



GLOBAL SANDIEGO EXPORT PLAN

METRO EXPORT INITIATIVE





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“Global SD - Engaging World Markets”

INTRODUCTION

San Diego is often defined by its most visible characteristics. The near perfect weather, world-class tourist destinations, and the largest military concentration in the world have provided San Diego with global recognition. The highly diverse neighborhoods, nationally-ranked research universities, powerhouse economic clusters and physical location on the world's busiest border crossing put San Diego in an advantageous position to become a truly global city.

The San Diego region, built on the foundation of a strategically located port and a strong military presence, has been an epicenter of innovation since the turn of the 20th century. In the early 1900s, San Diego became home to several military institutions - specifically naval and marine bases. The Port of San Diego is one of 17 commercial U.S. ports designated by the federal government as a Strategic Port to support military operations worldwide. In the years during and after World War II, San Diego saw incredible growth in its military cluster. Defense contractors, which grew alongside the Navy and Marines, attracted the brightest engineers, scientists, and industry leaders.

Over the last half-century, San Diego's academic institutions, businesses, and civic leaders continued to advance the region's influence nationally and abroad. This ongoing cooperation from regional leaders, when combined with geographic and demographic advantages, and the region's globally competitive economic drivers - innovation, tourism, education, and military industries—provides San Diego with unprecedented opportunities for international trade and investment.

Innovation



Recognized as one of the leading technology hubs in the nation, San Diego's innovation economy is anchored by established life science, communications, cleantech, software, and maritime industries. The businesses are fueled by a collaborative culture and sophisticated support systems focused on commercializing research and growing entrepreneurial, knowledge-based companies.

Military



San Diego is home to more than 60 percent of the ships in the U.S. Navy and more than one-third of the combat power of the U.S. Marine Corps (SD Military Economic Impact Study, April 2011). The defense industry includes leaders in unmanned vehicles, robotics, cyber security, command and control systems, and shipbuilding—synergizing well with the region's innovation economy and ultimately representing one out of every four jobs in the region.

Tourism



The tourism (convention and visitor) industry is the largest employment industry cluster in San Diego. With more than 30 million people visiting San Diego annually, the region is one of the top 10 visitor and meeting destinations in the U.S., with a growing sub-sector focused on arts and culture.

Intellect



San Diego's six universities and more than 80 research institutes conduct groundbreaking research, train the region's workforce, and provide the critical technology infrastructure that enables the region to compete for investment and jobs on a global level.

This does not mean San Diego is completely impervious to the movements and machinations of the national economy. The San Diego region was hit hard, like the rest of the country, during the Great Recession. San Diego's average home prices fell by more than one-third during the recession (Q4 2007-Q2 2009), severely hampering San Diego's economy (National Association of Realtors, EDC). The region shed 111,700 jobs—8.4 percent of its total employment—between December of 2007 when the local recession began and September of 2009 when it ended (Bureau of Labor Statistics, EDC). Unemployment peaked in June of 2010 at 10.9 percent of the labor force and stayed above 10 percent until April of 2011 (Bureau of Labor Statistics, EDC).

But it has also been home to major post-recession growth in both established and emerging industries. Housing prices have almost fully recovered, the unemployment rate has dropped significantly off its peak, and the economy continues to expand as San Diego adapts to new market realities.

As the region continues to accelerate out of the recession, an increased emphasis has been placed on utilizing San Diego's inherent strengths to enhance the local economy through expanding and diversifying exports. According to research conducted by the Brookings Institution, **half of the United States' economic growth in the first year of post-recession recovery came from exports.** Brookings further argues that the rapid expansion of global middle class consumers in emerging markets such as Brazil,

China, and India, has shifted the geography of future economic growth opportunities beyond the United States and Europe. Considering that emerging markets constitute 36 percent of global GDP and that 70 percent of global GDP growth between now and 2025 will occur outside of our nation, exporting will continue to represent a worthwhile investment in economic growth and stability. At the end of 2025, annual consumption in emerging markets is projected to climb up to \$30 trillion, representing an unprecedented export potential for U.S. goods and services (The 10 Traits of Globally Fluent Metro Areas, Brookings Institution).

Now, more than ever, San Diego is ripe for both the institutional and policy changes that will secure long-term growth for the larger metro region and build a functional foundation for the small and medium-sized businesses whose ability to thrive in a global market will determine success not just for the region, but for the nation.

To shepherd this movement, the San Diego region has a fully engaged Core Team of leaders from the business sector, all levels of government, and higher education who have come together to actively share resources and expertise to promote San Diego's interests both nationally and abroad. The keystone product of this Core Team, with direction and assistance from the Brookings Institution, is the following comprehensive export strategy, which is comprised of a Regional Market Assessment, an Export Plan, a Global Outreach Plan, and a Policy Memo.

Market Assessment

In 2012, the Brookings Institution selected San Diego as one of eight cities to participate in the Brookings Metropolitan Export Exchange Program. The program was developed to help regional leaders create and implement strategic action plans to increase exports, thus accelerating economic growth and job creation. Since then, the Core Team has conducted research on San Diego's export economy to support the development of a strategy using three methods: the Market Scan (data), the Market Survey, and Local Intelligence Interviews. This research focused on uncovering the strengths and weaknesses of the San Diego export economy by combining macroeconomic research with extensive input from **more than 350 local business leaders** representing both exporting and non-exporting organizations. The results of this collaborative effort were compiled into the Market Assessment document. These findings represent a solid baseline for the development of the regional export strategy.



