



2017

# California Central Valley



## Global Trade and Investment Plan

Fresno ■ Kern ■ Kings ■ Madera ■ Merced ■ San Joaquin ■ Stanislaus ■ Tulare

*Global Cities Initiative, a Joint Project of Brookings and JPMorgan Chase*



California Central Valley  
(Lime green above)

# INTRODUCTION

## SITUATING THE PLAN

### THE BEGINNING OF GLOBAL FLUENCY IN CENTRAL VALLEY

This is the first iteration of *The California Central Valley Global Trade and Investment Plan* which represents a coordinated regional effort spanning 10 months to look at ways to increase Foreign Direct Investment (FDI). This FDI Plan is the second portion of the Global Cities Initiative project, a joint project of Brookings and JP-Morgan Chase that guides top U.S. Metros through the development of export and FDI plans. The Fresno Metro Area, California Central Valley, was one of 17 metros selected out of the top 100 to move forward with an FDI Plan based on readiness, capacity, and commitment to maximize foreign

direct investment sources such as Greenfield expansions, mergers and acquisitions, private equity, joint ventures, and sovereign wealth funds.

*“The Central Valley is California’s up-and-coming region for economic development and its partners are prepared to join in this regional effort to facilitate global investment and trade opportunities.”*

The actions and goals outlined in this FDI plan complement the *California Central Valley Regional Export Plan* released in 2016. Together they form a complete international trade and

investment strategy and a comprehensive guide to addressing and increasing the global visibility and fluency of the California Central Valley (aka San Joaquin Valley).

The Central Valley is an 8-county region located in California’s Food Corridor which supports more agricultural jobs than anywhere in the state. This sector creates a large value chain from distribution and manufacturing to technology. It is recognized as the up-and-coming region for California’s economic development and its partners are prepared to join in this regional effort to facilitate global investment and trade opportunities. The region is represented by a Core Team of local leaders, including the Economic Development Corporation Serving Fresno County, the 8-county California Central Valley Economic Development Corporation (CCVEDC), the Center for International Trade Development, the U.S. Commercial Service, the Fresno Chamber of Commerce, the Cities of Fresno and Clovis, and California State University Fresno. This team worked with the Brookings Institute to produce a foreign direct investment market assessment and plan to align with the region’s existing export plan.



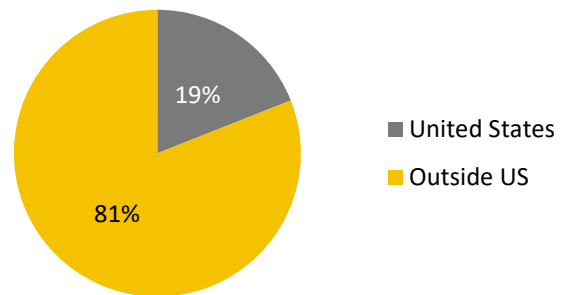
# BACKGROUND

## RATIONALE

### THE CHANGING FACE OF ECONOMIC GROWTH AND ECONOMIC DEVELOPMENT

Economic growth factors have changed in the last twenty-five years, evolving economic development into a global system of commerce. Ninety-five (95%) of consumers now live outside the United States, where 81% of global economic growth is expected to occur in the five-year period from 2015 to 2020. While in 2009 North America could claim 18% of the global middle class, by 2030 that share is expected to fall by more than half, to 7%. This shift is not a prediction of a shrinking middle class in the U.S. but a reflection of how much more quickly the middle class—and new market opportunity—is developing in the Asian Pacific.

**81% of global economic growth is expected to occur outside the U.S. from 2015 to 2020**



While the global market has been growing, traditional economic development in the U.S. has seen a decline of 50% in growth over the last decade attributed to new domestic plant expansions and relocations that bring

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*It is imperative the Central Valley explore new ways to create wealth. In 2016, the average unemployment rate was 9.6%, which was 178% of California and close to double that of the nation.*

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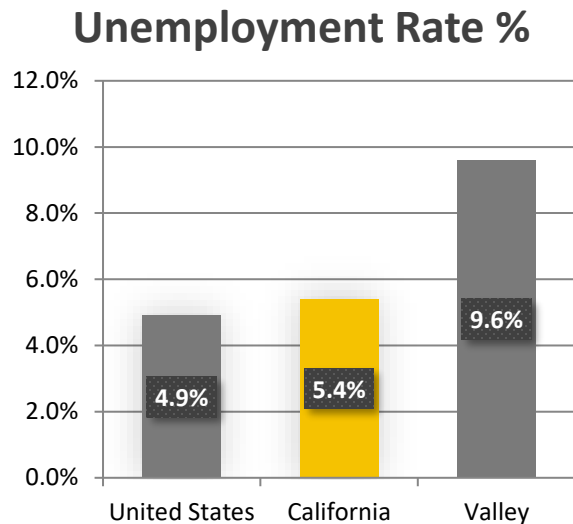
at least fifty jobs or \$1 million in investment. This activity was responsible for just 1.9% of job creation from 1992 to 2006.

In the wake of this fading domestic activity, exports from American companies grew from 2009 to 2014,

to generate 35% of our nation's GDP growth. For its part, foreign direct investment (FDI) accounts for 5% of U.S. jobs but 19% of the research and development (R&D) funding helping foreign owned enterprises (FOEs) remain innovative and competitive.

A U.S. company with developed export markets is going to have 100% higher revenues, able to sustain a 70% larger staff at 20% higher wages on average, than their non-exporting competitors. A global network reaching into diverse markets better equips a business to weather the kinds of economic downturns that have historically left the Central Valley region with lingering unemployment, while other regions have recovered. A U.S. location for a foreign company will benefit from infusions of innovation and capital for expansion, greater levels of R&D investment, higher wages, and greater investment in employee benefits

It is particularly important for economic developers in the California Central Valley to understand the role that global connectivity, global diversification, and innovation play in economic growth and sustainability. The region has lagged behind the nation and the rest of the state in boom times and recovered more slowly from recessions. The U.S. Census Bureau reports 2014 median household income in the region ranged from \$43,066 in Tulare County to \$53,253 in San Joaquin County (the only Valley county with a median household income over \$50,000), compared to \$53,482 in the U.S. and \$61,489 in California. In 2016, the national and state unemployment rates were 4.9% and 5.4% respectively. In the Central Valley, the 2016 average unemployment rate was 9.6% which is 178% of California and close to double that of the nation.



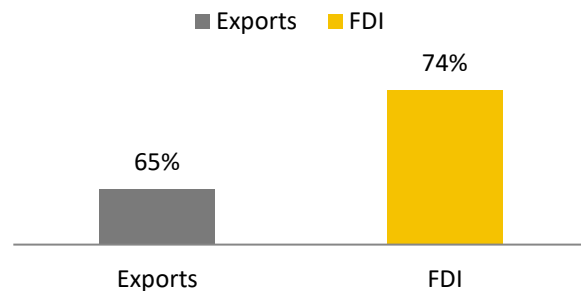
It is imperative the Central Valley explore new ways to create wealth. The potential for export and FDI development in manufacturing and services is vital to the Central Valley in terms of high-value employment and wages. There is the opportunity to address the lag in median income for the region; considering firms that export pay 20% higher wages, and that foreign-owned enterprises pay wages 30% higher than average and provide local sites with ample expansion resources.

## RESPONSE

### THE CA CENTRAL VALLEY'S RESPONSE

California's Central Valley includes several of the nation's Top 100 Metros: Bakersfield, Fresno, and Stockton. Inclusion in the Top 100 U.S. Metros is significant in that US Exports and FDI are considerably higher in these areas. While encompassing just 12% of U.S. land area, in those metros we find 66% of the population, 74% of the college degrees, 78% of the patents, and 94% of venture capital. When it comes to global trade and investment, the businesses within those metros are doing 65% of the exporting of U.S. products and services and attracting 74% of the nation's foreign investment. While U.S. exports decreased by 1% in 2015 due to the strength of the dollar, the Top 100 metros that experienced the least decline, or even grew their export activity during 2015, were those that had developed export plans through the Global Cities Initiative (GCI), as the Central Valley did in 2015/16.

### Metro % of total US global trade and investment activities







VALLEY ECONOMIC DEVELOPMENT PARTNERS HAVE IDENTIFIED THE OPPORTUNITIES in global commerce, as well as the greatest challenge: local businesses are largely unaware of the value of global trade, and of the resources in the region to assist in entering new markets or supporting FDI. The *California Central Valley Export Plan*, released in August 2016, was the first step in creating a proactive concierge-style approach to businesses education and support for global engagement.

