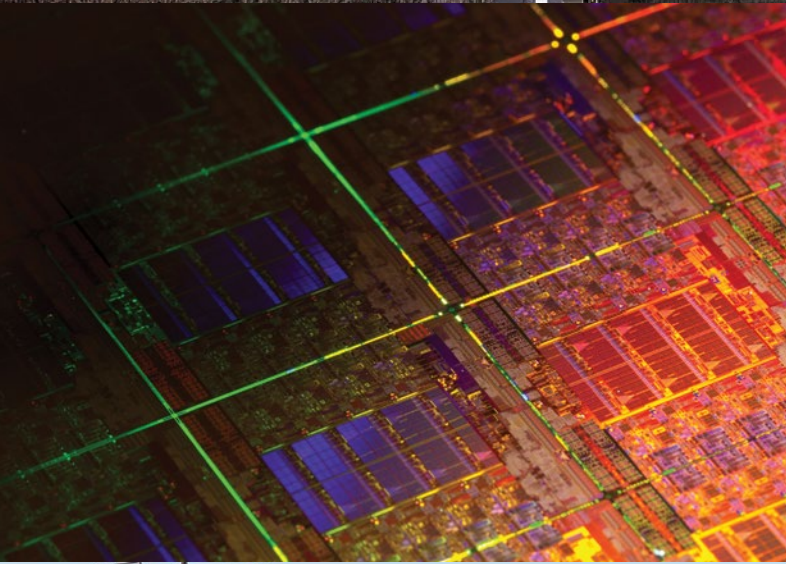




GREATER PORTLAND GLOBAL

GLOBAL TRADE AND INVESTMENT PLAN







INTRODUCTION

GREATER PORTLAND'S REGIONAL ECONOMIC DEVELOPMENT community is uniting locally to compete globally, with a shared focus on target industry clusters, innovation, and international trade and investment as the essential elements of a competitive, sustainable and globally integrated region. Greater Portland Global, a global trade and investment plan, draws on the region's work in the Global Cities Initiative, a joint project of the Brookings Institution and JPMorgan Chase, to integrate exports and foreign direct investment (FDI) into one strategic plan that replaces the Greater Portland Export Initiative and escalates global engagement to realize a stronger regional economy. The plan recognizes Portland's rich interaction between local innovation, exports, global excellence, and foreign direct investment as the foundation of a unique process that can propel small, innovative entrepreneurs and domestically-focused companies along a continuum to become companies with global presence.

A shared focus on target industry clusters, innovation, and international trade and investment are the essential elements of a competitive, sustainable and globally integrated region.

THE IMPERATIVE TO GO GLOBAL

GLOBAL ENGAGEMENT IS NOT OPTIONAL if Greater Portland is to realize widely-shared economic growth and prosperity—it is imperative. Increased access to global markets and foreign investment is the most direct path for Greater Portland to create and maintain a sufficient number of quality jobs to support the region's growing population.

The need to embrace international markets is urgent. Ninety-five percent (95%) of the world's consumers live outside the United States, and 79% of global GDP growth is projected to occur outside the U.S. over the next five years. Fortunately, the region has within its reach the building blocks of enviable innovation, globally-competitive industries, and a productive, educated and increasingly diverse workforce to compete.

Greater Portland has a long history as a leading exporter and since the 1980s has attracted substantial FDI. But while Greater Portland has made progress, it remains the case that too few firms and industries are benefiting from global engagement, pointing to the need for a better integrated, more strategic focus on exports and FDI.

Greater Portland's opportunity for heightened global engagement is immediate and compelling, as evidenced by the following conditions:

➤ **Greater Portland is a trading region, but recent export growth is lagging.** Exports are critical to regional economic growth and job creation, supporting approximately 145,000 direct and indirect jobs (including some outside the region). Yet, while ranking high in 2013 Brookings

Institution data in total exports (\$26.7 billion or 13th highest metro) and exports' share of metro economic output (17.4% or 11th highest metro), the region's top ranked export growth rate is slower in the recovery from the Great Recession than in pre-recession years.

➤ **Foreign owned enterprises (FOEs) can bring highly productive and high-paying jobs to the region.** FOEs account for 20% higher wages and doubling of money spent on benefits compared to the average U.S. firm, and for 19% of all corporate R&D in the U.S., which facilitates the spread of new knowledge, technologies and ideas—all drivers of job creation and economic growth.

➤ **Foreign direct investment can strengthen the region's dynamic, growing companies.** Foreign direct investment is attracted to innovative companies and clusters that possess excellence in talent, processes, products, services, and exporting. The region has emerging excellence in such in-demand sectors as software and clean tech/sustainability, adding to its established computers and electronics (C&E) industry and its attractive legacy sectors of metal manufacturing and wood products.



➤ **The region's plentiful and diverse assets have not been adequately promoted internationally.** FOE executives interviewed, who made either a greenfield investment or acquisition into the local market, mentioned a variety of assets that attracted them to the region:

- Natural resources - water, low cost of electricity, climate security
- Logistics - rail access and a port with room to expand
- Quality of life - low cost of living, natural beauty, transit
- A resurgent real estate market that is largely untouched by foreign investment
- The anchor educational institutions of Oregon Health & Science University (OHSU), Portland State University (PSU), and Washington State University (WSU) Vancouver

➤ **Greater Portland has the opportunity to solidify its global business prominence.** The region's traditional strengths in advanced manufacturing and computers and electronics have attracted high levels of FDI concentrated in German and Japanese companies; leading international brands such as Adidas, Ajinomoto, Daimler, Epson, and Genentech are prominent foreign investors in

the regional economy, and many of them export from Greater Portland.

➤ **Unprecedented expansion by Greater Portland's largest employers will position the region well for international interest and investment.**

The region's largest employers are on the cusp of enormous transformation. Intel's presence, already its largest in the world, is still growing; the \$1 billion Knight Cancer Challenge at OHSU in Portland will attract worldwide attention in bioscience. Joined by Nike, these three major companies/institutions have embarked upon mega-expansions that, as regional business history has shown, will spin out new clusters, accelerate innovation and further the excellence that will attract investment interest.

➤ **Deep international ties exist in Greater Portland's community that can be the foundation for business growth.**

The local business community's key connections to fertile foreign markets encompass PSU's deep ties to Qatar, a vibrant local Chinese community, cultural institutions like the German American Society and Japan-America Society of Oregon, and long-standing Asian sister city relationships established by Portland, Beaverton and Hillsboro.



GREATER PORTLAND'S RESPONSE TO A GLOBAL ECONOMY

Greater Portland is doing business in an age of global competition. As the region builds a stronger economic foundation for current and future generations, it requires a bold, strategic response to new and evolving market realities. In 2011, Greater Portland's aspirations for effective economic development on a global stage found a home in the Global Cities Initiative (GCI), a joint project of Brookings and JPMorgan Chase, when the region was named one of four metros selected for the Metro Export Initiative pilot. Greater Portland Inc (GPI), the region's public-private economic development organization, received additional resources from key partners to create a new position to oversee coordination and implementation of the Export Initiative beginning in 2012.

The Greater Portland Export Initiative broke ground from the start, achieving export wins and drawing

national and international press coverage of the region's export strengths and its dynamic export growth. Greater Portland was selected as the top metropolitan region in the Exports category in the 2013 "Top Ten Innovations to Watch List" developed by Brookings' Metropolitan Policy Program and The Rockefeller Foundation. The National Journal selected the We Build Green Cities initiative, led by the Portland Development Commission (PDC), as the winning innovation of 2013 for "Expanding Exports."