Bob Nelson, Chairman of Board of Directors, Port of San Diego



Councilman Mark Kersey, City of San Diego, 5th District



Michael Masserman, Executive Director for Export Policy, Promotion, and Strategy; U.S. Department of Commerce, International Trade Administration

Peter Cowhey, Dean at UC San Diego, School of International Relations and Pacific Studies; Qualcomm Chair in Communications and Technology Policy



Core Team

City of San Diego (lead agency)
 BICOM
 CONNECT
 CaliBaja Bi-National Mega-Region
 California State University, San Marcos
 County of San Diego
 JP Morgan Chase & Co
 SANDAG
 San Diego Center for International Trade & Development
 San Diego County Regional Airport Authority

San Diego Regional Chamber of Commerce
 San Diego Regional EDC
 San Diego State University
 Tijuana EDC
 UC San Diego – School of International Relations and Pacific Studies
 Port of San Diego
 U.S. International Trade Administration
 World Trade Center San Diego

SAN DIEGO METROPOLITAN EXPORT INITIATIVE



Releasing the Market Assessment

MARKET ASSESSMENT

RELEASE DATE | MAY 2013

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KEY FINDINGS

SAN DIEGO IS UNDER-PERFORMING ON EXPORTS

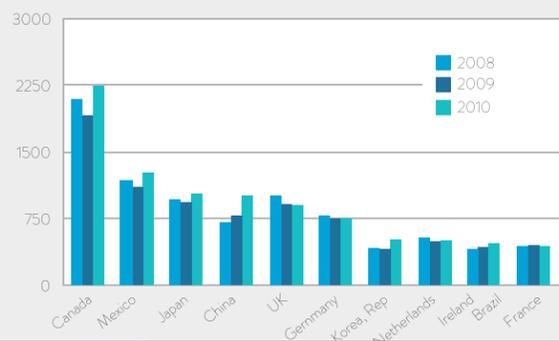
San Diego's export economy has struggled to make significant gains in growth over the last decade, growing at a pace of 1.44 percent between 2002-2010. While San Diego's Gross Metropolitan Product (GMP) has grown slowly, exports have not kept pace. This is contrary to national trends, which have seen an increase in export intensity (export share of Gross Domestic Product or GDP). Although San Diego ranks 17th in total export value, GMP and population size, it is only 55th in terms of export intensity. With this relative drop in export intensity, San Diego's competitiveness among other metropolitan areas is suffering

Figure 1: Comparison Cities

Export GMP Rank	MSA	Exports Share of Metro GDP 2010
52	Portland - South Portland - Biddeford	9.30%
53	Hartford - West Hartford - East Hartford	9.30%
54	Albuquerque	9.30%
55	San Diego - Carlsbad - San Marcos	9.30%
56	Phoenix - Mesa - Glendale	9.10%
57	Providence - New Bedford - Fall River	9.10%
58	Memphis	9.10%

SAN DIEGO'S EXPORTS ARE SHIFTING TOWARDS THE PACIFIC RIM

Figure 4: San Diego's Top 10 Export Markets (Export Value)



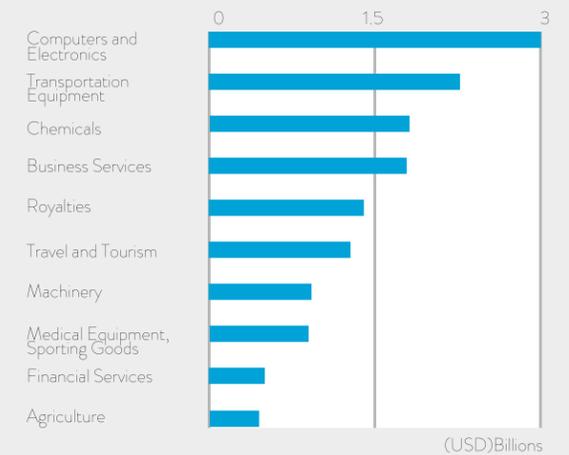
Note: in 2010, Brazil replaces Ireland in the top 10. Otherwise relative rankings are the same for each year.

San Diego's top export markets are comparable to the top export markets for the nation. The top five export markets – Canada, Mexico, Japan, China and the United Kingdom – account for almost 40 percent of San Diego's exports. Over the past decade, exports from the San Diego region have shifted from a focus on Atlantic-based trade to Pacific-based trade. Exports to European markets have slowed while exports to Southeast Asia, East Asia and Latin America have grown. China, Korea, Brazil, Singapore, and Taiwan have emerged as San Diego's fastest growing foreign markets for exports

REGIONAL EXPORTS ARE CONCENTRATED WITHIN TEN EXPORT INDUSTRIES, INCLUDING SERVICES SECTORS

The top five industries account for almost 65 percent of all exports and the top ten industries account for nearly 90 percent. The leading goods export industries – Computer and Electronics, Transportation Equipment, and Chemicals – send more than \$7 billion of goods abroad. The leading service exports – Business Services, Royalties, and Travel and Tourism – provide services valued at nearly \$4.5 billion. San Diego's relatively high concentration on service activity in business services, tourism, and information offer the region a competitive advantage. These industries have continued to grow since the recession and have maintained their competitiveness relative to the national economy.

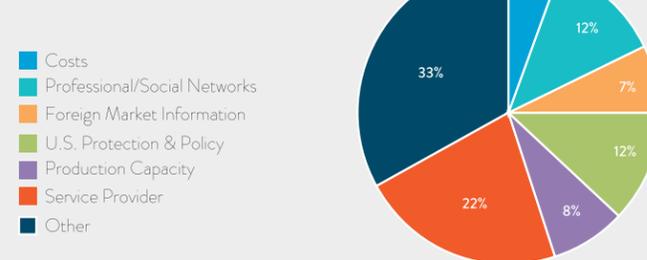
Figure 3: Top 10 Industries by Export Value Added (2009-2010)



