

# GLOBAL CITIES INITIATIVE

A JOINT PROJECT OF BROOKINGS AND JPMORGAN CHASE

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Global Cities Summit  
September 29, 2016



1

What makes a global city?

2

The seven types of global cities

3

How global cities can become more competitive

1

What makes a global city?



FIGURE 2-3. MAP OF CITIES ALONG THE SILK ROADS, 300 BC—AD 100

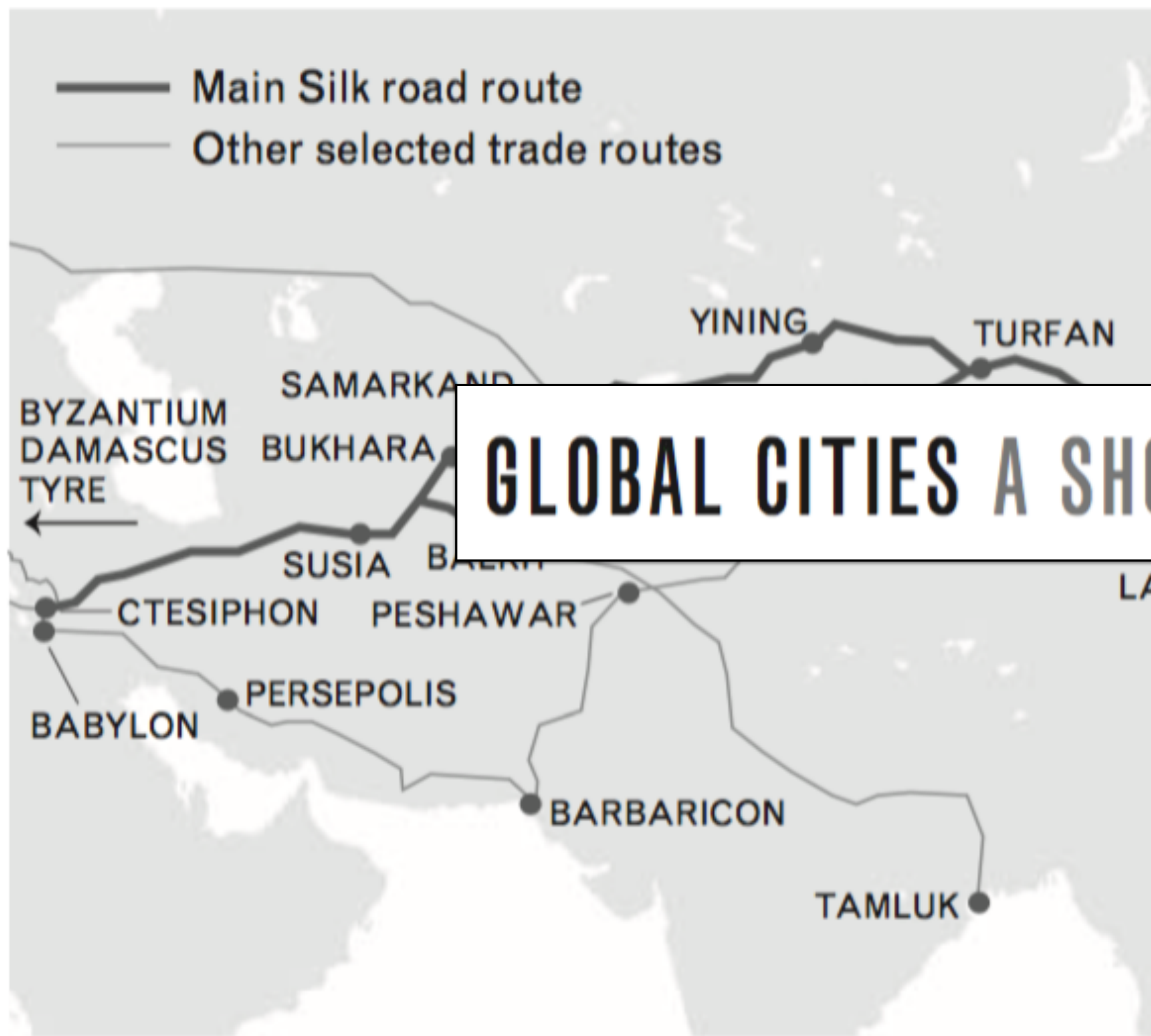
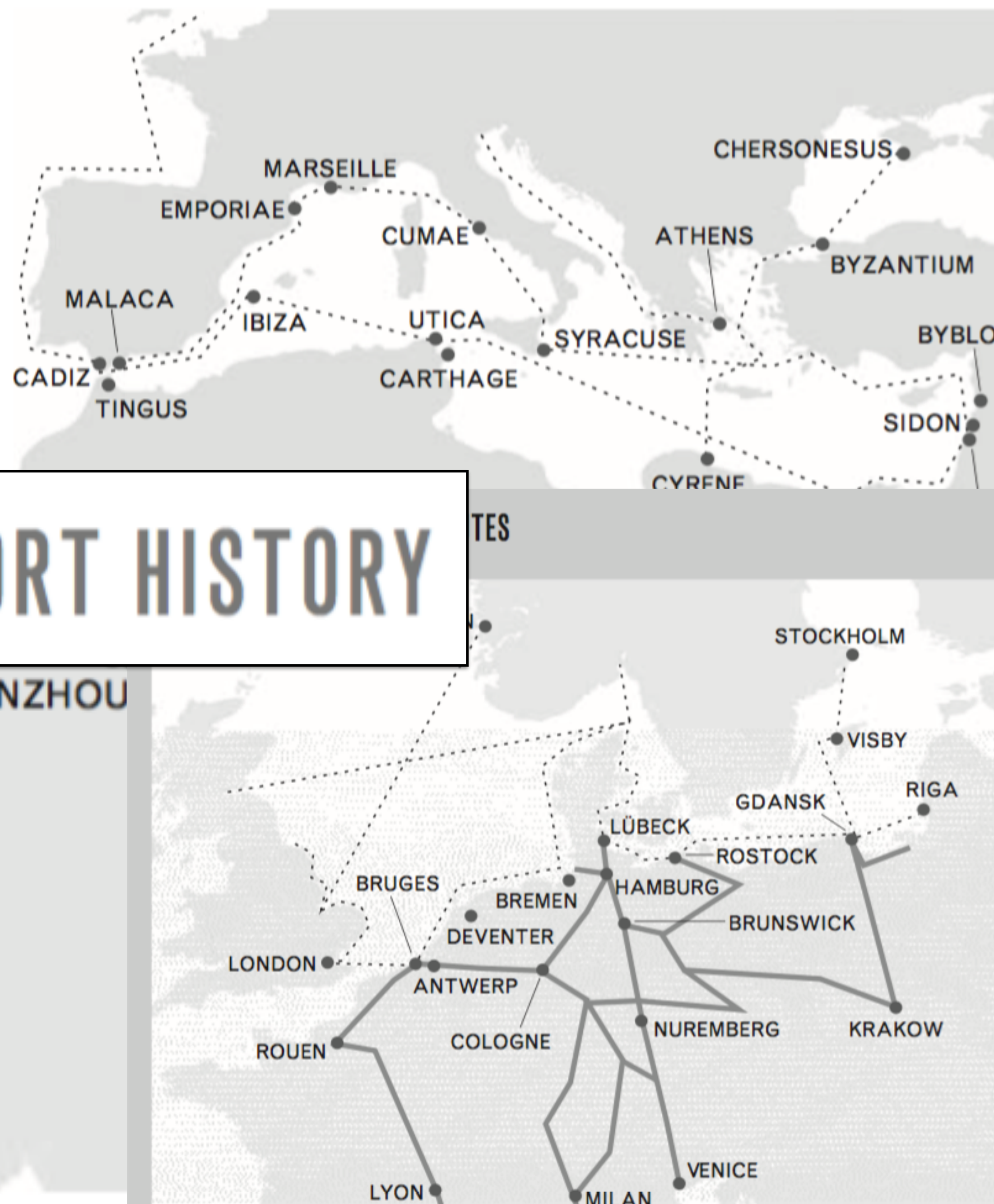