Greater Portland conducted training sessions for economic development professionals to provide greater export assistance to local businesses, and two of those key partners—the City of Beaverton and Business Oregon—were named the U.S. Export-Import Bank's 2014 City/State Partners of the Year. The Export Initiative's Westside Freight and Logistics Analysis and a separate supply chain study both focused on the computer and electronics industry. The former stimulated a \$10.1 million U.S. Department of Transportation TIGER grant for

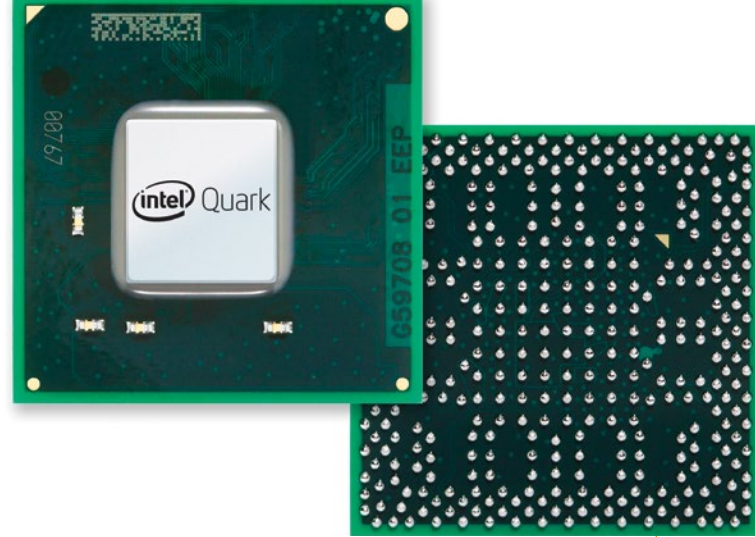
Washington County, and the latter was immediately incorporated into the region's business recruitment efforts.

We Build Green Cities has helped companies make export sales in Japan and inspired the U.S. Department of Commerce to award PDC \$300,000 from the International Trade Administration's Market Development Cooperator Program to help the green building and clean tech industries generate foreign exports.

Greater Portland seized the opportunity again to apply for a Brookings FDI pilot in early 2014, recognizing it as a natural progression for the development of a globalized metro and a transformative regional economic development and business culture. Greater Portland was one of six metros selected for the FDI pilot. Guided by new partnerships and a fortuitous alignment of federal, state and local efforts, Greater Portland's global strategy is expanding to include a deliberate plan to attract more FDI.

The push for greater global engagement dovetails with the region's current work creating Greater Portland 2020, a five-year regional comprehensive economic development strategy prioritizing international trade and investment to be publicly unveiled in fall 2015. It also coincides with the 2015 Year of Trade campaign led by the Port of Portland and the Pacific Northwest International Trade Association.

Greater Portland has strong international ties, productive working relationships among key public, private, and nonprofit partners, and a track record of pursuing innovative economic development projects. The region is well positioned and prepared to pursue Greater Portland Global, an ambitious trade and investment plan.



As the region builds a stronger economic foundation for current and future generations, it requires a bold, strategic response to new and evolving market realities.

THE INTERACTION BETWEEN EXPORTS AND FDI

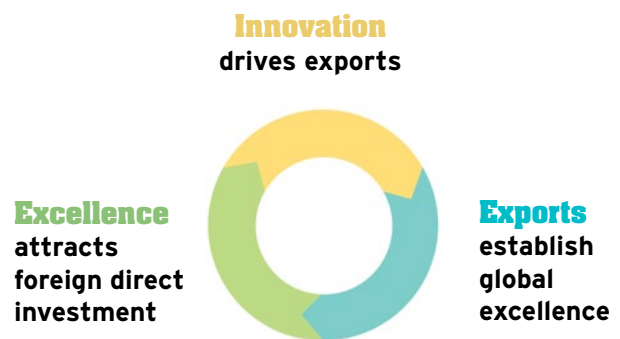
Exports and FDI are integrated parts of global business, but until now they have not been unified under a coordinated regional approach. With distinct assessments of both exports and FDI now in hand, areas of linkage have surfaced, with a key overlap centered on the concept of excellence. The interaction between exports and FDI are highlighted by these facts:

- ▶ **Foreign-owned companies account for 20% of U.S. exported goods.** In Greater Portland, foreign-owned firms like Daimler Trucks North America are among the largest exporters.
- ▶ **FDI is relatively concentrated in advanced industries and manufacturing**, with 18% of U.S. manufacturing jobs in foreign-owned companies, many of which are strong exporters. In Greater Portland, examples include Wafertech, Evraz, and Fiskars.
- ▶ **Foreign students and tourists, which can be considered as a service export for the region, are key links for potential future FDI.** Alumni (and their parents) have lasting ties to this region. Chinese and Saudi Arabian students account for 55% of foreign students at Oregon universities, but Chinese and Saudi Arabian FDI is almost nonexistent in the region.
- ▶ **Some FDI is part of a value chain that involves importing into the U.S. from a foreign market, adding value, and then exporting to a foreign market.** Greater Portland's role in the global computers and electronics supply chain (with companies like Asahi Glass and Tokai Carbon) exemplifies this process.

Greater Portland's market assessments, first of exports and more recently of FDI, have illuminated the rich interplay between exports and FDI and its roots in innovation. Whether in the laboratory, on the shop floor, or in a line of code, products and services seeking to do something new—or something old in a vastly new and improved manner—will find reception in the global marketplace. Firms marketing their products internationally not only bring home new revenue streams but also manifest processes and labor honed by global competition.

Products and services seeking to do something new—or something old in a vastly new and improved manner—will find reception in the global marketplace.

Greater Portland sees the link between exports and FDI as a three-step interaction:



This interaction is enhanced by an added element that extends beyond industry: Greater Portland's unique excellence of place, which has incalculable influence on the influx of talent and the attraction of FDI.

As firms in a region move through this virtuous cycle, the cluster matures and moves from a position of early, nascent innovation to emerging excellence and, finally, established excellence. During this maturation process, clusters often develop new innovations, spinning off new subsectors that go through their own maturation process.

Due to global trends and shifts in macroeconomic conditions, some established sectors transition to legacy sectors. These sectors are not seeing the growth and continued innovation of other sectors although they are often still rich with talent and in-demand products.

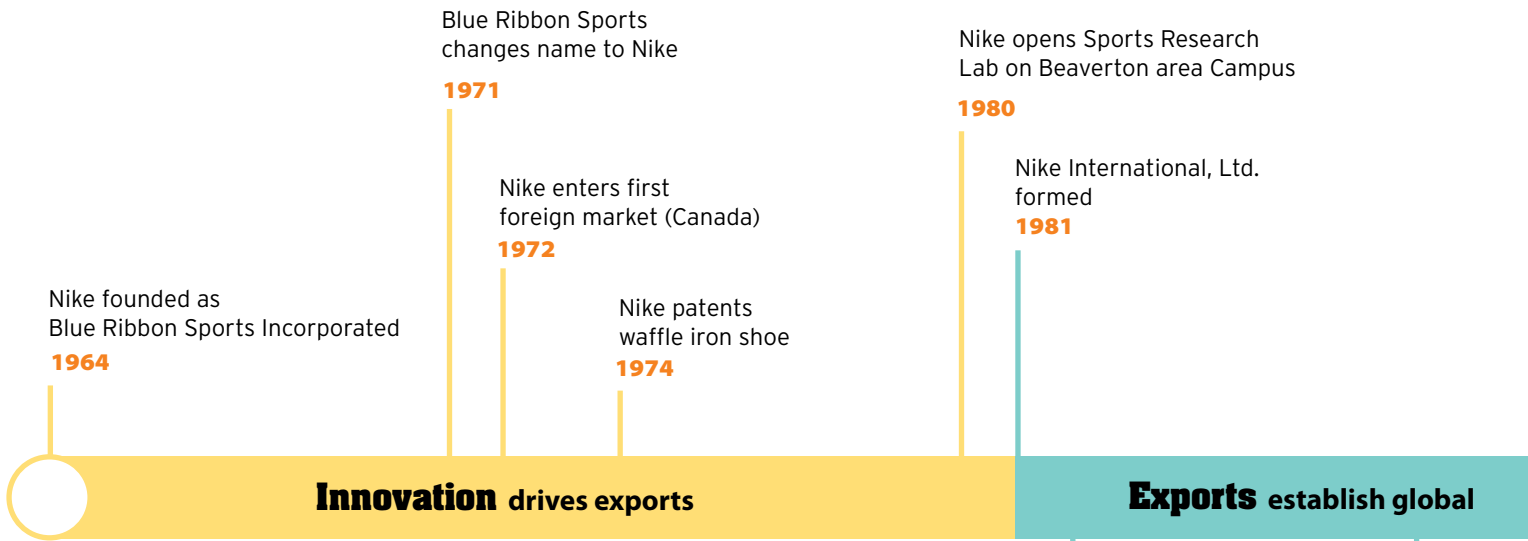


The continuum of industries has the following characteristics:

| Stage | Sector Attributes | Examples |
|-------------|--|--|
| Nascent | <ul style="list-style-type: none"> • Often offshoots of established sectors • Result of significant new funding sources • Exist at junction between established sectors | Oregon Health & Science University's \$1 Billion Knight Cancer Challenge; wearables sector |
| Emerging | <ul style="list-style-type: none"> • Known domestically for innovation and excellence • Showing early export success • Products/services have demonstrable demand in growth economies • Early, small-scale FDI successes | Software and We Build Green Cities |
| Established | <ul style="list-style-type: none"> • Region is globally known for excellence in sector • Significant FDI has occurred • Sector includes dominant exporters | Computer and electronics industry, athletic and outdoor industry |
| Legacy | <ul style="list-style-type: none"> • Sector has significant labor talent and uses advanced processes • Global need for sectors' assets exists • Need for expansion or exit capital | Metals manufacturing, family-owned industries, wood products industry |

The fifty-year history of Nike, headquartered in the Beaverton area, perfectly illustrates how a lightning strike of innovation can spark a cluster rich with talent and technology that drives investment to a region and furthers innovation through spinoff clusters.

