



GLOBALLY-MINDED LEADERSHIP

A public information project sponsored by the Global Philadelphia Association
Nancy Gilboy and Craig Snyder, Project Co-Chairs

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THE EFFECT AND POTENTIAL OF FOREIGN TRADE AS A DRIVER OF LOCAL JOBS AND WEALTH

Did You Know...

- The Greater Philadelphia Metro Area has some 7,526 exporting firms according to the latest data from the USDOC.
- Of these, 89% are small- and medium-sized enterprises, engines of economic growth.
- Pennsylvania has largest trade program of its kind in the U.S., with 10 in-state representatives and 19 international representatives.
- Pennsylvania has the only state presence in Indonesia - the world's fourth largest population with an exploding middle class

Philadelphia, PA –It is estimated that for every additional \$1 billion in exports, more than 5,000 jobs could be created. Thus, a doubling of Greater Philadelphia’s annual export growth rate to bring it in line with competitor metros would generate up to 40,000 new jobs in our region over five years. The average American worker makes up to 18 percent more when working for a business that exports, and exporters can rely on varied markets to weather economic downturns. No wonder Ed Rendell just called foreign trade a “kitchen table issue.”

With the city of Philadelphia and the surrounding region continuing to struggle with sluggish job growth (we rank 86th out of the 100 largest U.S. metros for post-recession performance), a growing coalition of civic, business, and public sector leaders are uniting around the opportunity to expand our economy via global trade.

These leaders are rallying around the Greater Philadelphia Metro Export Initiative, a year-long effort led by the Economy League and the World Trade Center of Greater Philadelphia to develop a customized metro export plan for our region. While Greater Philadelphia has excellent core assets for exporting and sells \$32 billion worth of goods and services abroad annually, a

unique opportunity exists to help more small- and medium-sized firms access global markets and take Philadelphia's export activity to the next level.

Despite 95 percent of the world's consumers living outside of the United States, only five percent of U.S. companies currently export and, among those that do, 58 percent export to only one market. These numbers underscore the significant opportunity for Greater Philadelphia to grow by going global.

While local economic development efforts may help contribute to modest growth for Philadelphia, it is clear that more robust and sustainable economic growth will depend upon strong global connections. Recognizing this global business imperative and having our top elected officials show their support for international trade are critical components of Philadelphia fulfilling its potential as a world class city that provides economic opportunity for all of its residents.

For further information, please contact Kris Walski at walskik@gmail.com or Zabeth Teelucksingh at zabeth.teelucksingh@globalphiladelphia.org or call 215-851-8112.



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Philadelphia, PA 19102
(215) 875-1000
www.WorldClassGreaterPhila.org

EMBARGOED FOR RELEASE
Tuesday, November 18, 2014

CONTACT: Josh Sevin
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Economy League, World Trade Center Launch Exports Initiative

Federal Grant Helps Advance World Class Business Growth Agenda for Region

Philadelphia, PA - Focusing on a major opportunity for regional job growth, the Economy League and the World Trade Center of Greater Philadelphia today are launching a **new initiative to significantly expand global trade for area firms**. The two organizations will bring together business, government, and nonprofit leaders to develop an action-oriented **metro export plan** that draws upon our region's unique assets and capacities to advance Greater Philadelphia as a hub for global business.

The development of a metro export plan emerged as a top recommended action to boost regional business growth in the World Class Global Positioning Strategy (GPS) released last year as part of the Economy League's ongoing World Class Greater Philadelphia initiative. Estimates indicate that doubling Greater Philadelphia's annual export growth rate to bring it in line with competitor metros would generate up to 40,000 new jobs in our region over five years.

"Greater Philadelphia has excellent core assets for exporting – advanced manufacturing and services clusters; a skilled workforce; strong air, port, and rail connections; capable support organizations – yet we lag behind competitor regions on key export indicators," said Economy League Executive Director Steve Wray. "Now is the perfect time to take a closer look at how we're performing and advance shared strategies to take our region's export activity to the next level."

The Economy League and World Trade Center will lead a coalition of regional partners for a 12-month project to develop and disseminate a customized, data-driven metro export strategy for Greater Philadelphia. A detailed market assessment will be released in summer 2015, setting the stage for completion of a metro export plan by the end of 2015 along with announcement of initial implementation efforts.