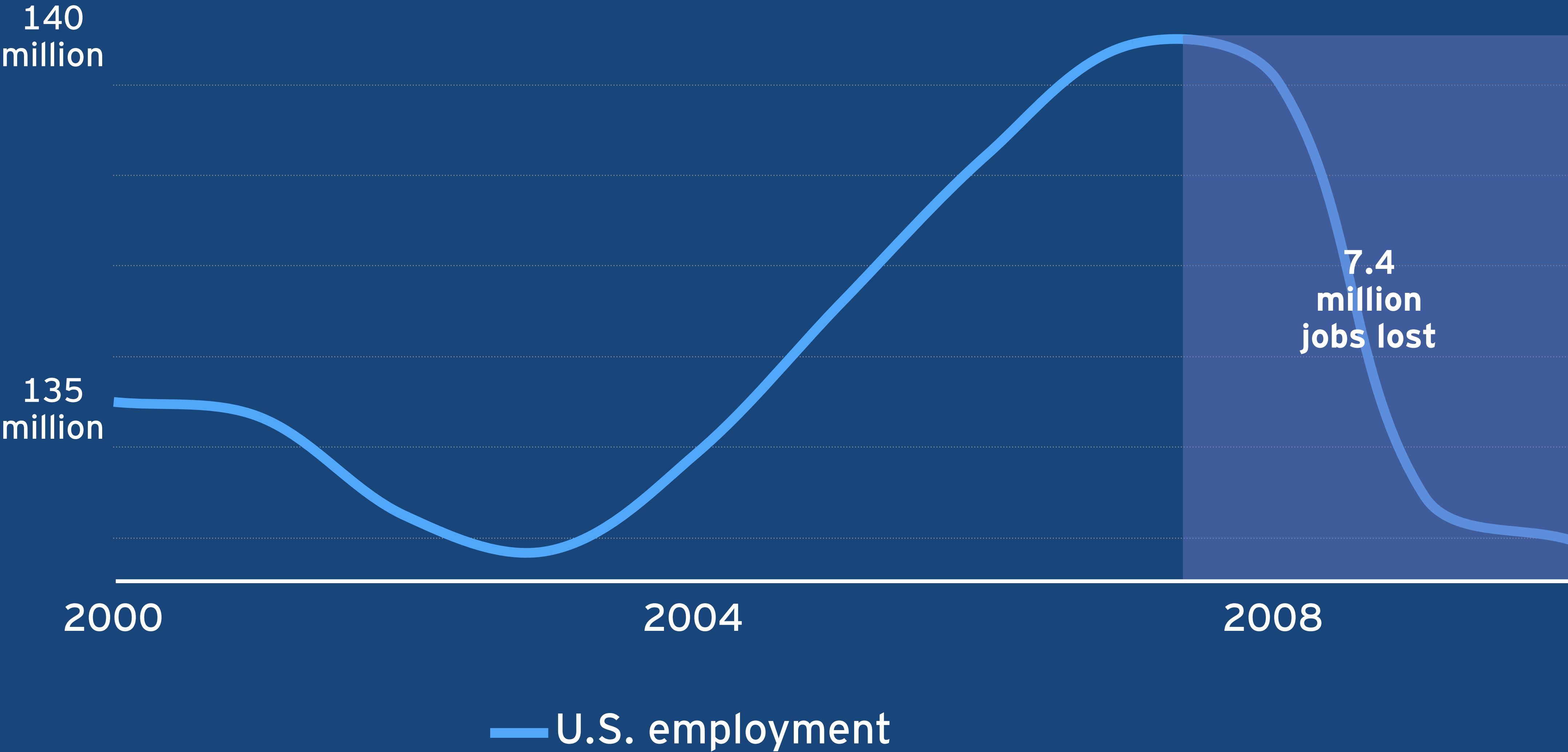
FIGURE 2-1. PHOENICIAN TRADE NETWORK



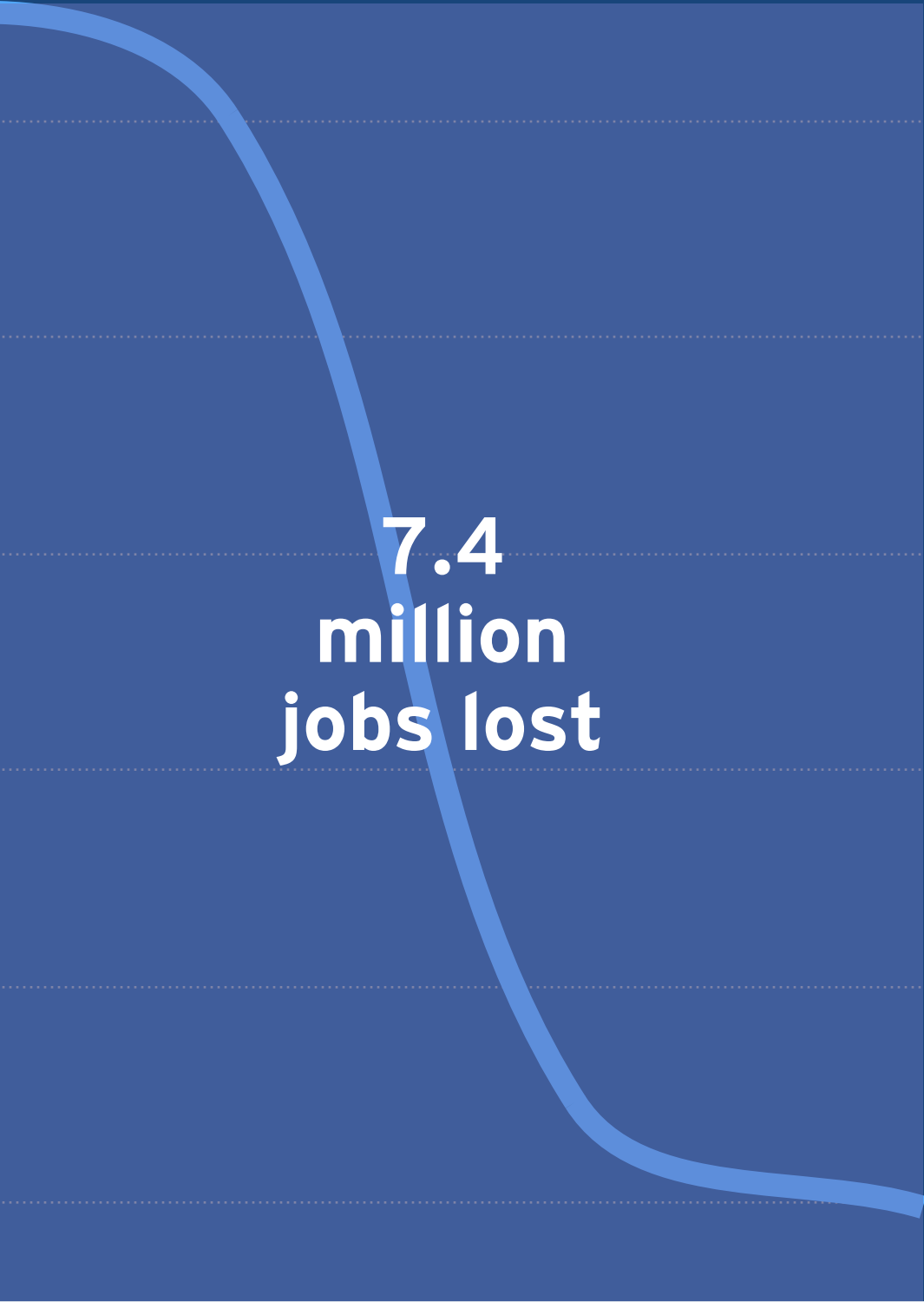
# GLOBAL CITIES A SHORT HISTORY



# The U.S. economy experienced severe job losses







2008

2010

2012



Metropolitan Policy Program  
at BROOKINGS

## Export Nation: How U.S. cities can lead national export growth

**Findings**  
An analysis of the location of production of U.S. exports, particularly in the nation's 100 largest metro areas in 2008, and between 2003 and 2008 reveals that:

- **Increasing the nation's exports holds out the potential of generating a significant number of good-paying jobs in the United States.** All told, U.S. exports supported 11.8 million jobs nationally and 7.7 million jobs in the top 100 metro areas in 2008. These jobs amounted to 8.3 percent of the nation's employment and 8.1 percent of all employment in the largest 100 metros in 2008. These are direct jobs in companies that sell abroad and, to some extent, indirect jobs in firms that are part of the supply chain of exporting companies.
- **The largest 100 metropolitan areas produce most of the nation's exports.** Home to 65 percent of the nation's population, the 100 largest metropolitan areas produced an estimated 64 percent of U.S. exports in 2008, including 62 percent of U.S. manufactured goods and 75 percent of services. Export activity is highly concentrated. The 10 metropolitan areas with the highest value of exports produced about 43 percent of all the top 100 metro areas' exports in 2008, even though they contain just 38 percent of the population.
- **Strong manufacturing and patent producing metropolitan areas generate the highest shares of exports from their output.** Manufacturing industries are the most export oriented, so metropolitan areas that specialize in manufacturing tend to export the largest shares of their GMP. Export-oriented metropolitan areas are also significantly more innovative, as defined by their rate of patent production. This may be explained by existing evidence that more innovative firms are more likely to export internationally and that activity reinforces innovation through competition.
- **Four metropolitan areas doubled the real value of their exports between 2003 and 2008.** Houston doubled exports largely through sales of chemicals, while Wichita, KS doubled exports based on its powerful aviation cluster. Computer and electronics led the doubling of Portland's exports. New Orleans also doubled the value of its exports over the period, driven largely by oil refining.
- **Export intensive industries pay higher wages than domestic oriented industries in large metropolitan areas.** In an analysis of the 94 of the largest 100 metropolitan areas, for every \$1 billion in exports of a metro area industry, workers in that industry earn roughly 1 to 2 percent higher wages. Even those exporting industry workers without high school diplomas earn a higher wage. This wage effect can be seen even adjusting for worker characteristics, occupation, or the characteristics of the metropolitan area.
- **Future export growth will come increasingly from large emerging markets.** Though Canada and Mexico are the nation's two largest trading partners, U.S. exports to Brazil, India, and China (the so-called BIC countries) have been increasing rapidly during the last decade, doubling in size between 2003 and 2008. The BIC countries are expected to account for about a fifth of the global gross domestic product in 2010, surpassing the United States for the first time. The metropolitan areas that produce the largest U.S. exports to the BICs are well-positioned to take advantage of the growth of these countries.



## TEN STEPS TO DELIVERING A SUCCESSFUL METRO EXPORT PLAN





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*A Joint Project of Brookings and JPMorgan Chase*