Local economic dynamics, favorable and unfavorable, support the need for a regional vision and outreach strategy for global commerce in the Central Valley. To its advantage, the Central Valley has a long history of collaborative economic development research and planning. We see this in The San Joaquin Valley Partnership and its goal of transforming economic development in the area using the industry cluster approach to guide its planning process. CCVEDC, the economic development workgroup leader for the Valley, uses these clusters in its outreach and marketing to attract and expand business. Each of the counties and many of the Valley's municipalities maintain a Comprehensive Economic Development Strategy (CEDS)

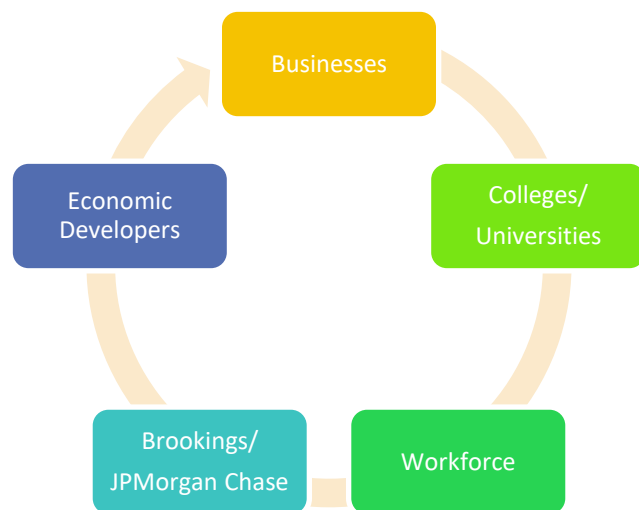
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*To its advantage, the Central Valley has a long history of collaborative economic development research and planning.*

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encompassing the economically significant projects in their geographic areas. In June of 2016, the CA Governor's Office of Business and Economic Development joined local partners to host a Central Valley-Mexico Trade and Investment Summit. The State has also been working with CCVEDC to connect Chinese investors with local agricultural investment opportunities and German investors to the bio-energy industry.

## Collaboration





**ACTING ON INITIATIVE, CITIES, COLLEGES, AND BUSINESSES HAVE EMBRACED PROACTIVE INDUSTRY CLUSTER DEVELOPMENT AND GLOBAL TRADE PROGRAMS** that will now become assets in the collaborative Central Valley effort. The College of the Sequoias is working with Kings County manufacturers on refined training curriculums. West Hills College in Coalinga has become one of the few community colleges to actively recruit foreign students and provide on-campus housing for them, leading the college to receive an Export Achievement Award at the 2nd Annual Federal Export Resource Conference hosted by the U.S. Commercial Service. The University of California Merced, the first major research university to be founded in the United States in the 21st century, administers a successful EB5 program. Among the greatest FDI success stories is United States Cold Storage, with expanding locations in several Central Valley counties, having built facilities around its advanced refrigerated warehouses to foster food processing clusters throughout the Valley.

**CITIES IN THE CENTRAL VALLEY HAVE FORGED MANUFACTURING ALLIANCES** with industry groups and educational institutions to prepare students and workers for the kind of advanced manufacturing that advances export and attracts FDI. The San Joaquin Valley Manufacturing Alliance, the Greater Madera County Industrial Association, and the Corporation for Manufacturing Excellence (Manex) are examples of such collaborations. The Fresno Food Expo, now run by a non-profit founded specifically for the purpose, was originally the work of the City of Fresno. In 2016, the expo connected Valley food companies with almost 1,000 buyers has drawn more attention from international buyers every year. In Clovis, the City has spent a decade planning and installing infrastructure for a research and development business park aimed at medical technology, another threshold export breakout for the region and a strong attractor for FDI in the U.S. This momentum has already drawn the first medical school, California Health Sciences University, ever founded in the Central Valley. Development within the R&D Park will be able to capitalize on the growing strength of the Central Valley's biomedical industry, fostered by the local partnership between medical programs at UC Merced, UC Davis, and UCSF Fresno.

**CENTRAL VALLEY'S COMMITMENT TO FORWARD-THINKING**, planning and determination to develop business opportunity, led regional partners to seek participation in the Global Cities Initiative (GCI). Moving forward, the CA Central Valley Region partners are committed to developing international economic opportunities through export and FDI and thinking creatively to develop a comprehensive global business strategy.



# MARKET ASSESSMENT

## KEY FINDINGS

EXPORTS AND FDI ARE IMPORTANT PARTS OF A LARGER ECONOMIC SYSTEM THAT BENEFITS EVERYONE

### KEY FINDING 1: INDUSTRY

“THERE IS GROWTH OPPORTUNITY FOR FOREIGN-OWNED ENTERPRISES PRODUCING GOODS AND SERVICES IN EMERGING CLUSTERS SUCH AS LOGISTICS, CONSTRUCTION, AND I.T. DESPITE AGRICULTURAL MANUFACTURING BEING THE MOST PREVALENT INDUSTRY CLUSTER HISTORICALLY.”

The San Joaquin Valley Cluster Initiative identified several industries that are strategic focal points for economic development. These strategic clusters encompass industries in which San Joaquin Valley has a competitive economic advantage, and where the Valley further attracts productive FDI. Targeted Clusters also allow an increase in trade and Advanced Industries, which are the engines of economic development.

### Industry Strategic Targets, Central Valley (aka San Joaquin Valley)

Employment in SJV by Industry Cluster	% Total Economy	% Total FDI	Location Quotient* all Economy	Location Quotient FDI
Local Industries	83.47	80.44	1.50	1.93
Traded Industries	16.53	19.56	0.37	0.33
Agricultural Manufacturing	17.07	34.71	2.20	2.69
Construction	9.02	6.79	0.99	1.46
Water Technology	0.97	1.02	1.19	1.36
Energy	0.28	1.85	0.57	1.19
Manufacturing	7.70	35.51	0.79	1.19
Logistics and Distribution	5.92	11.21	0.97	0.82
Health Care	9.73	3.05	1.02	0.59
IT	2.45	1.65	0.32	0.10
Advanced Industries	5.05	11.79	0.42	0.41
FDI	2.29	-	0.69	-

Source: Fresno County's EDC Analysis with 2013 NETS Database. Note: \*Location quotient (LQ) is a valuable way of quantifying how concentrated a particular industry, cluster, occupation, or demographic group is in a region as compared to the nation.

The cluster with the highest location quotient is the Agriculture Manufacturing cluster, a natural spin-off of the value-chain produced by agriculture and food production in the region. It includes companies that participate in the processing, packaging, preservation, cultivation, harvest and transportation of agricultural goods. This includes industry equipment and Ag Tech. This industry not only has local historical regional value but over the years has become an international leader that can't be denied a space in the foreign investment conversation.

The Agriculture Manufacturing cluster also has the highest amount of foreign investment in the Central Valley, at nearly 35% (34.71%) of total FDI in the region. This means one of every three

manufacturers in the region's Ag Manufacturing cluster are involved in foreign investment. Agriculture manufacturing accounts for over 258,000 jobs in the Central Valley and of those about 12,000 are in foreign-owned companies (approximately 4.7% of total FOEs). Other clusters such as IT have experienced slow and steady growth in the total foreign owned establishments that may have continued to increase since 2011.