"We are thrilled to join forces with the Economy League and other partners to develop a metro export plan that will accelerate growth in our region," said World Trade Center of Greater Philadelphia President Linda Conlin. "This important initiative will build on successful efforts to date and help elevate exporting to its rightful place as a top-of-mind economic development priority for Greater Philadelphia."

The export initiative is being supported in part by a new **U.S. Economic Development Administration grant awarded to the Economy League to advance the World Class Business Growth agenda**. The two-year, \$200,000 matching grant will also fund in-depth analysis and strategy development for a priority industry sector as well as the formation of a World Class Business Growth Network in the region. This is the EDA's second award in support of the Economy League's World Class Greater Philadelphia initiative, following a 2011 grant that assisted with regional priority-setting and creation of the World Class GPSes.

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“Thanks to this generous support from the EDA, the Economy League can continue to advance strategic elements of the Business Growth GPS and convene business, civic, government, and philanthropic leaders to move the World Class agenda forward,” said Wray.

Despite 95 percent of the world’s consumers living outside the United States, only five percent of U.S. companies export and, among those that do, 58 percent export to only one market. These numbers underscore the significant opportunity for Greater Philadelphia and other U.S. metros to grow by going global. To date, 20 U.S. metros representing 19 percent of the nation’s population have completed or are in the process of development metro export plans to achieve ambitious growth targets.

The Greater Philadelphia metro export initiative will be launched at a World Class Council forum being held on Tuesday, November 18 at Urban Outfitters headquarters at The Navy Yard in Philadelphia. Attendees will hear from Sean Barr of the San Diego Regional Economic Development Council, who will share how San Diego has used a recently completed metro export plan to drive global business. Additional speakers include:

- Antwaun Griffin, Deputy Assistant Secretary, International Trade Administration
- Linda Conlin, President, World Trade Center of Greater Philadelphia
- Len Karp, President & CEO, Philadelphia International Medicine
- Bob Kritzer, Director - International Division, Harold Beck & Sons

WHAT: Launch of New Greater Philadelphia Export Initiative

WHO: Economy League of Greater Philadelphia & World Trade Center of Greater Philadelphia

WHEN: Tuesday, November 18, 6:30-8:00pm

WHERE: Urban Outfitters – The Navy Yard, 5000 S. Broad Street, Building 543, Philadelphia

About the Economy League of Greater Philadelphia

The Economy League of Greater Philadelphia is an independent, nonpartisan, nonprofit organization committed to ensuring the region's prosperity through analysis and action. We bring together established and emerging leaders to understand the region's challenges and work toward innovative solutions. For more information, visit www.EconomyLeague.org.

About the World Trade Center of Greater Philadelphia

For the past eleven years, the World Trade Center of Greater Philadelphia (WTCGP), a member of a worldwide association of centers in 100 countries, has served as a single, powerful source of international business support for the Greater Philadelphia region. The WTCGP offers a range of international trade services and connects members to customers and partners worldwide. To date, the WTCGP has helped companies in Pennsylvania and New Jersey generate over \$1 billion in export sales. For more information, visit www.wtcphila.org.

About World Class Greater Philadelphia

World Class Greater Philadelphia is a business- and civic-led initiative to advance a shared agenda for regional growth and opportunity in the Philadelphia area. Facilitated by the Economy League of Greater Philadelphia, the World Class initiative leverages the collective power of the region’s business, nonprofit, government, philanthropic, and community leaders for lasting regional impact in three primary areas: education & talent development, business growth, and infrastructure. For more information, visit www.worldclassgreaterphila.org.

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FOR IMMEDIATE RELEASE
Thursday, January 15, 2015

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Greater Philadelphia Selected to Join Global Cities Initiative's Exchange Network

Network will help Philadelphia region develop strategies to increase exporting and foreign direct investment, key tools in globally competitive economic development

Philadelphia, PA - Today, Greater Philadelphia is joining an economic development network created by the Global Cities Initiative (GCI), a five-year joint project of the Brookings Institution and JPMorgan Chase. This network, the Global Cities Initiative's Exchange, assists metropolitan areas as they develop plans to achieve sustainable growth, first addressing exports and then foreign direct investment. Greater Philadelphia will start its involvement in the Exchange by developing a metropolitan export plan in 2015.