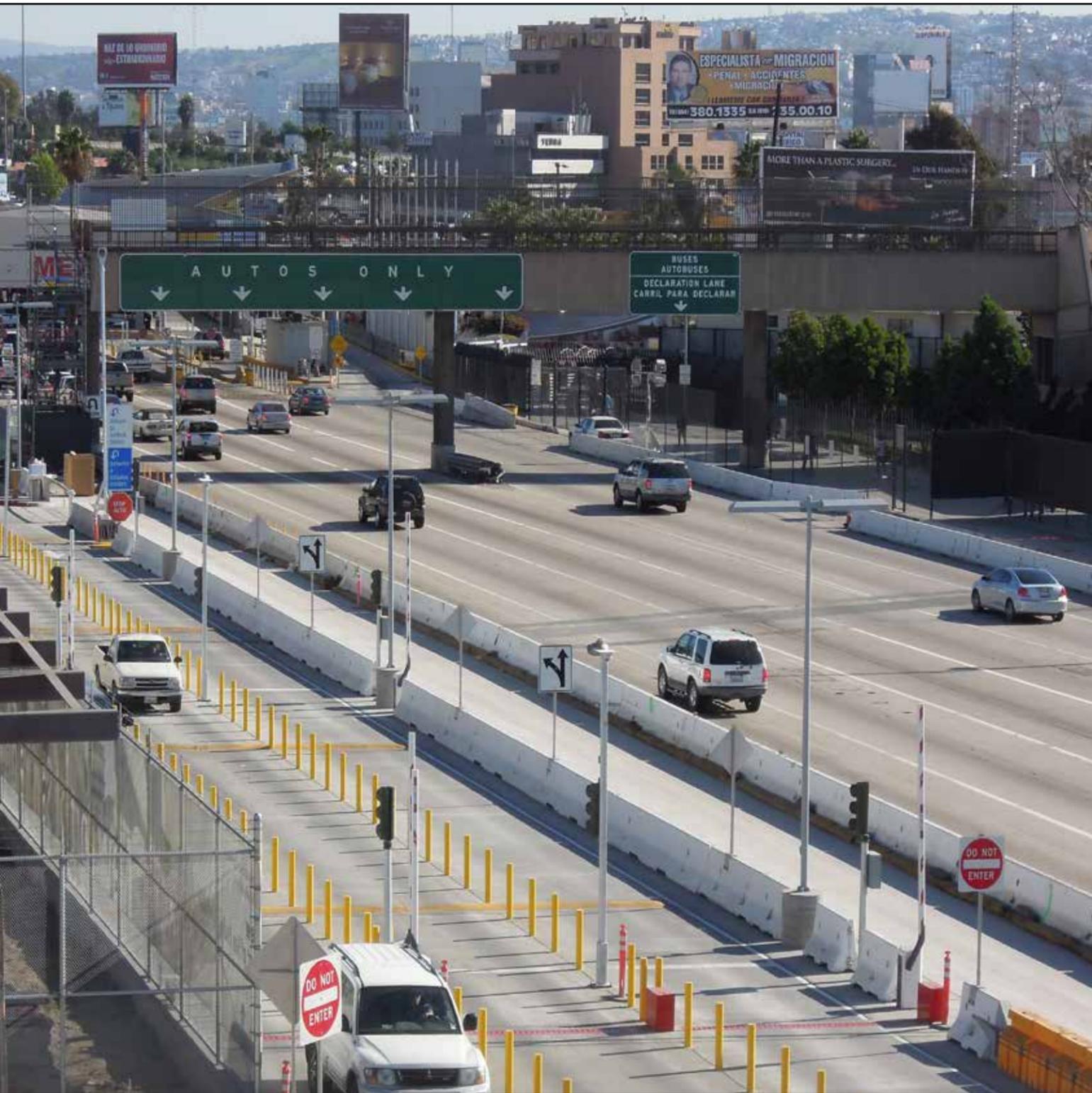
The Market Assessment also produced key findings in areas including export barriers, infrastructure, and export assistance. The assessment generated valuable insights into the decision – making processes and impressions of the San Diego business environment, for exporters and non-exporters of all sizes.

THE GREATEST BARRIER TO EXPORTING IS LACK OF AVAILABLE INFORMATION ON OPPORTUNITIES

Figure 5: Barriers to Exporting



The vast majority of survey respondents identified the lack of available information regarding export markets as the most important barrier to exporting. Notably, cost was not identified as one of the top barriers to exports (only 6 percent of respondents identified it as such). U.S. protection and policy, and lack of professional and social networks were also identified as top barriers to exports.



INFRASTRUCTURE IS CRITICAL TO EXPORT SUCCESS

Regional infrastructure can serve as a severe bottleneck to exporting practices, and the survey found that the three most important infrastructure types that need improvement are the airport, port, and cyber infrastructure. While the first two are commonly discussed within the San Diego context, the latter is relatively new to infrastructure discourse and the Infrastructure section of the report strives to make a convincing case for cyber infrastructure’s importance – particularly within the San Diego context. Cyber infrastructure is a critical component of San Diego’s unique innovation economy for the acquisition and sharing of data across organizations.

SAN DIEGO DOES NOT EXHIBIT TRUE GLOBAL FLUENCY AND ORIENTATION

The San Diego region is not generally known for exhibiting the traits of global fluency, defined in the Brookings Institution’s 10 Traits of Globally Fluent Metros as the level of global understanding, competence, practice, and reach that a metro area exhibits in an increasingly interconnected world economy. Leaders must continuously seek to increase global reach, visibility, and penetration by learning and applying innovative practices that facilitate progress toward a desired economic future.

Additionally, what was perceived as a fragmented approach to regional economic development—handled by dozens of entities without common goals, metrics, or cooperation—left companies without a clear concept of the resources available to them. Coupled with a regional image heavily focused on tourism rather than business development, interviewees recommended the creation of a one-stop, full-service office for international business development. In addition to the one-stop-shop, there are many opportunities to help orient the region towards a more global focus, including helping local firms translate their business products into exportable goods, services, and royalties.