Over the past five years, the Global Cities network has grown





# During this time, economic growth has been uneven

## JOB



**+6.3%**

Jobs,  
2009-2014

## PRODUCTIVITY



**+3.6%**

Productivity  
2009-2014

## WAGES



**-5.0%**

Median wage,  
2009-2014



# Global cities will continue to be tested by macro forces



**Urbanization**



**Globalization**



**Technology**



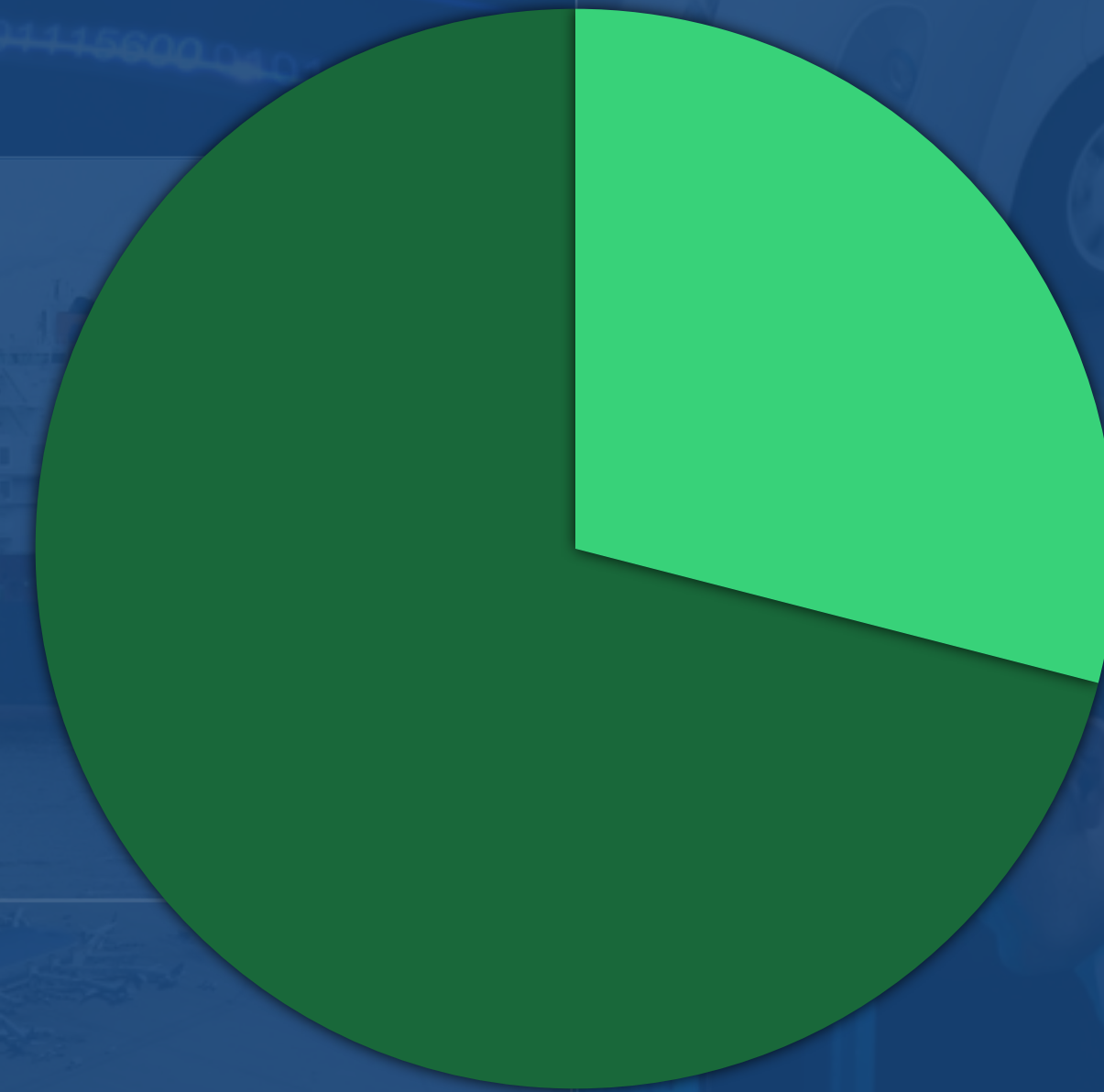
# Global cities will continue to be tested by macro forces

**Urbanization**

**1950**

**Global Metro Population**

**29%**



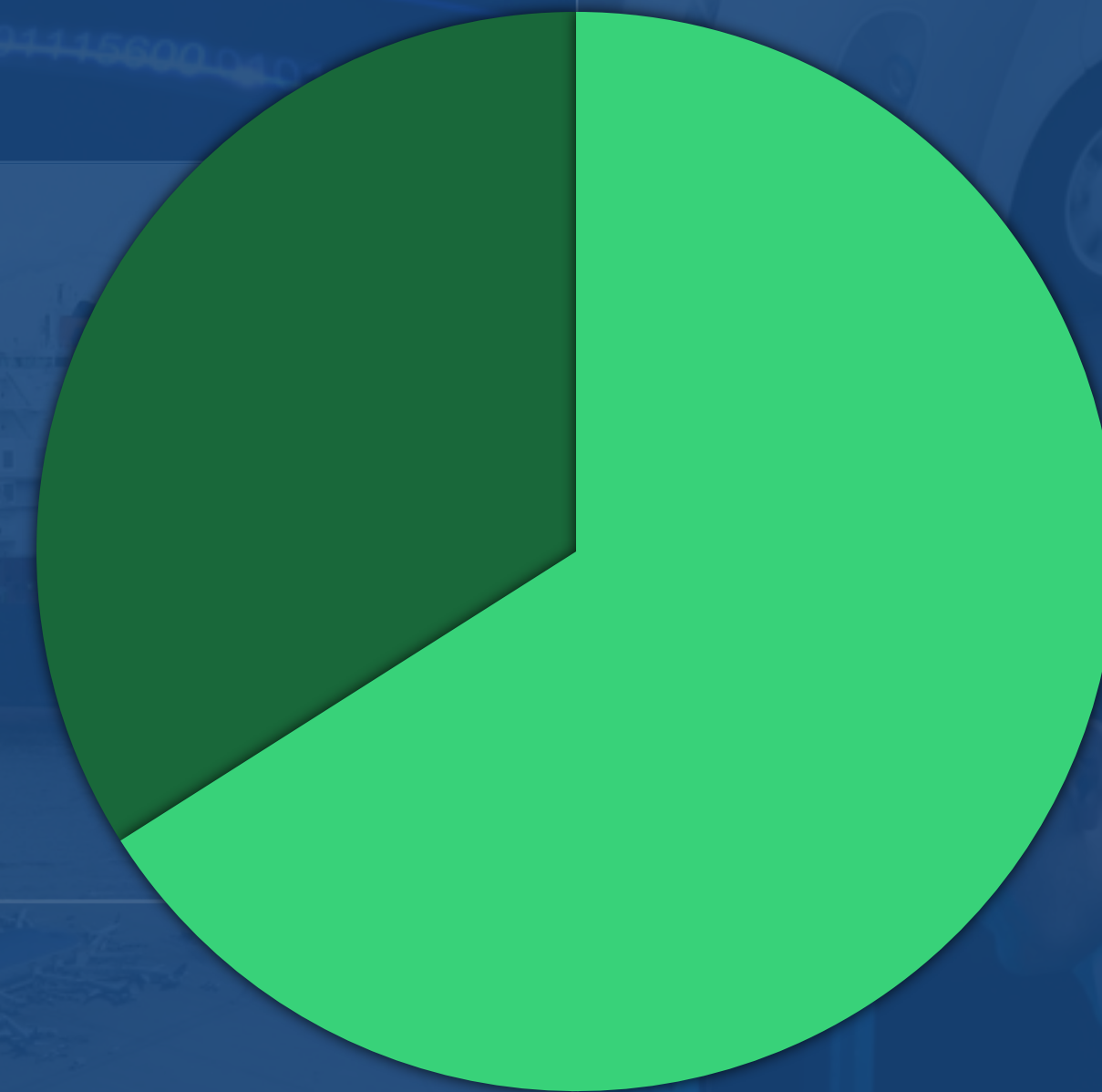


# Global cities will continue to be tested by macro forces

**Urbanization**

**2050**

**Global Metro Population**



**66%**



# Global cities will continue to be tested by macro forces

## Urbanization

**880 million**

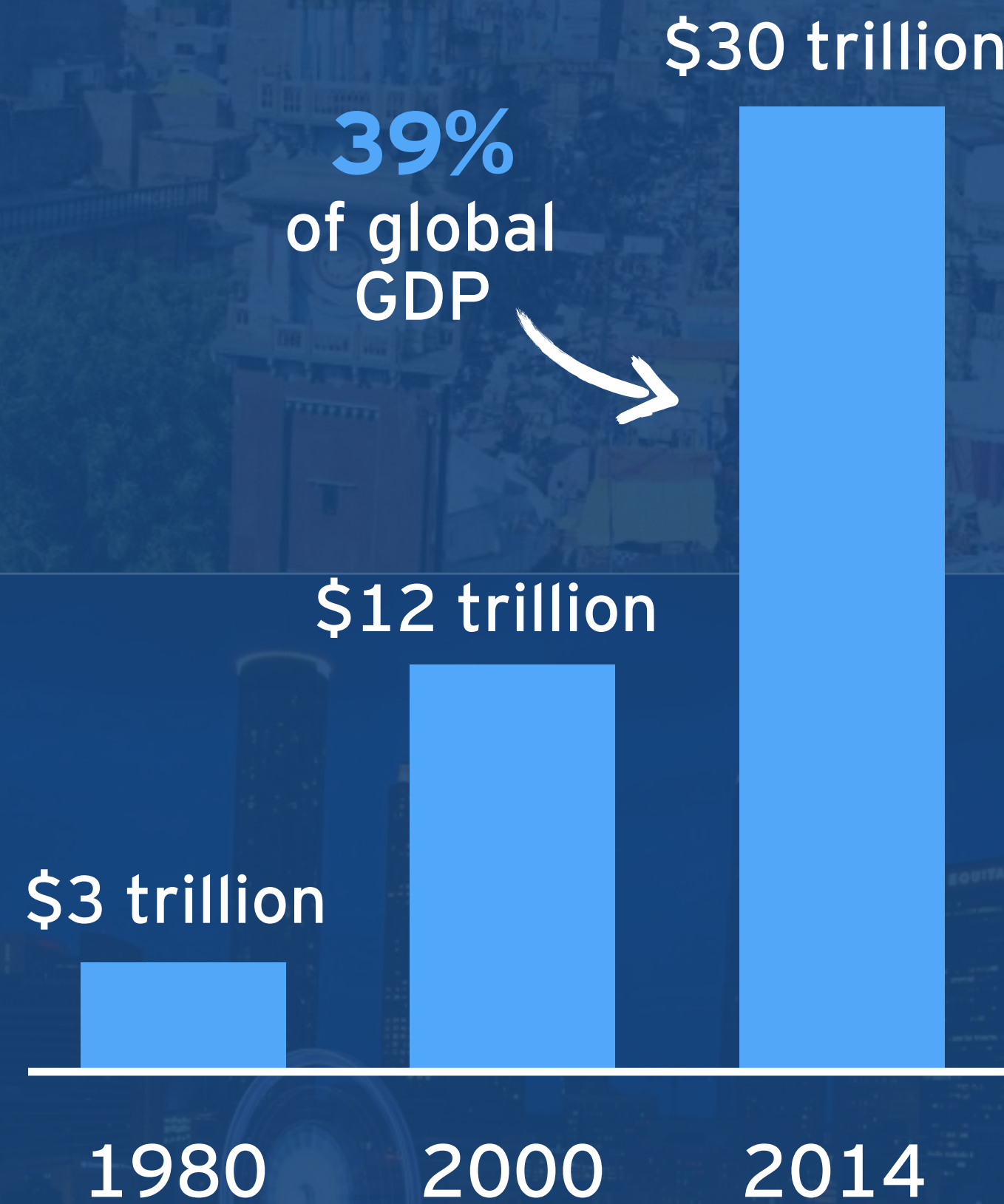
people in the developing world live in slums