Greater Philadelphia is one of eight metro areas accepted to the GCI Exchange's 2015 group, the final cohort of the 28-metro-area network. The Brookings Institution selected metro areas for the Exchange through a competitive process based on their readiness and commitment to pursue the Exchange's global competitiveness principles.

"For the Exchange, we selected metro areas that are committed to expanding their global economic reach by working together to identify regional competitive strengths and increase exports," said Marek Gootman, director of strategic partnerships and global initiatives at Brookings. "The eight metro areas selected for this final round represent a growing group of U.S. metro areas that understand the need to embrace the global market to remain competitive in the 21st century economy."

The selection follows a November announcement by the Economy League and the World Trade Center of Greater Philadelphia that the organizations would bring together business, government, and nonprofit stakeholders to develop an action-oriented export growth plan for the region.

Despite 79 percent of global GDP growth projected to occur outside the United States between 2013 and 2018, only five percent of U.S. companies currently export and, among those that do, 58 percent export to only one market. These numbers underscore the significant opportunity for Greater Philadelphia and other U.S. metros to grow by going global.

"We're confident that Greater Philadelphia will be both a great contributor and beneficiary as part of this network, and we believe that this is exactly the kind of innovative planning that will ensure our community's long-term economic success," said JPMorgan Chase Greater Philadelphia Market President Mark Schrieber. "We have a long history of helping businesses connect to global markets, and now the Exchange brings additional resources to help our region's leaders design strategies to further create jobs and grow our economy through greater global engagement."

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Greater Philadelphia will be represented in the Exchange by a team of local leaders including Josh Sevin, Managing Director for Regional Engagement, Economy League of Greater Philadelphia; Linda Conlin, President, World Trade Center of Greater Philadelphia; Sapna Bhatt, Director - International Business Development, City of Philadelphia Mayor's Office; and Wilfred Muskens, Deputy Secretary for International Business Development, Pennsylvania Dept. of Community & Economic Development.

"The timing could not be better for Greater Philadelphia to join the Global Cities Initiative's Exchange," said Economy League Executive Director Steve Wray. "It will allow us to draw upon the experiences of peer regions and the expertise of Brookings to tailor strategies that make our region more globally competitive over the long haul."

"The World Trade Center of Greater Philadelphia has been helping local companies increase international sales for over 13 years. We are pleased to join the Economy League and the region's public and private sector leaders in this initiative to accelerate global business growth and generate new jobs," said WTCGP President Linda Conlin. "By participating in the Exchange, Greater Philadelphia is well-positioned to build on past efforts and take regional trade and investment to the next level."

The members of the new Exchange cohort include Philadelphia; Baltimore; Fresno, CA; Houston; Kansas City, MO; Salt Lake City; Seattle; and St. Louis. They join Atlanta; Charleston, SC; Chicago; Columbus, OH; Des Moines, IA; Indianapolis; Jacksonville, FL; Los Angeles; Louisville-Lexington, KY; Minneapolis-Saint Paul; Milwaukee; Phoenix; Portland, OR; Sacramento, CA; San Antonio; San Diego; Syracuse, NY; Tampa Bay, FL; upstate South Carolina (Greenville-Spartanburg-Anderson region); and Wichita, KS, to share best practices as they create and implement their global trade and investment strategies.

Launched in 2012, the Global Cities Initiative helps 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 on the Global Cities Initiative, visit www.brookings.edu/projects/global-cities.aspx or www.jpmorganchase.com/globalcities. For more about the GCI Exchange, visit <http://www.brookings.edu/about/projects/global-cities/exchange>.

About the Economy League of Greater Philadelphia

The Economy League of Greater Philadelphia is an independent, nonpartisan, nonprofit organization committed to ensuring the region's prosperity through analysis and action. We bring together established and emerging leaders to understand the region's challenges and work toward innovative solutions. For more information, visit www.EconomyLeague.org or www.WorldClassGreaterPhila.org.

About the World Trade Center of Greater Philadelphia

The World Trade Center of Greater Philadelphia (WTCGP), a non-profit and membership - based organization, accelerates global business growth for companies in Southeastern Pennsylvania and Southern New Jersey by providing customized, one-on-one trade counseling, market research, educational programs, trade mission support, business networking events, and powerful connections to customers and partners worldwide, including 326 world trade centers in 92 countries. Since 2002, the WTCGP has served as a catalyst for regional economic growth and job creation, helping area companies generate over \$1.3B in incremental export sales, supporting over 17,000 jobs. For more information, visit www.wtcphila.org.