COMPANIES MUST BE AWARE AND INTENTIONAL ABOUT GOING GLOBAL

Results from more than twenty one-on-one interviews with business executives reveal that initial entry into exporting was either the nature of a business model, the “born global” concept, or the result of strategic planning after experiencing limitations on business growth within domestic markets for some time. While some firms grow into foreign markets over time, others are viable for international business from the beginning as a characteristic of their initial business model.

Acquiring the necessary knowledge, professional talent, and foreign partners required extensive networking or support from export assistance providers. Interviewees cited their professional networks and business associations as the key source for export market information, often noting how their networks were pivotal to their initial entry into exporting. Export assistance providers offer services targeted at reducing the risk, costs, and challenges of entering foreign markets. Interviewees praised the benefits of these services. However, many were unaware that such services exist.

GOAL: Global San Diego – Striving for Global Competitiveness – Capitalizing on the Strength of our Regional Economy

The above stated goal relates to both an export strategy and a foreign direct investment (FDI) strategy for the region, and works to position San Diego as a globally fluent and globally oriented metro region. The following plan outlines the objectives and strategies primarily associated with increasing the region's exports; of which there are components that connect to FDI. A complete FDI strategy is planned for development in 2014.

Objectives

San Diego is in a position to become one of the nation's largest and most diverse exporters. Based on the key findings of the market assessment, the creators of this Export Plan have identified three major objectives designed to elevate San Diego as one of the most globally competitive regions in the world:

1. **Job growth driven by export growth - create and retain export related jobs.**
2. **Increase the participation of small and medium-sized enterprises (SMEs) engaged in global trade.**
3. **Develop a brand to enhance the region's global fluency and competitiveness.**

Four Strategies

To accomplish these objectives, the following four core strategies have been developed:

1. **Proactively leverage San Diego's diversity to target major markets based on industry strengths**
2. **Develop and increase SME's capacity and capability to export**
3. **Promote the unique infrastructure assets that underpin export growth in the region**
4. **Leverage the trade potential of the CaliBaja Bi-National Mega Region**



STRATEGY 1: PROACTIVELY LEVERAGE SAN DIEGO'S DIVERSITY TO TARGET MAJOR MARKETS BASED ON INDUSTRY STRENGTHS

San Diego is home to long-established firms in tourism, biotech, defense, and communications – many of which represent the majority of San Diego's current traditional export power. While a few of these industry clusters are represented by active and engaged trade organizations, a great deal of institutional knowledge and potential relationships remain underutilized. Building bridges between trade organizations and local firms can benefit the larger region by providing a collective effort to establish relationships with new market partners. The development of this plan has already reaped the benefits of increased information sharing, collaboration, and a desire to break down silos between public, private and academic institutions.



Additionally, a wealth of diversity exists within San Diego's foreign-born population, and San Diego's location on both the Mexican border and the Pacific Rim is unique and ripe for capitalization. By focusing on the products and services that are distinctive to San Diego, which have an increased potential opportunity in foreign markets, it is possible to leverage and utilize the strength of the local population and enter new markets that would traditionally require more time and energy to establish relationships.

For example, craft beer is one of the region's newest industries that is ripe for export capitalization. San Diego's craft beer industry is growing at a fantastic pace, with more than half of the brewery licenses

in the region issued since 2011 and a \$300 million annual economic impact. The craft beer boom has had another positive side-effect – the emergence of craft beer tourism. With dozens of beer festivals a year, and more than 70 breweries open for tours and tastings, the San Diego region is being hailed as the new Munich for beer.

With the support of the tourism industry and utilization of the latent potential of San Diego's foreign-born population, the San Diego craft beer scene could better penetrate foreign markets and create demand for the products abroad.

San Diego's craft beer industry is growing at a fantastic pace, with more than half of the brewery licenses in the region issued since 2011 and a \$300 million annual economic impact

In order to capitalize on the region's industrial and cultural diversity and strong trade organizations, the following critical tactics have been identified to support this strategy:

1. **Establish Team San Diego** consisting of key representatives of San Diego's Core Team, leading trade organizations, businesses, elected officials and bi-national partners will lead well-coordinated, high-impact trade missions to high-opportunity mature and emerging markets. In doing so, the Team will secure strong in-market partners to provide access to data analysis on demand, and connect to legitimate buyers, investors and partners resulting in forward progress to increase exports and foreign direct investment. Additionally, trade promotion collateral will be developed to highlight San Diego's most prominent trade industries, assets and investment opportunities.

2. **Coordinate Export Promotion/BuySD Program** to help San Diego companies find international business partners by providing market opportunity presentations and information on the top ten priority markets for both high-value and high-opportunity sectors. In collaboration with the U.S. Commercial Services Export Assistance Center, create market guides for each sector including relevant resources for exporters, a list of potential importers/distributors and buyer needs from around the world. Recruit market experts and U.S. Foreign Commercial Service Officers to present on priority markets, while also attracting foreign buyers to speak to and connect with exporters. Workshops and presentations will be coordinated in partnership with local export service providers, universities, and economic development and trade organizations.

3. **Host International Growth Promotion Forums** that convene trade organizations, regional ethnic groups and professional networks, universities, businesses, elected officials, export and legal services to facilitate discussions that promote and encourage knowledge transfer, collaboration, global talent production, engagement and retention, trade promotion and policy advocacy.

STRATEGY 2: DEVELOP AND INCREASE SME'S CAPACITY AND CAPABILITY TO EXPORT

Through a mix of existing and new resources, talent and services, developing and increasing SME's capacity and capability to export. In order to create exporting jobs, the San Diego metro region first has to create export opportunities. Many of the SMEs which are ripe for exporting have already jumped the most difficult hurdle, developing a worthwhile product. As mentioned in the Market Assessment, a significant barrier to exporting is the vacuum of export leadership and lack of global fluency. In order to address identified barriers to exporting the following tactics have been crafted to widen access to professional and social networks, engage talent and directly support SMEs:

1. **ROADMAP EXPORT SERVICES** to increase awareness and navigation of export resources. Create a clear roadmap including identification, coordination and streamlining of all core export programs and services available at the local, state and federal levels that will not only ease navigation of the system, but inform the development of new programs and models.

