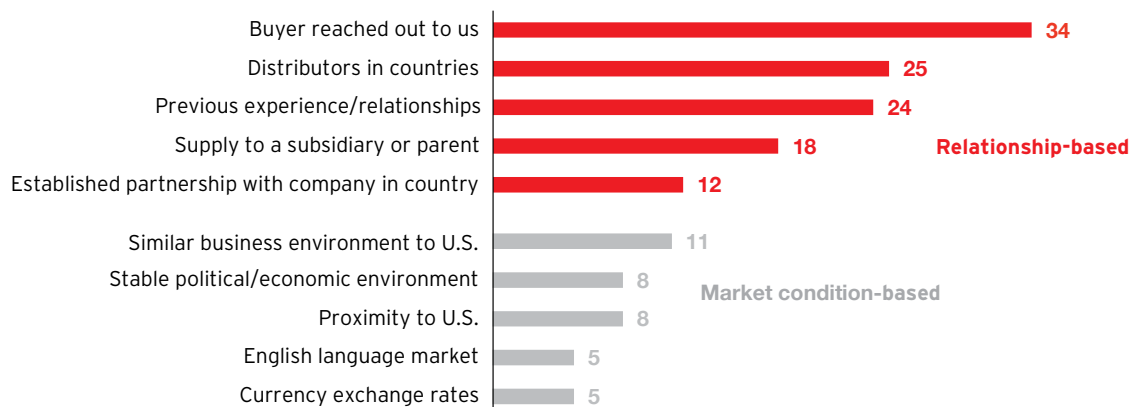
Active Projects as of July 2014 by Project Origin



Source: Columbus Region Salesforce database

Many of the exporters interviewed entered foreign markets in reaction to opportunities within their own networks and relationships. The presence of buyers, distributors, supply chains, or past connections were of greater influence than purely strategic considerations of market conditions.

Respondents' Reasons for Exporting to Selected Countries or Markets



Source: Columbus Region exporter survey



KEY FINDING 6

Exporters and FDI companies face a range of business challenges

The challenges identified by exporters and foreign-owned companies range from those applicable to doing business in general, such as workforce, to issues related specifically to international business, such as regulations and visas. A number of challenges were related to various aspects of entering a new market, whether it was an exporter selling abroad or a foreign company investing in the United States.

Export Challenges	FDI Challenges
<ul style="list-style-type: none">❑ Transportation costs❑ Foreign regulations, import controls, customs❑ Knowledge of and contacts in foreign markets to negotiate sales and distribution❑ Language and cultural barriers❑ Protecting intellectual property, receiving payment	<ul style="list-style-type: none">❑ Workforce availability and quality❑ Differences with regard to business methods, workforce and training systems, work ethic and language/culture❑ Immigration/visa issues❑ Passenger air service

These challenges help illuminate the importance of networks and relationships highlighted in the previous key finding. Exporters are often reactive rather than proactive, in significant part because of the unfamiliarity of new foreign markets and the resources needed to overcome that barrier. Survey respondents noted three major areas of assistance desired to improve export activity, all of which would provide a guiding hand into new markets:

- ❶ High-level activities such as trade shows, missions, export promotion, and more free trade deals.
- ❷ Streamlined regulations and processes for entering goods or services into a foreign market.
- ❸ Business mentorships and training.

Likewise, foreign companies rely on external advisors in part because of unfamiliarity with U.S. regulations and taxes. Even for a general business issue such as workforce, interviews with FDI companies turned out to be an opportunity to provide them information about regional and state workforce resources. This indicates that despite foreign companies' use of consultants on a variety of business, financial, legal, and other issues, there remain knowledge gaps that can be filled by the Columbus Region's economic development organizations and partners.

Despite foreign companies' use of consultants on a variety of business issues, there remain knowledge gaps that can be filled by the Columbus Region's economic development organizations and partners.



