CURRENT ECONOMIC CLIMATE

San Diego’s Gross Metro Product (GMP) has grown steadily over the years at a 2.3% annual growth rate and rebounded in 2010 to levels above those in 2007. Current GMP is $155 billion in the wake of the recession. San Diego ranks 17th in total population size and 17th in GMP relative to the top 100 US metro areas.

SAN DIEGO’S EXPORT PERFORMANCE IN LAST 10 YEARS

Export activities support 119,400 jobs in the San Diego metro area — ranking San Diego 18th in this category relative to the top 100 US metro areas. Although San Diego ranks 17th in total export value, GMP, and population size, it is only 55th in terms of export intensity (export share of GDP). (Figure 1)

San Diego’s export economy has struggled to make significant gains in growth for almost a decade, hovering between $14.4 billion and $16.3 billion from 2002-2010. Average annual growth has been 1.44% during that period. (Figure 2)

The weak growth of San Diego’s export base impacts the region’s competitiveness among other metropolitan areas.

SAN DIEGO’S CURRENT EXPORT CAPACITY

San Diego’s top five export industries: Computers and Electronics, Transportation Equipment, Chemicals, Business Services, and Royalties in order of export value) account for $10.3 billion or 64% of all San Diego exports. San Diego’s top 10 export industries account for 89% or $14.3 billion in total value. (Figure 3)

San Diego’s five fastest growing foreign markets (Canada, Mexico, Japan, China, and the UK) in order of export value) account for $6.5 billion or 43% of all exports. San Diego’s top 10 export markets account for $9.2 billion or 57% of all exports. (Figure 4)

San Diego’s five fastest growing foreign markets measured by export value added are China, Korea, Brazil, Singapore, and Taiwan.

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.

Although San Diego ranks 17th in GMP and population size, it ranks 55th in export intensity.

San Diego’s Declining Export Intensity

Figure 2: San Diego’s Declining Export Intensity (2000 - 2010)

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

KEY THEMES IDENTIFIED FROM SAN DIEGO’S MARKET ASSESSMENT

A wealth of diversity exists within the foreign-born population in the region. Immigrants represent 22.7% of San Diego’s regional population base. Multiple economic studies have measured the relationship between immigration and trade growth, known as the “pro-trade effect of immigration,” noting that immigrant populations contribute valuable knowledge, language skill, and latent networking opportunities for building businesses between countries.

An abundance of highly-skilled talent is educated within the San Diego region. Annually, UC San Diego graduates more than 6,000 students. Of those that graduate from UC San Diego each year, approximately 30% stay in the region upon graduation.

SMEs (Small and Medium Sized Enterprises) offer enormous untapped growth potential for San Diego. This cross-section of the business community needs an injection of global trade discourse into their business perspectives and strategies if San Diego is to achieve the desired growth in exports.

San Diego’s goods export capacity (via ports, airports, roads, and railways) and services export capacity (limited in part by the cyber infrastructure) are inhibited by infrastructure that is not currently meeting the needs of exporters or those looking to export. (Figure 6)

This Market Assessment will serve to inform the development of a regional export development plan, its mission, vision, and implementation strategy. With extensive regional data and unparalleled insight from regional business leaders, the San Diego Metropolitan Export Initiative is poised to make a measurable impact on San Diego metro’s export economy.