Metros at the Vanguard of Exports and Trade: Delivering the Next U.S. Economy
Employment Change During Recession and Recovery

The Economic Recovery Remains Slow

Change since initial quarter of recession

- 1981 Recession
- 1990 Recession
- 2001 Recession
- Great Recession

Source: Brookings analysis of Moody’s Analytics data.
The Economic Recovery Remains Slow

Income Growth During Recovery
2009-2012

- Top 1 Percent: 31.4%
- Bottom 99 Percent: 0.4%


Employment Recovery By Metro Area
As of June 2013

- Orange dots: Recovered Metros
- Blue dots: Unrecovered Metros

Traded Sectors Are Key to High Quality Economic Growth

2% job growth in the U.S. between 1990-2008 from tradable sectors


We Need New Growth Strategies
We Must Adapt to New Macro Forces

**Disruptive Technologies**

McKinsey Global Institute:

$33 trillion \text{ YEAR}

Global economic impact of 12 technology platforms by 2025

**Greater Global Integration**

Global Exports Value (2009-2011, trillions)

- $12.4
- $14.9
- $17.8

**Demographic Revolution**

- 24.5% of the workforce will reach retirement age by 2030
- 53.7% of the population will be minority by 2030
Why Export?
Since 1950 the global urban population has tripled in size, and will reach 5 billion by 2030.

Rapid Urbanization is Fueling the Growth of a Global Middle Class

$21 trillion
global middle class consumption in 2000

Source: OECD
Since 1950 the global urban population has tripled in size, and will reach 5 billion by 2030.

$31$ trillion

global middle class consumption in 2020


Source: OECD
Growth Markets Are Increasingly Located Outside of the U.S.

Global Middle Class Consumption Share by Region, 2000-2050

- US
- Mexico
- Canada
- EU
- Japan
- Other
- India
- China

Yr: 2011

Yr: 2030

15%
85%
75%
25%
Exports Have Driven the Bulk of U.S. Economic Growth

Exports Share of U.S. GDP Growth
2010-2011

46%

5,600 total jobs created for every $1 billion in exports


Metro Economies and Firms Benefit From Global Trade

U.S. Manufacturing Firms Revenue Growth 2005-2009

Exporting: 37.0%
Non-Exporting: -7.0%

U.S. Business Services Exporters, Compared to Non-Exporters

- 100% higher sales
- 70% higher employment
- 20% higher wages

Despite these benefits, the U.S. remains an under exporter.
The U.S. Is an Under-Exporter

Exports Share of GDP

- United States: 13%
- China: 30%
- Canada: 29%
- India: 22%
- Japan: 15%
- European Union: 15%

Source: Brookings analysis of WTO and EIU data, 2012
Export Intensity Varies Widely by Place

Exports Share of Output (2012)

Florida: 7.5%
Indiana: 25.8%

Export Intensity Varies Widely by Place

Exports Share of Output (2012)

Sacramento: 7.0%

Wichita: 27.7%

Select industries dominate U.S. exports, masking other industry potential

Most Export Intensive Metro Areas, 2012

- Baton Rouge: 30%
- Detroit: 20%
- Wichita: 27%
- Portland: 24%
- Salt Lake City: 22%

Source: U.S. Census Bureau and Brookings Export Nation 2013
U.S. Exports are Dominated by Select Industries, Masking other Industry Potential

Single Industry Share of Total Exports, 2012

- Baton Rouge: Chemicals (53%)
- Detroit: Transportation Equipment (60%)
- Wichita: Transportation Equipment (60%)
- Portland: Computers & Electronics (67%)
- Salt Lake City: Primary Metals (53%)

Source: U.S. Census Bureau and Brookings Export Nation 2013
Further, Federal Data on Goods Movement Distorts Focus from Export Production

State Goods Exports
(2012, millions)

Source: U.S. Census Bureau and Brookings Export Nation 2013

Texas
California
New York
Illinois
Florida
Ohio
Further, Federal Data on Goods Distorts Focus from Services

U.S. Service Exports

2011

Washington: 76%
New York: 61%
Denver: 56%
Atlanta: 53%
Minneapolis: 36%
U.S. Exports Are Generated by Too Few Firms

4% of U.S. employer firms export

58% of U.S. exporters sell to only one foreign market


Number of U.S. firms exporting:

- 2011: 293,000
- 2012: 32,000
- Both Years: 199,000

Middle Market Firms Are also Under Exporting

58% of surveyed middle-market U.S. firms export

4% of surveyed middle-market U.S. firms are currently expanding overseas

Middle Market Firm = $10M-$1B sales
Yet, Mid-size Firms Have the Most Potential...