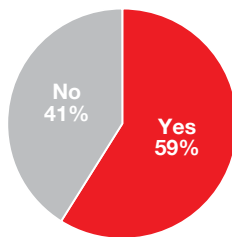
KEY FINDING 7:

Fragmented service delivery limits export growth

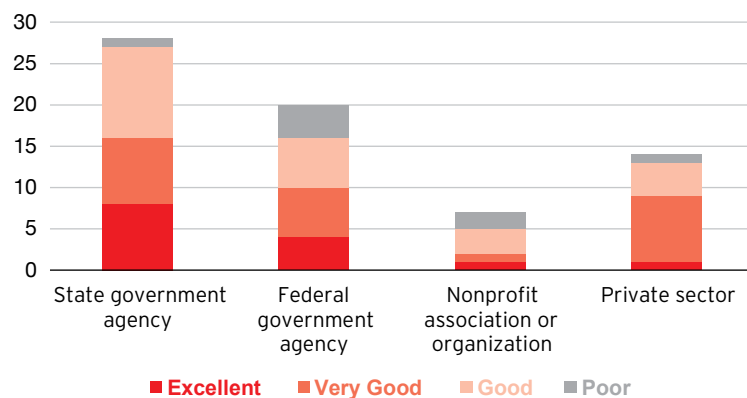
Due to fragmented and perhaps under-resourced assistance from federal, state, or private-sector programming, and lack of awareness or intent related to global opportunities, many companies with highly competitive goods or services have exported on a limited basis or not at all. The tendency of companies to approach exports reactively, responding to a particular customer or opportunity (see Key Finding 5), indicates that a company's entry into exports does not automatically translate into sustained export growth. Many of these accidental exporters have not sought to secure global customers beyond those that contacted them.

Greater promotion and outreach around the importance of exports, potential markets, and available assistance can help spur export activity. Results from the market assessment indicate that 41 percent of current exporters had not used export assistance. However, among companies that had used export assistance, their ratings of services from government agencies, nonprofit organizations, and the private sector were generally positive. There is significant opportunity to connect companies with available quality services.

Percentage of Respondents That Have Used Export Assistance



Respondents' Ratings of Export-Related Assistance Services



Source: Columbus Region exporter survey

Among companies that had used export assistance, their ratings of services from government agencies, nonprofit organizations, and the private sector were generally positive.



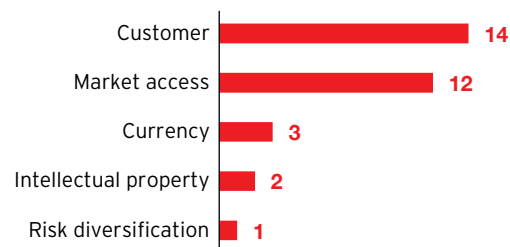
KEY FINDING 8:

FDI often leads to exports in the long term

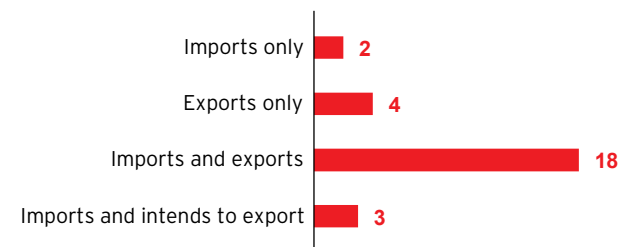
Some of the Columbus Region's major FDI employers today began with far smaller levels of investment and few or no exports. Exel's presence in the United States began with a series of relatively small acquisitions around the country before consolidating activity in the Region and growing to more than 2,000 employees. More recently, Spanish shoe company Magnanni first established a sales office here and then added distribution operations. Even if a foreign company's entry into the United States is a small acquisition or new sales office in the Region, this can lead to incumbency for future location decisions related to distribution, manufacturing, R&D, and regional headquarters.

Among foreign-owned companies interviewed, the vast majority identified access to U.S. business customers or consumer markets as an initial catalyst for investment. Imports tended to start immediately with investment, especially for greenfields, as the parent company resourced the Columbus location with supplies and expertise. Despite the lag in export activity, 22 of the 28 interviewed companies are now exporting. Eighteen companies both import and export, and three companies who are importing have intentions to export in the near future. The relationship between imports and exports highlights the importance of enhancing both sides of global trade flows. While there may be some opportunities to replace imports with local suppliers, the focus should be on increasing regional value added.