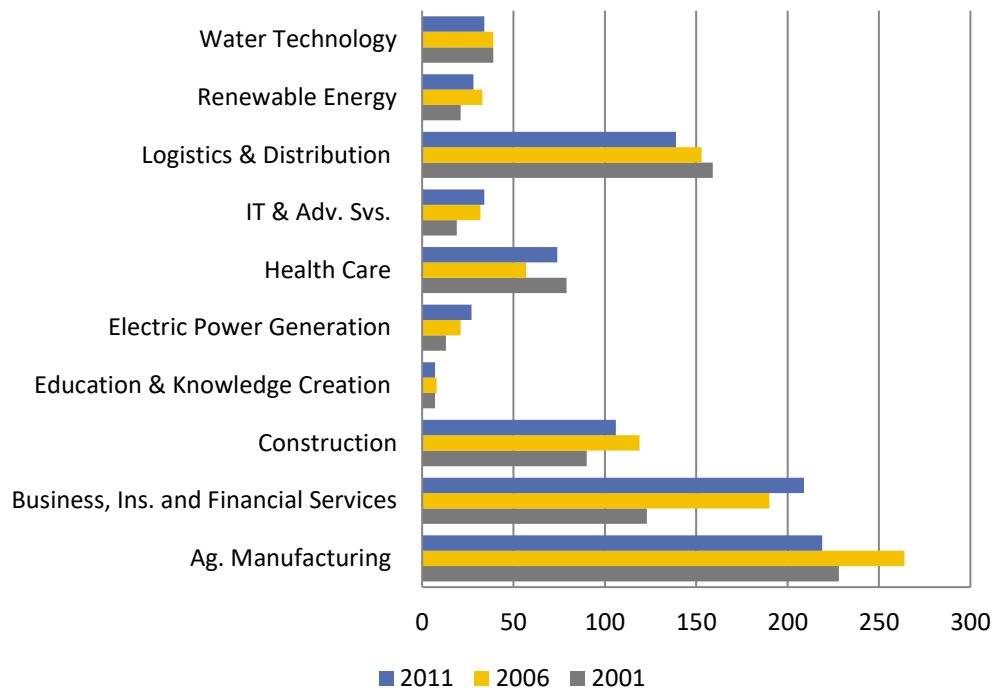
### Valley Leads Nation in Ag

*The U.S. agriculture and ag-related industries contributed \$835 billion to the economy in 2014, a 4.8% share of Gross Domestic Product.*

*California is the nation's largest agricultural producer and exporter with \$56.6 billion received in 2014. Agricultural products were also one of California's top 5 exports in 2014, totaling \$21.0 billion. The San Joaquin Valley supports more agricultural jobs than any other sector in California, providing 183,700 jobs in 2013. The top 5 counties for agricultural sales in 2014 were: Tulare County (\$8.1 billion); Kern County (\$7.5 billion); Fresno County (\$7.1 billion); and Merced County (\$4.4 billion). – usda.gov, cdfa.ca.gov*

## # of Foreign Owned Establishments by Industry Cluster (San Joaquin Valley)

*Figure Description: Agriculture Manufacturing maintains the highest number of FOEs, but growth can be seen in other sectors such as the Electric Power, IT, and Business Financial clusters.*



[Data Source: Analyst summary with Brookings Institute data sets]

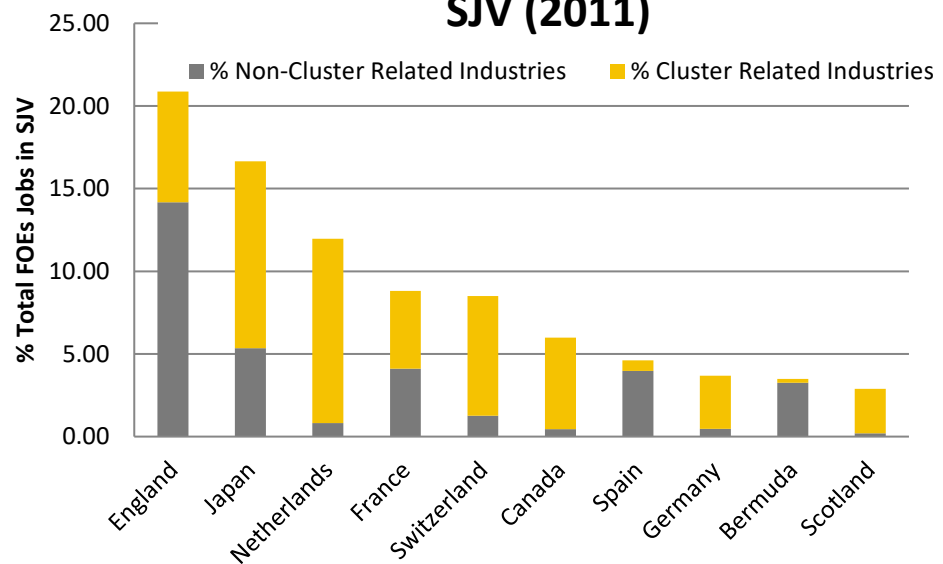




The Top 10 Source Countries of Foreign–Owned Establishments in the San Joaquin Valley shows opportunity outside the clusters as well. In evaluating the current Central Valley clusters, in relation to the amount of FDI in the form of jobs, entities and growth percentage

over time, many of the top 10 source countries of FOEs in the San Joaquin Valley had varying levels of business within the clusters. Japan and the Netherlands are in alignment with the current industry focus with more than two thirds of their jobs falling within the cluster focus. However, there are many FOE jobs outside the clusters as well. Top source countries like England and Spain, show that much of the FDI lies outside of the cluster initiative focus.

### Top 10 Source Countries of FOE Jobs in SJV (2011)



*Figure Description: Total sources of FDI are highest with England, Japan and Netherlands. However, many companies fall outside of the currently examined clusters.*

[Data Source: Analyst summary with Brookings Institute data sets.]

## KEY FINDING 2: ADVANCED INDUSTRIES

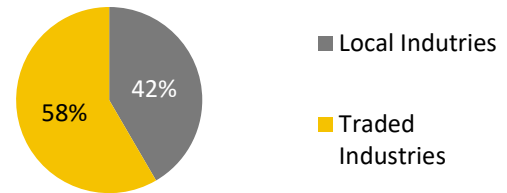
“IN THE CENTRAL VALLEY, ONLY A SMALL PERCENT OF FOES ARE IN TRADED AND ADVANCED INDUSTRIES. THIS REPRESENTS A LARGE OPPORTUNITY FOR ECONOMIC GROWTH.”

The dominant form of FDI in the Central Valley comes from local industries that generally offer services and do not participate directly in goods production. Such local industries include businesses like grocery stores, dry cleaners, and medical offices which serve just the surrounding populations. Traded clusters, on the other hand, bring with them higher wages and innovation. The disparity between California’s concentrations of traded industries compared to that of the Central Valley shows there is much room for improvement. As 96.5% of all patents are generated by traded industries, the possibility of added technology can provide many benefits to the Valley.

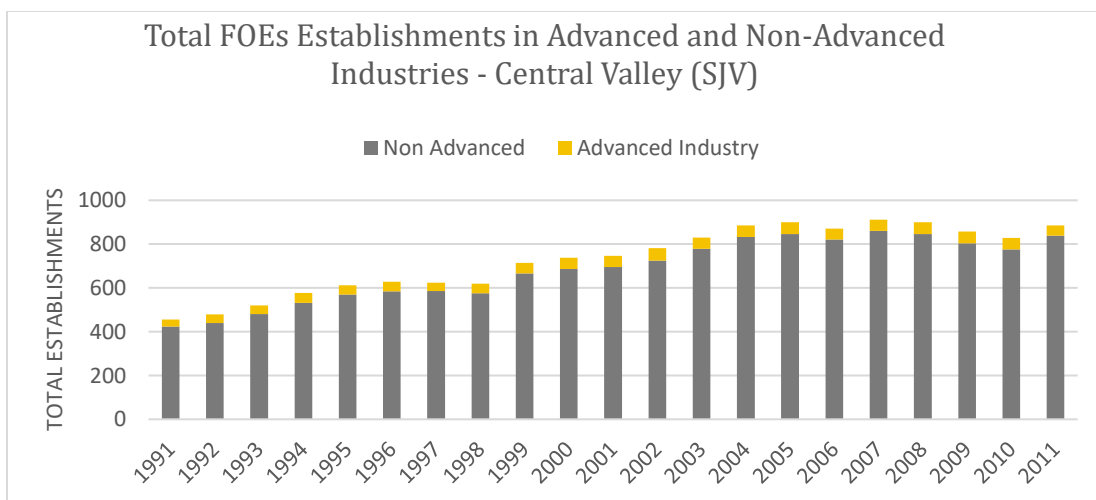
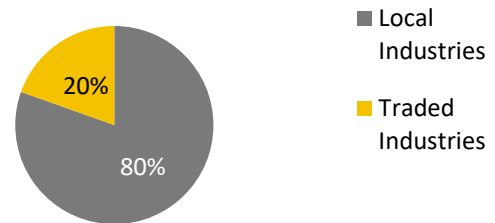
According to the company interviews, the Valley was an especially strategic option for FOEs to reach western markets through a strong logistical placement of their business for both services and goods production.

Further analysis of Advanced Industries shows that the FOEs of the Central Valley are minimally participating in areas of the economy that would provide substantial benefits. Reviewing the demographics of the advanced industry companies will prove to be useful in business retention and expansion efforts.