**30%**

of the developing world's urban residents



# Global cities will continue to be tested by macro forces



Source: James Manyika and others, "Digital globalization," McKinsey, 2016

## Globalization

2.4  
million

jobs lost in the U.S. due to  
import competition from  
China, 1999-2011

Source: David Autor et al., "The China Shock," 2016



# Global cities will continue to be tested by macro forces

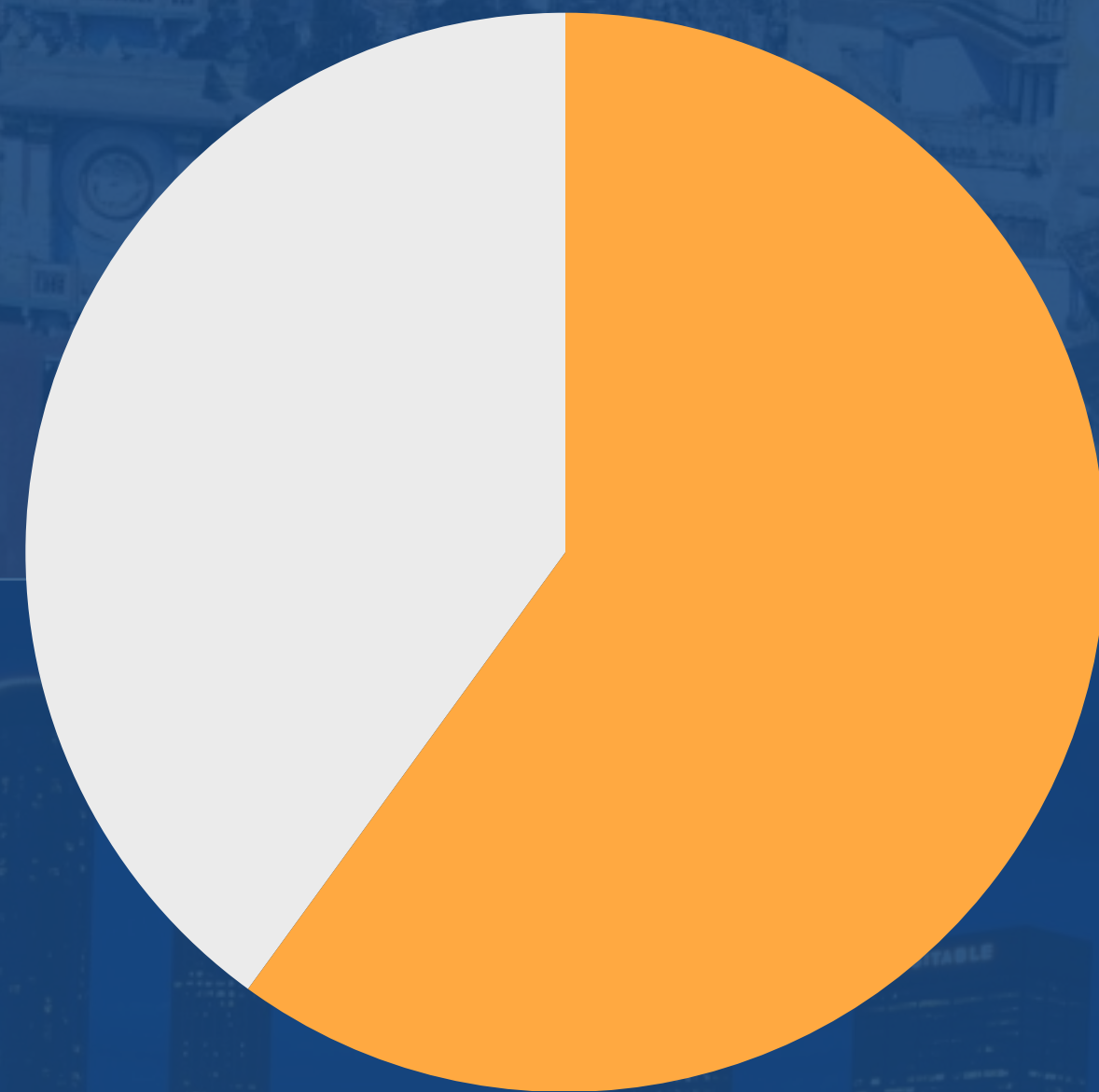
**\$33** trillion  
/YEAR

Estimated impact of 12  
technology platforms on the  
global economy

**Technology**



# Global cities will continue to be tested by macro forces



**60%**

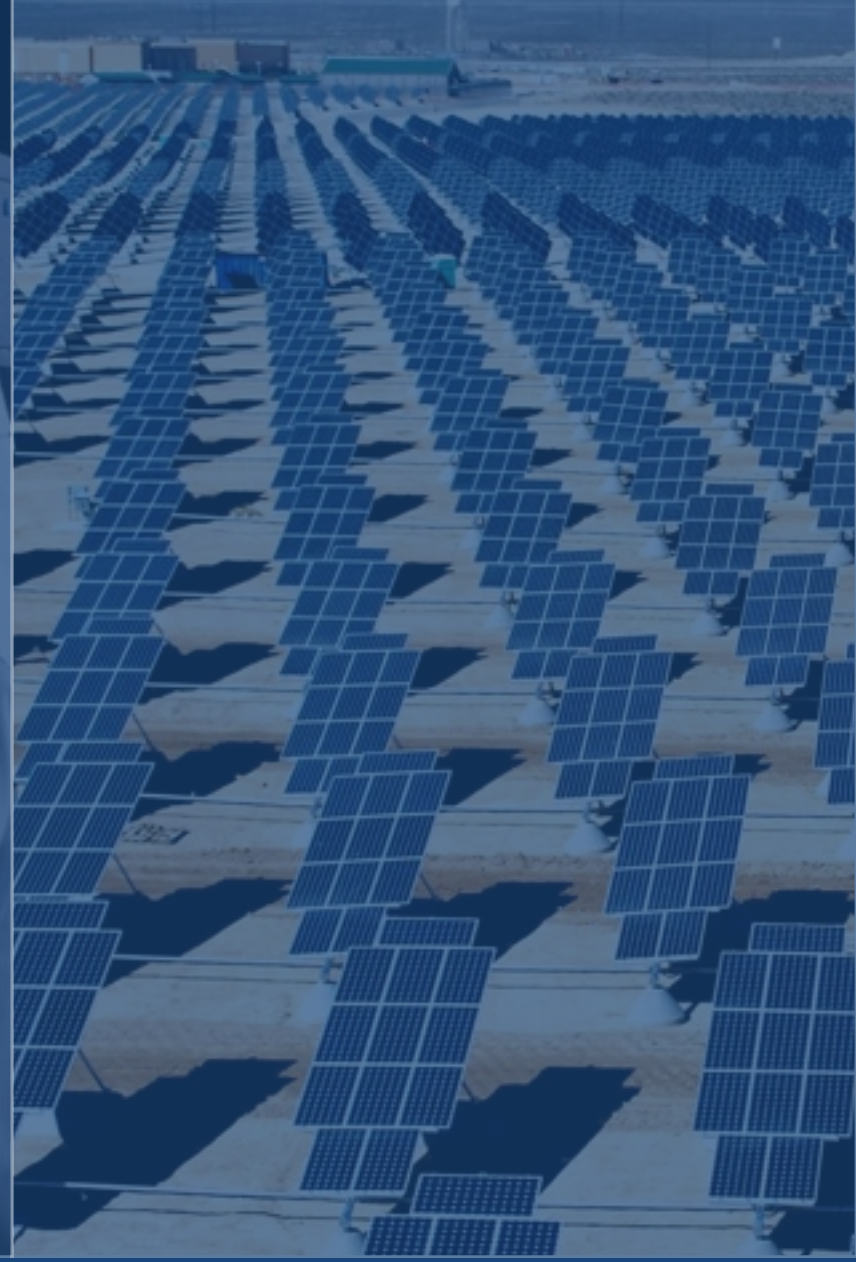
of US occupations  
at risk of partial  
or complete  
automation

**Technology**



What makes a global city?