2. **Establish an EXPORT MENTORING MODEL** to provide export-capable and new-to-market companies, specifically those that are currently exporting to one-to-two markets and have the potential to expand to new markets, with recommendations and direct guidance to increase their export activity and overall global competitiveness. A select group of businesses will be chosen on a quarterly basis to participate as a cohort. This group will work with an expert panel of industry leaders and export service providers to understand export success models and target markets to develop and hone individualized export plans. Partnering mature exporting companies with new or likely exporters has the added benefit of encouraging C-level business leaders to share

knowledge, build the professional networks of new exporters and help them expand to new markets.

3. **Host LEAPFROG** – a competitive challenge program for SMEs looking to break into exports, but lacking financial security. The program aims to select an average of three new-to-market companies every six months to receive financing, consultation, trip guidance, strategic support and communication with in-market experts.

4. **Establish a Go-EARLY APPROACH FOR SAN DIEGO INCUBATOR PROGRAMS** to infuse global strategy planning and export resources into the development of early-stage companies by providing early exposure to market research and access to export service providers in an effort to promote global thinking from the beginning.

5. **LEVERAGE TALENT AND EXISTING UNIVERSITY PROGRAMS** - Beyond forming educational and competitive programs for SMEs, it is crucial to capitalize on the diverse pool of students conducting research that supports global competitiveness and invest their knowledge and talent to support local companies looking to expand their exports. Within each of the identified tactics throughout the plan there are opportunities to refer companies to teams of MBA candidates and other graduate students at local universities to support the development of export plans, conduct market research and identify export resources. For example, international graduate school students may be retained to conduct market research for the **EXPORT PROMOTION/BuySD PROGRAM**, while teams of MBA candidates will be referred to companies participating in the **EXPORT MENTORING MODEL** to support the development of comprehensive export plans.

An SME is defined as a business with less than 250 employees. In San Diego, SME's account for 99.37 percent of businesses

STRATEGY 3: PROMOTE THE UNIQUE INFRASTRUCTURE ASSETS THAT UNDERPIN EXPORT GROWTH IN THE REGION

The San Diego Metro region is a gateway to Mexico and the Pacific Rim, and has truly unique infrastructure needs that must be met in order to strengthen export growth. Following the need for export education and opportunity, the most significant barriers to increased trade are the limited-efficiency of the border crossing, the underutilization of the ports and airports, and underdeveloped cyber infrastructure.

For example, the [Otay Port of Entry is responsible for \\$22.4 billion in imports and \\$12.1 billion in exports](#) and, according to San Diego Association of Governments (SANDAG) the economic impact of the inefficient wait times are costing the San Diego region \$1.28 billion in lost revenue, \$2.5 billion in lost output, and more than 28,000 lost jobs annually. The lack of border infrastructure hurts both nations on the national and local level.

The San Diego region's port and airport are both constrained by dense development and have little room to physically grow, but investments in increasing utilization of the space currently available or implementing newer more efficient technologies can help the port and airport remain competitive.

The following tactics support the need to promote the region's infrastructure assets:

1. DEFINE EXPORTS & IDENTIFY EXISTING AND NEEDED INFRASTRUCTURE - To gauge what type of investment needs to be made, two types of assessments need to be conducted. The first is to determine what methods of infrastructure are used to move goods, and the second is to perform condition assessments on the current exporting infrastructure. Defining the types of exports the region produces,

along with the method of transport, will assist with the prioritization of infrastructure investment. Knowing the quality and condition of current infrastructure assets is instrumental to developing long-term infrastructure planning.

2. ESTABLISH A REGIONAL INFRASTRUCTURE COUNCIL - Consisting of business, civic and infrastructure leaders, the Council will be tasked with championing regional infrastructure and troubleshooting solutions for opportunities that enhance the region's export potential, and recruiting representatives to advocate for the region's infrastructure needs. The success of the Regional Infrastructure Council will be measured by its ability to secure infrastructure funding, protect existing export infrastructure, and increase awareness of the importance of infrastructure to the region's economy in the 21st century.



STRATEGY 4: LEVERAGE THE TRADE POTENTIAL OF THE CALIBAJA BI-NATIONAL MEGA REGION

It should be no surprise that Mexico is one of San Diego's top trading partners. The Baja California region of Mexico and San Diego are intrinsically linked. The Baja California region is one of the few bi-national regions in the world where an advanced economy and developing economy are working together to create a marketplace as a global industry cluster. This allows for a unique partnership where two nations are sharing strategies, resources, and information in order to build a symbiotic and mutually beneficial localized economy. As both regions grow and continue to reinvest, they can share the burden of remaining globally competitive and better secure foreign trading partners. This strategy aims to:

1. ENCOURAGE ONGOING COMMUNICATION including improved export data tracking and sharing, in addition to joint trade missions in coordination with [TEAM SAN DIEGO](#), with the goal of continuing to educate both regions on the trade potential and payoff that can support improved perception across borders.

2. PROMOTE DIRECT EXPORT OPPORTUNITIES through enhancement of existing border trade programs, including Centers for International Trade Development's (CITD) Border Export Program and U.S. Commercial Service's Border Trade Office.

3. FACILITATE SUPPLIER ENGAGEMENT in CaliBaja's global manufacturing base through the development of a repository linking information between Northern Baja, San Diego and Imperial Valley companies.



Global Outreach Plan

Cutting through the noise, establishing a clear message, and causing global fluency to permeate the private, public, and academic sectors are vital to a successful export plan. San Diego's goal is more than hitting numeric targets. It is infusing the language of global competitiveness into the public conversation at all levels. Exports are an entry point to creating a more globally fluent region and starting this conversation.