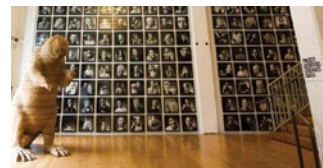
Timeline: Athletic & Outdoor, Creative Services and Wearables Clusters



ATHLETIC & OUTDOOR CLUSTER

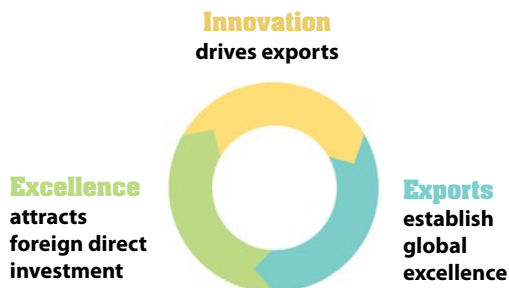


CREATIVE SERVICES CLUSTER



1982 Wieden+Kennedy (W+K) forms ad agency

1988 "JUST DO IT" commercial airs





"A&O Ecosystem" tool released listing 800+ cluster companies in Oregon



Adidas moves North American HQ to Portland
1993

Columbia Sportswear goes public
1998

Keen & Showers Pass move HQ to Portland
2005

50% of Nike's revenues are outside of U.S.
2005

Icebreaker opens North American HQ
2007

Merrill opens Portland HQ
2007

Nike Shanghai opens
2013

Danner acquired by Japanese firm
2012

Nike plans massive Beaverton area expansion
2012

Montbell and Mizuno open in Portland
2013

2014

excellence

Excellence attracts foreign direct investment

2012 Nike Fuel Band launch

1998 W+K opens London office

2000 W+K opens new Portland HQ

WEARABLES CLUSTER

2012 Intel & OHSU collaborate on wearables for clinical research

2014 Nike & Apple working together on wearables

KEY FINDINGS

FROM THE FDI MARKET ASSESSMENT



Benchmade Knife Company

GREATER PORTLAND CONDUCTED AN IN-DEPTH FDI MARKET ASSESSMENT in the summer/fall of 2014 to serve as a foundation for the development of FDI components of Greater Portland Global. The assessment included Brookings data benchmarking against other metros and more than 35 one-on-one interviews with local companies and FDI service providers.

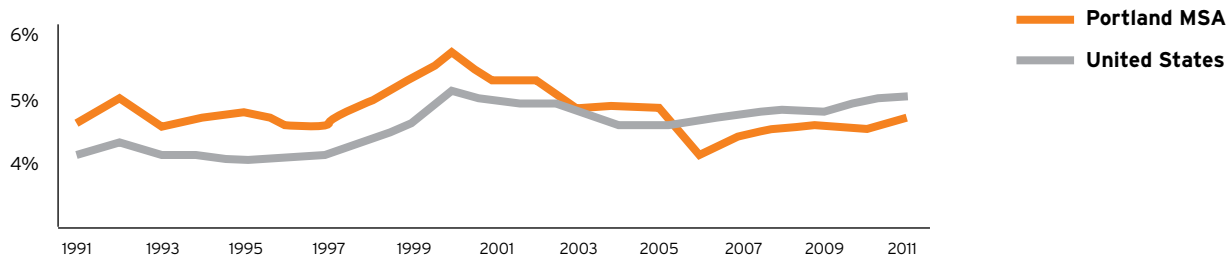
The following are key findings from the market assessment:

KEY FINDING 1

The Greater Portland region lags in FDI behind other comparably-sized metropolitan areas.

According to the Brookings Institution, the region is the 23rd largest economy in the U.S., yet 29th in total FDI employment and 50th in FDI employment intensity. Employment growth in Greater Portland's foreign-owned enterprises (FOEs) has only been 1.6% annually since 1991, which ranks 67th out of the top 100 U.S. metros.

Foreign Share of Domestic Area Employment, Portland Metro and U.S., 1991 - 2011



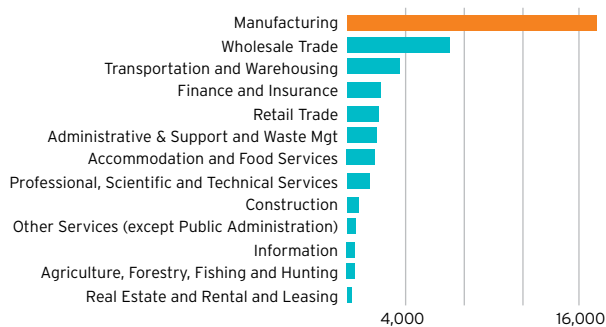
Source: FDI in U.S. Metro Areas, Brookings Institution, 2014

KEY FINDING 2:

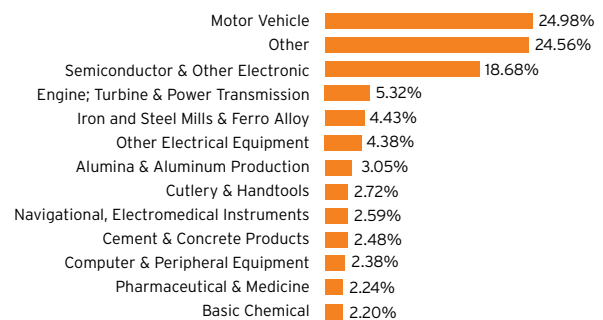
FDI has been concentrated in the region's legacy and established advanced manufacturing industries, specifically motor vehicle manufacturing and computers and electronics. Similar to national trends, FDI has gravitated to the region's manufacturing industries, accounting for 42% of total foreign-owned establishment employment.

The importance of Intel—the state's biggest exporter—and its supply chain as an attractor of foreign investment cannot be overestimated. The high concentration of FOEs in the semiconductor sector—3,200 jobs or 7.8% of FOE jobs—is proof of this strong investment by European and Japanese companies. Silicon expertise also set the stage for the investment by German manufacturer SolarWorld.