Initial Catalyst for Respondents to Invest in the U.S. and Columbus Region



Current Trade Activities of Respondents from Columbus Region Facility



Source: Columbus Region FDI company interviews



KEY FINDING 9:

Companies are willing to engage around issues related to growth and competitiveness

Compared to traditional business retention and expansion (BRE) outreach and topics, companies were more interested in meeting to discuss international trade and investment. A global perspective added new insights to common BRE topics, such as workforce. For example, FDI establishments that are recent greenfield investments are more likely to find workforce challenges rooted in cultural differences and business approaches. This may not have come to light if discussions had focused on how to retain a business and their workforce.

The market assessment surveys and interviews showed how priorities for growth and competitiveness vary across industries, business sizes, facility types, and other characteristics. Smaller exporters were more likely to highlight business development-related barriers of figuring out regulations or finding distribution and sales contacts. Larger exporters emphasized more permanent barriers such as tariffs and transportation costs. Recent FDI establishments such as ISS America and KDC relied more heavily on the parent company and external advisors for their investment decisions, compared to long-established companies that have developed in-house capabilities over time.

As much as the participating companies provided valuable intelligence for the market assessments, many were also interested to see the resulting analysis. This is applicable to economic development practice in general, where organizations work with a variety of businesses, industries, site selection consultants, and, sometimes, markets that even many globally engaged companies may find unfamiliar. In contrast, as companies are often occupied with their own day-to-day operations, certain issues can fall down the priority list. In turn, companies can fail to consider exporting or new markets, or not be cognizant of available resources for workforce, trade, and other matters. Awareness of this knowledge advantage can reshape how the Columbus Region's economic development practitioners interact with existing and prospective businesses going forward, with a focus on gathering and sharing business intelligence.

The market assessment surveys and interviews showed how priorities for growth and competitiveness vary across industries, business sizes, facility types, and other characteristics.



GOALS AND OBJECTIVES

Columbus Global Connect is an integral part of the Columbus 2020 Regional Growth Strategy. The strategy's four main goals were developed by a coalition of private and public sector leaders in 2010, with each goal to be achieved by the year 2020. Achieving the objectives and strategies of Columbus Global Connect will directly contribute to the Region's economic growth goals.



Columbus 2020 Goal	How Columbus Global Connect Supports Goal
Add 150,000 net new jobs	Increasing exports and FDI will grow jobs Export-supported jobs represent 6.8 percent of Columbus Region employment and accounted for 27 percent of the Region's employment growth from 2003 to 2013. FDI jobs represent 5.4 percent of Region employment; FDI projects announced from 2000 to 2013 on average yielded 9 percent more jobs than did domestic projects.
Increase per capita income by 30 percent	Increasing exports and FDI will grow high-paying jobs Average annual wages for FDI and exported-oriented economic base jobs in the Columbus Region are \$65,049 and \$76,914, respectively. These wages are significantly higher than the regional average of \$47,190.
Attract \$8 billion in capital investment	Increasing exports and FDI will grow investment by both domestic and foreign firms Increased export sales will generate over time the need and resources for increased investment in the Columbus Region. FDI projects announced from 2000 to 2013 on average yielded 15 percent more investment than did domestic projects.
Be recognized as a national leader in economic development	Increasing exports and FDI will grow awareness of the Columbus Region in a global economic context With more of the world's economic growth occurring outside the United States, increased engagement with internationally focused businesses and organizations will ensure the Columbus Region's standing in a competitive global economy.

COLUMBUS GLOBAL CONNECT OBJECTIVES

Exports	FDI
Become one of the top 25 metropolitan areas in export value by 2020.	Increase FDI pipeline from 40 percent share of active projects (38-42 percent range in past 12 months) to a 50 percent share by 2020. This entails 12 to 17 additional FDI projects in the pipeline.
Generate 50 referrals annually to introduce current exporters and ready-to-export companies to export-related services.	Diversify FDI from 40 percent non-Japanese share of FDI announcements (2011-2014 YTD) to 55 percent in 2015-2020. Projects will include greenfield as well as those that emerge in response to M&A interest or activity.

STRATEGIES AND TACTICS

The objectives of *Columbus Global Connect* will be accomplished through strategies that seek to both broaden and deepen the Region's current base of exports and FDI.

