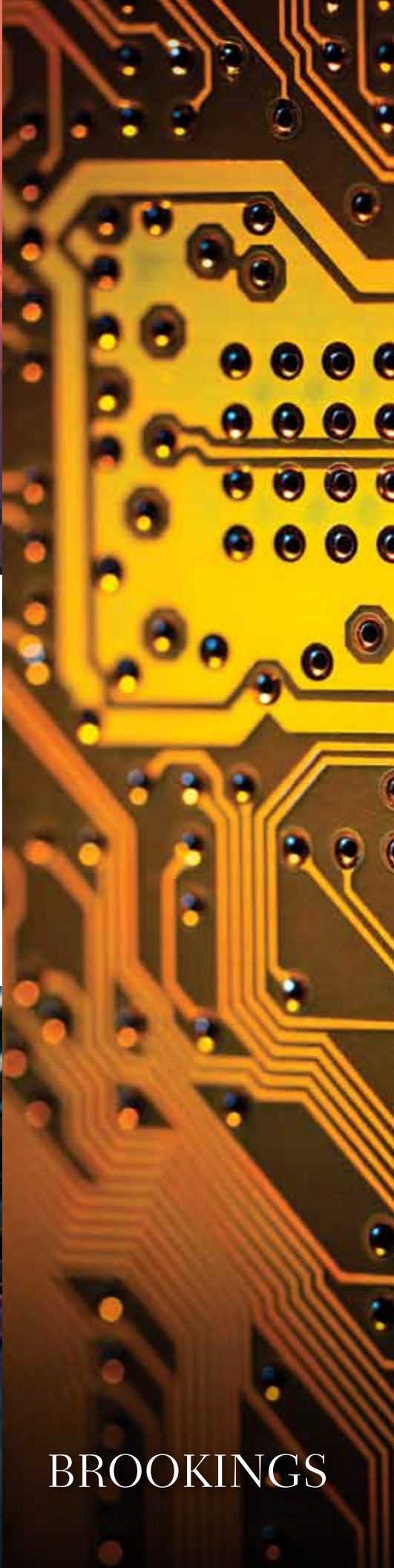




GREATER PORTLAND EXPORT PLAN

METRO EXPORT INITIATIVE



BROOKINGS



5,815 Mi. SUZHOU

6,295 Mi. HAOHSIUNG

2,540 Mi. PORTLAND, ME.

4,614 Mi. LILLEHAMMER

5,282 Mi. CORINTH SAN

4,446 Mi. KHABAROVSK

5,510 Mi. WALL OF CHINA

72 Mi. MT. ST. HELENS

182 Mi. REMOTE, OR.

8 Mi. COL. RIV. GORGE

8,003 Mi. GUANALAJARA
ANCE SPRINGS, AUS.

4,456 Mi. SAPPORO

1,467 Mi. LINDENCE

12,419 Mi. CROZET BASIN

12,419 Mi. CROZET BASIN

250 Mi. WILLOW

HERMIST

G R E A T E R P O R T L A N D E X P O R T P L A N

M E T R O E X P O R T I N I T I A T I V E

**BROOKINGS-ROCKEFELLER PROJECT
ON STATE AND METROPOLITAN INNOVATION**

A large commercial airplane is shown from a low-angle, top-down perspective, flying over a sunset sky. The plane's wings, engines, and landing gear are visible. The sky is a mix of orange, yellow, and dark blue, with clouds catching the low sun.

GREATER PORTLAND'S EXPORT MOMENT

Greater Portland has a global reputation for sophisticated urban planning and livability. The region is a pioneer in responsible land use, multi-modal transportation, sustainable development, and innovative regional government. Less recognized is Greater Portland's reputation as an economic leader, but this is changing as the region renews its focus on economic development and translating its competitive advantages into job growth. The region is now focused on a metro economic development strategy designed to position Greater Portland as a leader in the "next economy" through a focus on target industry clusters, innovation, and international trade.