Greater Portland's FOE Employment by Industry, 2011

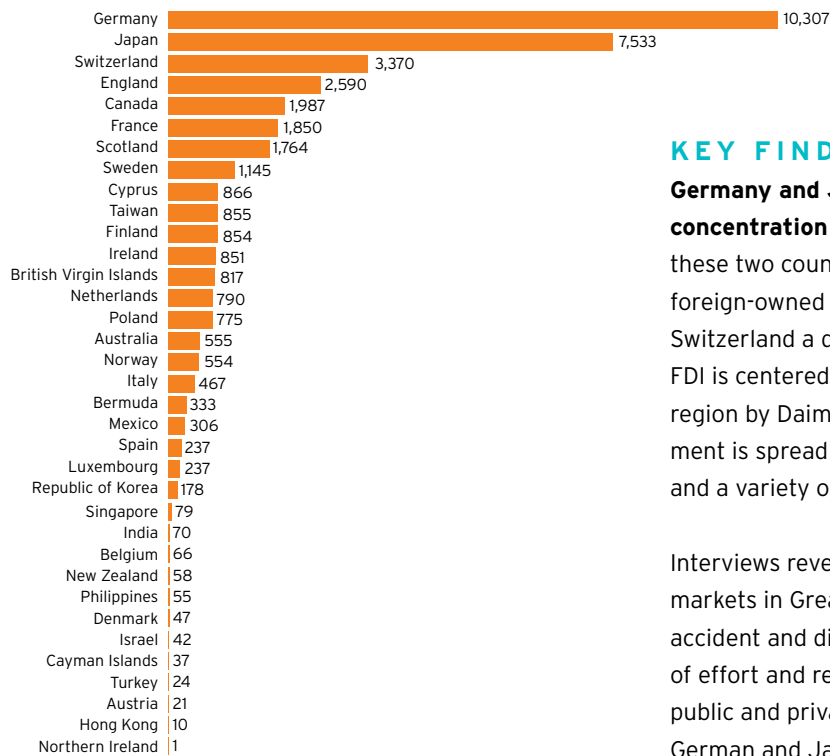


FOE Employment in Manufacturing Subsectors, 2011



Source: FDI in U.S. Metro Areas, Brookings Institution, 2014

Total Employment in Foreign-Owned Enterprises by Country, Greater Portland, 2011



Source: FDI in U.S. Metro Areas, Brookings Institution, 2014

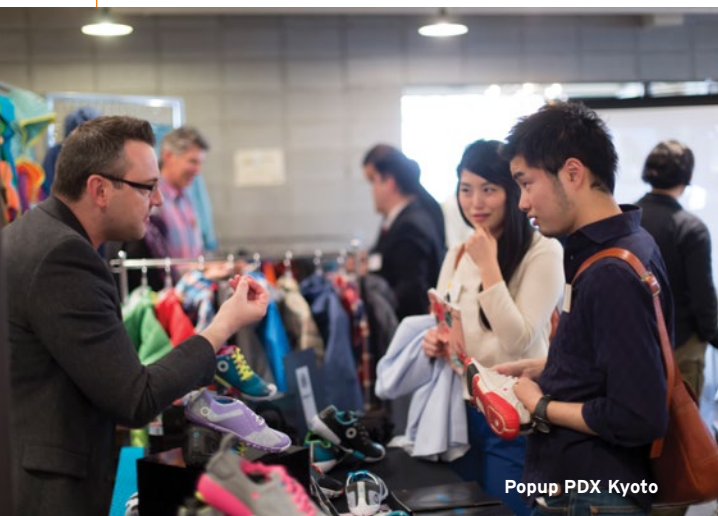
KEY FINDING 3:

Germany and Japan are responsible for a large concentration of FDI in the region. Together, these two countries account for 43% of total foreign-owned employment in the region, with Switzerland a distant third at 8%. While German FDI is centered on landmark investments in the region by Daimler and Adidas, Japanese investment is spread across a larger number of firms and a variety of sectors.

Interviews revealed that the role of these two markets in Greater Portland’s economy is no accident and directly resulted from many years of effort and relationship building by the local public and private sectors. Executives from local German and Japanese companies mentioned the importance of government outreach and cultural institutions as “guide rails” for their eventual investment in the region.

KEY FINDING 4:

The region’s strategic positioning on the Pacific Rim is not reflected in the region’s FDI partners, outside of Japan. Almost 30% of regional exports go to three East Asian countries: China, Japan and Korea. These same three countries also make up 50% of foreign students at Oregon universities and account for approximately 40% of tourists to the Portland metro (excluding Canada, Greater Portland’s most proximate foreign country). Yet—outside of Japan, the region’s 2nd largest FDI partner ranked by employment—Korean and Chinese investment has largely not flowed into the region.

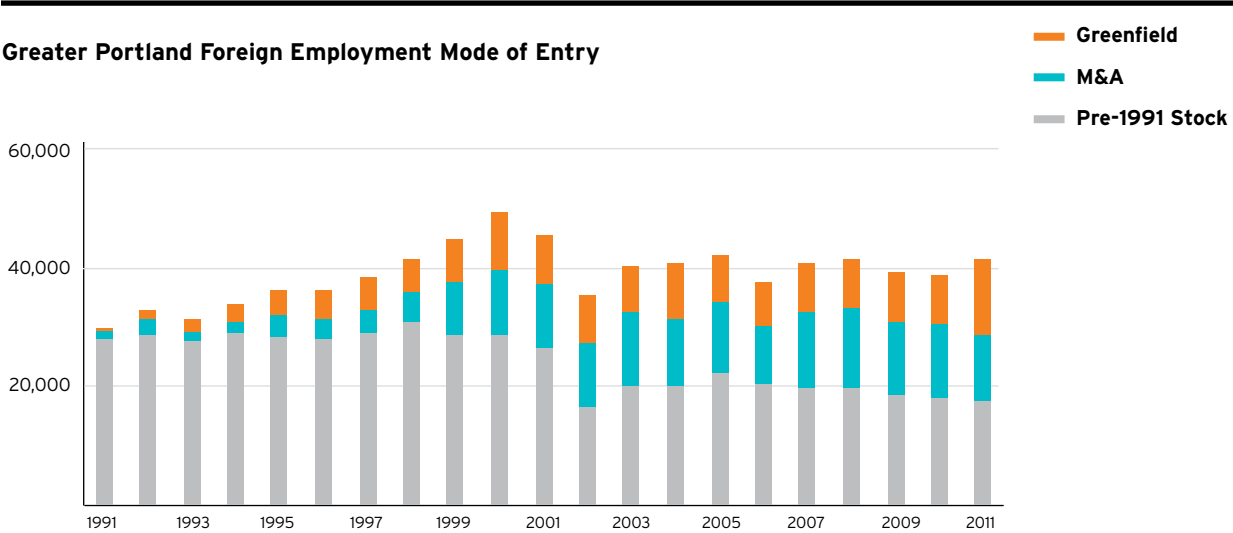


Popup PDX Kyoto

KEY FINDING 5:

Greenfield investment, followed closely by mergers and acquisitions (M&A), has driven the region's growth in employment under foreign ownership. Since 1991, 53% of the new jobs under foreign ownership were the result of greenfield investment, representing 12,600 jobs. During the same period, 47% of the new jobs under foreign ownership were the result of M&A (approximately 11,100 jobs). Not all of these numbers or the greenfield jobs are net additions to the regional economy, as FOEs—like their domestic counterparts—are also responsible for job churn: jobs lost due to closings, relocations, or consolidations. FOE jobs have boosted the regional economy, which gained a net 11,000 jobs from FOEs, and this growth occurred predominantly in FOEs that technically have a small business presence in the region, employing 51-250 people, even if the parent company may be a large business.

The data confirms what FOEs stated in interviews: the region is attractive as a “beachhead” to North American markets; its attraction is further buttressed by assets such as cheap electricity and abundant water and the highly developed talent pool of established sectors such as athletic and outdoor and computers and electronics.



Source: FDI in U.S. Metro Areas, Brookings Institution, 2014

KEY FINDING 6:

Traditional business retention and expansion (BR&E) strategies can play a large role in retaining and increasing FDI. Daimler’s 1981 acquisition of local legacy manufacturer Freightliner Trucks has resulted in the acquired company’s growth and the foreign parent’s continued commitment in the region. But with foreign (or domestic) M&As, as stated in the previous finding, the new owner sometimes closes or shrinks local operations, highlighting the importance of BR&E.

Additionally, FOEs interviewed explained the complexities and risk that they often face in opening a foreign outpost, ranging from cultural issues and legal considerations, to the constant imperative of making the case for additional resources and investment from the corporate parent.

To mitigate these risks, business leaders interviewed saw an opportunity for the local economic development community to expand on existing business retention and expansion protocols to include aftercare for new FOEs and foster closer ties to local companies.

KEY FINDING 7:

Large-scale foreign capital flows have yet to enter the local market. Interviewees reported that large foreign investors view the region as a “Tier Two” metro, lacking the reputation and strong returns of investment havens like New York, Los Angeles and San Francisco. Nonetheless, reports have emerged of “under the radar” interest and investment activity by foreign investment banks, private equity firms, and sovereign wealth funds.