# Global competitiveness





# Global cities must focus on the keys to competitiveness

**Talent**



**Traded  
Sectors**



**Innovation**



**DRIVERS**

**Infrastructure**



**Governance**



**ENABLERS**



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How global cities can become more competitive



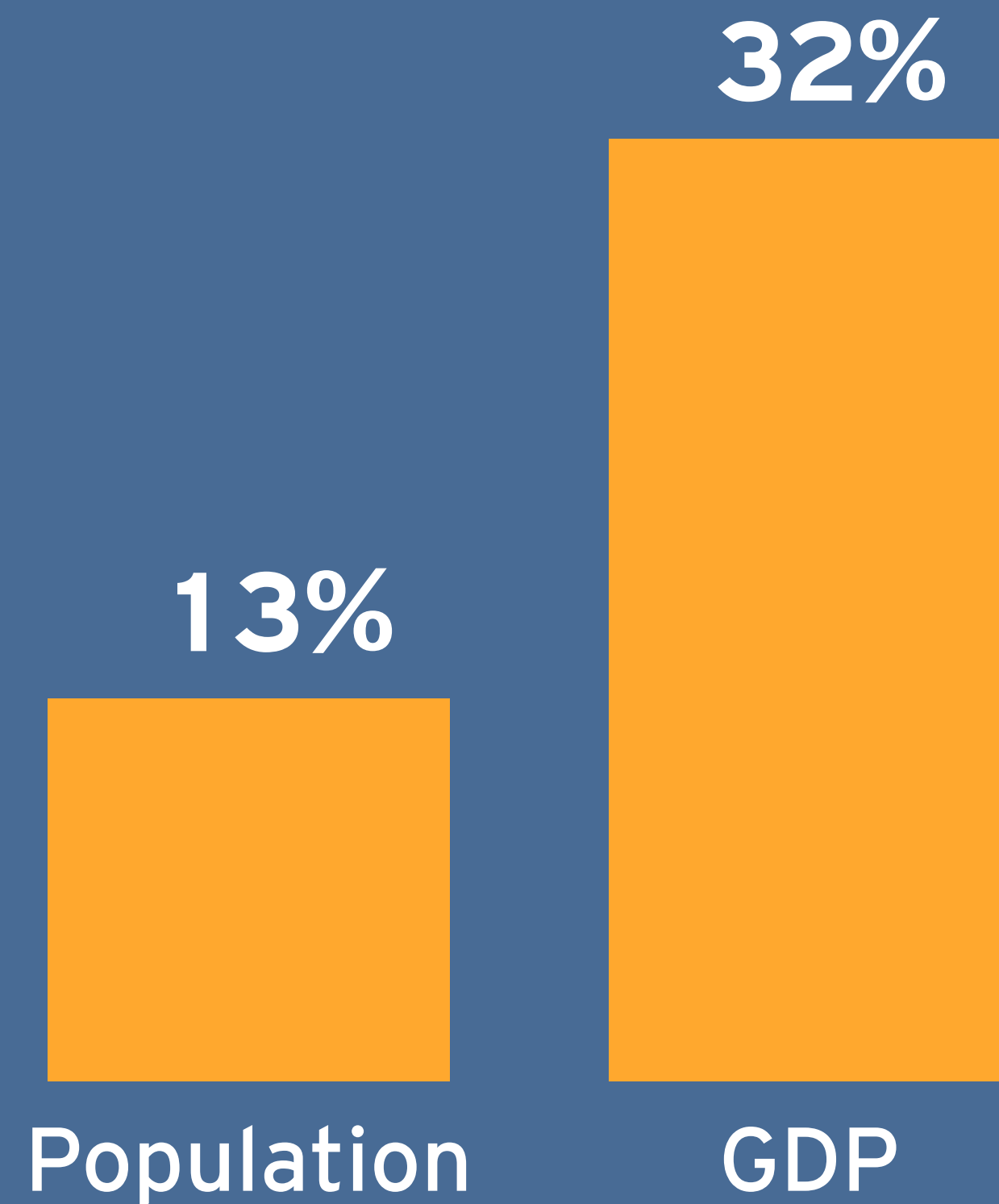
2

## The seven types of global cities



123 global cities

Share of global totals



Economic characteristics



Industry characteristics



Talent



Infrastructure



Traded sectors



Innovation

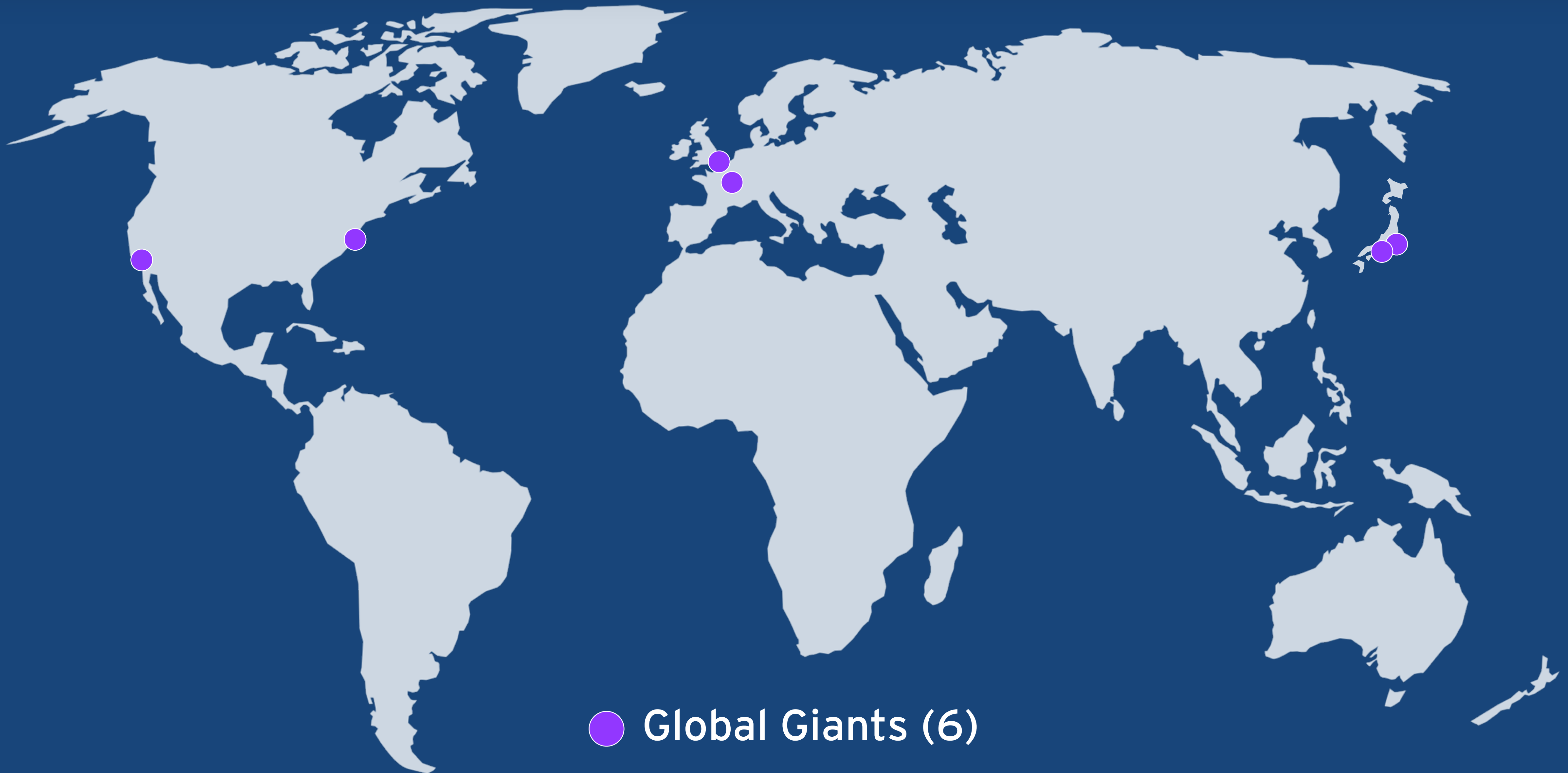


7 types of global cities





# Type 1: Global Giants





# Type 1: Global Giants

New York City

**\$1.49 trillion**

*Nominal GDP, 2015*

**2nd** / 123 global metros

**192 million**

*aviation passengers, 2015*

**1st** / 123 global metros

● Global Giants (6)



## Type 2: Asian Anchors





# Type 2: Asian Anchors

Singapore

**\$81.7 billion**

*Foreign Direct Investment, 2015*

**1st** / 123 global metros

**106**

**megabits/second**

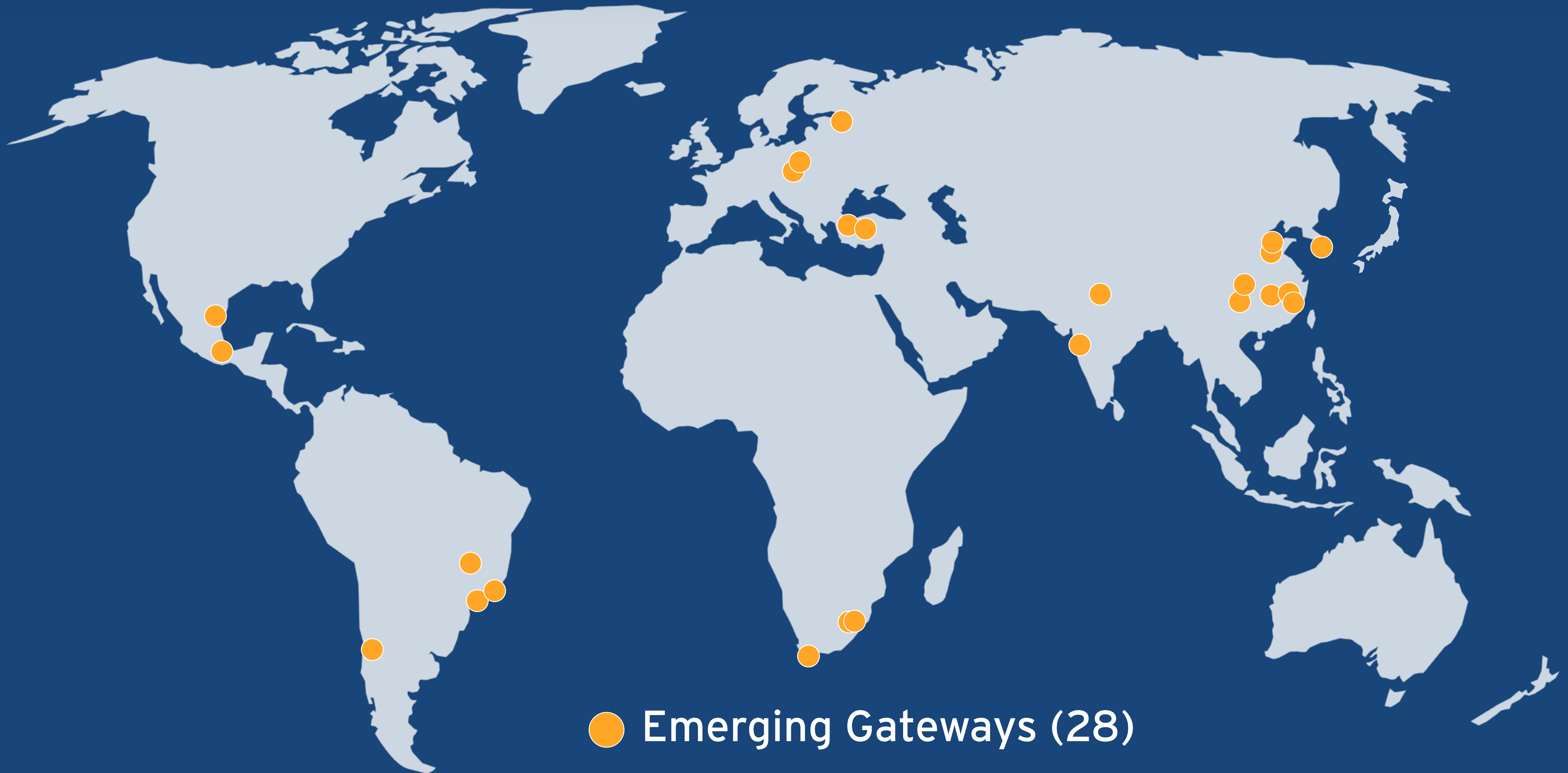
*Average download speed, 2015*

**1st** / 123 global metros

● Asian Anchors (6)