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Make International Trade a PA Priority

March 1, 2015

Joel Naroff, *Philadelphia Inquirer*

It's that time of the year when governors present their budget plans. Since budgets are fundamentally political documents, the relationship of the comments to reality is often tenuous. That said, the addresses do start the budgeting process.

Normally, the big issues of the day are highlighted, with the focus on tax and spending priorities. Not mentioned are allocations to the many hundreds of line items that don't make the news, but where some of the critical work of government gets done. The future of the economy is often determined by spending in places no one sees. One of those areas is international trade, which should become a priority for the state.

This week, when Gov. Wolf presents his first budget, he will have to face some huge problems as he tries to balance an inherited deficit of more than \$2 billion. What he wants to do about increasing funding for education, reforming the flawed charter-school funding formula, implementing a severance tax on energy companies, rationalizing the state's income and business taxes, reforming pensions, raising the minimum wage, and privatizing the sale of liquor will be scrutinized in the context of that poor financial condition.

Since those issues will be dissected in detail, I want to discuss a part of the budget that relates to the nitty-gritty of governing: support for business activities. It is here that we create a more competitive economy and, hopefully, position the state to take advantage of current or emerging economic trends that can expand the economic pie.

If Pennsylvania is to forestall future crushing budget problems, it must build a broader economic foundation. One way is to tap into the rapid expansion of international trade. Consider this: In the last decade, U.S. exports have doubled. In contrast, GDP was up only about 40 percent. A key element of our future growth must come from outside our borders.

Pennsylvania needs to ramp up its activities to help businesses reach growing world markets. It is estimated that for every additional \$1 billion in exports, more than 5,000 jobs could be created.

Ranking last

According to the Brookings Institution, between 2008 and 2013, the region's annualized export growth rate was 0.3 percent, ranking it last among the 10 largest metropolitan areas and 86th among the top 100. Even more important, Philadelphia's export intensity ranked only 58th in the nation.

We need to do better, and that can happen if the state expands its already solid base of support for export activity. A report by the Economy League of Greater Philadelphia noted that "the Commonwealth boasts the largest network of overseas trade representatives of any state, connecting Pennsylvania firms with 19 foreign offices covering 55 markets. It has the only state presence in Indonesia - the world's fourth largest population with an exploding middle class."

And that brings us back to the state's budget. This fiscal year the Pennsylvania Office of International Business Development was cut by 20 percent. When the state should be expanding its efforts to tap into a key element of future economic growth, it retrenched.

[Make International Trade a PA Priority](#)

March 1, 2015

Joel Naroff, *Philadelphia Inquirer*

Economic needs

Given its port, rail system, and highway network, intensifying the state's commitment to becoming a major export center would help the Philadelphia region dramatically. It would also bolster overall state growth and enhance tax revenues.

The governor and the legislature will battle over what to do to erase the budget deficit and how to spend money on popular items. Clearly, Pennsylvania's place in the bottom 10 in the nation in state aid for education demands action. The transportation infrastructure has to be rebuilt and a realistic, long-term funding source created. These are economic needs that can't be put off.

But there are other, less visible ways to expand the tax base and ease some spending and revenue pressures created by past budgeting failures. The state should increase its funding for efforts, such as those in Philadelphia led by the Economy League and the World Trade Center of Greater Philadelphia, to expand our international exposure.

Money spent on linking our economy more closely to the world economy is likely to bring tremendous returns, with the benefits appearing soon and lasting for decades.

[Yeah, Foreign Trade Is Boring – But Here’s Why It’s a Kitchen Table Issue](#)

March 12, 2015

Ed Rendell, *Harrisburg Patriot-News*

The problem with trade policy, Adlai Stevenson once lamented, is that its "greatest need is for fresh clichés." In other words, it's boring.

My father, a converter in the textile industry, loved Stevenson so much that he brought me along to hang posters supporting his presidential run in 1952, when I was only eight years old.

Perhaps it's no surprise that Stevenson's commitment to politics that worked for the public, whatever their publicity value, is something I grew to embrace during my own career in politics.

During my than three decades in public service, what's kept me going isn't generating headlines, but jobs and better paychecks for the middle class. Since leaving office, I've remained an outspoken advocate for investing in infrastructure and education.