For this reason, the framers of the export plan have worked to come up with a

marketing plan to inject a global perspective into our organizations, government, media, companies, and academic institutions. It also has an external component. Much like a physical export, San Diego will create a product and brand it. From this exercise the Core Team developed an identity - GLOBAL SD, and set the theme - ENGAGING WORLD MARKETS. Together, these elements will create a comprehensive name and slogan "**GLOBAL SD- ENGAGING WORLD MARKETS,**" that will make our efforts more recognizable

Global San Diego - Engaging World Markets

within San Diego and abroad. This marketing strategy will be further used as a springboard to help distinguish the region's global identity.

The target audiences are companies within the region as well as policy makers and other service providers. Although engaging companies outside the region and in world markets is a big picture goal of the plan, subsequent activities and programs will further

focus on shaping San Diego's global identity in foreign markets. Often times, the hardest perceptions to change are internal, thus the focus will be on getting stakeholders (local companies and trade organizations) to engage and look to exporting as a viable way to grow their business. To build GLOBAL SD, three key messages need to be communicated: the potential for vast growth in exporting is real, acting globally means thinking globally, and the payoff is worth the investment.

EXPORT POTENTIAL "The potential for vast growth in exporting is real" With superb access to the Pacific, a highly-trained workforce, and capacity to grow jobs, San Diego has a strong potential to increase its exports

1. San Diego is the eighth largest U.S. city and ranks 17th among the top 100 largest U.S. metro areas in international exports, providing opportunity for growth. (Brookings Export Nation, 2010).
2. San Diego metro area export activities, which handled \$16.3 billion in exports in 2010, support more than 113,000 jobs and have the potential to support many more. (San Diego Metropolitan Export Initiative: Market Assessment, 2013)
3. Located on the U.S.-Mexico border and the Pacific Rim, San Diego can serve as the nation's cargo gateway to Latin America and Asia.

GLOBAL PLAN "Acting globally means thinking globally" Through future programs, San Diego business leaders have resolved to cultivate talent and increase market access to help companies do business overseas

1. Cultivate a collaborative approach by regional civic, business and political leaders to foster an environment for enabling the region's exports to thrive.
2. Consistent with the aspirations of the National Export Initiative, San Diego aims to improve the conditions that directly affect the private sector's ability to export.
3. A primary objective of the plan is to drive a culture of change to increase the region's global competitiveness through export promotion, market access and productive near-sourcing.

GLOBAL PAYOFF "The payoff is worth the investment" Exports are a "win, win" situation for both workers and employers; not only do companies who export grow faster, but workers also receive higher wages.

1. According to a study published by the Institute for International Economics, U.S. companies that export not only grow faster, but are nearly 8.5 percent less likely to go out of business than non-exporting companies.
2. Export jobs pay well. Exporting industry workers earn 10-20 percent higher wages than those in non-exporting jobs. (Brookings Export Nation, 2012)
3. Production of exported goods and services creates jobs both directly and indirectly—for every \$1 billion in new exports, 5,400 additional jobs are created. (Brookings MEI, 2012)

The payoff for investing in building an export economy is well researched and the guiding rationale behind the Brookings Metropolitan Export Initiative. The following tactics have been developed to support the Marketing Plan in creating a global culture for the region:

1. **DEFINE AND PROMOTE GLOBAL SD BRAND** – Using the key messages, create and promote a recognizable theme for the San Diego region. We will look more closely at San Diego industries poised for maximum export growth to develop secondary themes.
2. **Tell the story** – Educate the community on the value of international trade and market San Diego's key sectors globally through creation of the following:
 - a. Regional Export Website - Using basic design principles, the site will be a simple place to house the export plan and certain marketing tactics, learn about the benefits of exporting, and connect with organizations that can help companies expand their export capacity
 - b. Global Calendar of Events- Provide better access, alignment and awareness of domestic and international trade missions, shows and events related to trade and investment
 - c. Export Corner – Promote successful export businesses and programs, and highlight mini case studies through the company's perspective via video communications and blogs that aim to increase awareness and engage elected officials and the media in selling the economic benefits of export growth
 - d. Global Footprint Map – Geographically track San Diego's largest, fastest growing, most innovative companies to help local firms understand San Diego's global presence and answer questions related to market access through peer driven support. Additionally, incorporate an alumni tracker to include graduates of local universities, who have already established careers, to allow businesses to seek out and network with alumni who might be living in or have ties to target markets.
 - e. Printed Materials – Partners will develop a visually compelling infographic on the benefits of exporting. Collateral materials will also be developed to promote key industries that are distinctive to San Diego to help raise internal awareness for high-opportunity sectors in the region as well as educate overseas markets.
 - f. Newsletter Integration – Global SD partners will provide regional organizations with coordinated language to push out in newsletters
 - g. Media/Public Relations – Employ local media to help change internal perception about international trade; partners will produce a steady stream of coordinated messages about Global SD and the region's export capacity
 - h. Social Media- Global SD partners will leverage social media to support the marketing plan
3. **Market San Diego globally** – Using the established messages, Global SD partners will leverage the theme of Engaging World Markets to tell the story internationally through social media, traditional media outlets, trade missions and more. San Diego will aim to tell its story through companies that have found success exporting.

Implementation Strategy

In order to support implementation of the Export Plan, a public/private Global Competitiveness Council (GCC), consisting of C-level industry and university experts, along with key regional leaders and elected officials, will be established to provide oversight of the region's trade and investment strategies. The San Diego Regional Economic Development Corporation will take the lead on convening and staffing the GCC on a quarterly basis to ensure engagement in the four core strategies that support the overall goal of the Export Plan, generation of public support, financial resources, and policy recommendations that further enhance implementation of the Export Plan

In addition to the GCC, the working groups formed to develop the initial strategies will continue to meet to support a phased implementation approach, including progress toward the outlined performance metrics. Specifically, implementation of the plan will include Phase I implementation of partner-level support tactics, followed by Phase II implementation of company/SME-level support tactics. Phase I implementation will begin with development of an inventory of trade missions and events to establish the **GLOBAL CALENDAR OF EVENTS** that will support alignment and awareness of trade and investment activities among partners and trade organizations. In addition, the **GLOBAL CALENDAR OF EVENTS** will help to inform the development of **TEAM SAN DIEGO** and commitment by the GCC to select a minimum of two trips to coordinate and lead together as a region.