Greater Portland is a trading region. According to Brookings' "Export Nation" report, Greater Portland is one of only a few metro areas to have doubled export value during the last decade.¹ Exports are critical to national and regional economic growth and job creation. In 2010, U.S. exports supported 12.2 million jobs. Greater Portland's exports support 142,270 jobs.² Nearly one-fifth of the Portland metropolitan economy is generated by exports, which translates into jobs: For every \$1 billion in exports, an average of 5,400 new jobs are created.³

To the individual company in today's unpredictable economy, diversified markets can be the difference between sustaining and growing a vibrant endeavor and declining prospects. With a stagnant domestic market, foreign exports directly represent an opportunity for companies to access new buyers, increase sales, and create jobs. Given the importance of exports to the local economy, the Greater Portland region strongly supports the National Export Initiative (NEI) and its stated goal of doubling U.S. exports by 2014. The NEI represents a much needed shift in national economic priorities from consumption to production, and offers a renewed focus on innovation and high value-added production, priorities consistent with Greater Portland's existing economic development efforts.

In the 2011 National Export Strategy, the Trade Promotion Coordinating Committee (TPPC) of the federal government cited the importance of metro areas in boosting national exports. As the strategy

notes, "Metropolitan areas produce 84 percent of the nation's exports and are home to unique concentrations of capital, investment, and innovation." Greater Portland is a prime example of a metro region where export growth is leading the way to economic competitiveness. Its export-intensive economy has evolved even without a proactive and coordinated

Nearly one-fifth of the Portland metropolitan economy is generated by exports, which translates into jobs.



regional export plan. In the last few years, however, the region has dedicated new energy and resources to export growth. Recent export-focused trade missions and direct assistance to companies demonstrate that an assertive region, coordinating with state and federal resources, can offer significant value to new-to-export and new-to-market companies.

To capitalize on these developments, key stakeholders in Greater Portland decided to pursue a comprehensive export strategy. The region competed for, and was selected as one of four pilot metros in the nation to partner with the Brookings Institution on a Metro Export Initiative (MEI). The Greater Portland MEI aims to convene and focus the regional trade community across traditional political boundaries, establishing shared export objectives across different agencies, levels of government, and the public and private sectors.

There are three primary deliverables of this export effort: ❶ a Market Assessment;

❷ an Export Plan; and ❸ a Policy Memo. A description and summary of findings/recommendations for each of these is covered in the remaining sections.

FOOTNOTES

1. Emilia Istrate, 2012, "Export Nation II," Brookings.
2. Analysis based on preliminary estimates. Please see Brookings' forthcoming report, "Export Nation II," for final figures.
3. International Trade Administration, 2010, "Exports Support American Jobs," Washington.



MARKET ASSESSMENT

Greater Portland conducted an in-depth Market Assessment at the start of the planning process to serve as a foundation for the development of our export plan. The assessment included data benchmarking against 20 peer cities, a survey of 268 local companies, and more than 40 one-on-one interviews with local companies and export service providers.

Portland is the nation's 23rd largest metropolitan economy and the largest in Oregon, accounting for 67 percent of the state's economy in 2010. The region's economy is driven by a unique mix of sophisticated manufacturing, technical design industries, and specialty trades.



KEY FINDINGS FROM THE MARKET ASSESSMENT

► **The Great Recession was deeper in Greater Portland than in the nation as a whole.** Average home prices fell by nearly one-third during the recession, severely hampering Portland's economy.⁴ The region shed 80,000 jobs—7.4 percent of its total employment—between March of 2008 when the local recession began and December of 2009 when it ended.⁵ Unemployment peaked in June of 2009 at 11.2 percent of the labor force and stayed above 10 percent until February of 2011.⁶

► **Though weakened by the recession, Greater Portland has been near the forefront of the economic recovery.** Portland is well-positioned to transition into the "next economy"—an economy driven by exports, fueled by innovation, powered by low carbon, and rich with opportunity. Building on its advantages in these areas, Greater Portland has recovered jobs at a faster rate than the nation and seen unemployment fall nearly twice as fast, from its peak of 11.2 percent to 8.5 percent in December 2011.⁷

► **Exports are at the core of Greater Portland's economic resilience and potential.** Between 2003 and 2010, Portland increased its export volume by 109.3 percent, creating 45,863 new jobs. This growth made Portland the second-fastest growing export market among the 100 largest metropolitan areas. The region was 12th largest by volume in 2010, with \$21 billion in exports, and had the third highest export intensity, with exports accounting for 18.2 percent of its economy.

