

# The 10 TRAITS of GLOBALLY FLUENT METRO AREAS

GLOBAL CITIES INITIATIVE  
A JOINT PROJECT OF BROOKINGS AND JPMORGAN CHASE

## SAN ANTONIO

GDP (country rank), 2012 <sup>1</sup>	Share National GDP, 2012 <sup>2</sup>	GDP/Capita, 2012 <sup>3</sup>	Population, 2012 (country rank) <sup>4</sup>	Share National Pop., 2012 <sup>5</sup>	GaWC Global City Ranking, 2010 <sup>6</sup>	# Global 2000 HQs, 2012 <sup>7</sup>	GDP/c Growth 1993-2012 <sup>8</sup>
\$93,198,982,910 (34)	0.59%	\$41,545	2,243,327 (25)	0.71%	233	3	1.62%

**1) Benchmarks — what is the city’s recent ranking performance in terms of global firms, connectivity, diversity, range of cultural assets, immigrants, visitors?**

San Antonio’s economy rests on four major industries – health care, education, defense and tourism – and these make it one of the most localized large regional economies in the United States.<sup>9</sup> In GaWC’s analysis of global firm connectivity, it ranks in the last tier of world cities, as many large advanced services firms choose to locate in nearby Houston or Dallas.<sup>10</sup> Yet, San Antonio is touched by international business. Five Fortune 500 companies – including energy firms Valero and Tesoro – locate their headquarters in the region.<sup>11</sup>

Because it houses two large attractions – the Riverwalk along the San Antonio River and the historic Alamo Mission – San Antonio is a major tourist hub, drawing in millions of visitors each year, although the majority of these are domestic travelers. Finally, San Antonio’s proximity to Latin America draws in immigrants. While only 12 percent of the population is foreign born, 60 percent of the central city is Hispanic, revealing San Antonio’s interwoven history with both Spain and Mexico.<sup>12</sup>

**2) Narrative – the city’s journey into and through globalization. What kind of economic and development trajectory has it taken? What has changed over time?**

San Antonio’s economic reliance on the mostly non-tradable sectors of health care and bioscience, education, the military, and tourism has resulted in a uniquely protected path through globalization. The health care and bioscience industry concentrates in and around the South Texas Medical Center, which clusters 45 clinics, 12

hospitals, and one higher education institution.<sup>13</sup> San Antonio's 31 colleges and universities enroll more than 100,000 students, more than peer cities such as San Diego, Austin, or Dallas.<sup>14</sup> Because of their localized nature, these industries were not subject to international competition and underwent tremendous growth in the 2000s. Together, health care and higher education created 5.2 million jobs between 1999 and 2009.<sup>15</sup>

Perhaps the most important determinant of San Antonio's economic success has been military investment. In the early to mid-20th century the Air Force built multiple bases in San Antonio, which, along with the Army's Fort Sam Houston, make up the cluster of facilities that earned San Antonio the title of "Military City, USA." When the Base Closure and Realignment Commission closed Kelly Air Force Base in 1995, the city responded by building Port San Antonio, a massive inland manufacturing hub, on its grounds.<sup>16</sup> The port has more than 7.7 million square feet for its customer population, with a large number of aerospace companies such as Boeing and Lockheed Martin, and IT serves as a logistics point along the NAFTA corridor.<sup>17</sup>

Finally, San Antonio has always relied on its history and culture as economic development tools. The two largest tourist attractions in Texas – the Riverwalk and the Alamo – have been utilized to their fullest extent to drive the hotel and leisure industry.

### **3) Elements of international and global orientation - In what ways is the city globally connected and relevant? What sort of trade patterns does it exhibit?**

San Antonio follows the economic development model that many southern U.S. metro areas employ to attract global firms: cheaper labor costs, reasonable taxes, and a low cost of living for employees. The region's rail connectivity was bolstered in 2008 when Union Pacific opened the San Antonio Intermodal Terminal. The development of Port San Antonio, which sits at the crossroads of three interstate highways and two Class I railroads, is a concerted effort to make San Antonio a manufacturing and maintenance hub. Its position along the NAFTA corridor is critical. More than 50 percent of the goods flowing between the United States and Mexico move through San Antonio.<sup>18</sup> Indeed, San Antonio's proximity to the Dallas/Houston/Austin triangle and the Mexican maquiladoras that line the border mark room for growth in the logistics sector.