### 2013 FOEs Employment in California



### 2013 FOEs Employment in Central Valley (SJV)



[Data Source: Analyst Summary of Brookings analysis of the National Establishment Time Series (NETS), Bureau of Economic Analysis Financial & Operating statistics, Dun & Bradstreet, and Moody's Analytics data. ]



**KEY FINDING 3: WORKFORCE**

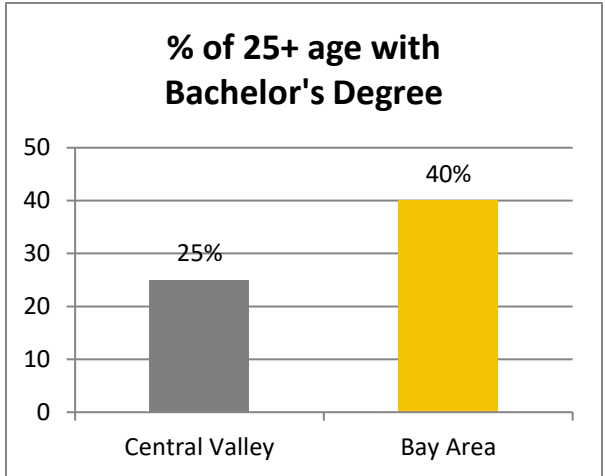
“THE CENTRAL VALLEY’S PERCEIVED LACK OF A SKILLED WORKFORCE LEADS ESTABLISHMENTS TO DEVELOP IN-HOUSE TRAINING AND OUTSOURCING FOR FIELD-SPECIFIC TALENT.”

Olam, Bayer, and U.S. Cold storage are some of the most vocal foreign-owned companies that have called out needs for

industry specific training and a higher skilled labor force that have not been easily filled by the talent pool of the Central Valley. Companies that have not found employees locally often consider outsourcing.

Workforce and economic development officials are aligned regionally to identify and address targeted training courses (truck driving, welding, pre-apprenticeship for the trades) in response to employer needs. This has not always been the case, and not all employers are fully aware of the coordinated resources available for industry-wide or employer-specific training. Workforce Development Boards and Community Colleges in the Central Valley have coordinated to bring significant resources to bear on training, particularly in the area of manufacturing.

Due to a comparatively high immigrant population attracted to the Central Valley’s agricultural industry, the percentage of people 25 years of age or older with a bachelor’s degree in the Central Valley is approximately 15% below the Bay Area average of 40% and approximately 27% below Southern California. One percent growth in this segment of the population translates to 1.76% greater number of jobs in FOEs in advanced industries, tech sector companies known for their involvement with R&D and STEM workers.



In examining the modest attraction of advanced industries to the Central Valley, it should be noted that many of the skills required come from science, technology, engineering, and math (STEM). As the educational system, particularly the career technical training, reorganizes around a demand-driven response to business, we will continue to build career pathways starting in K-12 education, and articulated through the university level to serve the technical and professional needs of business.

As seen in the following charts, the Central Valley has a lower education level in STEM fields per 1000 people. Bachelor’s degrees are more common in the Valley. While at the state level, Master’s degrees and Doctoral degrees are much more prevalent.

## % Available STEM Job Openings per 1,000 by Entry Level Education Required CA vs Central Valley (SJV)

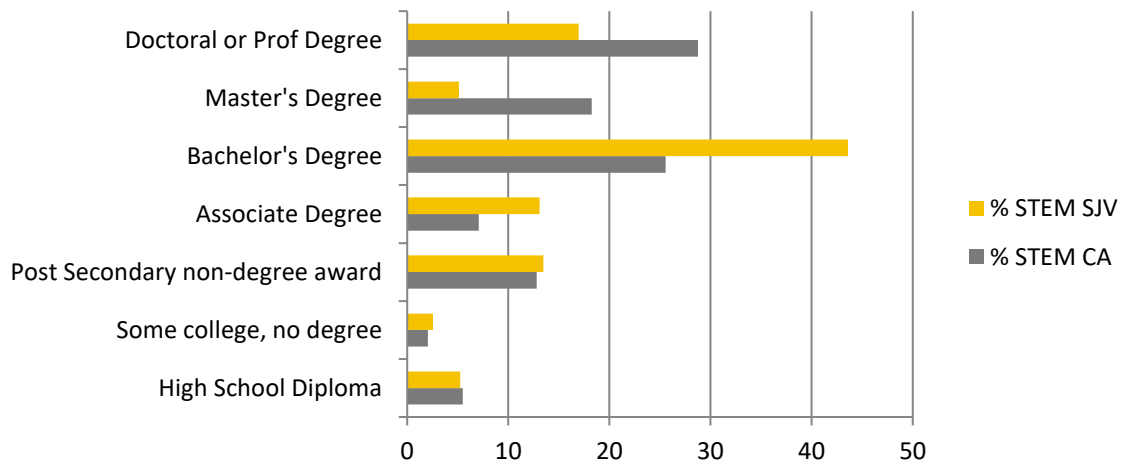


Figure below shows 2012-2022 Forecast Employment in STEM Occupations.

Economic Market	Annual New Jobs per 1000 Inhabitants	Replacement Job Openings per 1000	Total Job Openings per 1000 Inhabitants
San Francisco Bay Area	17	13	29
Southern Border	10	9	19
Southern (SOCAL)	7	7	14
Sacramento	7	6	13
Coastal	6	5	11
<b>San Joaquin Valley</b>	<b>6</b>	<b>4</b>	<b>10</b>
Northern	4	4	8
Eastern Sierra	2	2	4

### KEY FINDING 4: INCENTIVES

“MOST FOREIGN OWNED ESTABLISHMENTS (FOES) DO NOT UTILIZE EXISTING ECONOMIC DEVELOPMENT RESOURCES, AND ECONOMIC DEVELOPMENT AGENCIES HAVE NOT BEEN FULLY SERVING FOES AS A SEPARATE SEGMENT OF THE LOCAL ECONOMY IN RETENTION AND EXPANSION EFFORTS.”

A lack of support can be a breaking point for FOEs that are not well established. Economic development services and the utilization of incentives that assist FOEs are crucial in creating a strong foothold in the Central Valley. The opportunity for Mergers and Acquisitions (M&A) can be an incentive in itself as this form of entry has many benefits to foreign investors by reducing the time and additional hurdles associated with beginning a Greenfield investment. With the strategic location and benefits of the Central Valley, FOE



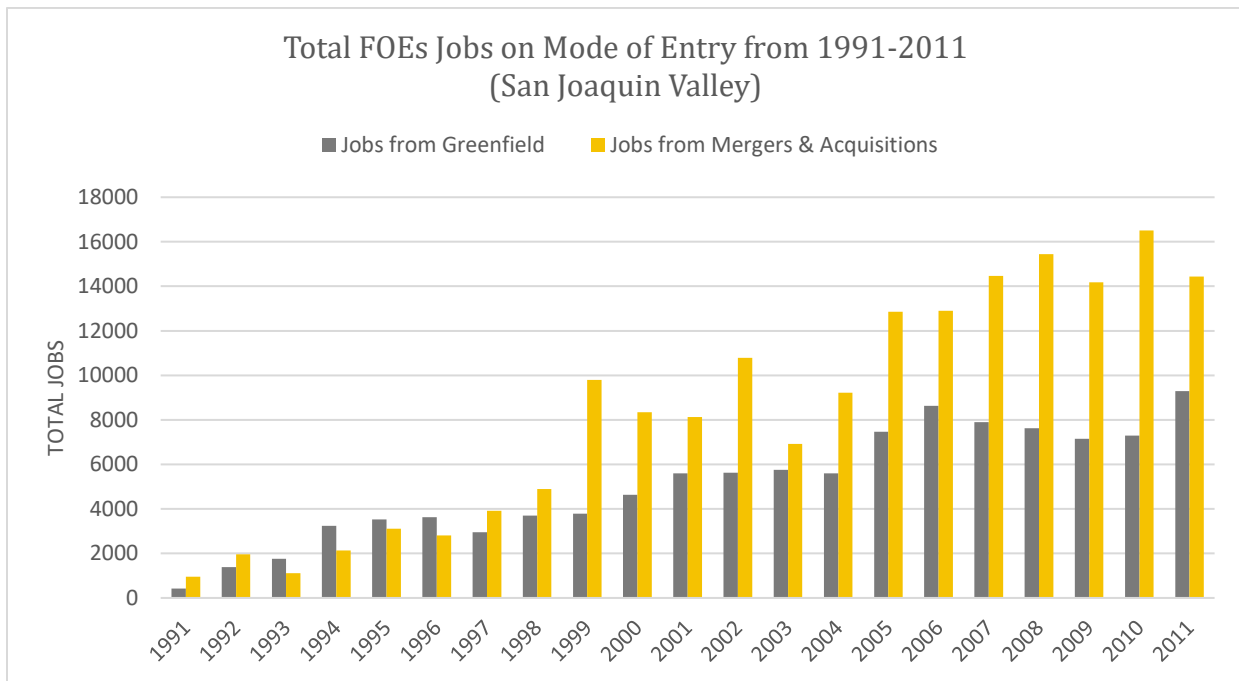
branches can establish themselves as consolidation points rather than becoming the first location on the chopping block should the parent company run into hard times. Additional incentives have come in the form of tax credits, energy efficiency assistance, and employment incentives. While these were not widely known by the interviewed companies, they hold great potential in helping to retain and attract FOEs.