Full execution of the Export Plan extends for several years, with the need for initial funding to support a three-year work plan that would provide project management, marketing resources and administrative support to help prove the concept and further

realize the proposed performance metrics. Implementation of the Plan will be delivered primarily through existing organizations and resources in the form of in-kind staffing contributions from partner agencies. This approach encourages continued collaboration, regional efficiency, and a cultural shift within organizations to support exports.

WORKING GROUPS

MARKET DIVERSITY

- Chair: World Trade Center San Diego
- Co-Chair: BIOCUM
- Port of San Diego
- U.S. Commercial Service

TALENT/SMEs

- Chair: City of San Diego
- Co-Chair: CONNECT
- California State University, San Marcos - College of Business Administration
- JP Morgan Chase & Co
- Port of San Diego
- San Diego Center for International Trade Development
- San Diego State University - Center of International Business Education & Research and College of Business Administration
- UC San Diego - School of International Relations and Pacific Studies
- U.S. Commercial Service
- World Trade Center San Diego

INFRASTRUCTURE

- Chair: San Diego Association of Governments
- Co-Chair: Port of San Diego
- CaliBaja
- City of San Diego
- County of San Diego
- San Diego County Regional Airport Authority
- San Diego Regional Chamber of Commerce
- Tijuana Economic Development Corporation

MARKETING & COMMUNICATIONS

- Chair: Port of San Diego
- Co-Chair: San Diego Regional Economic Development Corporation
- City of San Diego
- CONNECT
- JP Morgan Chase & Co
- San Diego Regional Chamber of Commerce
- San Diego County Regional Airport Authority
- UC San Diego - School of International Relations and Pacific Studies
- World Trade Center San Diego

Performance Metrics

To track the progress of the Export Plan ongoing performance metrics have been defined. The metrics below will assess performance relative to the four core strategies laid out in the Plan, in addition to the Marketing and Communications Plan. In addition, activity-level metrics have been established to further track progress toward achievement of the core strategies and ultimately achievement of **Global San Diego: Striving for Global Competitiveness – Capitalizing on the Strength of our Regional Economy.**

Key Metrics

1. INCREASE THE VALUE OF EXPORTS TO TARGET MARKETS

ACTIVITY LEVEL METRICS:

- Realize TEAM SAN DIEGO
- Lead well-coordinated high-impact trade missions
- Host Export Promotion/BuySD Program

2. INCREASE THE NUMBER OF SMEs EXPORTING TO NEW MARKETS

ACTIVITY LEVEL METRICS:

- Increase # of SMEs accessing export assistance programs and resources
- Increase # of SMES utilizing local talent and available resources to increase exports
- Increase # of students, including international students, retained and hired in the region post-graduation

3. INCREASE THE AMOUNT OF GOODS AND CAPACITY TO MOVE GOODS

ACTIVITY LEVEL METRICS:

- Stand-up REGIONAL INFRASTRUCTURE COUNCIL
- Conduct Infrastructure Assessment
- Increase funding for goods-movement

4. INCREASE CROSS-BORDER TRADE AND COLLABORATION

ACTIVITY LEVEL METRICS:

- Increase participation in and outcomes of border trade programs
- Establish repository linking information between Northern Baja companies, San Diego and Imperial Valley

5. INCREASE COMMUNICATION HIGHLIGHTING THE REGION'S EXPORT INTENSITY

ACTIVITY LEVEL METRICS:

- CREATE REGIONAL EXPORT WEBSITE
- Market the Plan and global brand through a regional roadshow and involvement in key events
- Increase number of export success stories highlighted through media outlets

The San Diego Metro Region has identified several policy recommendations to support the efforts of the Export Plan. In order to leverage the region's strengths and maximize the effects of the Export Plan, civic and business leaders will need to work together and advocate for the following policy priorities and recommendations.

INVEST IN INFRASTRUCTURE

Perhaps nothing is more important for the ability to export goods and services than a healthy network of infrastructure. Continued investment in maintaining trucking routes, expanding heavy rail, and increasing the ability for our port and airports to reach potential trading partners is necessary for export growth. To ensure San Diego's regional infrastructure is a benefit rather than a burden, policies which dedicate funding to expanding and improving infrastructure should be established.

In particular, investment in cyber technology and border infrastructure would have an immediate effect on the local economy. San Diego's fiber network is woefully underdeveloped, and as businesses increasingly rely on high speed internet to move vast amounts of data and work product internally and abroad, the region will need to seriously invest in cyber infrastructure. Staying ahead of the technological curve can be logistically difficult, considering the speed at which advancements are made in internet delivery technology, but by not building out high speed internet infrastructure, only larger firms will be able to afford models which rely on high speed data transfer, thus limiting the ability for SMEs to break into service and data oriented export markets.

Lost revenue due to inefficient border waits and a lack of infrastructure equates to an annual loss of more than \$1.3 billion.

Every day, more than 136,000 cars and 6,200 trucks, and nearly 340,000 people travel between the United States and Mexico via the San Ysidro, Otay Mesa, and Tecate border crossings — making the San Diego-Baja California border the busiest border crossing in the world. Lost revenue due to inefficient border waits and a lack of infrastructure equates to an annual loss of more than \$1.3 billion. Funding from both the state and federal level to improve the border crossing facilities, add newer and more efficient screening technologies, and build additional checkpoints will greatly impact the region's export capacity.