# Type 3: Emerging Gateways





# Type 3: Emerging Gateways

## Mexico City

**42.5%**

*higher traded sector  
productivity compared with  
national average, 2015*

**48th** / 123 global metros

**6.2%**

*of academic publications in top 10  
percent of cited papers, 2010-2013*

**105th** / 123 global metros

● Emerging Gateways (28)



## Type 4: Factory China





# Type 4: Factory China

Hefei

**+14.7%**

*Annual GDP growth, 2000-2015*

**1st** / 123 global cities

**12.2%**

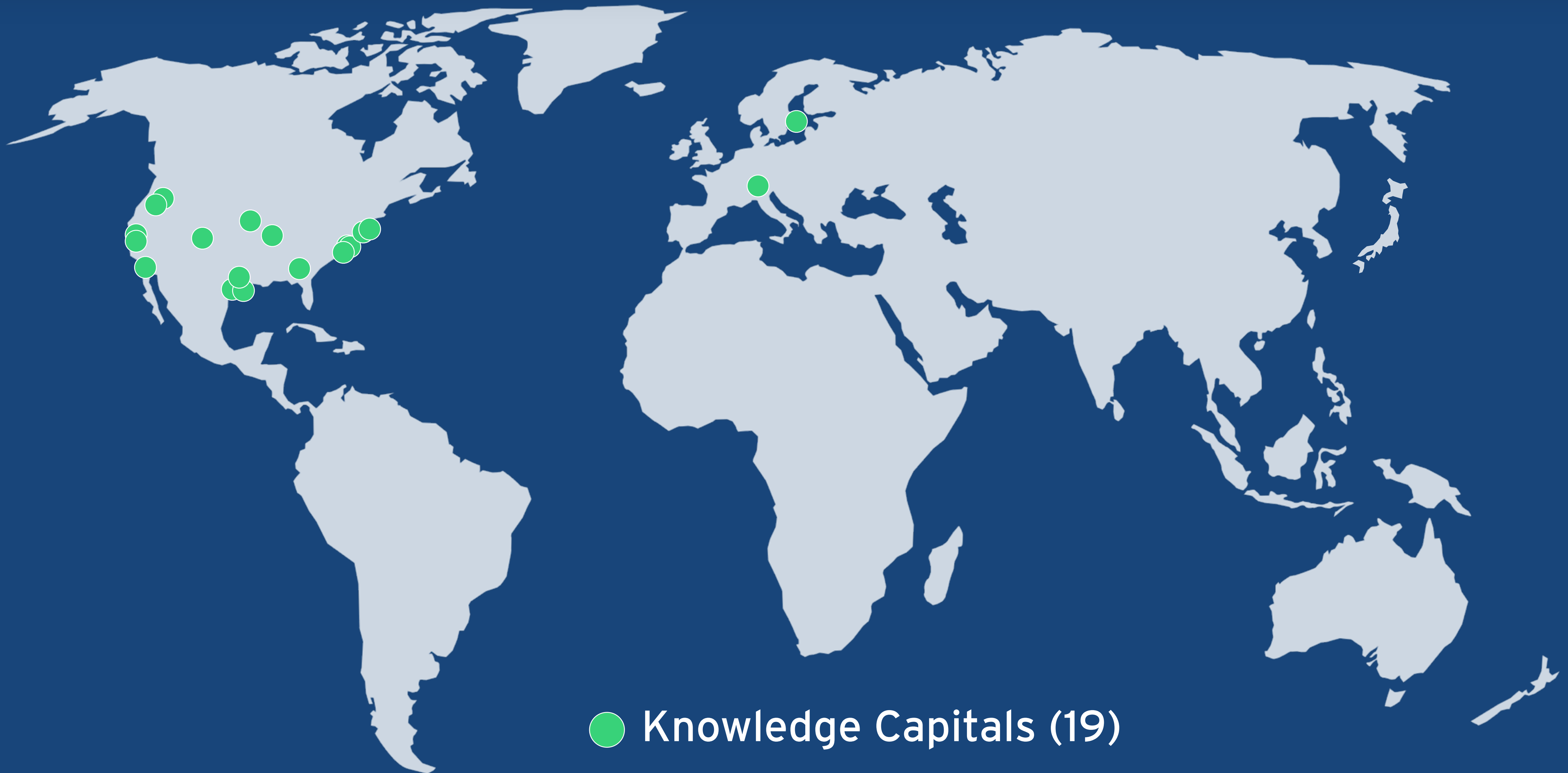
*of adult population holds a college degree*

**100th** / 123 global cities

● Factory China (22)



# Type 5: Knowledge Capitals





# Type 5: Knowledge Capitals

San Diego

**\$131,073**

*GDP per worker, 2015*

**11th** / 123 global cities

**5.19 patents**

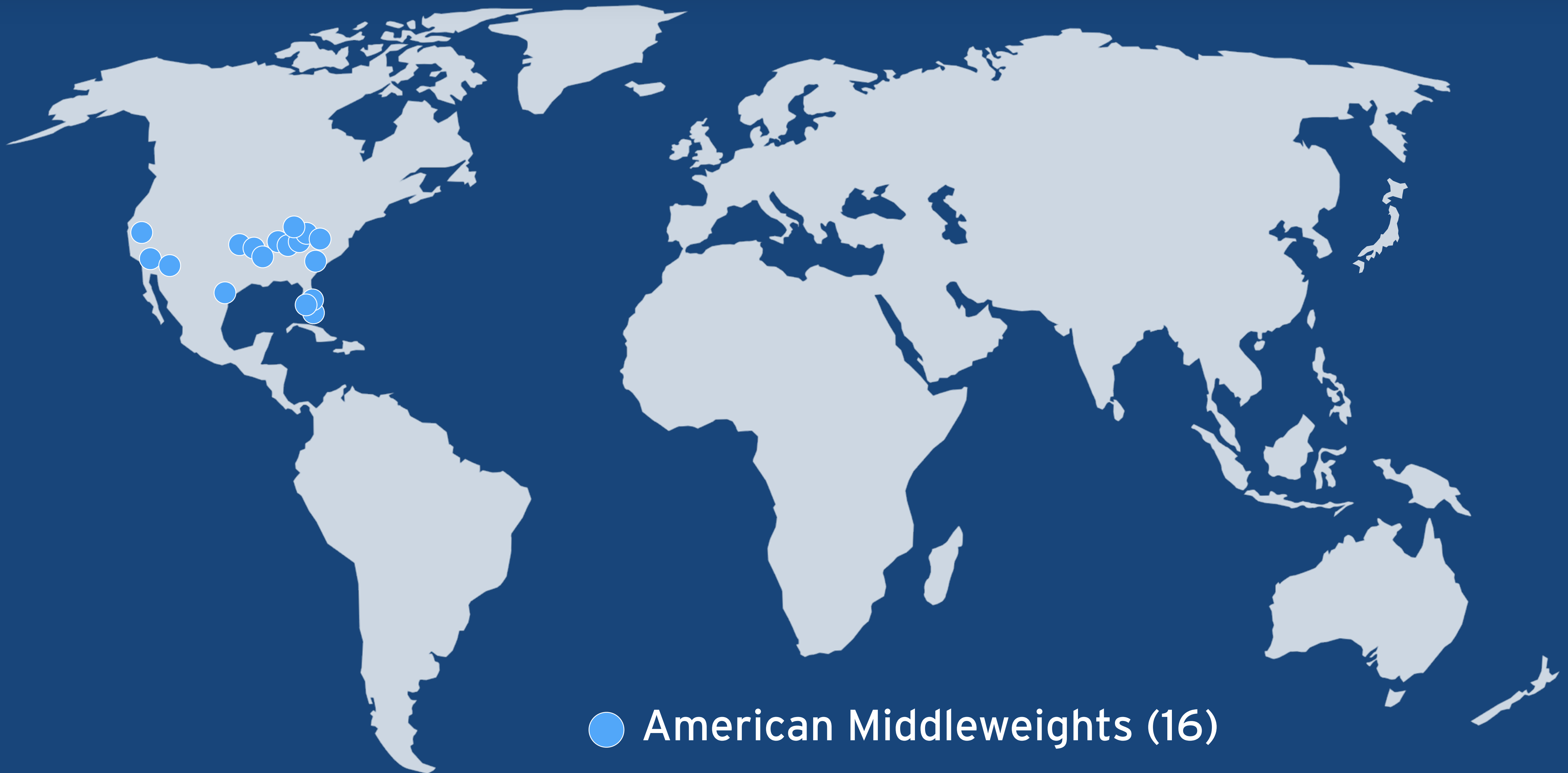
*per thousand persons, 2012*

**2nd** / 123 global cities

● Knowledge Capitals (19)