Sure, I'd rather speculate about the Eagles' offseason pickups, but I believe strongly that how we handle these issues will define our nation for decades to come.

Just like infrastructure and education, promoting trade is a critical investment in America's future. The stakes are especially high for middle class Americans, who stand to gain the most if America leads on trade and lose the most if it doesn't.

Trade might not be a kitchen table issue, but it's been helping American families put food on their tables for years.

Expanding trade has added more than \$13,000 to the average American household's annual income.

According to a recent survey of mothers, that's roughly what raising a child costs every year. Deals currently under negotiation could add an additional \$3,000 to that same family's income.

During recent years, trade has been one of America's best ladders for climbing out of the Great Recession.

Since 2009, the increase in U.S. exports has contributed one-third of our overall economic growth. Record exports are now supporting well over 11 million jobs, including 1.6 million new jobs over the last five years. It's sobering to imagine what American communities would look like without this trade-driven growth.

Pennsylvania has shown the benefits of concentrating on promoting exports. When I became governor, I started World Trade PA and set up an office of international business development.

We built the largest network of overseas trade representative of any state, connecting Pennsylvania firms with 19 foreign officers, covering 55 markets. In fact, we were the only state to have a presence in Indonesia, the world's fourth highest population, with an exploding middle class.

As a result, Pennsylvania exports tripled in eight years from 14 to 23, with an overall increase from \$16.2 billion to \$40.2 billion.

Now that average wages finally starting to rise, an aggressive approach to expanding trade can help cement these gains and put more money in middle class pockets.

[Yeah, Foreign Trade Is Boring – But Here’s Why It’s a Kitchen Table Issue](#)

March 12, 2015

Ed Rendell, *Harrisburg Patriot-News*

The average American worker makes up to 18 percent more when working for a business that exports, and that job is more secure because exporters are better able to weather economic downturns. America's middle class could use more of the better-paying jobs that trade supports.

Small businesses have a big stake in promoting trade, too, as they make up the vast majority of all American business that export.

These local job creators are the backbone of our economy, and when they export, they tend to grow faster, hire more workers, and pay those workers higher salaries. In a world where 95% of customers live outside our borders, creating more jobs at home depends on making it easier for our small business to compete overseas.

Two pending deals would help level the playing field for American workers and businesses overseas, bringing more high-paying jobs home and helping our small businesses win in the world's fastest-growing markets.

In the Asia- Pacific, the Trans-Pacific Partnership will knock down barriers to a wide range of important "Made-in-America" exports.

As it stands, foreign competitors have struck deals that undercut our competitiveness in these markets. For example, while construction equipment made in Pennsylvania is taxed at up to 30% when it arrives in Malaysia, equipment made in China and elsewhere faces much lower or no tariffs.

The Trans-Pacific Partnership will also raise standards that protect the livelihood of American workers. It will include the highest labor and environmental protections of any trade agreement, as well as provisions that will protect the 40 million American jobs that are tied to intellectual property-intensive industries.

Combined with the Transatlantic Partnership, a deal the United States is negotiating with the European Union, Main Street America will get premium access to nearly two thirds of the global economy.

Our high standards will become widely adopted, doing good for the world's workers, and in turn, helping American workers do well by increasing our exports, attracting more investment, and supporting more high-paying jobs.

Bringing these benefits home, however, will require bipartisanship, which is a rare commodity in American politics these days.

Fortunately, trade is one of the few areas there's enough agreement to get something important done.