**KEY FINDING 5: MERGERS AND ACQUISITIONS VS GREENFIELDS**

“IN THE CENTRAL VALLEY, GREENFIELDS CREATE JOBS AT A HIGHER RATE, BUT MERGERS AND ACQUISITIONS ARE THE MOST COMMON MODES OF ENTRY.”

Mergers and Acquisitions (M&A) provides for an FOE to invest in a running establishment with a standing workforce, facility, infrastructure and other general business necessities that are usually costly to invest in from scratch as in a Greenfield investment.

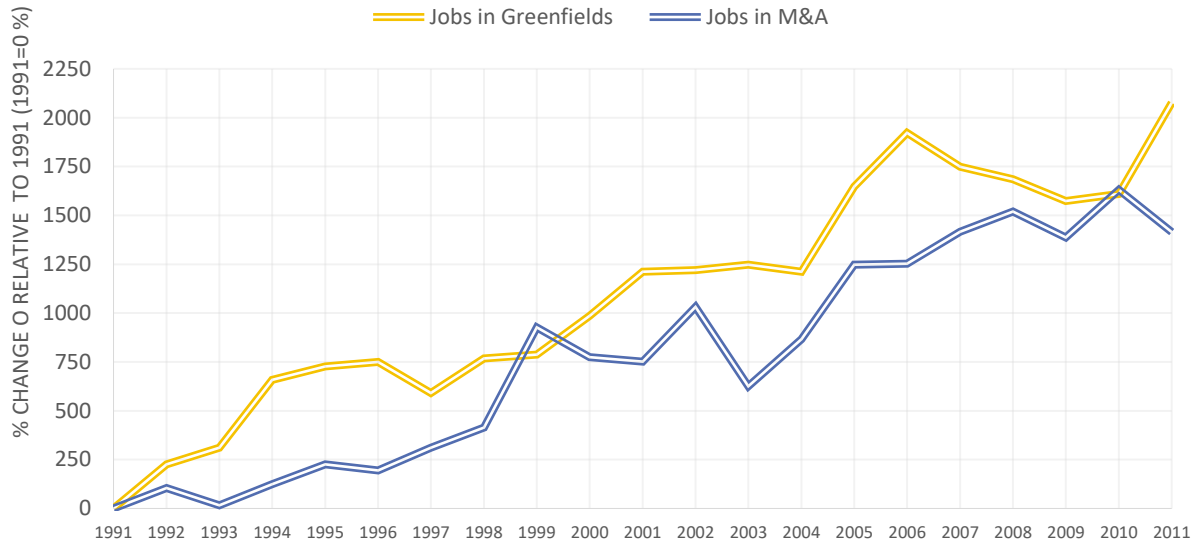
M&As often have a negative stigma, especially for workers and local management teams that fear a foreign invasion. However, this mode of entry, while causing short term upsets, has long term benefits. M&A’s typically lose employees due to the elimination of redundancies as the business right-sizes itself and prioritizes its efforts on critical functions and related jobs in the years following the initial settling.



*Figure Description: Jobs from Mergers & Acquisitions in the Central Valley are more prevalent. However, jobs from Greenfields are growing at a quicker rate.*

*[Data Source: Analyst Summary of Brookings analysis of the National Establishment Time Series (NETS), Bureau of Economic Analysis Financial & Operating statistics, Dun & Bradstreet, and Moody’s Analytics data.]*

## PERCENT CHANGE ON FOES MODE OF ENTRY IN SAN JOAQUIN VALLEY



*Figure Description: The increase in jobs over time has consistently been at a higher rate among Greenfield investments over that of jobs created by M&A in the Central Valley.*

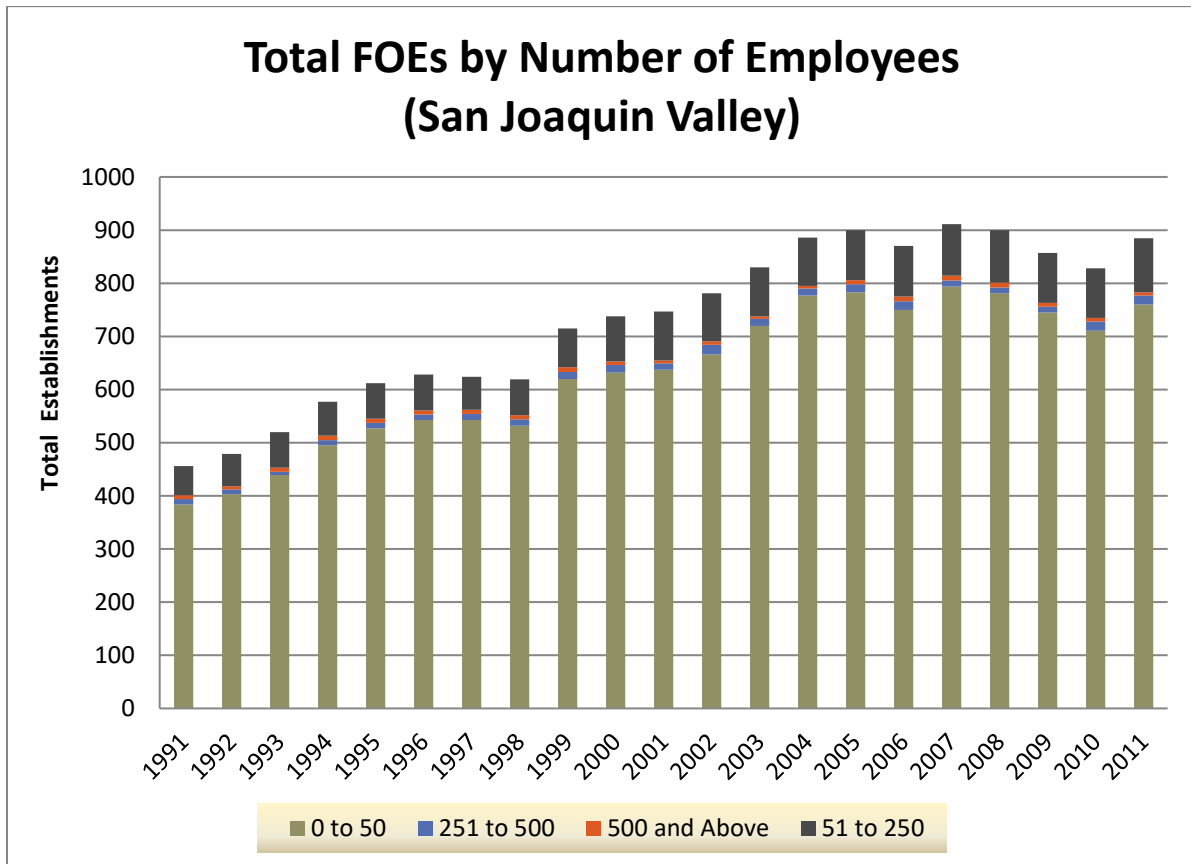
*[Data Source: Analyst Summary of Brookings analysis of the National Establishment Time Series (NETS), Bureau of Economic Analysis Financial & Operating statistics, Dun & Bradstreet, and Moody's Analytics data.]*

**KEY FINDING 6: BUSINESS SIZE**

“SMALL AND MEDIUM SIZE COMPANIES ARE THE SOURCE OF MOST FDI IN THE CENTRAL VALLEY.”



Medium size businesses that have enough stability to be able to spring board into an expansion project would be the ideal targets for added business retention and expansion efforts. This size of company is also poised to benefit from minimal additional assistance while smaller organizations may require extensive aid due to a lack of internal resources to achieve expansion goals. As seen below in the chart the SJV is not a region known for having large FOEs; most of the concentration of businesses tend to have fewer than 50 employees.