## Type 6: American Middleweights





# Type 6: American Middleweights

## Indianapolis

**5.4%**

*lower traded sector  
productivity compared with  
national average, 2015*

**109th** / 123 global cities

**14.1%**

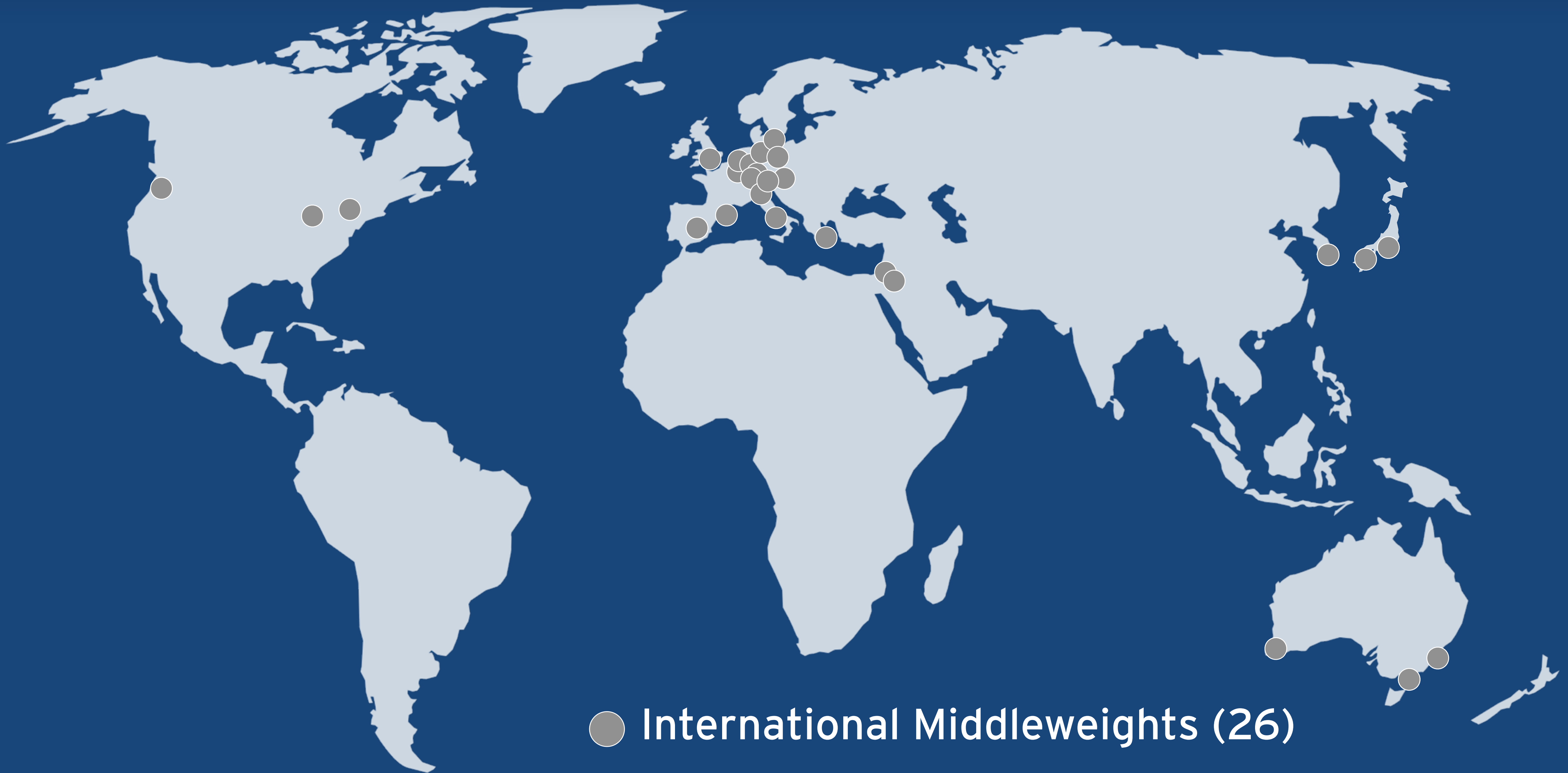
*of academic publications in top 10  
percent of cited papers, 2010-2013*

**42nd** / 123 global cities

● American Middleweights (16)



# Type 7: International Middleweights





# Type 7: International Middleweights

Barcelona

1.2%

*GDP growth, 2000-2015*

**106th** / 123 global cities

\$3,403

*FDI investment per capita,  
2015*

**8th** / 123 global cities

● International Middleweights (26)



# Takeaways from Redefining Global Cities

All cities are global

Cities play distinct roles in the global economy

The work to engage globally is ongoing





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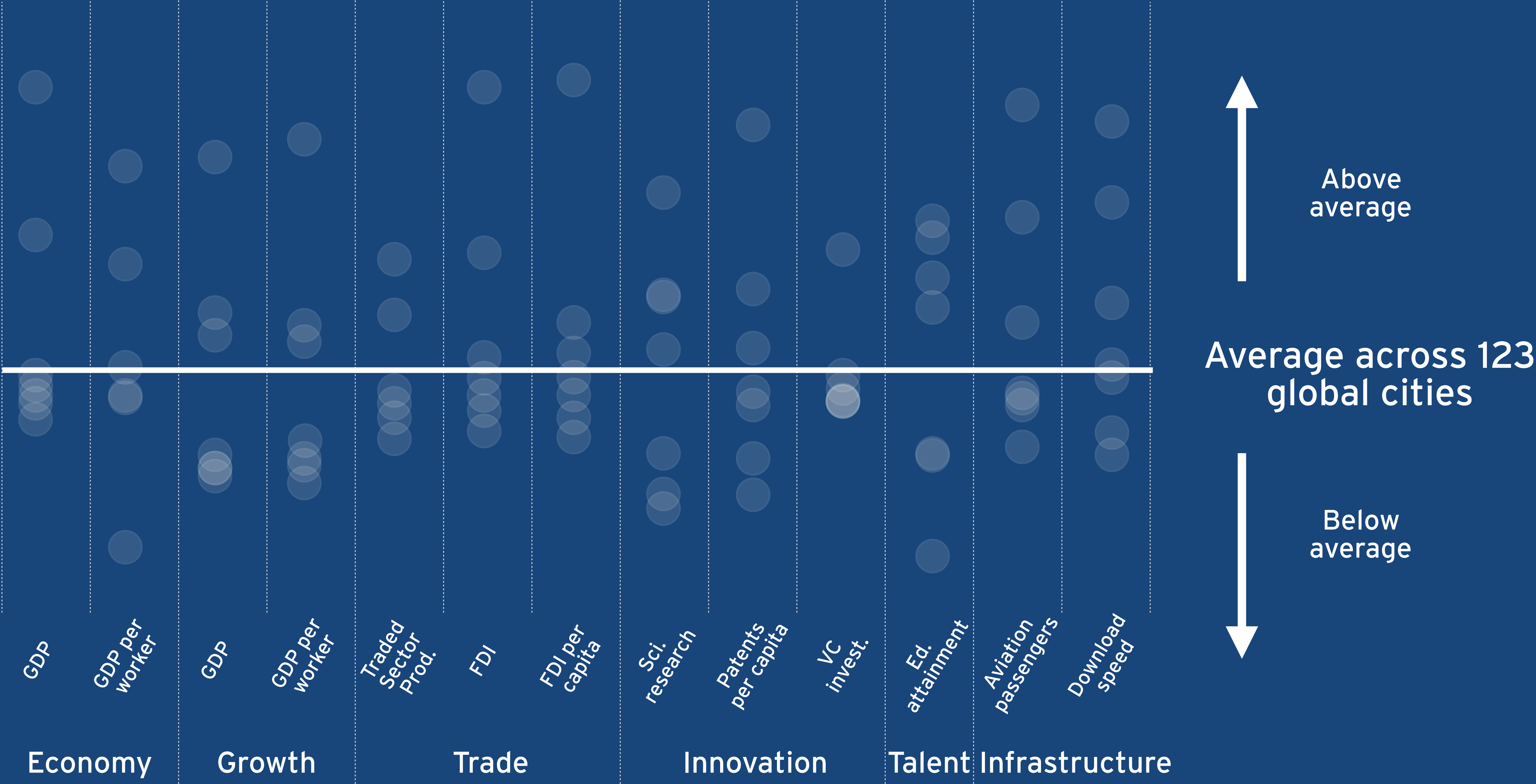