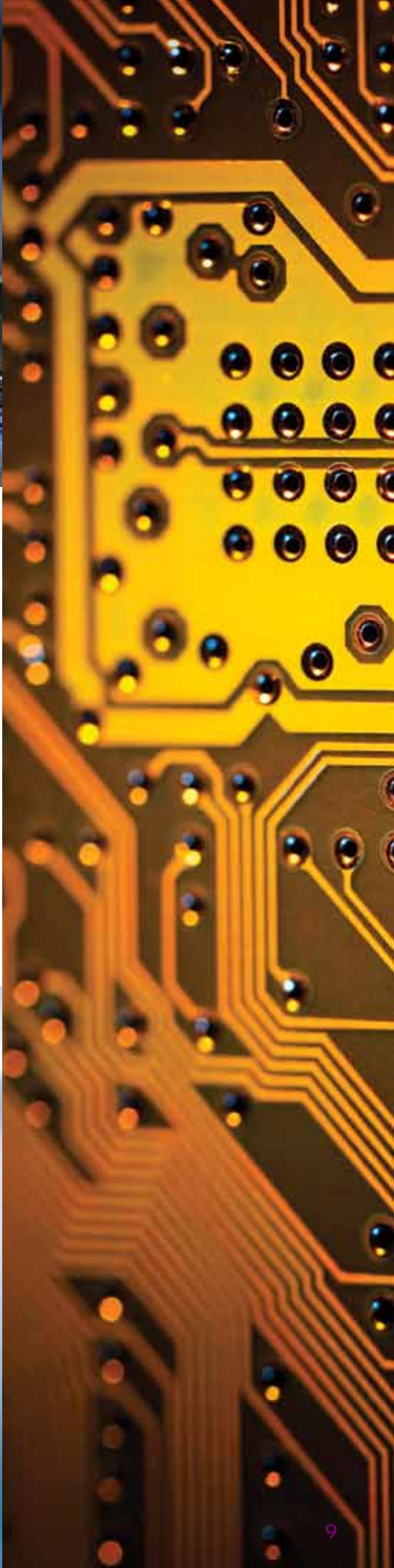
President Barack Obama has asked Congress for trade promotion authority, and Republican leaders have said they're ready to work with him. Democrats who care about working Americans should support giving the president trade promotion authority as well.

Trade policy might not be any more colorful than it was during Stevenson's time, but for America's middle class, promoting trade matters more than ever.

Doing so the right way will mean more good jobs, higher wages, and a stronger middle class. Sometimes, the big problems call for boring solutions.



**TEN STEPS
TO DELIVERING
A SUCCESSFUL
METRO
EXPORT PLAN**





SUMMARY

Many leaders in states, cities, and metropolitan areas across the country are exploring ways to help their firms tap into expanding markets worldwide to grow jobs at home. This brief serves as a how-to-guide for private, nonprofit, and government leaders in metro areas who are interested in developing effective action-oriented metropolitan export plans and initiatives customized to their region's unique assets and capacities. It builds on lessons learned from a one-year pilot (2011-2012) where the Metropolitan Policy Program at Brookings collaborated with leaders in four metro areas to develop localized export plans. Metro leaders play a critical role in a trade promotion and development infrastructure long served mostly by states and the federal government. Metro areas are uniquely positioned to identify and increase the number of firms ready to export and to make exports and global engagement a central, consistent part of broader regional economic strategies. This brief aims to help more metro areas adopt or refine their global trade strategies so the nation can remain a center of growth and innovation for years to come.

INTRODUCTION

Across the country, regional leaders are re-examining their job and economic growth strategies in the wake of the Great Recession. At the core of their reexamination is a heightened interest in tapping the growth of expanding markets worldwide to grow jobs and the economy here at home.

New strategies make sense, as the rules for economic growth have changed dramatically, especially in recent years. While rising markets have been “emerging” for some time, it was in 2010 that the BIC (Brazil, India, and China) nations’ combined share of the economic output in the world economy first surpassed that of the United States.¹ As these and other countries industrialized, they also urbanized. In 2008, the majority of the world’s citizens for the first

time lived in metro areas, with that share expected to grow to 70 percent by 2050.² Even highly rural China is now majority urban.³ These twin forces of rapid industrialization and urbanization have contributed to the growth of the world’s middle class and therefore purchasing power.⁴ All told, more than 70 percent of the world’s purchasing power is now located outside of the United States.⁵



These trends point to a great market opportunity for U.S. firms and local economies. The more U.S. goods and services are the product or solution of choice around the world, the more increased foreign demand will translate into more jobs, greater revenue, and better wages for American businesses and workers. Further, to create globally competitive products and services requires, in part, more American workers to engage in understanding the cultures, preferences, and needs of different customers around the world.