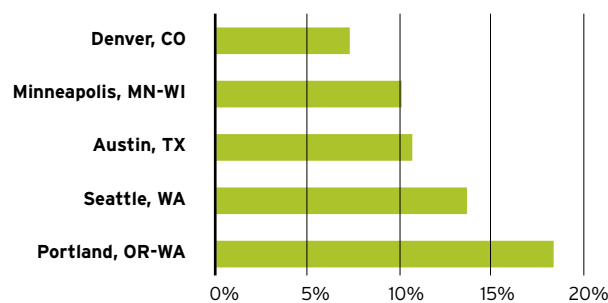
► **A handful of companies and clusters drive much of Greater Portland's export strength.** Ninety percent of Greater Portland's exports in 2010 and 92 percent of export growth from 2003 to 2010 came from the region's top 10 exporting industries. The region's largest export industry, the *computer and electronic products* industry—anchored by Intel®, TriQuint®, and Tektronix®—accounted for 57 percent of total exports and 63.4 percent of export growth.

FOOTNOTES

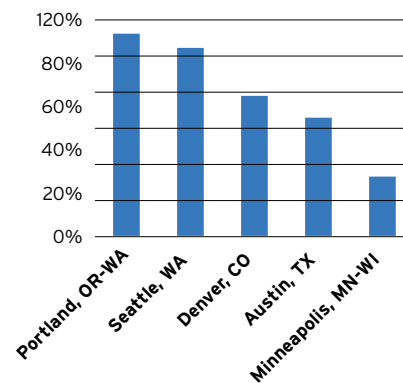
4. Brookings analysis of FHFA House Price Index data.
5. Brookings analysis of Moody's Analytics data.
6. Bureau of Labor Statistics, 2011, "Civilian labor force and unemployment by metropolitan area, seasonallyadjusted", Washington: U.S. Department of Commerce.

7. Ibid.

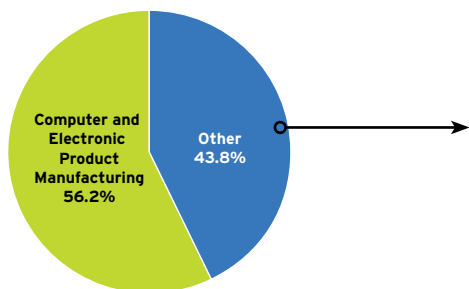
EXPORTS AS A SHARE OF OUTPUT, 2010



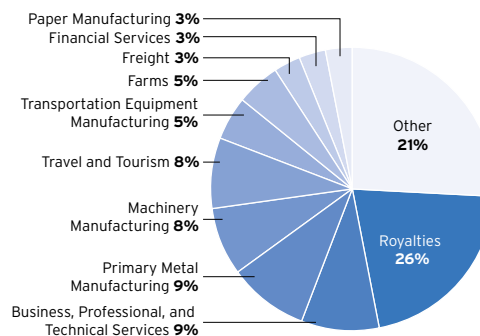
REAL EXPORT GROWTH, 2003 TO 2010



INDUSTRY SHARE OF TOTAL EXPORTS IN 2010



COMPOSITION OF "OTHER" IN 2010



METRO EXPORT INITIATIVE
GREATER PORTLAND EXPORT PLAN



➤ **Greater Portland's more latent export strengths show strong potential for growth.**

Though the computer and electronic products industry plays an important role in the region, Greater Portland possesses numerous other export strengths and opportunities. Without this industry, the region's next ten largest export industries would comprise 73 percent of exports and 80 percent of export growth. The region's exports would also be nearly evenly split between manufactured goods and services exports, making Greater Portland one of the nation's more balanced metropolitan export markets.

➤ **Greater Portland's identified clusters are not reflected in the region's export strengths.**

The region's economic development cluster work does not systematically integrate exports or align with state export promotion activities or opportunities in these categories (e.g., clean-tech, software, athletic and outdoor). This represents an opportunity for new export growth.

➤ **Greater Portland's economy is rich with small- and mid-sized companies that have limited awareness of global opportunities.**

Many of the smaller companies have trouble getting out of the gate to pursue exports. Companies most frequently cited their limited knowledge of foreign export opportunities as the most significant challenge to expanding into new markets. This "fear of the unknown," as one manager put it, has led companies to be complacent. Many companies expressed a preference for sticking to what they know and expanding in the United States, where they are more comfortable.