- ① Reorient business retention and expansion activity
- ② Strengthen and diversify geographic markets
- ③ Activate existing global networks
- ④ Cultivate the next generation of global companies
- ⑤ Create a more global business environment



STRATEGY ① REORIENT BUSINESS RETENTION AND EXPANSION ACTIVITY

Economic development practice around BRE needs to shift its primary focus from retention to business growth and competitiveness. For many companies, survival is a matter of continued innovation and growth, especially in the face of global competition. BRE therefore cannot be about maintaining status quo, even if business is going well, but helping companies as they position themselves to where their industries will be in the future. A reoriented BRE practice in the Region will prioritize the growth of the existing economic base, with exports as a significant driver for both domestic

and foreign-owned companies, by applying a more thorough understanding of their industries, supply chains, and other key issues.

Columbus 2020, local economic development organizations, JobsOhio, and private-sector partners work with a variety of businesses and industries, collecting information along the way that can be formulated into valuable business intelligence for the companies served. With a strong knowledge base of industries and companies in the Region, economic development organizations can help uncover or generate business relationships, which are a key driver shared between exporters and foreign investors, as they often follow one or more of their customers to market. Business intelligence can also improve responsiveness to M&A opportunities and risks and, in turn, generate economic development projects. The Region's economic development organizations will not proactively arrange M&A deals but can build awareness surrounding M&A trends, including industries seeing high levels of activity.

Tactics include:

- Engage and meet with companies focusing on issues related to their growth and competitiveness, including specialized topics of interest in trade, infrastructure, workforce, supply chain, and industry trends.
- Produce reports and data for economic development partners and companies with a focus on relevant international business operations and supply chain issues by industry.
- Develop Region-level intelligence on realities of doing business in particular countries and regions. This can take the form of a report highlighting exporter case studies and outlining services and infrastructure that can connect the Columbus Region and a specific market.
- Monitor M&A trends and activities, including:
 - Industries relevant to the Columbus Region where M&A activity is high.
 - Companies and investors active in M&A in these industries.

STRATEGY ②

STRENGTHEN AND DIVERSIFY GEOGRAPHIC MARKETS

To maximize efficacy of economic development resources, business development for Columbus 2020 and the Region's LEDOs must shore up and then extend from current global business connections and activities. The Region's base of Japanese, British, German, and Canadian companies can be strengthened and leveraged to expand exports and attract counterparts from the same countries across a greater range of industries. Meanwhile, existing concentrations in automotive, chemicals, materials, R&D, logistics, and other industries can support geographic diversification into additional markets in Europe and Asia, including China, Korea, India, Scandinavian countries, Italy, and Spain. The selection of these markets is driven not only by their current levels of exports and FDI, but also their proximity to the Region's current top markets from which business development activities and missions can be more readily extended than to countries further afield.

Tactics include:

- Build target lists of FDI companies and investors by country and industry that will feed into business development missions and marketing.
- Develop Columbus Region value proposition and marketing materials for additional markets identified above on par with those in place for existing core markets.
- Plan and coordinate business development missions that cover both core and emerging export and FDI markets.
 - Tap into existing networks to augment the value of missions with additional meetings and introductions.
 - Use missions to continue to build relationships with companies, service providers, foreign government agencies and other organizations involved in facilitating trade and investment.
 - Leverage the status and scale of SelectUSA, U.S. Export Assistance Centers, state and industry trade shows, and business missions.

STRATEGY ③ ACTIVATE EXISTING GLOBAL NETWORKS

Decisions around exports and foreign investment do not occur in a vacuum and are often in response to customer or supply chain inquiries. Consultants, service providers, foreign government agencies, and other organizations then facilitate market entry. Many companies in the Columbus Region began exporting or invested here from abroad because of these relationships. The Region needs to continue building relationships with these influencers in U.S. and foreign markets.

Multinational firms and institutions can help make connections to bring trade and investment to the Region. This applies not only to foreign-owned companies like Honda and Safelite, but also to domestic companies such as L Brands and Worthington Industries. Ohio State University, Battelle, OCLC, and other institutions add yet another layer of international research and industry networks.