The purpose of this brief is to provide private, nonprofit, and government leaders in U.S. metro areas a concise road-map to take advantage of the enormous market opportunity offered by exports. It serves as a “how-to” guide for regional leaders interested in developing effective action-oriented metropolitan export plans and initiatives customized to their

unique assets and capacities. This guide builds from the lessons learned from a one-year pilot (2011-2012) launched by the Metropolitan Policy Program at

Brookings in which the program collaborated with leaders in four metro areas in developing localized export plans. That pilot was further enhanced by a formal collaboration with the U.S. Department of Commerce International Trade Administration and their partner agencies within the National Export Initiative. Much was learned. Most fundamental is that while there is a laudable national goal to “double exports,” there is no one-size-fits-all approach to doing so. Though each metro area in the pilot set the common goal of doubling exports in five years, each laid out very different strategies and different operational structures to achieve that goal, reflecting the unique market advantages and contexts of their respective regions.

The more U.S. goods and services are the product or solution of choice around the world, the more increased foreign demand will translate into more jobs, greater revenue, and better wages for American businesses and workers.



A plan to boost a state or region's exports must start with a fundamental understanding of why exporting is critical to economic prosperity and why metro areas are the right lens from which to design and act on regional potential to trade and grow jobs and revenue.

WHAT IS AN EXPORT?

There are three primary ways to define an "export" at the metropolitan or regional level: (1) the sale of goods or services produced in a metro area to a business or resident of a foreign country; (2) shipments that travel from a broader geographic area (e.g., entire country) through a port to a foreign destination; and (3) shipments that travel from a broader geographic area through a customs district on their way to a foreign destination. The second two definitions relate to the point of movement of goods based on shipments and excludes services exports (for example, in Los Angeles, shipments come from throughout the U.S. and are processed through Los Angeles and Long Beach ports before going overseas). The first relates to where the product or service is actually produced. In Brookings' "Export Nation" report, exports are defined by the first method and include these types of exports from a metro area:

- **Goods:** These are manufactured goods or parts, such as U.S.-made automobiles shipped for sale to the United Kingdom
- **Services:** Services exports come in many forms. They can be purchased overseas, such as work done by a metro-based engineer or architect on a project in China. They can also be purchased in the United States, such as foreign students from India purchasing education services at a U.S. university. Or, they can be tourism-related services, such as a Canadian resident making expenditures on such items as taxis, restaurants, entertainment, clothing, lodging, or health care while visiting a U.S. metro area
- **Royalties:** These are payments made by foreign companies to distribute U.S. film and television shows overseas, to software companies for licensing fees, or to retail firms for franchising fees
- **Secondary Exports:** These are product or service inputs into exports from companies in the supply-chain

What makes something a U.S. (or metro) export is not where the transaction takes place, but whether or not the buyer is based outside the United States.



WHY EXPORTS MATTER

Exports matter because they represent one critical way to grow the tradable sectors of our economy— the very sectors that drive wealth, boost productivity, and grow local industries. U.S. tradable sectors have severely underperformed in the last few decades.⁶ To reverse that trend, states and metro areas can help firms in key industry sectors grow and innovate by selling their goods and services globally. Exporting firms have been major contributors to the nation's economic recovery. Exports accounted for nearly half of the nation's economic growth in the first year of the post-recession recovery and can power economic growth over the long haul.⁷

The benefits of helping more firms, and the entire economy, tap and engage global markets are many:

- The production of exported goods and services creates jobs, both directly and indirectly in the supply chain. One study finds that every \$1 billion in new exports creates 5,400 additional jobs⁸
- The movement of goods exports and passenger travel (for business services and tourism) supports jobs and revenues in the port, airport, freight, and logistics sector⁹
- Education services exports, characterized by international students purchasing a U.S. education, represent a \$21.3 billion industry and generate a critical source of revenue and talent for public and private higher education institutions¹⁰
- Export sector jobs pay well. For every \$10 billion in sales in a metropolitan export industry, its workers earn 10 to 20 percent higher wages than those in nonexporting jobs¹¹
- Small- and mid-sized firms (SMEs) that export generally experience greater revenue growth than non-exporters and weathered the recession better as a result; in one study, SME manufacturing exporters grew revenues by 37 percent while non-exporting manufacturers experienced a 7 percent decline in revenues¹²

- Exporting spurs innovation. Small- and mid-sized firms that export tend to innovate more in products and processes than non-exporters; further, high-exporting metro areas also generate high patenting rates¹³

Despite these benefits, we remain a nation of under-exporters. Only 1 percent of American firms sell a product or service outside U.S. borders.¹⁴ Only about 35 percent of Americans possess a passport.¹⁵ That figure is 60 percent in Canada.¹⁶ The result is a U.S. economy, reliant upon domestic demand, less export-oriented – at 13 percent of its overall economy– than many of our global peers and trading partners.¹⁷

Global market trends show that past practice will not be sufficient to fuel American competitiveness. To make the shift to greater global orientation, it is time not just to embrace a national export strategy but a series of bottom-up metropolitan export strategies that will boost trade and global engagement in the very places where America's high value goods and services are produced.