➤ **Small- and mid-sized companies in Greater Portland fear the risks and hassles related to exporting.**

Companies perceive many hurdles to exporting to new markets, such as connecting to global partners, global marketing, logistics, regulatory compliance, financing, and unfair trade practices. Several interviewees said they want to export, but don't know how to navigate the many risks involved. One current exporter relayed "concerns, disinterest, and ignorance in dealing with all that foreign stuff" when describing peer company reaction to exporting. However, successful exporting companies claim the rewards far outweigh the risks.

➤ **Greater Portland's most successful exporting companies are intentional about exporting.**

Companies acknowledged that pursuing business opportunities in new foreign markets requires significant resources and persistence. But surveys and interviews revealed that few companies proactively target export opportunities in this way. More often, companies reported that export opportunities were accidental or not part of a defined growth strategy. "Our exports have come from a pull, not a push," said one interviewee.

➤ **Greater Portland boasts a good quality, yet fragmented export services system.**

Though the region boasts a good set of export services providers to support, advise, and direct companies through the many obstacles to exporting, the system is fragmented, has gaps and is reactive in nature. Companies are often not aware of or do not fully understand the

export services available to them and don't know who to go to for help. As a result, only 21 percent of firms report having received assistance from these service providers. However, of the companies that have received export assistance, 84 percent rate it "good" to "excellent."



EXPORT PLAN

GOAL: Consistent with the aspirations of the National Export Initiative, Greater Portland aims to double exports in five years.

OBJECTIVES

Through a heightened, intentional focus on regional economic growth, cluster development, trade and innovation, Greater Portland is working to secure and strengthen its long-term position as a competitive, sustainable, and globally integrated economic region. Based on key findings from the market assessment, the Greater Portland MEI has three primary objectives designed to support the region's vision for export growth:

- 1 Create and retain export related jobs, and maintain Greater Portland's standing as a leading export region;
- 2 Diversify export industries, increasing the number of companies exporting and the markets they access;
- 3 Create a strong local export culture and a global reputation for Greater Portland as a competitive trading region.



FOUR STRATEGIES

Greater Portland's MEI proposes four core strategies designed to best drive attainment of goals and strategic objectives:

Leverage primary exporters in computer and electronics

Catalyze under-exporters in manufacturing

Improve the export pipeline for small business

"We Build Green Cities"—brand and market Greater Portland's global edge

STRATEGY 1: LEVERAGE PRIMARY EXPORTERS

Greater Portland's export economy is dominated by one industry: computer and electronic product manufacturing. Greater Portland believes being host to a dominant exporting industry is a distinct advantage to the region and should not be overlooked because of its success, but rather leveraged and cultivated for greater economic impact and longer-term local industry sustainability. With the industry, Greater Portland has one of the strongest export economies in the United States; without it the region falls to the middle of the pack. Many of the individual companies that comprise the computer and electronics industry, such as Intel or TriQuint, do not require services from the region to expand exports—they are already very successful exporters. At the same time, a marginal increase in export value from this industry creates a massive ripple effect in the rest of our economy. Improvements need not be large to be significant. This strategy aims to:

- 1 Establish a dedicated economic development team focused on maintaining and protecting the location advantages that brought the computer and electronics industry to Greater Portland.
- 2 Increase secondary exports from the region by implementing supply chain integration and product diversification tactics.
- 3 Recruit target companies to Greater Portland to fill local supply chain gaps.
- 4 Reduce leakage of export products, directing maximum trade through metro ports.
- 5 Provide early incentives to industry spin-off and startup firms that offer the most potential for export growth.