Tactics include:

- Work with the Global Connect Steering Committee and major companies and institutions in the Region to develop international networks and relationships that support Strategies 2 and 4.
- Build and maintain relationships with service providers, industry and trade associations, foreign government agencies and other organizations in the United States and around the world that influence trade and investment decisions.
- Organize one to two trade shows and four to five business missions per year to be led by Columbus 2020.
- Encourage business participation in trade shows and business missions executed by local, state, and federal partners.
 - Promote trade shows and missions in a targeted fashion based on relevance to businesses by industry and market.
 - Provide wraparound support, including background information on events or participants, marketing materials, and research.
- Link Global Connect themes to media and outreach related project announcements, infrastructure investments, business development activities, and general Columbus Region coverage.

STRATEGY ④ CULTIVATE THE NEXT GENERATION OF GLOBAL COMPANIES

Newer exporters and first-time entrants to the U.S. market are significant opportunities for increasing Columbus Region trade and FDI. Middle-market companies represent a sweet spot for capability and potential to increase exports and invest in the Region. This strategy is not meant to exclude large, industry-leading multinational companies who can quickly move the needle on the Columbus Region's export and FDI numbers. However, while attraction of a major foreign multinational can boost job creation and investment numbers in the short term, smaller greenfield and M&A wins will build a broader and larger base of FDI and exports in the long run. It may also be less resource-intensive to attract companies that are beginning to expand globally, compared to a highly competitive international site selection process.

The U.S. Department of Commerce reports a strong relationship between FDI and exports: 21 percent of U.S. exports in 2011 were by foreign-owned subsidiaries. The market assessment also confirmed the link between FDI and exports but found nuances. In particular, FDI into the Columbus Region is driven by the desire to access the U.S. market or U.S.-based customers first, and only later does the regional facility become a base for exports. Initially small FDI such as a sales office can expand significantly over time, adding other functions, and eventually producing for both the U.S. and international markets. Even though FDI will likely continue to focus on the U.S. market first, the Columbus Region can enhance aftercare (as described in Strategy 1) to accelerate these companies' entry into exports from here to the rest of the world.

Tactics include:

- Target emerging foreign companies that are either dominant players in their domestic markets and therefore bound to start international expansion, or exporters into the U.S. with limited or no U.S. presence.
- Encourage and support FDI companies to start exporting out of the Columbus Region as they establish their presence here.

- Target middle-market companies (\$10 million to \$1 billion revenue) based in the Columbus Region that produce exportable goods or services but have no or limited export activity.
 - Use resources from the National Center for the Middle Market based at the Ohio State University.
- Target small, fast-growing technology companies in the Region that have products with international market potential.
- Introduce federal, state, local and private sector resources to local economic development officials and provide tools to help them refer exporters to existing service offerings.
- Increase media and awareness around successful exporters and their direct impact on the regional economy in order to encourage new exporters.
- Engage successful exporters to act as mentors to entrepreneurs and high-growth companies and raise their awareness of international opportunities.
- Support the expansion of the Ohio Export Internship Program to provide assistance to qualifying companies seeking to increase exports.

STRATEGY 5

CREATE A MORE GLOBAL BUSINESS ENVIRONMENT

Exports and FDI drew significant interest and participation from companies in the Columbus Region, touching on issues that directly affect their competitiveness. This highlighted the extent to which many of these companies are already globally oriented in their operations and industry perspectives. The Region's economic development stakeholders, from LEDOs to educational institutions, likewise need to be globally fluent to support business. Continued interaction with companies, applying an international lens to regional issues such as infrastructure and workforce, will highlight areas for improvement in the Region's business climate. Advocacy and support on national and international issues, such as federal resources and market entry barriers, will require pulling together stakeholders across public and private sectors in the Region.