DEVELOP CALIFORNIA SUPPORT FOR EXPORTS

The lack of a singular source for export advocacy at the regional level has created a significant barrier for local SMEs. The lack of a state-wide California Trade Office has the same effect on California as a whole. A top down approach to improving export diversity will require assistance at all levels of government. As the San Diego Metro Region, along with other regions throughout the State, including Los Angeles and Sacramento, begin to invest in export assistance, the State should do so as well. The following key policies are proposed for California:

1. Restore the California Export Finance Office (CEFO) to provide small exporting firms with short-term financing of up to \$500,000 (envisioned as a self-sustaining program).
2. Provide visibility and connections for California, its firms and regions by committing to a consistent, major presence at global trade fairs.
3. Commit long-term funding to CITD for its critical Export 101 training seminars.

BRING PRIVATE AND PUBLIC TOGETHER Public-private partnerships (PPPs) are growing in popularity, and have proven to be a cost effective way for governments to develop infrastructure, achieve policy goals, and offset short-term financial burdens. The strategic use of PPPs could help address the Metro Region's infrastructure barriers by modernizing its cyber infrastructure, improving the export capacity of its ports and airports, and assisting with the build-out of future border crossings.

Global access for the region's SMEs could also benefit from PPPs with local lenders looking to invest in building stronger export markets. Much like the Export-Import Bank, which establishes export credit groups, local lenders could encourage more financing options to small and medium-sized firms with encouragement through effective loan guarantees and other incentives.

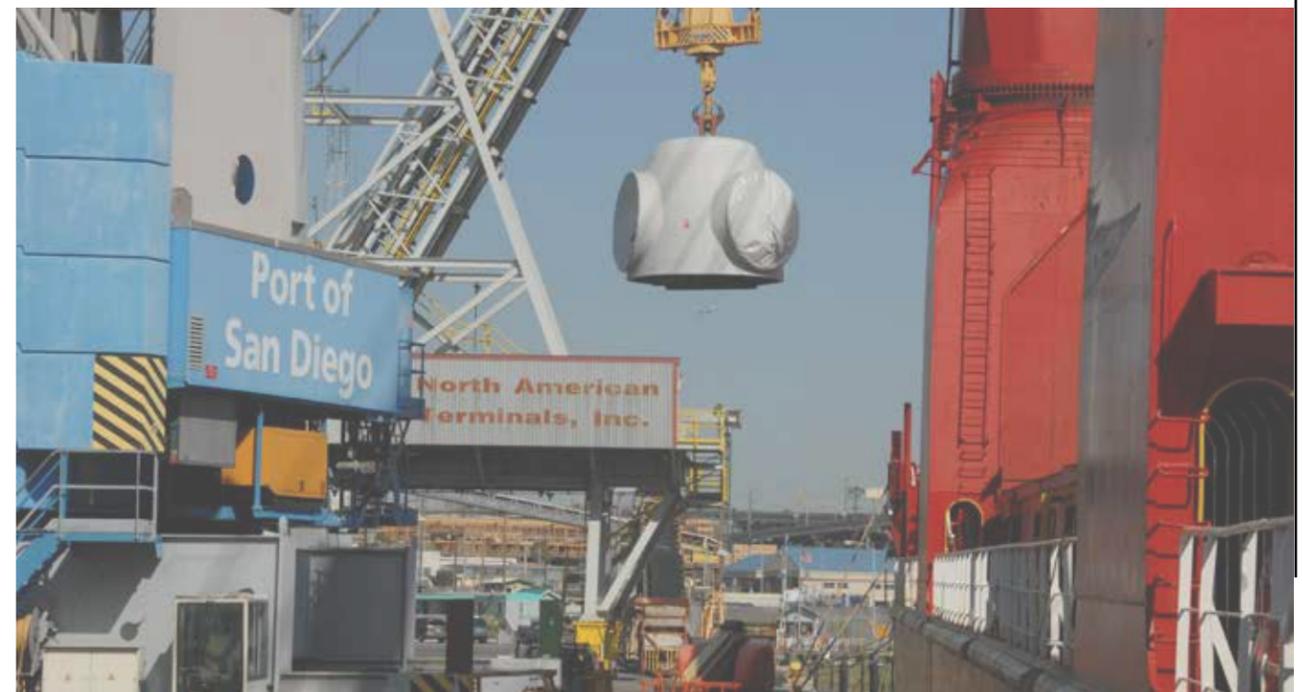
SUPPORT THE ACQUISITION OF TALENT Whether the talent is homegrown or sourced, making sure San Diego SMEs have the best and brightest is critical to the continued growth and success of the region's innovation economy. Investing in Science, Technology, Engineering and Mathematics (STEM) education while supporting policies that ease the restrictions of talent-based immigration will allow for a robust talent market.

The San Diego Metro Region is also home to more than 2,600 manufacturing establishments, representing more than 90,000 jobs and an economic impact of more than \$7 billion. Many of the ground-floor careers in manufacturing provide solid wages, but there is a continued lack of interest and skills gap among the local population. Investing and promoting San Diego's vocational and technical schools and community colleges will help local SMEs find local talent.

PROMOTE FREE TRADE AND SECURE FEDERAL ASSISTANCE

Advocate for the establishment of additional Free Trade Agreements (FTA), Trade Promotion Authority (TPA), and International Traffic in Arms Regulations (ITAR) to improve the export environment. According to the International Trade Administration, 41 percent of U.S. goods exports went to FTA partner countries in 2010. Exports to those FTA countries grew at a faster rate than exports to the rest of the world from 2009 to 2010, 23 percent vs. 20 percent.

Continued advocacy for support from existing trade agencies and programs, such as Foreign Commercial Service and the State Trade and Export Program (STEP), as well as competitively securing Regional Export Accelerator Challenge (REACH) grants is essential to providing seed funding and only improves the chances of realizing regional export goals.





Core Team

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SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY



TIJUANA EDC



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