Firm Size
(Employees)

- **Small (1-100):** 93%  
- **Medium (100-500):** 5%  
- **Large (500+):** 2%

Exporters 2010

Export Value 2010

...As Do “Threshold” Manufacturing Firms

- 28 million small businesses
- 6 million have employees
- 2 million produce tradable goods and services
- 262,000 are small and medium manufacturers

Successful Exporters
Moderate
High potential
Non-exporters
Low potential

Threshold
Reactive
Differentiated product
Capable and ready to commit resources
25,000-80,000 firms nationwide

Why metros?
Metro Areas Hold the Bulk of the Assets That Will Drive Exports

Largest Metros’ Share of U.S. Market Assets

- Population: 66%
- Services Exports: 72%
- Air Freight: 72%
- Advanced Industries: 90%
- Patents: 92%
- Bachelor’s Degrees: 75%
- Graduate Degrees: 75%
- GDP: 75%

Source: Brookings analysis of US Census Bureau, FAA, BLS, and BEA data
Metros Have a Critical Role to Play in Exports

Federal
- Open *new markets* through free trade agreements
- Finance exports through Ex-Im and SBA
- Provide *on-the-ground expertise* in U.S. and foreign markets
- Produce *export data* to inform state and regional efforts

State
- Organize and facilitate *trade missions*
- Provide *export training and seminars* to local firms
- Prioritize, support and coordinate *metro-level efforts*

Metro
- Increase the number of export-ready firms through *direct relationships*
- Coordinate federal, state, and local programs
- Catalyze *cultural shift* by mainstreaming exports and trade
Metros Coordinate the Critical Network That Empowers Exports

City
State
Federal

Business/Civic Alliance
Industry
Venture Capital/Finance

Universities

Ports
Airports
Emerging Metro Innovations
Goal

The Global Cities Initiative will catalyze a shift in economic development priorities and practices resulting in more globally connected metropolitan areas and more sustainable jobs and economic growth.
The Exchange Involves 28 U.S. Metro Area at the Vanguard of Global Engagement

Atlanta
Charleston
Chicago
Columbus
Des Moines
Indianapolis
Jacksonville
Louisville-Lexington
Los Angeles
Minneapolis-St. Paul
Phoenix
Portland
San Antonio
San Diego
Sacramento
Syracuse
Tampa Bay
Upstate SC
Wichita
Each Metro Area Is Leveraging their Unique Specializations and Global Brand

- Portland: We Build Green Cities
- Minneapolis - St. Paul: Health and Wellness
- Des Moines: Agriculture and Bioscience
- Syracuse: Services and Canada
Each Metro Has a Goal Driven Export Plan to Target Under-Exporting Firms and Industries

**Goal : Double Regional Exports**
Maintain the regions competitive advantage through a heightened focus on cluster development, trade and innovation.
Each Metro Has a Goal Driven Export Plan to Target Under-Exporting Firms and Industries

**Computers & Electronics**
- **Research:** 67 percent of region’s total exports
- **Strategy:** maintain advantage, boost secondary exports, fill supply chain gaps
- **Progress:** Intel role as co-chair, Westside Freight Analysis

**We Build Green Cities**
- **Research:** Portland has an international reputation for sustainability
- **Strategy:** Brand and market Portland’s global edge in key clusters
- **Progress:** Highly successful trade mission to Japan with four green firms

**Target Under-Exporters**
- **Research:** Company surveys reveal lack of proactive export strategies
- **Strategy:** Provide case management to 10-15 mid-sized under-exporters
- **Progress:** Launched pilot program to help 6 firms access new markets
Goal: Global San Diego

Position San Diego as a globally competitive metro region through export and foreign direct investment strategies that capitalize on the strengths of the regional economy.
Leverage Core Industries & Markets

**Research:** Top 5 industries account for 65% of exports; export markets shifting toward Pacific Rim and Latin America

**Strategy:** Capitalize on geographic position; market products & firms to international consumers.

Develop Capacity of SMEs

**Research:** SMEs are 99% of San Diego enterprises

**Strategy:** Create a roadmap of export services, create competitive program to provide financing and consultation to SMEs

Invest in Infrastructure

**Research:** Survey of firms found that airport, port and cyber infrastructure are most in need of improvement

**Strategy:** Establish regional export council to ensure infrastructure improvement

Each Metro Has a Goal Driven Export Plan to Target Under-Exporting Firms and Industries
Chicago

2nd largest
Mexican immigrant population resides in Chicago metro area

130
Chicago-based firms with operation in Mexico City

Mexico City

$1.7 billion
total bilateral trade of locally produced products

290,000
tourists and business travelers between Chicago and Mexico City per year
Global Fluency

The level of understanding, competence, practice and reach that a metro area exhibits in an increasingly interconnected world economy.

1. Leadership with a Worldview
2. Legacy of Global Orientation
3. Specializations with a Global Reach
4. Adaptability to Global Dynamics
5. Culture of Knowledge and Innovation
6. Opportunity and Appeal to the World
7. International Connectivity
8. Investment for Strategic Priorities
9. Government as Global Enabler
10. Compelling Global Identity
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