Tactics include:

- Convene the Columbus Global Connect Steering Committee and stakeholders including congressional representatives, business leaders, service providers, and government agencies to formulate an annual policy agenda and memorandum for trade and FDI.
- Build awareness of global market opportunities and existing international relationships by engaging regional allies, successful exporters and FDI companies, and media through events, individual meetings, and communications and outreach.
- Connect globally oriented companies through activities such as the Columbus Region Logistics Council so that they have opportunities to create business deals and partnerships.
- Promote and advocate for enhancement of the Region's workforce training programs, applying best practices from around the United States and the world. Major FDI source countries with strong reputations in workforce training, such as Japan and Germany, can provide fresh ideas relevant to companies in the Region. Foreign-owned companies, as well as educational and cultural institutions with international connections, can assist in making connections.
- Promote and advocate for development of physical infrastructure and services to enhance the flow of goods and services and the overall competitiveness of the Region. Priorities include international air passenger service, scheduled air cargo service, and facilities to enable air cargo exports, freight rail service, foreign trade zone (FTZ) expansion, and facilitated customs.

IMPLEMENTATION PLAN

AS *COLUMBUS GLOBAL CONNECT* will be fully integrated into the Columbus Region's economic growth strategy, so will its implementation be mainstreamed into the regular course of activity of Columbus 2020, local economic development organizations, and other stakeholders in growing the Region's economy. The following performance measures and organizational roles ultimately are part of achieving the Region's economic goals by making Columbus a globally competitive place to conduct business.



PERFORMANCE MEASURES

Performance metrics are crucial to seeing the progress of any strategy. Measuring outcomes will allow the Columbus Region to better understand where its strategies are succeeding and to redirect ineffective activities.

The performance metrics are tied to the overall objectives of the global trade and investment strategy. To measure results, Columbus 2020 will track quarterly and annual progress at several different levels.

MEASURE	BASELINE	DATE	TARGET	DATE
Columbus metro area export value (rank among metros)	37	2013	Top 25	2020
Columbus metro area export value (\$ billion)	9.4	2013	~15	2020
Columbus Region export value (\$ billion)	11.1	2013	~17	2020
Referrals of companies ready to export or export more (no.)	0	2013	50 per year	2015-2020
Referrals of foreign-owned companies ready to export or export more (no.)	0	2013	10 per year	2015-2020
FDI share of active projects (%)	~40	2014	~50	2020
FDI active projects (no.)	~55	2014	~70	2020
FDI employment (no.)	54,000	2014	64,000	2020
Non-Japanese share of FDI announcements (%)	40	2011-2014	55	2020

To measure results, Columbus 2020 will track quarterly and annual progress at several different levels.

ORGANIZATIONAL ROLES AND RESPONSIBILITIES 20

The implementation of Columbus Global Connect will be led by Columbus 2020 with engagement from various organizations active in international trade and investment issues. Funding for Columbus Global Connect will be provided by Columbus 2020 and its public and private sector partners, to be used for staffing and resources for business development, project management, research, and marketing. Columbus 2020 and other organizations may seek grant funding for more in-depth research into certain topics or other short-term activities. However, the core functions in implementing Columbus Global Connect should be mainstreamed on a more permanent basis into the Region's overall economic development efforts.

ORGANIZATION	ROLES & RESPONSIBILITIES
Columbus Region stakeholders	
Columbus 2020	<ul style="list-style-type: none"> ➤ Dedicate staff to oversee implementation of Global Connect, with participation and financial support from partner organizations. ➤ Produce globally oriented research and marketing materials for Columbus Region businesses and other stakeholders. ➤ Track performance measures.
Local economic development organizations	<ul style="list-style-type: none"> ➤ Identify current and potential exporters and refer to Ohio Development Service Agency's export assistance program or to local USEAC office. ➤ Continue outreach to foreign-owned companies and identify issues that may be distinct to FDI operations.
Exporting and foreign-owned companies, industry associations, trade groups	<ul style="list-style-type: none"> ➤ Participate in Global Connect Steering Committee. ➤ Communicate key issues affecting international trade or investment to the Region's economic development organizations. ➤ Proactively seek export-related business partnerships or serve as mentors. ➤ Work with Columbus 2020 to build international business relationships and networks.
Private-sector service providers of trade- or FDI-related services	<ul style="list-style-type: none"> ➤ Communicate key issues affecting international trade or investment to the Region's economic development organizations. ➤ Receive and handle exporter referrals. ➤ Work with Columbus 2020 to build international business relationships and networks.
Higher education and research institutions	<ul style="list-style-type: none"> ➤ Manage Ohio Export Internship Program (Ohio State University). ➤ Work with Columbus 2020 to target middle market companies to invest in and export out of the Columbus Region (National Center for the Middle Market). ➤ Inventory international research and business partnerships that have the potential to support Global Connect objectives and strategies.
Columbus Regional Airport Authority	<ul style="list-style-type: none"> ➤ Lead the continued enhancement of international air and intermodal freight infrastructure and services in the Rickenbacker Airport area.
TechColumbus	<ul style="list-style-type: none"> ➤ Identify fast-growing tech companies that have the potential to take their products to international markets. ➤ Work with Columbus 2020 to attract foreign tech companies into the United States and the Region.
Columbus Council on World Affairs	<ul style="list-style-type: none"> ➤ Continue publication of the Global Columbus report. ➤ Undertake other initiatives following on from the report to enhance the community's global fluency.