Business leaders and service providers alike expressed a lack of knowledge and expertise on attracting foreign investment capital to the region and local firms—an opinion shared by economic development professionals. Interviews also revealed many conflicting opinions on the pros and cons that large amounts of capital would have on the region’s economy, and without data confirming best practices, a “wait and see” attitude has prevailed. As the region learns more about capital attraction, there are great possibilities in extending economic development practice to suit Greater Portland’s goals of strengthening the region. The PDC, with assistance from Business Oregon, has developed an EB-5 immigrant investor visa program to connect foreign capital to local urban development projects. While in its infancy, this program could serve as a model for the region’s new and open approach to capital attraction.

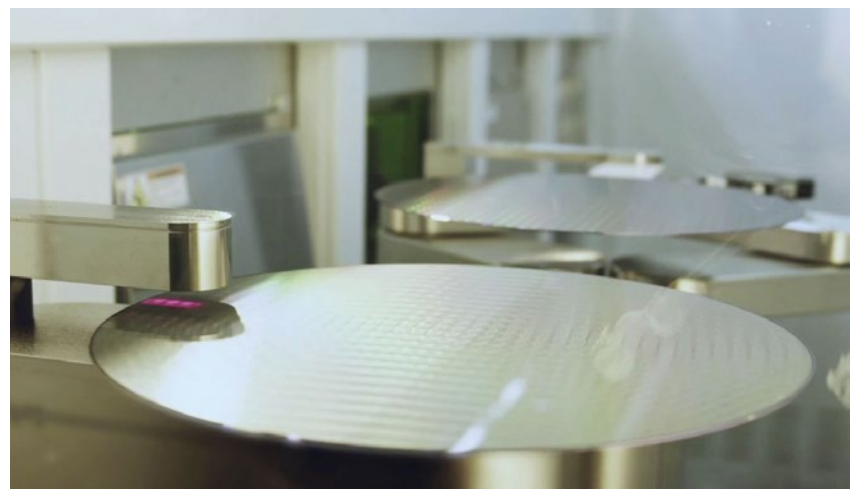
KEY FINDING 8:

Greater Portland’s emerging sectors show strong potential for growth. In recent years, innovative sectors such as green building, clean tech and software—which are growing at home—have begun to establish excellence internationally and drive investment locally from M&A, such as the Korean company HanmiGlobal’s acquisition of the local architectural/engineering/planning firm OTAK.

The Spanish Banco Bilbao Vizcaya Argentaria’s (BBVA’s) recent \$117 million acquisition of Portland-based Simple was a landmark investment for the region’s emerging software sector. A spillover from the region’s established computers and electronics sector, software is gaining a reputation domestically but is still establishing its footing internationally. That a multinational bank of BBVA’s stature—with \$25 billion in yearly revenues—can find innovation worthy of investment in the region points to further opportunities for other firms in the software sector.

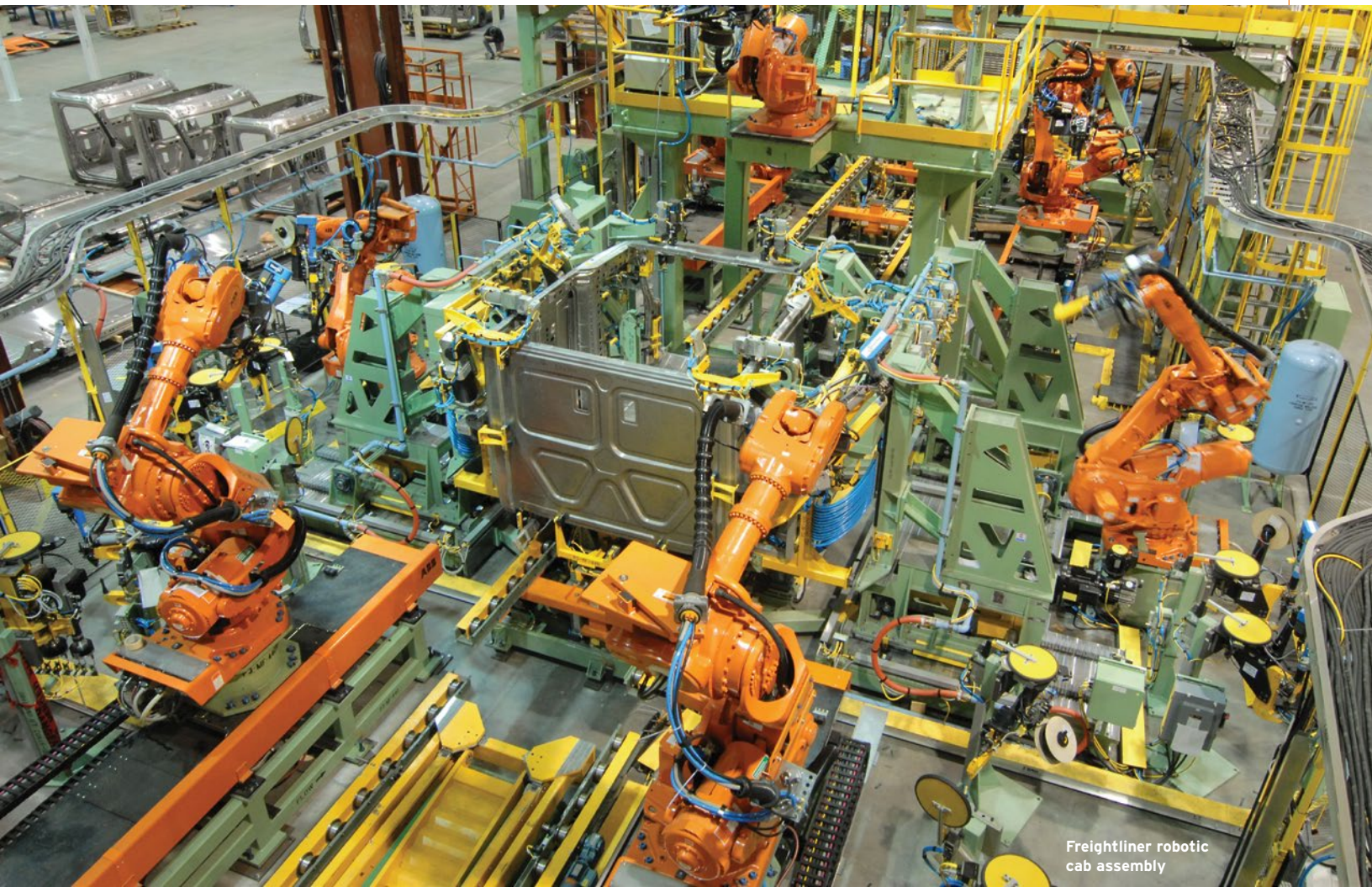


Climax Portable Machining & Welding Systems



KEY FINDINGS

FROM THE EXPORT MARKET ASSESSMENT



Freightliner robotic cab assembly

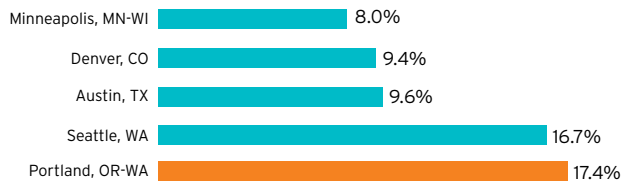
GREATER PORTLAND CONDUCTED AN IN-DEPTH EXPORT MARKET ASSESSMENT in 2011 to serve as a foundation for the development of the original Greater Portland Export Initiative. The assessment included Brookings data benchmarking against other metros, a survey of 268 local companies, and more than 40 one-on-one interviews with local companies and export service providers. Economic data from Brookings was updated in 2014 during the creation of Greater Portland Global.

In addition to the information gained from the initial market assessment, the region has embarked on a three-year education initiative around exports and effective service delivery through the implementation of the Greater Portland Export Initiative. The experience—comprising experimentation, success and failure—has provided grounding on where and how the economic development community can continue to be effective.

KEY FINDING 1:

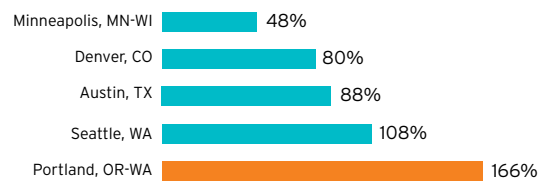
Exports are at the core of Greater Portland's economy. Between 2003 and 2013, Greater Portland increased its export volume by 166%, creating 39,374 direct new jobs for the region. This growth made Greater Portland the fifth-fastest growing export market among the 100 largest metropolitan areas. The region was 13th largest by export volume in 2013, with \$26.7 billion in exports, and had the 11th highest export intensity, with exports accounting for 17.4 percent of its economy.

