GLOBAL CITIES INITIATIVE
A Joint Project of Brookings and JPMorgan Chase

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New Brookings report shows decline in 2016 metro exports

Declines concentrated in manufacturing and industrial Midwest, signal broader economic transition in major metro areas towards services exports

Washington, D.C. – Led by recent declines in manufacturing exports, particularly across the industrial Midwest, new Brookings analysis on goods and services exports in 381 U.S. metropolitan areas shows that in 2016, exports did not drive significant economic growth in most parts of the country. The new report, released today as part of the Global Cities Initiative, a joint project of Brookings and JPMorgan Chase, shows the reality of a shifting balance toward services exports, signaling the need for an updated U.S. trade policy strategy.

This year's report, *Export Monitor 2017*, provides an update on U.S. exports data and accompanying year-to-year trends in the nation's cities and metropolitan areas. It finds that exports within the nation's metropolitan areas declined by 1.9 percent from 2014 to 2016, hampered by a strong dollar and sagging global demand, with the top 100 largest metropolitan areas registering a slightly steeper decline of 2.0 percent. Notably, the report indicates that if current trends continue, services will overtake goods as the largest export category in 2020 within the 100 largest metro areas.

The national decline masked considerable geographic and industrial variation. Of the nation's 381 metropolitan areas, 64 percent registered export declines in 2016, including 71 of the largest 100 metros. The Midwest, which generated 24 percent of total national exports, accounted for 48 percent of the national export decline between 2014 and 2016. The steepest declines occurred in metro areas that specialize in aspects of machinery and auto manufacturing, such as Northeast Ohio (Cleveland and Youngstown), Tulsa, Okla., Peoria, Ill., and Columbus, Ind. Overall losses in manufacturing exports between 2014 and 2016 totaled $70 billion.

Only 8 of 35 major industries experienced export growth between 2014 and 2016, led by educational and medical services, management and legal services, commodities, travel and tourism, and the technology sector. Geographically, metro areas in the South and West were more likely to have experienced export growth–25 of the 29 large metro areas that grew exports in 2016 were located in these two regions. Several metro areas experiencing export growth specialize in aircraft production, such as Seattle and Wichita, while others focus on oil and gas, such as Baton Rouge and New Orleans. The tech sector contributed a smaller share of export growth as opposed to years past, but continued to remain a critical industry in large and mid-sized metros, from Boston and New York, to Columbus, Ohio and St. Louis, Mo.

Brookings fellow and report co-author, Joseph Parilla, said, “The nation’s export base continues to shift towards a greater balance of goods and services, and that shift is being led by our major metropolitan areas. Of course, manufacturing will continue to be a critical driver of metropolitan exports. But U.S. trade strategy cannot simply be a manufacturing strategy. The growing weight of services exports–management, legal, technology, education, and medical–also must be recognized in the administration’s trade policy.”

The report’s webpage features downloadable exports data profiles of the 100 largest metros, regions, and states.

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The Global Cities Initiative is a joint project of the Brookings Institution and JPMorgan Chase designed to help metropolitan leaders advance and grow their regional economies by strengthening international connections and competitiveness on key economic indicators such as advanced manufacturing, exports, foreign direct investment, and traded sectors. 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 https://www.brookings.edu/project/global-cities/ or www.jpmorganchase.com/globalcities.

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