ORGANIZATION	ROLES & RESPONSIBILITIES
State agencies	
JobsOhio	<ul style="list-style-type: none"> ➤ Promote Ohio as a place to conduct global business. ➤ Coordinate with Columbus 2020 on FDI-related missions and projects.
Ohio Development Services Agency, Export Assistance Section	<ul style="list-style-type: none"> ➤ Receive, handle, and forward exporter referrals from Columbus 2020 and local economic development organizations. ➤ Monitor number of referrals received and end results.
Ohio Small Business Development Center and International Trade Assistance Center	<ul style="list-style-type: none"> ➤ Receive and handle exporter referrals from ODSA or USEAC.
Federal agencies	
United States Export Assistance Center (USEAC)	<ul style="list-style-type: none"> ➤ Receive, handle and forward exporter referrals from Columbus 2020 and local economic development organizations (Columbus office). ➤ Monitor number of referrals received and end results. ➤ Coordinate with the Columbus Region on relevant international missions.
Export-Import Bank of the United States	<ul style="list-style-type: none"> ➤ Receive and handle exporter referrals from ODSA or USEAC.
U.S. Small Business Administration	<ul style="list-style-type: none"> ➤ Receive and handle exporter referrals from ODSA or USEAC.
SelectUSA	<ul style="list-style-type: none"> ➤ Coordinate with the Columbus Region on relevant international missions.

POLICY PROPOSALS

The Columbus Region will advocate for the following policies by meeting with the Region's congressional delegation, as well as coordinating with other metro areas in the Global Cities Exchange where appropriate.

- **Longer-term reauthorization of the Ex-Im Bank.** In the fall of 2014, the U.S. Export-Import Bank was renewed for one year through a larger federal government funding bill. The previous reauthorization of Ex-Im Bank in 2012 only lasted two years. In early 2015, the Columbus Region will push for a longer-term reauthorization to provide a more stable footing for current and potential users of the bank.
- **Business visa reforms.** Immigration and visa reforms are necessary for personnel of foreign-owned and multinational companies to conduct

business in the United States more easily. The Columbus Region has seen multiple cases of visa delays, including for personnel seeking to work at their companies' facilities here and even for short-term visas to allow for site visits where new investments are under consideration.

- **More free trade agreements.** The United States lags many other countries in the number of free trade agreements. Tariffs and other market entry barriers are a key issue for the Columbus Region's exporters and may be keeping other companies on the sidelines from exporting. There may also be impacts on FDI in the long run. For example, in the automotive industry, the greater number of FTAs available in Mexico has been a supporting factor in attracting investment.



The Columbus Region will seek additional resources for export- and FDI-related federal services. Federal export-related services for Ohio have traditionally focused on Cleveland and Cincinnati. Specifically, the Region will advocate among its congressional delegation and the U.S. Department of Commerce for the following:

- Establishment of a separate District Export Council for the Columbus Region.
- Increased resources and staffing for the local USEAC office in Columbus.

In addition to actively lobbying for these resources, the Columbus Region will focus on its export objective of increasing referrals to help demonstrate proof of need and demand.