Exports as a Share of Output, 2013



Source: Export Nation, Brookings Institution, 2014

Real Export Growth, 2003 - 2013



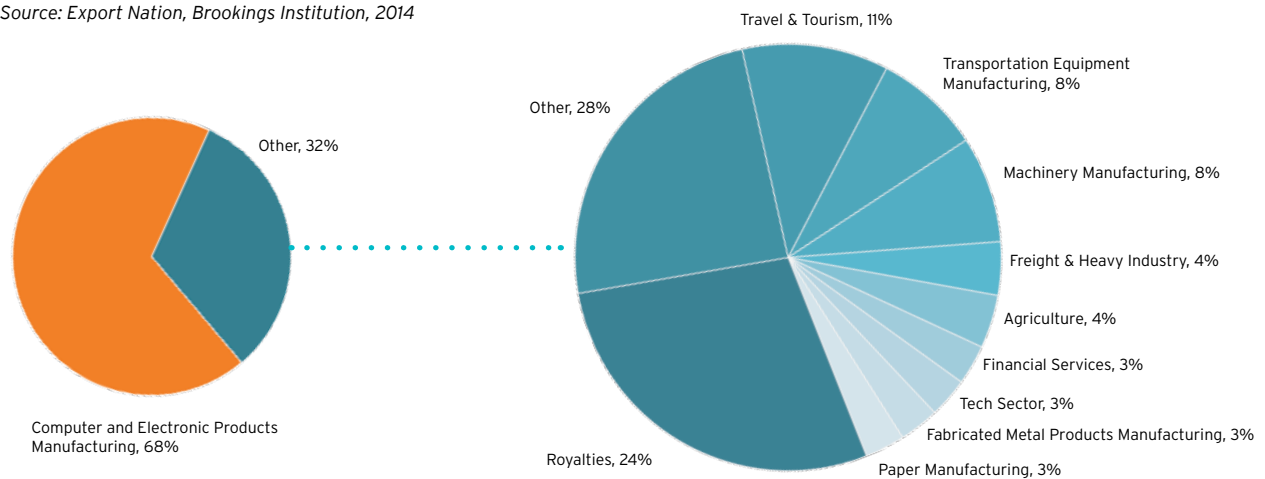
Source: Export Nation, Brookings Institution, 2014

KEY FINDING 2:

A handful of companies and clusters drive much of Greater Portland's export strength. Eighty-eight percent of Greater Portland's exports in 2013 and 89 percent of export growth from 2003 to 2013 came from the region's top 10 exporting industries. The region's largest export industry, computers and electronics, anchored by Intel, accounted for 68 percent of total exports in 2013 and 69 percent of export growth, and grows each year.

Industry Share of Total Exports in 2013

Source: Export Nation, Brookings Institution, 2014



KEY FINDING 3:

Greater Portland's emerging export strengths show potential for growth. Though the computers and electronics industry plays the leading role in the region, Greater Portland possesses numerous other export sectors that have developed excellence and are just beginning to go abroad. Clean tech and sustainability firms, which have leveraged the region's excellence in urban development via the We Build Green Cities program, have made inroads in rapidly urbanizing markets in Asia and Latin America. The software sector—a spillover from the region's mature computers and electronics industry—has grown its brand domestically, and its most established companies are just beginning to enter international markets.

KEY FINDING 4:

The most successful exporting companies are intentional about exporting. Companies acknowledged that pursuing business opportunities in new foreign markets requires significant resources and persistence. While resources need to be set aside for relationship development (extensive travel, knowledge of foreign language and culture and even, in some cases, setting up a foreign outpost) and business development (legal expertise of foreign contracts, protecting intellectual property and securing payment), what is really needed is a commitment at all levels of a company that exporting is an important facet of the company's culture and future.

KEY FINDING 5:

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

Many of the small and mid-sized 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. Many companies express a preference to stick to what they know and expand in the United States, where they are more comfortable.

KEY FINDING 6:

Greater Portland has developed an effective export services system, but serious risks will always remain with exporting.

Under the Greater Portland Export Initiative, the region's export services system has become more streamlined. An array of services now exist locally: from economic development practitioners (on BR&E visits) asking firms about exporting and making referrals to the U.S. Export Assistance Center Portland and Business Oregon/Washington Department of Commerce to make use of their wide-ranging toolbox of services and tools, to more targeted services such as the We Build Green Cities program that seeks to develop business abroad for the region's clean tech and sustainability firms.

While the Export Initiative helped to develop a more robust export services system in the region, significant challenges still limit export opportunities for firms. During the last three years, impediments such as lack of financing, high tariffs, political uncertainty in foreign markets and transportation/shipping costs have held up export deals. Other companies do not even pursue export opportunities due to problems connecting to global partners, complying with foreign regulations, or competing against foreign tariffs and unfair trade practices.

KEY FINDING 7:

Service provision is most effective when delivered with an understanding that firms are on a continuum of preparedness for exporting. The needs of companies vary greatly based on where on the industry range they lie, from nascent to legacy. Working with trade associations and individual companies can help economic development professionals in general and export service providers in particular target their advice and assistance more effectively.

KEY FINDING 8:

An investment from abroad can also be an export opportunity. At the company level, the link between exports and FDI can be impossible to separate. FOEs who enter the market to export or foreign investors who seek early-stage investment in clean technology that can be commercialized to their home country are examples of “two-fers” that doubly benefit the regional economy.



GOAL & OBJECTIVES

GOAL

THROUGH A HEIGHTENED, INTENTIONAL FOCUS ON REGIONAL ECONOMIC GROWTH, cluster development, exports and FDI, Greater Portland will secure and strengthen its long-term position as a competitive, sustainable, and globally integrated economic region.

OBJECTIVES

BASED ON KEY FINDINGS FROM THE MARKET ASSESSMENTS, Greater Portland Global, the region's trade and investment plan, has four primary objectives designed to support the region's vision for growth:

1. Create a strong local export and FDI culture and a global reputation for Greater Portland as a competitive region for international business.
2. Grow exports and foreign direct investment by aligning and coordinating the region's economic development efforts around key industries and markets.
3. Diversify export industries, increasing the number of companies exporting and the markets they access.
4. Build on FDI from leading source countries and industries, while also seeking to grow FDI from underrepresented source countries and industries.