STRATEGY 2: CATALYZE UNDER-EXPORTERS

The second leading category for Greater Portland is heavy manufacturing, at about 11 percent of total exports (25 percent of total exports excluding computer and electronics). Well-established businesses in transportation equipment, machinery, recycled metals, and other forms of manufacturing remain central to the regional economy. The competitiveness of these industries is a promising indicator for the future health of the region's manufacturing and export economies. At the same time, results from company interviews and surveys indicate that many of the companies in these industries do not possess intentional or proactive export growth strategies or intend to develop them in the near future. The MEI aims to introduce a new intentionality when it comes to exports as we engage manufacturing companies in the region. The MEI will:

- 1 Identify a limited set (approximately 10) of mid-to large-size, under-exporting advanced manufacturing companies with the greatest potential for export growth and an executive-level commitment to accessing new markets.
- 2 Provide or procure market analysis services specific to a company's niche industry or product line to help identify and penetrate new target markets.
- 3 Provide ongoing case management to access available federal, state, and local resources; information; financing; and high level advocacy.
- 4 Establish a peer-to-peer export mentoring program to align under-exporters with more proactive export companies; creating a mechanism to share resources, contacts, new business leads, and information.
- 5 Align existing research and development efforts under way through the region's Jobs and Innovation Accelerator Challenge grant with export opportunities.

STRATEGY 3: **BUILD A HEALTHY EXPORT PIPELINE**

The Greater Portland region has a high proportion of small- and mid-size enterprises (SMEs), the vast majority of which do not currently export. Like other regions around the country, these Greater Portland firms express uncertainty in expanding to foreign markets or a limited desire because they do not believe that their product or service can be exported. At the same time, companies that do export invariably tell a positive story about the value of diversified markets to their business growth. Encouraging new-to-export (NTE) and new-to-market (NTM) companies to proactively pursue exports represents a challenge and a significant opportunity to foster a more globally-oriented region. To leverage and connect existing export services and fill regional service gaps for regional SMEs, the MEI will:

- 1 Develop a single point-of-entry web portal directing users to appropriate funding opportunities, programs, services, or agencies based on a simple and accessible export roadmap.
- 2 Integrate export promotion into existing business retention and expansion efforts; providing training and export materials to economic development professionals to enhance the export assistance and referral process.
- 3 Offer case management services and peer-to-peer mentoring opportunities to companies as they navigate the export services system.
- 4 Establish a revenue-generating export accelerator to get high-growth companies to market.



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STRATEGY 4: **“WE BUILD GREEN CITIES” – BRAND AND MARKET GREATER PORTLAND’S GLOBAL EDGE**

In order to diversify regional export activity and to have the largest impact on new export value and job creation, the MEI must anticipate emerging industries for export growth. The Portland region carries an international reputation for sustainability, clean living, the outdoors, and innovation that can be better leveraged into export and economic success. This strategy will build on existing industry work, identifying specific niche clusters with perceived high export potential. The strategy aims to:

- 1 Roll out the “We Build Green Cities” campaign for exports in clean tech; strategically market regional clean tech companies and products as solutions for global challenges.
- 2 Evaluate and consider comparable export marketing campaigns for other industry clusters.
- 3 Internationalize overall regional marketing and branding through foreign language access, placement on foreign search engines, and featuring companies with a global reach.
- 4 Coordinate tourism and education under targeted brands.



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IMPLEMENTATION

The MEI will be coordinated from the offices of Greater Portland Inc (GPI), the region's public-private economic development organization. GPI will appoint a public/private export committee under the Board of Directors, which will reflect regional and industry balance across the metro area. The committee will:

- Oversee implementation of MEI goals;
- Help generate public support and financial resources for the MEI;
- Issue periodic export policy recommendations on behalf of the region.

Project management of the MEI falls under GPI's Office of Regional Coordination, while implementation will be carried out through detailed memoranda of understanding with regional economic development organizations, academic institutions, and export professionals. These institutions will designate a lead representative to serve on an MEI working group and serve as a virtual metro trade office. Though the working group may evolve, it will initially include representatives of the following organizations:

- Portland Development Commission
- Metro Regional Government
- Port of Portland
- Portland State University
- Columbia River Economic Development Council
- Portland Business Alliance

The aim of the working group is to improve the pipeline from economic development to export promotion, broadening outreach to export-ready companies. The successful implementation of the MEI is designed to maximize regional participation in the strong export services provided by the state and federal government. To ensure full alignment, the working group will include full participation by the US Export Assistance Center, the Small Business Development Center and Business Oregon, the federal

and state export promotion offices in the Greater Portland region.