San Antonio exported \$6.7 billion in goods and services in 2010, making it one of the least export-intensive metro areas in the country (ranked 79th out of the top 100 metropolitan areas). Nearly a quarter of San Antonio's exports came in the transportation equipment sector, followed by travel and tourism (12 percent) and business services (11 percent). Its role in transportation equipment manufacturing has blossomed after Toyota chose to locate a pickup truck manufacturing facility in San Antonio in 2003, and it sits squarely in the Texas-Mexico Automotive SuperCluster.<sup>19</sup> Boeing has also concentrated jobs in the region by deciding to partly produce its 787 Dreamliner there and move its aircraft maintenance, modification, and support work from Wichita to San Antonio.<sup>20</sup> While it has a low export base, the region has experienced the seventh-fastest export growth of any U.S. metropolitan area post-recession,<sup>21</sup> partly because manufacturing employment rose 6 percent over the past two years.<sup>22</sup>

### **4) To what extent is the city's international dimension inherited or intentional?**

San Antonio's international dimension stems from its proximity to Mexico and its location at the crossroads of global rail and road links. Much of this global relevance is a product of a strategic geographic location and the explosive growth in North-South trade following the passing of the North American Free Trade Agreement, factors that were determined beyond the region. San Antonio's regional economy is not particularly export-intensive, but rather has historically relied on what *The Atlantic's* Derek Thompson has called, "eds, meds, hotel beds, and enlist-eds," referring to the metropolitan area's reliance on non-tradable sectors like education, health care, tourism, and military support, although recent growth in both exports and manufacturing may mark a rebalancing of the regional economy toward production.

Yet, while the origins of San Antonio's global connections were inherited, regional leaders in the public, private, and nonprofit sectors have worked strategically to nurture and bolster them. The investments at Port

San Antonio are one example, as is the Free Trade Zone #80-10 (FTZ) in which the complex sits. Businesses are able to bring goods into the FTZ, assemble them, and then ship them out without paying import duties, as long as the goods never enter the U.S. market.<sup>23</sup> The FTZ was founded by the Free Trade Alliance, a local organization founded after the passage of NAFTA that aims to make San Antonio a center for international trade. Another Free Trade Alliance project is the International Business Development Center (IBDC), a business accelerator that attracts international companies by providing consulting, office space, and local business contacts.<sup>24</sup> These coordinated efforts – Port San Antonio, the FTZ, and the IBDC – represent purposeful export and foreign direct investment strategies seldom seen at the local level.

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<sup>1</sup> Brookings analysis of Moody's Analytics and Oxford Economics data.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> "The World According to GaWC; Classification of Cities 2010," September, 14, 2011.

<sup>7</sup> The data were produced by G. Csomós and constitute Data Set 26 of the Globalization and World Cities (GaWC) Research Network (<http://www.lboro.ac.uk/gawc/>) publication of inter-city data.

<sup>8</sup> Brookings analysis of Moody's Analytics and Oxford Economics data.

<sup>9</sup> Emilia Istrate and Carey Anne Nadaeu, "Global MetroMonitor 2012: Slowdown, Recovery, and Independence" (Washington: Brookings Institution, 2012).

<sup>10</sup> "The World According to GaWC; Classification of Cities 2010," Globalisation and World Cities Network, September, 14, 2011.

<sup>11</sup> *Fortune Magazine*.

<sup>12</sup> William H. Frey, "State of Metropolitan America: Chapter II" (Washington: Brookings Institution, 2010).

<sup>13</sup> "South Texas Med: Who We Are," available at [southtexasmed.com/who-we-are/](http://southtexasmed.com/who-we-are/)

<sup>14</sup> Derek Thompson, "The Decade of San Antonio, An Interview With Mayor Julian Castro," *Atlantic*, August 2010.

<sup>15</sup> Derek Thompson, "Turtle Power: How San Antonio Beat the Recession," *National Journal*, September 11, 2010.

<sup>16</sup> "San Antonio: At the Crossroads of Opportunity," available at [www.inboundlogistics.com/cms/article/san-antonio-at-the-crossroads-of-opportunity/](http://www.inboundlogistics.com/cms/article/san-antonio-at-the-crossroads-of-opportunity/).

<sup>17</sup> "Top 50 Cities for Global Trade," available at [globaltrademag.com/?s=top+50+cities+for+Global+trade](http://globaltrademag.com/?s=top+50+cities+for+Global+trade).

<sup>18</sup> "San Antonio Business Profile," available at [www.sanantonioedf.com/business-profile/location](http://www.sanantonioedf.com/business-profile/location).

<sup>19</sup> "San Antonio: At the Crossroads of Opportunity."

<sup>20</sup> William Pack, "Boeing Will Move up to 400 Jobs to Alamo City," *San Antonio Express News*, January 5, 2012.

<sup>21</sup> Metropolitan manufacturing data from Susan Helper, Timothy Krueger, and Howard Wial, "Locating American Manufacturing" (Washington: Brookings Institution, 2012).

<sup>22</sup> Amy Liu, "Going Global: The Future of Metro Economies," available at [www.brookings.edu/research/speeches/2012/07/13-jacksonville-exports-liu](http://www.brookings.edu/research/speeches/2012/07/13-jacksonville-exports-liu).

<sup>23</sup> "Free Trade Zone Program," available at [www.freetradealliance.org/content/foreign-trade-zone-ftz-program](http://www.freetradealliance.org/content/foreign-trade-zone-ftz-program).

<sup>24</sup> "International Business Development Center," available at [www.freetradealliance.org/content/international-business-development-center-ibdc](http://www.freetradealliance.org/content/international-business-development-center-ibdc).

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