[Data Source: Analyst Summary of Brookings analysis of the National Establishment Time Series (NETS), Bureau of Economic Analysis Financial & Operating statistics, Dun & Bradstreet, and Moody’s Analytics data.]

## KEY FINDING 7: MARKETING

“REGIONAL MARKETING AND ATTRACTION EFFORTS HAVE NOT PREVIOUSLY AND SPECIFICALLY INCLUDED FOREIGN DIRECT INVESTMENT.”

California Central Valley EDC (CCVEDC) has been the marketing and outreach arm of the Valley since the late 80's. The CCVEDC marketing efforts have not previously focused on foreign investment attraction as a separate component of its marketing efforts. The addition and strengthening of globally relevant commodities are an easy entry point for developing regional marketing, especially since construction has begun on the California High-Speed Rail. The Valley has become an affordable option for western market entry as well as a strategic home for businesses trying to capture western markets and capitalize on industries that are dominant in adjacent metro areas such as the Bay Area tech industry. Residents have commuted to the Bay for work for quite some time, but now with the high price for overhead in those areas, remote jobs and the movement of businesses to the Central Valley is expected to increase.

Eight Counties, One Contact 888-998-2345

**SITE SELECTION**  
CCVEDC offers free and confidential assistance with:  
• Real Estate  
• Incentives  
• Regional Data  
• Site Tours

**WHO WE ARE**  
California Central Valley Economic Development Corporation (CCVEDC)  
• San Joaquin  
• Stanislaus  
• Merced  
• Madera  
• Fresno  
• Kings  
• Tulare  
• Kern

**KEY INDUSTRIES**  
• Agribusiness & Food Processing  
• Health & Wellness  
• Manufacturing  
• Logistics  
• Energy

Through the process of preparing the Brookings report, FDI partners provided reports to show CCVEDC the benefits of a Foreign Direct Investment Plan. The addition of FDI targeted marketing will help to achieve key parts of the CCVEDC Economic Development Action Plan, including the facilitation and promotion of incentives that bolster vitality across multiple target industries. A marketing plan that recognizes the positive aspects of international trade will aid in combatting the negative association that local businesses sometimes have towards foreign investment. Furthermore, this type of plan will bring together the efforts of increased exporting and

attraction of FDI. In addition, the eight counties can be used as leverage to reach existing FOE businesses and provide services.

Starting in July of 2017, the CCVEDC added International Trade including exporting and foreign direct investment as a key goal in their marketing strategy. Funding to support the plan will be a factor in its success.





# MARKETING PLAN

## GOALS AND OBJECTIVES

### OVERARCHING REGIONAL GOAL

WITH INCREASED FOREIGN INVESTMENT, THE CENTRAL VALLEY WILL BECOME A GLOBALLY RECOGNIZED DESTINATION FOR AGRICULTURE MANUFACTURING AND BE ABLE TO DIVERSIFY AND STRENGTHEN COMPETENCIES IN CONNECTED INDUSTRIES SUCH AS I.T., LOGISTICS AND CONSTRUCTION.

FDI OBJECTIVES	Partners Support of Goal
<i>Increase the number of FOEs in agriculture manufacturing by 25%</i>	Increase the number of FOEs in Agriculture Manufacturing by 25% in five years and focus a portion of attraction on small and medium enterprises (SMEs) in clusters that have shown consistent growth.
<i>Increase employment in FOEs to the national average of at least 4%</i>	Partner FOEs and educational institutions will meet annually to review gaps in the workforce supply and demand, and develop actions to increase the share of total private employment in FOEs to the national average of at least 4% within five years.
<i>Increase of 10% entry FOE investment</i>	Develop Business Retention efforts that holistically service FOEs in order to attain an increase of 10% entry investment in five years.
<i>Develop 10 attraction leads for FDI business per year</i>	Begin to align FDI and Exporting by hosting International Business-to-Business visits through attending two targeted international trade shows annually. Develop 10 attraction leads for FDI from small to medium size businesses per year.

### EXPORT OBJECTIVES

- Increase number of threshold exporters **receiving export assistance** by 25% in five years
- Increase number of threshold exporters **receiving export education** by 25% in five years
- Double the number of **referrals for Gold Key services** in five years
- **Enhance exports** with five currently exporting threshold exporters per year

## STRATEGIES AND TACTICS

### FOCUS AREA: **AGRICULTURE MANUFACTURING**

STRATEGY: ILLUMINATE AND FOSTER THE GROWTH OF FOES IN THE AGRICULTURE MANUFACTURING CLUSTER.

#### TACTICS:

1. Promote incentives geared towards goods production and connect foreign investors to businesses that participate in these incentives so that agencies can demonstrate the value of these incentives in context.
2. Develop a supply chain directory that serves dual functions:
  - a. Allows service providers to search for gaps in the Agriculture Manufacturing industry that can be filled with expanding targeted FOEs;
  - b. Can be utilized as a resource for introducing FOEs to initial regional connections.
3. Focus attraction efforts on agriculture-adjacent businesses and document additional expansion opportunities that arise from these attraction efforts.
4. Provide a service that will connect FOEs with the goods producers for mutual benefit and growth.
5. Provide a “start-to-finish” agriculture industry tour to government entities that highlights additional infrastructure development needs and examines the importance of foreign investment.





## FOCUS AREA: **WORKFORCE**

STRATEGY: UPGRADE LOCAL WORKFORCE THROUGH EDUCATION AND INDUSTRY PAIRING

### TACTICS:

1. Involve industry in an advisory role to education; ensuring training offerings are demand-driven. Engage FOE's on educational institution Advisory Councils and in a consultation role with institutional representatives to help forecast industry trends and future needs.
2. Establish a task-force of industry representatives, including FOE operators, to inform workforce development services provided generally to their industry, and specifically to their business.
3. Work with FOE's to create professional exchange programs for selected employees to gain experience working in the Central Valley.
4. Expand efforts to develop customized workforce trainings to meet the needs of foreign businesses entering the Central Valley as well as existing FOE's.

## FOCUS AREA: **BUSINESS EXPANSION AND RETENTION**

STRATEGY: STRENGTHEN BUSINESS RETENTION AND EXPANSION EFFORTS BY CREATING A FOREIGN OWNED ENTERPRISE FOCAL POINT.

### TACTICS:

1. Develop an FOE university: Utilize partner organizations, trade associations, local government and educational institutions to provide FOEs with the tools for successful entry into the Central Valley. This includes offering classes, and workshops that cover a multitude of topics to assist in the navigation of the extensive regulations that California businesses face.
2. Adapt day to day Business Expansion and Retention efforts to include targeted reach to FOEs and specific measured activities that aid in the development of M&A related entries as well as medium sized facility expansions. Develop an action team that visits businesses to educate and connect to resources that are tailored to FOEs.
3. Grow a support community for FOEs: Create Ambassador Program and provide a starter network for the transfer of ideas and connections for businesses trying to navigate a new market in the SJV. Provide an orientation for new FOE key personnel that include connections to existing resources in specific topics such as Research and Development (WET center incubator, business incubators, and commercial kitchens), exports, legislative compliance, and suppliers to pinpoint opportunities and areas for growth in services. Provide "Quality of Life Tours" for key personnel to learn about the local culture, real estate and services for Central Valley residents.
4. Host foreign investors to learn about the region's innovations, industries and opportunities.





## FOCUS AREA: FOREIGN-OWNED ENTERPRISE INDUSTRY DIVERSITY

STRATEGY: IDENTIFY OPPORTUNITIES TO DIVERSIFY TARGET INDUSTRIES.

### TACTICS:

1. Purchase data for further analysis of local FOE trends and targeted outreach according to location and industry findings as well as study surrounding market changes.
2. Support the creation of new and expanded incentives both locally and regionally: participate in the discussion regarding the expansion of incentives like the *California Competes Tax Credit*, and the *Manufacturing and Research & Development Tax Credit*. Explore how to better utilize the Foreign Trade Zone to suit the growth of FDI in other industries.
3. Introduce a “Looking for Partners” section of the San Joaquin Valley Foreign Business Website: a website that allows local business owners to list their business and land as opportunities for M&A and Greenfield developments. Develop an editorial section of the website that includes industry growth potential and site new opportunities in the central valley for investment.
4. Reinvigorate and collaborate with the Central California Innovation Hub (iHub), which aims to facilitate resources and assistance efforts.
5. Work with the Governor’s Office of Economic Development to market the “one stop shop” for permitting and legal compliance service that aids smaller companies who may not be as well equipped to navigate complex compliance issues.