The full MEI strategy proposes a five-year work plan with initial funding for three years to prove the concept. The MEI is an initiative and should not be mistaken for a new program or institution. It will be successful when exports are mainstreamed into the daily processes of economic development and planning in the region.

The MEI will require basic funding for GPI to provide project management, marketing resources, and administrative support and could be operated at an estimated cost of \$200,000 annually for three years. Implementation of the MEI will be delivered primarily through existing organizations and resources in the form of in-kind staffing contributions from partner agencies. This approach encourages regional efficiency and a cultural shift within organizations to support exports.

PERFORMANCE MEASUREMENT

Many of the factors that affect exports are beyond local control (e.g., exchange rates, financial crises), creating challenges for performance measures. To effectively measure results, the Greater Portland MEI will track progress at several different levels:

- Macro indicators in Brookings' Export Nation reports measuring export value; export intensity; export jobs; indexed performance rank; and diversification of export industries.
- Regional indicators derived from MEI partners measuring changes in metro export activity, such as number of new firms entering the export service system or the export supply chain; overall demand for those services; use of regional port facilities (marine and air service); new export markets; trends in export services and industry clusters; and new sales contracts.
- The MEI will also look at qualitative changes to the export environment, such as recommended policies adopted; integration of export goals into regional planning and economic development activities; metro-led trade missions and their outcomes; identification of "C-level" export leaders in metro companies; and increased media coverage.



POLICY

In the implementation of the MEI, the region will uncover obstacles facing both firms and export professionals. Part of the purpose of the MEI is to identify these impediments to export growth, and to propose policy corrections for improved performance. Greater Portland has gathered initial policy recommendations during the development of the MEI for both federal and state/local policymakers on the following topics:

- 1 Funding for export-led growth
- 2 Metro-level export tracking data
- 3 Freight strategy to support export growth
- 4 Effective land use and tax structure
- 5 Movement of people and ideas
- 6 Alignment of performance measures

For additional details related to regional export policy recommendations see Greater Portland's Export Policy Memo.



EXPORT PLAN DEVELOPMENT

The development of Greater Portland's export plan has been led by staff from the following regional coalition organizations:

- Office of Portland Mayor Sam Adams (co-lead)
- Portland Development Commission (co-lead)
- Business Oregon
- Columbia River Economic Development Council
- Greater Portland Inc.
- Metro Regional Government
- Oregon Export Council
- Port of Portland
- Portland Business Alliance
- Portland State University
- Portland U.S. Export Assistance Center

In addition to the work of the strategy development team, Greater Portland sought significant input from a wide range of public sector organizations, higher education institutions, regional decision-makers, and private sector businesses through working sessions, one-on-one meetings, and presentations to regional boards and commissions.

FOR MORE INFORMATION

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Brookings also thanks the Metropolitan Leadership Council—a bipartisan network of individual, corporate, and philanthropic investors that provide it financial support but, more importantly, are true intellectual and strategic partners. While many of these leaders act globally, they retain a commitment to the vitality of their local and regional communities, a rare blend that makes their engagement even more valuable.

ABOUT THE BROOKINGS-ROCKEFELLER PROJECT ON STATE AND METROPOLITAN INNOVATION

States and metropolitan areas will be the hubs of policy innovation in the United States and the places that lay the groundwork for the next economy. The Brookings-Rockefeller Project on State and Metropolitan Innovation will present fiscally responsible ideas state leaders can use to create an economy that is driven by exports, powered by low carbon, fueled by innovation, rich with opportunity and led by metropolitan areas. Part of the Brookings-Rockefeller Project on State and Metropolitan Innovation, the Brookings Metropolitan Export Initiative (MEI) is a ground-up collaborative effort to help regional civic, business, and political leaders, with their states, create and implement customized Metropolitan Export Plans (MEPs), from which this summary export plan is drawn. These localized export plans will apply market intelligence to develop better targeted, integrated export-related services and strategies to help regions better connect their firms to global customers, as outlined by their individualized export goals.

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Created in 1996, the Brookings Institution's Metropolitan Policy Program provides decision makers with cutting-edge research and policy ideas for improving the health and prosperity of cities and metropolitan areas including their component cities, suburbs, and rural areas. To learn more visit: www.brookings.edu/metro.

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