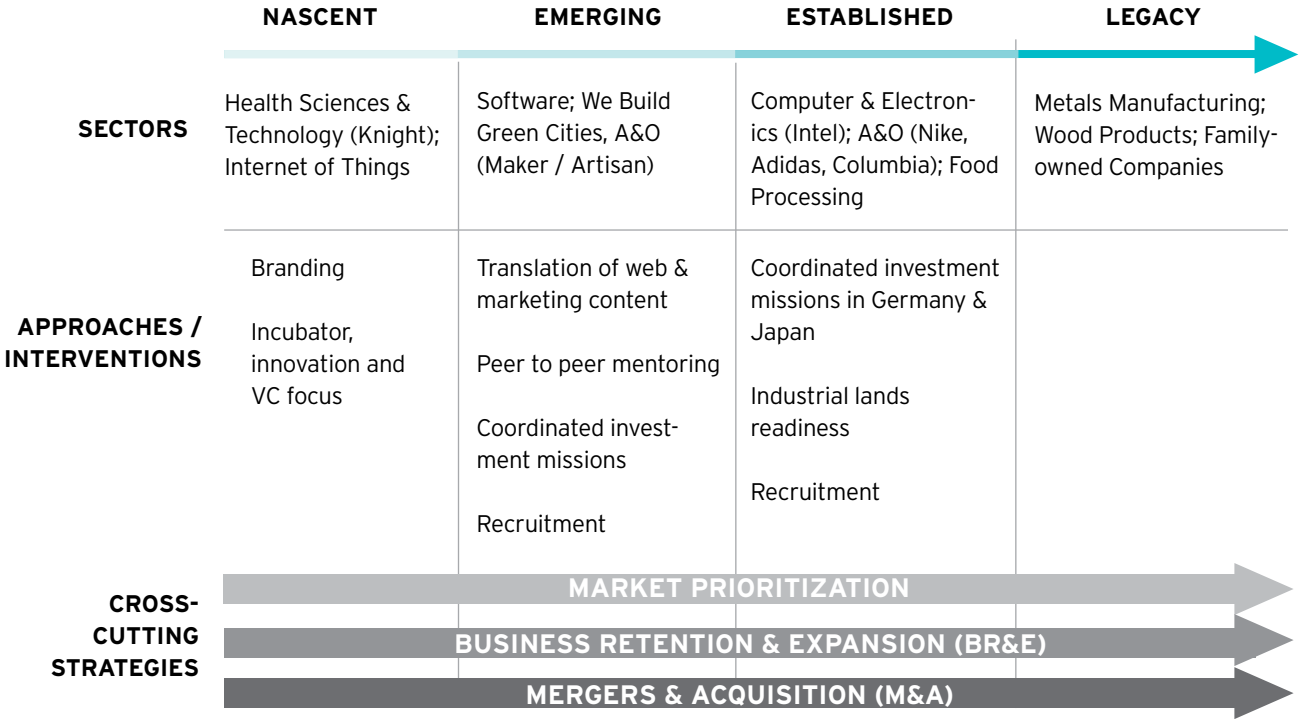


STRATEGIES & TACTICS

GREATER PORTLAND'S EXPERIENCES IMPLEMENTING THE GREATER PORTLAND EXPORT INITIATIVE and conducting the FDI market assessment have shaped how and where the region focuses its interventions. Hence Greater Portland's strategies and tactics are blended to serve both export and FDI objectives. The region seeks to investigate where sectors are in the continuum of excellence and develop strategies to nurture newly formed sectors, further the international aspirations of

emerging sectors, and secure the future of key firms that anchor the region's most mature sectors.

The four stages in that continuum—nascent, emerging, established, and legacy—each call for differing levels of intervention, focus and support. In addition to stage-specific interventions, strategies around BR&E, M&A and market prioritization will be applied across the continuum.





Orox Leather Co.

STAGE-SPECIFIC STRATEGIES

NASCENT

Whether as spillover from established sectors, offshoots from state-funded incubators, or brainstormed from talented entrepreneurs, the region is full of companies trying to create the next great idea. The job of economic development professionals is not to pick which idea or technology may succeed, but to create a fertile ground where innovation will thrive locally and become a pipeline to the region's next emerging sector.

Knitting the story of innovation into Greater Portland's evolving global brand will not only tell the region's economic story more fully, it will also serve to attract investors who are not currently knowledgeable about Greater Portland's assets and opportunities.

This strategy aims to:

1. Include nascent innovative sectors in the region's brand, focusing on the Knight Cancer Institute opportunity at Oregon Health & Science University and the bioscience/medical products sector.
2. Support and work with Oregon Innovation Council initiatives and Signature Research Centers

and the Washington Innovation Partnership Zone in Vancouver to accelerate technologies in nascent innovative sectors.

3. Facilitate introductions between early-stage firms and foreign companies for investment, commercialization and deployment opportunities at events such as Oregon BestFest.
4. Connect local venture capital firms to international sources of capital.
5. Leverage the role of universities in attracting foreign students and investment and cultivating foreign alumni to grow international business connections. For example, the strong student/alumni ties that Portland State University has with Saudi Arabia and the Gulf States present a particular opportunity.
6. Diversify participation in the region's startup ecosystem to create an environment where new products and services are applicable to broad global needs and tastes.

EMERGING

The Greater Portland Export Initiative focused attention on the We Build Green Cities program, which started as a marketing brand and transformed into a business development platform that has had initial success in securing work in target markets for local firms. The export market assessment further revealed that the software industry, known domestically and emerging internationally, would also benefit from an international marketing and business development program.

To address the finding that firms struggle with the “where and how” of exports—questions that also confront economic development professionals who often receive requests or host visitors from around the world—Greater Portland will develop a quantitative and qualitative model to prioritize outbound markets for the two emerging regional sectors of clean tech and software. A tool that can quantify which markets represent the most priority—based on Opportunity, Ease of Doing Business, Size of Market and Connections—will be useful to firms and economic development professionals alike.

This strategy aims to:

1. Translate/globalize web and marketing content for We Build Green Cities clean tech/sustainability and Techtown software brands.
2. Offer local export and investment case management services to companies, building on the work of the Export Initiative in partnership with state and federal partners:
 - Align regional clean tech and architectural and engineering firms with the We Build Green Cities program and its recent partnership with the U.S. Department of Commerce Market Development Cooperator Program
 - Partner with Business Oregon, Washington Department of Commerce and SelectUSA for inbound and outbound investment missions



The Poler flagship store in Portland

3. Expand pilot of peer-to-peer (P2P) mentoring program, which matches experienced exporters with new-to-export or new-to-market exporters, starting with the Technology Association of Oregon.
4. Create a quantitative and qualitative index that prioritizes export markets for software and clean tech/sustainability sectors.
5. Coordinate trade and investment missions to prioritized markets, working with local, regional, state and federal partners.

ESTABLISHED

The global excellence of the region is largely the result of its two biggest companies, Nike and Intel, and the industry clusters that orbit around them: athletic and outdoor, and computers and electronics. While neither firm needs direct assistance with exporting, their success has created a rich vein of ancillary opportunities to build on the Greater Portland Export Initiative work with secondary and tertiary suppliers and exporters in these industries.

Similar to the twin impacts of Nike and Intel in the region, Germany and Japan also tower over other markets' investment in the region. Local economic development professionals have spent considerable time and attention on German and Japanese markets, but their importance and value must be overtly acknowledged by the region and its leaders. Even as Greater Portland begins to look at other markets, the region's 30 years of history with Germany and Japan call for a renewed commitment through visits and closer ties to local firms and cultural institutions.

This strategy aims to:

1. Support established industry clusters with a focus on maintaining and protecting the region's location advantages.
2. Develop and prepare market-ready industrial sites in Greater Portland that will meet target cluster needs.
3. Connect existing businesses in the region to supply chain opportunities as part of business retention and expansion efforts (BR&E).
4. Implement the recommendations of the Regional Large Site Industrial Recruitment Strategy, including specific FDI-related aspects.
5. Coordinate investment missions between city, regional, state and federal partners to the key markets of Germany and Japan to recruit identified foreign supply chain targets and further strengthen cultural ties.

LEGACY

The region is rich with firms in legacy industries such as metals manufacturing and wood processing that use advanced processes and possess a highly skilled labor pool. Though they are not growing apace with other sectors, they represent an important and integral part of Greater Portland's economy. The region has a shining example of how foreign ownership can transform legacy firms into 21st century companies: Germany's Daimler-Benz's 1981 acquisition of Portland's Freightliner Trucks.

Daimler's recent innovations, investment in a new headquarters facility, and creation of hundreds of new jobs all demonstrate the capacity of FDI to shift legacy companies to an upward trajectory. In addition, while the FDI market assessment demonstrated that greenfield investment is the marginally preferred method of entry by foreign firms and that large-scale investment capital has not yet entered the market, it is time for the region to prepare the ground for such interest.

The region's intervention for legacy industries will be limited to the cross-cutting strategies described in the next section.



The Freightliner Cascadia



CROSS-CUTTING STRATEGIES

BUSINESS RETENTION & EXPANSION (BR&E)

Expanding BR&E protocols to deepen relationships with FOEs will allow the economic development community to monitor the pulse of these firms, yielding information on their needs and displaying that their community is willing to partner with them on success.

To address these goals, the strategy aims to:

1. Develop “Global 201” economic development professional training, in conjunction with state, federal, and private sector experts on exports and FDI that builds on the success of “Export 101” export assistance trainings.
2. Codify expanded BR&E protocols around financing and capital considerations for legacy firms.
3. Integrate aftercare strategies into existing FOE BR&E efforts.
4. Support the Port of Portland in efforts to reestablish air and sea cargo service with key Asian markets.

MERGERS & ACQUISITION (M&A)

To further prepare the ground for foreign direct investment, the region will develop M&A-specific strategies that market firms looking for capital or foreign acquisition, extend BR&E strategies, and develop regional procedures for effective response to foreign acquisition.

These strategies aim to:

1. Craft M&A policy and procedures to effectively manage responses by the region and individual jurisdictions.
2. Develop a portfolio of firms and projects seeking capital for inclusion in investment missions.
3. Tap foreign reach of regional companies and business facilitators (such as lawyers, accountants, and consultants) including those with overseas offices, to connect with potential customers and investors.