## FOCUS AREA: **MARKETING OUTREACH**

STRATEGY: ENHANCE CENTRAL VALLEY MARKETING TO FOREIGN-OWNED ENTERPRISES

### TACTICS:

1. Highlight success stories of identified FOEs in target and emerging markets in the Central Valley and use social media, television, blogs, etc. to share their stories, therefore creating a positive regional dialogue on foreign investment.
2. Appoint a regional International Business Services Committee that will plan attendance to targeted international trade shows, welcome inbound missions, participate in outbound missions, and develop business matchmaking events and services as well as client to client “speed dating” sessions for networking opportunities.
3. Coordinate with internationally active partners and government agencies on a quarterly basis (such as World Trade Centers, and The Governor’s Office of Business and Economic Development) in order to further cultivate connected service activities to trading entities and investors.
4. Work with Central Valley EDOs, California Center for International Trade Development (CITD), and US Department of Commerce to leverage existing marketing campaigns and develop resources for future regional marketing.
5. Encourage cross sector collaborations to foster introductions to available resources and potential foreign investment opportunities via an FOE centric website. This includes legal and financial services that are well established in the facilitation of international transactions.
6. Market foreign investment as an option for succession planning and exit strategies to local businesses.
7. Attend Select USA Investment Summit in Washington D.C. annually.

## ABOUT THE GLOBAL CITIES INITIATIVE

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, focusing on their trade sectors. GCI activities include producing data and research to guide decisions, fostering practice and policy innovations, and facilitating a peer-learning network through replication and dissemination. For more information, see [www.brookings.edu/global-cities-initiative-the-exchange/](http://www.brookings.edu/global-cities-initiative-the-exchange/) or [www.jpmorganchase.com/globalcities](http://www.jpmorganchase.com/globalcities) .



# IMPLEMENTATION PLAN

The Central Valley is California’s most enterprising region for economic development and its partners are prepared to join in this regional effort to facilitate global investment and trade opportunities. The region’s Core Team of local leaders will use the following performance measures and organizational roles to maximize the economic opportunities created by foreign direct investment; which will ideally create an upgraded innovation system and value chain in the California Central Valley.

## PERFORMANCE MEASUREMENT

The California Central Valley will measure the output of FDI related activities through the following metrics:

- Brookings’ FDI in U.S. Metro Areas: FDI intensity, trends in Greenfield and M&A, jobs in FOEs.
- Regional increase in the number of new Foreign Owned Establishments and tracking activities related to inbound and outbound missions.
- Increase in Business Retention and Expansion efforts for FOEs that include Workforce, Training, and Incentives assistance.
- Track adoption of FDI and Export related policy changes as well as evaluate growth of support and incentives.

MEASURE	BASELINE	DATE	TARGET	DATE
<b>Total FOE Regional Output</b>	\$5.23 bil	2013	Increase	Annual
<b>FOE Contacts (# Establishments)</b>	0	2017		
Retention/Exp. Assistance	0	2017	10 leads	2022
FOE Attraction Leads	0	2017	5 leads	2022
<b>Increase in # of FOEs</b>	885	2011	Increase	
Ag Mfg.	307	2011	25% increase	2022
<b>Increase in Employment in FOEs</b>	34,075	2011	4% of workforce (national ave.)	2022
Ag Mfg.	12,000	2011	Track Increase	Annual
Traded Industries	6,815	2011	Track Increase	Annual
Mergers & Acquisitions	14,445	2011	Track Increase	Annual
Greenfields	9,290	2011	Track Increase	Annual
<b>#FDI Trade Shows</b>	1	2017	2	Annual

## IMPLEMENTATION PLAN SUMMARY

Fresno EDC will lead the daily activities of the FDI plan and work with CCVEDC to coordinate with all eight EDCs. Individual counties will serve as central hubs for business connections to be made across the Valley. Fresno EDC and CCVEDC will work together with the Core Team to spearhead efforts to implement the work laid out in this plan. To undertake this plan, the steering committee intends to pursue project specific funding opportunities from various government, non-profit, and private sources that align with the goals set forth in the plan.

### ROLES OF PARTNERS:

The groundwork and implementation of this plan are intended to be carried out by every economic development organization, chamber of commerce, university, and elected official within the Central Valley. It is envisioned that these critical economic developers will work directly with the Fresno EDC as administrator

and CCVEDC as plan coordinator. They will work in concert and act on the strategies in this plan and expand the level of foreign investment in the Central Valley. This goal will be accomplished through cooperation with peer organizations and seek funding and technical support for their work under the umbrella of this plan.

*“The Core Team will convene quarterly to draft, update and refine an annual scope of work for plan implementation and biannually to review program metrics.”*

The Core Team will convene quarterly to draft, update and refine an annual scope

of work for plan implementation and biannually to review program metrics provided by the plan administrator. CCVEDC and Fresno EDC will report progress on program outcomes to the Steering Committee.

ORGANIZATION PARTNERS	ROLE IN FDI
<p><b>California Central Valley Core Team</b></p> <p><b>Economic Development Corporation serving Fresno County</b> (Administrator Role) <a href="http://www.fresnoedc.com/">http://www.fresnoedc.com/</a></p>	<p>Fresno County EDC represents the Metro Area (San Joaquin Valley) working with Brookings and JP Morgan to spearhead and administrate the FDI and Export plans. They are a nonprofit organization established to market Fresno County as the premier location for business prosperity and assist in the retention and expansion of businesses that are already located in the area. They currently chair the CCVEDC.</p>

<p><b>California Central Valley EDC (CCVEDC)- representing 8 counties</b> (Coordinator Role) <a href="http://centralcalifornia.org/">http://centralcalifornia.org/</a></p>	<p>California Central Valley Economic Development Corporation (CCVEDC) is a regional marketing group whose mission is to promote job creation in the counties of Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus and Tulare. They coordinate services in this plan to local EDCs and business, and provide outreach services for new business.</p>
<p><b>Center for International Trade Development</b> <a href="http://citd.org/">http://citd.org/</a></p>	<p>Fresno’s CITD, part of a statewide organization, is a nationally-recognized, award-winning program designed to promote California’s international trade and competitiveness, assist exporters and importers, and advance economic and job growth. An entity of the State Center Community College District (SCCCD), CITD works with a variety of partners to increase California’s exporting opportunities.</p>
<p><b>U.S. Commercial Service</b> <a href="http://www.trade.gov/cs/">http://www.trade.gov/cs/</a></p>	<p>The U.S. Commercial Service is the trade promotion arm of the U.S. Department of Commerce’s International Trade Administration. U.S. Commercial Service trade employs professionals in over 100 U.S. cities and in more than 75 countries to help U.S. companies get started in exporting or increase sales to new global markets.</p>
<p><b>Fresno Chamber of Commerce</b> <a href="http://www.fresnochamber.com">http://www.fresnochamber.com</a></p>	<p>The Chamber promotes economic opportunity, business education and successful business relationships throughout the region. They play a key role in providing resources to all types of business.</p>
<p><b>Cities of Fresno and Clovis</b></p>	<p>These cities house 90% of all business in Fresno County and are home to many ‘hub’ business locations in California. They are part of the original organizing team for the Brookings/JP Morgan Chase FDI and Export.</p>
<p><b>California State University, Fresno</b> <a href="http://www.fresnostate.edu/academics/oced/initiatives">http://www.fresnostate.edu/academics/oced/initiatives</a></p>	<p>Fresno State serves the richly diverse region of Central California. The University is home to the Regional Industry Clusters Initiative (RICI), which is the result of an analysis of the Valley’s industry clusters, directed by the Office of Community and Economic Development (OCED) and its partners. The economic and cluster analyses and the partner/stakeholder engagement process provide a platform for the evolution of the Valley’s cluster initiatives.</p>
<p><b>Brookings Institute</b> <a href="https://www.brookings.edu/project/global-cities/">https://www.brookings.edu/project/global-cities/</a></p>	<p>The Global Cities Initiative is a joint project of the Brookings Institution and JPMorgan Chase, aimed at equipping city and metropolitan leaders with the practical knowledge, policy ideas, and networks they need to become more globally connected and competitive.</p>