3

How global cities can become more competitive



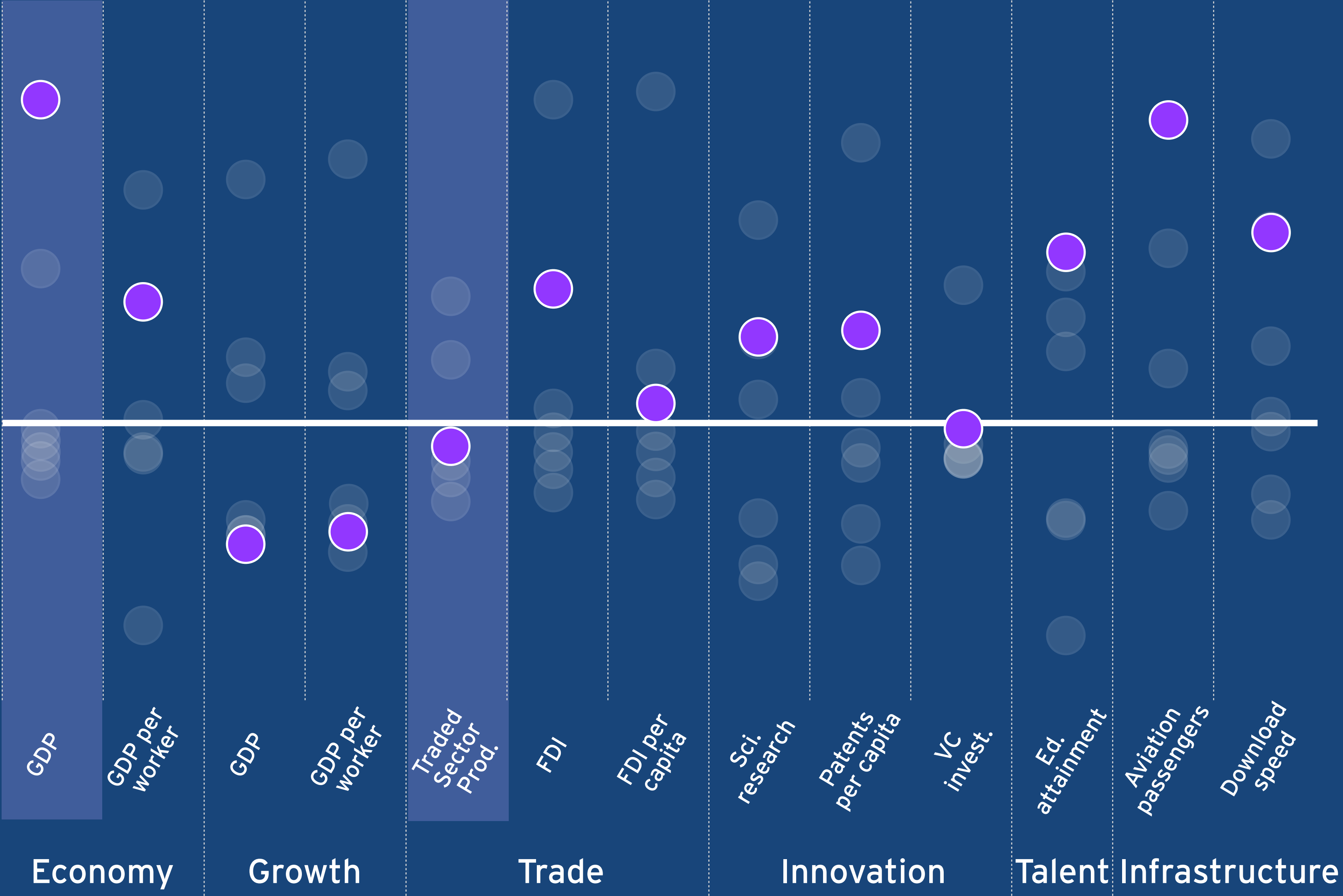
# Competitive assets should guide local strategies





# Strategies for Global Giants

## LONDON



**GO TO GROW.**

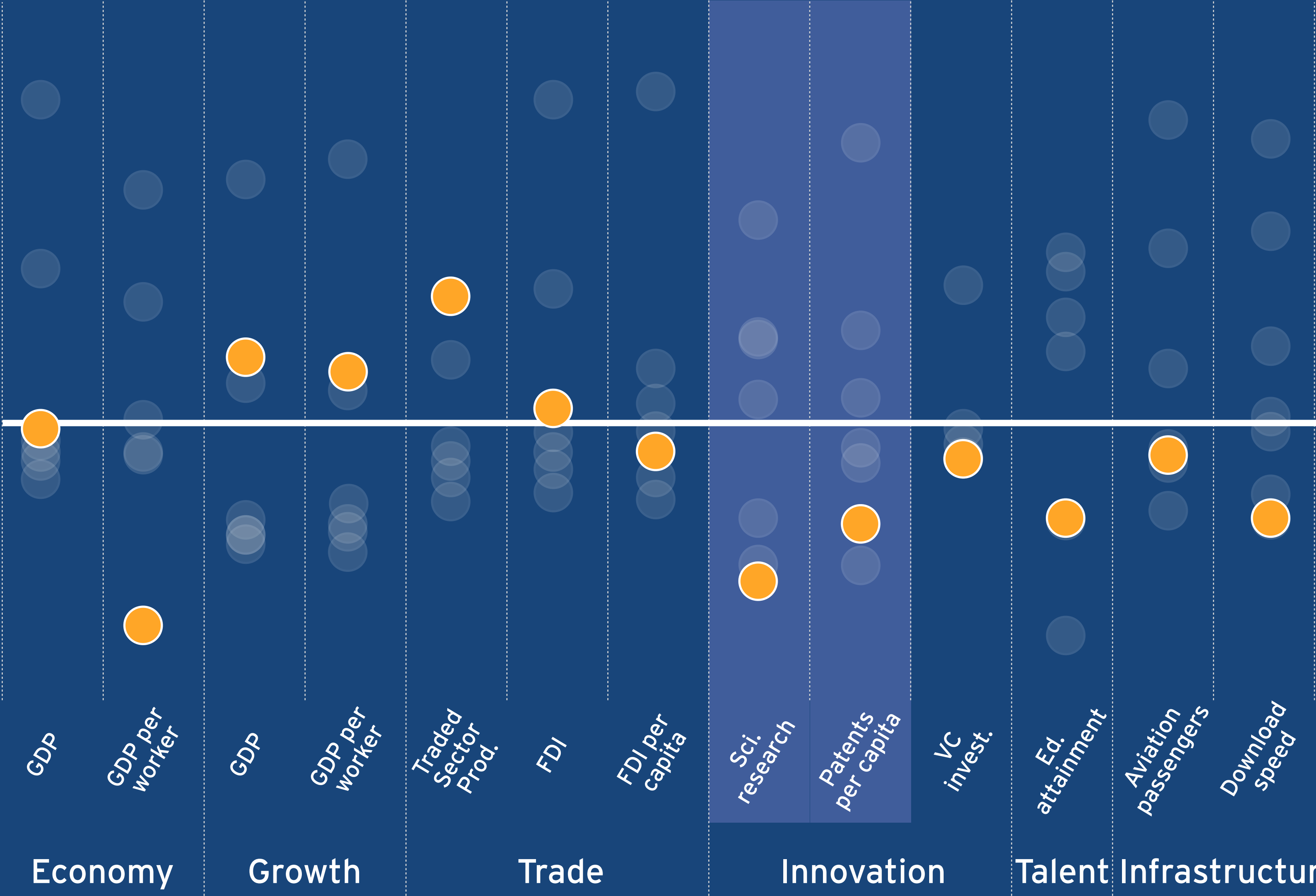
**MAYOR'S INTERNATIONAL  
BUSINESS PROGRAMME**





# Strategies for Emerging Gateways

## SANTIAGO



**iF IDEAS FACTORY**  
**ST>RT-UPCHILE**





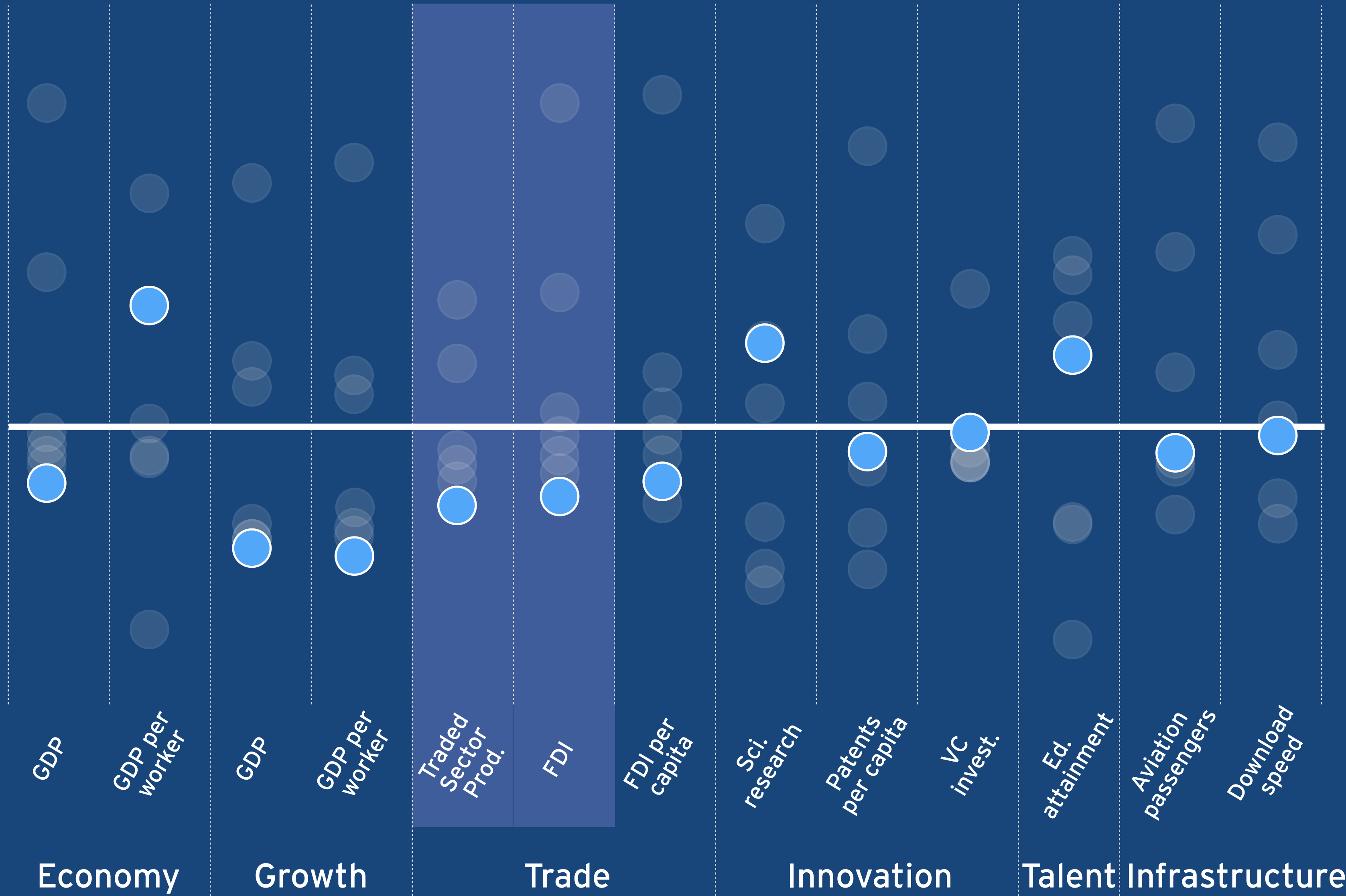
# Strategies for American Middleweights

## COLUMBUS



## COLUMBUS GLOBAL CONNECT

GLOBAL TRADE AND INVESTMENT PLAN





“The problem [is] not globalization, but how the process [is] being managed.”

- Joseph Stiglitz



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