MARKET PRIORITIZATION

The data support Germany and Japan as the region's most established investment partners with long term investment in a variety of sectors and deeply embedded local cultural institutions. Greater Portland Global seeks to reaffirm the primary importance of these markets to the region, even as Greater Portland casts

a wider net for nascent and emerging markets around the world. Similar to the industry approach outlined previously, these would be countries that are beginning to make investments in the region or those that demonstrate a strong complementarity between the region's assets and the country's recent investments.

| Stage | Market Attributes | Strategies | Markets |
|-------------|---|---|------------------------------|
| Nascent | <ul style="list-style-type: none"> Lack of familiarity with investing in U.S. Complementarity between investment areas and region's assets/strengths High growth in outbound investment or existence of sovereign wealth fund investment in U.S. | <ul style="list-style-type: none"> Educating inbound investors Implementation of BR&E aftercare protocols to nurture further investment | TBD by market prioritization |
| Emerging | <ul style="list-style-type: none"> Recent beachhead investments in region Growing tourist and student enrollment numbers Deep local connections exist "Top-down" nature Ranks highly or growing rapidly in overall U.S. FDI No restrictions in free flow of capital | <ul style="list-style-type: none"> Development of translated investment portfolios Setting yearly outreach goals Coordinated response to inbound visits Exploratory investment missions Implementation of BR&E aftercare protocols to nurture further investment | TBD by market prioritization |
| Established | <ul style="list-style-type: none"> Long term investment and engagement in variety of local sectors Existence of local cultural institutions | <ul style="list-style-type: none"> "High touch" inbound and outbound meetings Support of local cultural institutions | Germany and Japan |
| Legacy | <ul style="list-style-type: none"> History of investment but lack of recent investment | <ul style="list-style-type: none"> Limited economic development role to play | TBD by market prioritization |

PERFORMANCE MEASUREMENT

MANY OF THE FACTORS THAT AFFECT EXPORTS AND FDI are beyond local control (e.g., exchange rates, financial crises, global energy prices), creating challenges for performance measures. To track progress as effectively as possible, Greater Portland Global will use metrics at several different levels:

- ▶ Macro indicators in Brookings' Export Nation reports: export value; export intensity; export jobs; indexed performance rank; and diversification of export industries; and Brookings' FDI in U.S. Metro Areas, measuring FDI intensity, trends in greenfield and M&A, and jobs in foreign-owned establishments.
- ▶ Regional indicators derived from partners measuring changes in metro export activity, such as number of new firms entering the export service system or the export supply chain, or metro FDI activity, such as inbound and outbound missions or FDI leads; overall demand for export or FDI services; use of regional port facilities (marine and air service); new export markets and FDI source countries; trends in export and FDI services and industry clusters; and new sales contracts or investment deals.
- ▶ Qualitative changes to the export and FDI environment, such as recommended policies adopted; integration of export and FDI goals into regional planning; metro-led trade and investment missions and their outcomes; identification of executive level export and FDI leaders in metro companies; and increased media coverage.



Lam Research



IMPLEMENTATION

GREATER PORTLAND INC (GPI), the region's public-private economic development organization, will coordinate Greater Portland Global's implementation.

GPI staffs a public/private Global Leaders steering committee, which reflects regional and industry balance across the metro area. The steering committee will:

- Oversee implementation of Greater Portland Global goals;
- Help generate public support and financial resources for Greater Portland Global;
- Issue periodic export and/or FDI policy recommendations on behalf of the region.

GPI's coordination will involve a Global Work Team reporting to the Global Leaders and comprising representatives from local/state/federal economic development organizations, trade associations, academic institutions, and private sector partners. The Global Work Team will evolve as needed.

The aim of the Global Work Team is to improve the pipeline from economic development to export promotion and FDI attraction, broadening outreach to export-ready companies and potential foreign investors. The successful implementation of Greater Portland Global should maximize regional participation in the strong export and FDI services provided by the state and federal governments. To ensure full alignment, the Global Work Team will include participation by the federal and state export promotion and FDI attraction organizations in the Greater Portland region: the U.S. Export Assistance Center Portland, the Small Business Development Center, the Columbia River Economic Development Council (an associate development organization in Southwest Washington of the Washington Department of Commerce), and Business Oregon.

The Greater Portland Global strategy proposes a five-year work plan as part of Greater Portland 2020, a five-year regional comprehensive economic development strategy that may include and/or replace oversight of certain strategic elements once the governing and implementation structure is determined. In addition to specific goals and objectives, Greater Portland Global will be truly successful when exports and FDI are mainstreamed into the daily processes of economic development and planning in the region.

GPI will require ongoing funding to provide project management, marketing resources, and administrative support for Greater Portland Global. Partner organizations will support implementation, primarily through existing resources and in-kind staffing, using program and grant funds to coordinate and implement strategies and tactics. This approach encourages regional efficiency and a cultural shift within organizations to support exports and FDI.

POLICY PROPOSALS

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

1. Funding for economic growth through exports and FDI
2. Metro-level export and FDI tracking data
3. Freight strategy to support export growth and FDI
4. Strong workforce system
5. Conducive land use, tax structure and general business climate
6. Movement of people and ideas
7. Alignment of performance measures

For additional details please see the Greater Portland Global Policy Memo.

MARKETING AND COMMUNICATIONS

Greater Portland Inc will provide professional, proactive, and clear communications to both project participants and outside stakeholders (regional, national, and international). Marketing and communicating the successes of the region and companies located in Greater Portland will help fulfill the objective to create a strong local export and FDI culture and a global reputation for Greater Portland as a competitive region for international business. Specific tactics will include sector-specific work, like the We Build Green Cities website and translated materials. The launch of the Greater Portland Global will be followed by regional rollout presentations to interested business associations and economic development partners.

GPI's outreach will include:

- ▶ Release of Greater Portland Global (project participants and outside stakeholders)
- ▶ GPI website's Global section (project participants and outside stakeholders)
- ▶ Yearly updated reports (project participants and outside stakeholders)
- ▶ Meeting management, including clear definition of roles and responsibilities and conflict management as needed (project participants)
- ▶ Public presentations, status updates, and joint press release management/media interaction (outside stakeholders).

ACKNOWLEDGMENTS

For the Greater Portland Export Initiative, the City of Portland and the Portland Development Commission (PDC) led the export strategy process, with a core team that included the Port of Portland, Greater Portland Inc (GPI), Business Oregon, the U.S. Export Assistance Center (USEAC) Portland, and other regional stakeholders.

For Greater Portland Global, the Greater Portland Global Trade and Investment Plan, GPI and PDC co-led a FDI Pilot Core Team, which also included Business Oregon, the City of Hillsboro, the Port of Portland, Portland State University, and USEAC Portland.

In addition to the work of the strategy development teams, 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 organizations.

Thanks also to the Metropolitan Policy Program at the Brookings Institution and JPMorgan Chase for support of this work and the Global Cities Initiative. Ryan Donahue of Brookings provided significant feedback and input for this report.

For more information about the GTIP, please contact Greater Portland Inc:
www.greaterportlandinc.com
#GreaterPortlandGlobal

ABOUT THE GLOBAL CITIES INITIATIVE

The Global Cities Initiative is a five-year project of the Brookings Institution and JPMorgan Chase aimed at helping the leaders of metropolitan America strengthen their regional economies by becoming more competitive in the global marketplace. It seeks to catalyze a shift in economic growth policy and practice to position metro areas for high-quality growth and better jobs for more workers. The Global Cities Initiative has three pillars: research, forums, and the Exchange. The Exchange is a four-year learning and action network that enables leaders to act on the ideas and collaborations generated by GCI's research and forums. At the core of the Exchange are the efforts of 28 U.S. metropolitan areas, including Greater Portland, to create integrated export and FDI strategies in Global Trade and Investment Plans.

For more information, see
www.brookings.edu/projects/global-cities.aspx
#GlobalCities



This report was developed by Greater Portland Inc and the Portland Development Commission through the collaboration of political, business, and civic leaders of the Greater Portland Region. 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 policymakers 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 its own scholarly activities in the Global Cities Initiative, including the research agenda and products.



www.greaterportlandinc.com



www.pdc.us