State programs are also important in supporting investment and trade. Columbus 2020 and local economic development organizations work closely with JobsOhio, the state's economic development agency, to attract investment from across the country and abroad. Columbus Region stakeholders will work to ensure that

a high level of focus from the state is also given toward exports, through continued and hopefully increased support of:

- **Ohio Export Internship Program.** This program matches companies looking to export for the first time or to improve their current export initiatives with students who have taken export-focused coursework, while providing a 50 percent reimbursement for intern wages.
- **International Trade Assistance Centers (ITAC).** ITACs provide financial assistance, business partner searches, information on product requirements in foreign markets and other support to help reduce barriers to entry.
- **International Market Access Grant for Exporters (IMAGE).** Funded by the state and the U.S. Small Business Administration, IMAGE is a 50 percent reimbursement program designed to offset the costs associated with certain exporting initiatives.

MARKETING AND COMMUNICATIONS

Important to the success of Columbus Global Connect will be marketing and communicating key messages on international trade and investment. These messages will serve both internal and external audiences to gain local buy-in and increase market opportunities. In particular, marketing materials and communications will seek to achieve the following:

- Increase global fluency among businesses, local economic development organizations, elected officials, local media, and the community at large.
- Generate awareness of the importance of exports, available opportunities and services, and existing challenges.
- Generate awareness of the importance of foreign investment, its presence in the Region, and key investment catalysts and drivers.
- Promote the Columbus Region to the world as a great base for investment and producing exports.
- Push forward the policy proposals outlined above to relevant businesses, elected officials, and local media.
- Mainstream international trade and investment into discussions and coverage around economic development issues.

Meetings and events organized or supported by Columbus 2020 provide opportunities to incorporate discussion of exports and FDI. These include the Columbus Region Economic Advisory Committee, the Mid-Ohio Development Exchange, and events like Economic Development 411 and Columbus 2020 Investor Updates. Columbus 2020 is also involved in the Columbus Region's annual mission to Washington, D.C., which can provide a larger forum for policy discussions in addition to smaller meetings locally with elected officials.

Exports and FDI will be incorporated into economic development practices. Many local economic development organizations have already undergone training on the importance of exports, identifying existing or potential exporters, and referring them to appropriate export-related services. Training will continue to cover LEDOs that have yet to participate.

In addition, Columbus 2020 will formalize its monitoring of international economic and business news and trends in order to provide briefings to stakeholders on key markets (EU—especially Germany and UK, Japan, China, Canada, Mexico), highlighting potential opportunities and impacts on the Columbus Region. Examples include international news on output, manufacturing activity, currency, inflation, M&A activity, initiatives and regulations that have bearing on regional trade and investment.

Many local economic development organizations have already undergone training on the importance of exports, identifying existing or potential exporters, and referring them to appropriate export-related services.

For a broader audience, Columbus 2020 and other regional organizations will increase publication of internationally oriented materials, promoting the Columbus Region to the world while enhancing global fluency locally. As an example, while people may be aware of the presence of German- and Japanese-owned establishments in the Region, the maps below help increase fluency by displaying where these companies' headquarters are concentrated within each country, with states or prefectures and major cities shown for context.



These materials, combined with stories highlighting individual exporters or foreign-owned companies, can feed into media coverage locally, nationally, and internationally. The Columbus Council on World Affairs' Global Columbus report is another means of increasing global fluency, showing the international nature of the Region from various cultural and economic angles. ■

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ABOUT THE GLOBAL CITIES INITIATIVE

The Global Cities Initiative is a joint project of the Brookings Institution and JPMorgan Chase to help business and civic leaders grow their metropolitan economies by strengthening international connections and competitiveness. GCI activities include producing data and research to guide decisions, fostering practice and policy innovations, and facilitating a peer learning network. For more information, see <http://www.brookings.edu/projects/global-cities.aspx> or www.jpmmorganchase.com/globalcities.



This report was developed by Columbus 2020 through the collaboration of political, business, and civic leaders of the Columbus Region.

The conclusions and recommendations of this report are solely those of its authors and do not reflect the views of the Brookings Institution or JPMorgan Chase.

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BROOKINGS

1775 Massachusetts Avenue, NW
Washington D.C. 20036-2188
telephone 202.797.6000
fax 202.797.6004
web site **www.brookings.edu**

Metropolitan Policy Program at BROOKINGS

telephone 202.797.6139
fax 202.797.2965
web site **brookings.edu/metro**