## State Agency Resources

<p><b>California GoBiz</b>  <a href="http://businessportal.ca.gov/Business-Assistance/International-Trade-Investment">http://businessportal.ca.gov/Business-Assistance/International-Trade-Investment</a></p>	<p>California is a leading destination state for foreign direct investment and GoBiz is the agency that assists in new investment to the state. The state has one of the largest concentrations of international banks, foreign consulates, and bi-national chambers of commerce in the United States. California welcomes all form of foreign investment, from entrepreneurial ventures to major manufacturing or distribution facilities, and from real estate investment to major private equity or other financing.</p>
<p><b>Cal Trade</b>  <a href="http://www.caltrade.com">www.caltrade.com</a></p>	<p>The California Trade Network is part of an initiative designed to help companies and professionals in California find partners, collaborate and secure opportunities in international markets. This initiative includes an online business network as well as a new kind of business association. It is the only service of its kind for California, and includes sophisticated business profiling, collaboration technology, and an international opportunity matching service.</p>
<p><b>Cal Chamber</b>  <a href="http://advocacy.calchamber.com/international/trade/foreign-direct-investment/">http://advocacy.calchamber.com/international/trade/foreign-direct-investment/</a></p>	<p>Cal Chamber’s international site provides trade statistics, U.S. Trade Agreements, and regional overviews with links to related organizations and documents. Constantly updated, the Trading Partner Portals provide insight into California’s trade with over 50 countries.</p>

## Federal Agency Resources

<p><b>Economic Development Administration</b>  <a href="https://www.eda.gov/about/investment-priorities.htm">https://www.eda.gov/about/investment-priorities.htm</a></p>	<p>EDA is a funding partner that helps build capacity in local communities. EDA’s investment priorities include: projects that support high-growth businesses and innovation-based entrepreneurs to expand and compete in global markets; especially investments that expand U.S. exports, encourage foreign direct investment, promote the repatriation of jobs back to the U.S, and position U.S. firms to become leaders in global industries.</p>
<p><b>Bureau of Economic Analysis</b>  <a href="https://www.bea.gov/international/">https://www.bea.gov/international/</a></p>	<p>The best source for Foreign Direct Invest Statistics in the United States is the U.S. Department of Commerce, Bureau of Economic Affairs. The BEA’s Interactive Data Analysis allows you to search and create reports based on specific criteria, such as country, industry, amount, etc.</p>
<p><b>Select USA</b>  <a href="https://www.selectusa.gov/">https://www.selectusa.gov/</a></p>	<p>SelectUSA is a U.S. government-wide program housed in the International Trade Administration at the United States Department of Commerce. Since its inception, SelectUSA has facilitated more than US \$23 billion in investment, leading to the creation and/or retention of tens of thousands of U.S. jobs.</p>

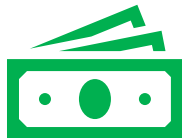
## SUMMARY OF KEY POLICY PROPOSALS

In the research phase of this FDI plan several areas for change and growth were noted and will be focal points of the below policy recommendations. The California Central Valley Region hopes that, in advocating for the following policies, that decisions about economic development will be made with consideration of the benefits created by increased foreign trade and investment. Furthermore, the continued examination and alleviation of other barriers-to-entry are key in building a resilient economy for both domestic and foreign companies and the people that they employ.



### WORKFORCE EDUCATION

A new system-wide focus to realign workforce education with industry specific needs is underway. Investing in the development of STEM related fields of study should be a focus for all agencies and on all levels as these are vital segments in the transitioning economy. Technology skills will only continue to be in high-demand as automation increases and phases out current workforce positions.



### COMPETITIVE ADVANTAGE THROUGH EXPANDING INCENTIVES

California Competes Tax Credit and the Manufacturing and Research & Development tax exemption as well as many other local, federal and state level programs are competitive tools that allow businesses to increase the likelihood of their success in beginning or expanding operations within California. Extensions for these programs as well as expanding the definition of included entities will be paramount to ensuring growth and attraction of foreign investment. Incentives can assist businesses in offsetting burdens caused by regulation, higher cost of living, and general operations. Support continuation of other incentive programs like the Economic Development Rate with PG&E, among others.



### REGIONAL PERCEPTION ISSUES

As a region, the Central Valley aims to capitalize on the positive California perceptions, as opposed to continuing local negativity often related to climate, air quality and workforce availability. Promotion of the region as a destination for prosperity, tourism, and educational opportunity should be pursued. Policy that can affect areas such as funding for education, air and water pollution control, and regional tourism initiatives are prospects that can combat the greater issue of negative perception.



## REGULATION

A lack of understanding of California’s regulatory climate was expressed by many of the interviewed FOEs. In particular, businesses need assistance with CEQA rules and requirements. Organizations can assist by providing specific feedback to state and local policy makers on barriers for companies seeking to grow in the Central Valley. This policy segment is wide-reaching, complex and requires further evaluation to be included in a proposed future publication related to the effect of regulations on business closures, competitiveness, and expansion opportunities. There is much that can be done on a local level to assist organizations in navigating regulation, however the bottom-line effect of some regulations can become an opportunity for reform.

## MARKETING AND COMMUNICATIONS

Marketing and Communications of the California Central Valley Global Trade and Investment Plan will focus on communicating the Central Valley’s strength and potential as a center for international trade. This message will be carried to an audience of both internal and external companies and agencies and will provide opportunities for engagement. The release of this FDI plan will be the first step in the development of a formal marketing plan that will describe in detail the best channels of communication.

### THE PLAN WILL WORK TO ACHIEVE OVERALL GOALS, INCLUDING:

- ✦ Increase the global visibility and fluency of the California Central Valley in all forms of international trade;
- ✦ Develop collateral materials that generate awareness of the importance of international trade and its existence in the region;
- ✦ Brand Central Valley as the lead global location for Agricultural Manufacturing and related supporting industries;



- ✚ Connect businesses, existing and foreign, with the tools necessary to engage in international trade;
- ✚ Work together with elected, economic development and workforce officials on key policies mentioned above to improve the overall environment for international trade.

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ELEMENTS OF THE PLAN WILL BE COMMUNICATED THROUGH MEDIA AND EVENTS, INCLUDING:

- ✚ Educational blog posts;
- ✚ Email communications about related events, seminars, and workshops;
- ✚ and networking opportunities for businesses interested in locating in the Central Valley or those looking to connect with existing markets or evaluate opportunities for growth.

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TIMING AND PHASES:

The Central Valley FDI strategy will begin with the Core Team performing a deeper evaluation of targeted attraction efforts including the selection of trade shows, outreach to existing advanced manufacturers in the agriculture industry and the development of BRE systems. Once that has begun, the implementation of FOE-specific retention and expansion efforts can begin almost immediately. The CCVEDC will coordinate the release of a regional marketing plan in conjunction with the development of content aimed at creating and growing a website and training series for businesses on both FDI and Exporting.

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PROPOSED NEEDED RESOURCES:

- ✚ Funding for business marketing materials and international travel to trade shows
- ✚ Funding for program administration and development of webinar/website services



## ACKNOWLEDGEMENTS

### ABOUT THE GLOBAL CITIES INITIATIVE

The Global Cities Initiative is a joint project of the Brookings Institution and JPMorgan Chase to help metropolitan private and public-sector leaders grow their regional economies by strengthening international connections and competitiveness through exports, foreign investment, and other strategies. GCI activities include producing research and data for better decision-making, fostering policy and practice innovations, and promoting collaboration and replication through a peer learning network. For more information, see <http://www.brookings.edu/projects/global-cities.aspx> or [www.jpmmorganchase.com/globalcities](http://www.jpmmorganchase.com/globalcities).

### GCI/GCX DISCLAIMER

This plan was developed in partnership with the Fresno County Economic Development Corporation, the San Joaquin Valley Regional Association of California Counties, the California Central Valley Economic Development Corporation, California State University Fresno, the City of Fresno, the Fresno Chamber of

Commerce, the U.S. Commercial Service, and the California Centers for International Trade Development. 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. The Brookings Institution is a private non-profit organization. Its mission is to conduct high-quality, independent research and, based on that research, to provide innovative, practical recommendations for policy makers and the public. Brookings recognizes that the value it provides is in its absolute commitment to quality, independence and impact, and makes all final determinations of the scholarly activities of the Global Cities Initiative, including the research agenda and products.

### FOR MORE INFORMATION, PLEASE CONTACT:

Fresno County EDC  
559-476-2500 <http://fresnoedc.com/>

California Central Valley Economic Development Corporation  
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<http://centralcalifornia.org/>

# CALIFORNIA CENTRAL VALLEY

# GLOBAL TRADE AND INVESTMENT PLAN



Fresno ■ Kern ■ Kings ■ Madera ■ Merced ■ San Joaquin ■ Stanislaus ■ Tulare

*Global Cities Initiative, a Joint Project of Brookings and JPMorgan Chase*