WHY METRO EXPORT PLANS

Recognizing the rationale for greater U.S. exporting, President Obama announced the National Export Initiative (NEI) during the 2010 State of the Union, with the stated goal of doubling U.S. exports in five years, from \$1.57 trillion to \$3.14 trillion by the end of 2014.¹⁸ To meet the NEI goal, a multi-faceted National Export Strategy was released in June 2011 by the Trade Promotion and Coordinating Committee (TPCC), which includes grounding the strategy in states and metro areas. [See **Appendices A** and **B** for more information about the NEI and the TPCC] The President's Export Council (PEC) also reinforced the importance of federal alignment with state and local efforts in a June 2012 letter to the president.¹⁹

The focus on metro areas and metro leaders is correct. As research by Brookings and others have shown, the global economy is made up of a network of distinct metro economies.²⁰ Boosting exports requires

METRO EXPORT INITIATIVE
TEN STEPS
TO DELIVERING
A SUCCESSFUL
METROPOLITAN
EXPORT PLAN



a targeted strategy to grow industry specializations at the point of production in metro areas where they cluster and innovate, and then connect leading-edge goods and services to likely metro markets around the world. Already, the 100 largest metro areas are the producers of our trade economy, generating nearly 65 percent of all exports and 75 percent of all services exports.²¹ They are the hubs of supply chains, goods movements, and business and tourism travel, handling 82 percent of the nation's air freight, 88 percent of foreign waterborne cargo weight and 92 percent of air passengers.²² As a result of these economic assets, the 100 largest metro areas generate 75 percent of the nation's economic output and the majority of economic output in 47 out of 50 states.²³

Regional leaders know their companies and their industry strengths best and can help bring more small- and mid-sized firms into the international marketplace.

To this end, Brookings launched the Metropolitan Export Initiative (MEI), a signature effort within the Brookings-Rockefeller Project on State and Metropolitan Innovation aimed at helping the nation and its regions and firms move from aspiration to action on exporting. The goal was to work with a limited number of state and metro leaders to develop and implement customized metro export plans. During the course of 2011 and 2012, Brookings partnered with a cross-section of leaders in four metro areas: Los Angeles, CA; Portland, OR; Minneapolis-Saint Paul, MN; and Syracuse/Central New York, NY. These metro areas were chosen in part because of their geographic diversity, variation in industry mix, strong engagement of state and regional leaders, history of effective regional collaboration, and a demonstrated commitment to exports as part of a larger economic strategy. These plans are currently being implemented.

The hard work and experimentation carried out by leaders in these four metro areas are shedding light on the critical role that metropolitan areas armed with smart metropolitan export plans can play in an export-promotion system long driven by states and the federal government. Despite some initial concerns, the early evidence suggests that metro export

plans do not usurp state and federal activities but instead supplement and fill key gaps, thereby improving the performance of the existing delivery system. So far, the plans have seemed to channel at least four major benefits of metropolitan-level problem-solving on exporting:

- Metro leaders can proactively increase the number of firms who are ready to export or export to additional markets because they have strong direct relationships with firms and know the firms and actors in their leading industry clusters
- Metro leaders can help create a more transparent, coordinated (federal, state, local alignment), and efficient export assistance system that is moving toward common goals
- Metro leaders can help facilitate the cultural shift needed to embrace global engagement by making exports and trade a mainstream part of regional economic development
- Finally, metro area leaders are best positioned to integrate exports into a broader economic strategy for growth and global competitiveness in the "next economy." This means aligning exports and foreign direct investment with innovation in manufacturing and services (including in the clean economy); transformative investments in freight and logistics; and the grooming of a globally fluent workforce.

In short, the nation's ambition to grow jobs and exports relies upon metro area leaders taking the lead, with state and federal leaders as partners. This guide gives metro area leaders the tools and steps they need to develop purposeful, tailored metro export plans that will grow their regional economies and further the economic growth of their states and the national economy as a whole.