

SAN ANTONIO



**TRADE
& INVESTMENT
STRATEGY 2015**



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Economic Change & The Need For Global Engagement

Like many other metros and regions in the U.S., San Antonio faces the challenges of an economy in transition. The city has seen a downturn in large domestic greenfield projects, increased global competition, and more companies seeking specialized location factors such as a workforce, logistics, and infrastructure. According to Conway Data, domestic attraction and expansion projects in the U.S. with more than 50 employees or \$1 million in investment have declined over 50 percent from 2000 to 2012.

While U.S. economic growth has been slow, the global economy outside the U.S. has experienced robust growth. The International Monetary Fund estimates 79 percent of global economic growth is occurring outside the U.S., and by 2030 the Asia-Pacific region is expected to represent 66 percent of the world's middle class. Therefore, large growth

opportunities exist outside the U.S. for recruitment and for local products to be exported.

San Antonio continues to take greater advantage of international economic opportunities. In 2013, local companies exported \$9.2 billion worth of locally produced goods and services, which supported thousands of jobs. Since 2005, investments by foreign-owned companies into San Antonio by companies such as OCI Solar, Mission Solar, GDC Technics, Toyota Motor Manufacturing, and CGI employ thousands more and contribute to the building of specialized industry ecosystems.

Locally, the San Antonio Metropolitan Statistical Area (MSA) is projected to add one million new residents by 2040. This growing labor force makes it all the more critical for San Antonio to engage companies in industries where it has a competitive advantage and develop the human capital that will ensure long-term growth.

The specific mandate of the San Antonio Trade and Investment Strategy is to identify how to connect San Antonio with economic opportunities around the world. Both existing and new companies alike have already discovered the region's unique offerings: competitive geography, competitive costs from municipally owned utilities, and an increasingly international population.

It is important for local leaders to understand and promote these advantages, especially in Texas, where state leaders deal with the differing interests of its four largest cities—Austin, Dallas, Houston, and San Antonio—each with its unique economy and requisite needs. For state and national governments, the increasing specialization of metro areas means that no single policy can produce an ecosystem optimized for all of their constituents. Nevertheless, state and federal governments remain essential partners as their economic policies and budget priorities can strengthen San Antonio's economic development efforts.



Building International Business In San Antonio

San Antonio's ambition is as big as Texas. As the city approaches its 300-year anniversary, it is working hard to position itself to be globally competitive for the next 300 years and beyond. San Antonio is meeting this challenge with the creation of the 2015 San Antonio Trade and Investment Strategy. In 2012, San Antonio was selected to join the Global Cities Initiative (GCI) Exchange. The GCI is a five-year project of the Brookings Institution and JPMorgan Chase to help the leaders of metropolitan America strengthen their regional economies by becoming more competitive in FDI and exporting.

San Antonio applied to participate in the GCI Exchange because of its commitment to being at the forefront of re-imagining economic development in a globalized era. The Exchange's community-based model allows local leaders to share ideas with national and international counterparts and fosters metro-to-metro connections among like-minded communities. San Antonio's participation in the Exchange has already provided value to the local economy through the development of the 2013 Export Plan. The broader Trade and Investment Strategy compliments the region's larger economic development efforts.

In 2013, San Antonio completed a broader economic development plan called Forward San Antonio: A Strategic Plan for Economic Development. This plan set the stage for progress by identifying the region's economic strengths and providing recommendations to enhance the city's competitive advantages. Other related strategic plans by SA2020 as well as the Port San Antonio Aerospace Strategy illustrate the need for San Antonio to adapt to a rapidly changing economic environment and support the recommendations made in the Strategic Plan to make the community more globally competitive. The San Antonio Trade and Investment Strategy and participation in the GCI Exchange reinforce the need for San Antonio to focus on its targeted industries and to become more competitive with metros and regions around the world.



Interaction Between FDI & Exports

Based on the data from the Brookings Institution that was used in development of the Trade and Investment Strategy, San Antonio's exports and FDI are concentrated in seven markets—Brazil, France, Germany, Japan, Mexico, the Netherlands, and the United Kingdom. Export and foreign-owned businesses from these countries provide a significant source of employment in the region. In 2013, companies exporting from the San Antonio MSA supported 28,450 jobs, a 70 percent increase from only a decade earlier, and foreign-owned businesses employed an additional 21,580 workers. Combined, jobs related to exports and foreign investment employ more than 50,000 people in San Antonio.

Over time, as San Antonio increases its focus on attracting foreign-owned businesses into its targeted industries, the community should realize an increase in both exports and foreign investment. Growth in both export-oriented businesses and foreign-owned businesses has already begun in San Antonio in industries such as aerospace maintenance, repair, and overhaul (MRO), biosciences,

managed hosting, Cybersecurity, new energy, and transportation equipment. As these industries grow and mature, they will continue to attract new companies and workers.

An important geographical consideration for export-oriented and foreign-owned companies is San Antonio's mid-continent location, which provides an ideal hub to service North and South America. Companies such as Toyota, H-E-B Grocery, and Maruchan use their local operations to take advantage of suppliers in Mexico, and to export finished products back into the Mexican market.

San Antonio's major FDI and export markets identified in this study represent an opportunity for the community to continue to grow exports and attract foreign-owned businesses. However, like other metro areas in the U.S. and around the world, San Antonio's ability to build a globally competitive economy will be shaped by its ability to specialize and gain global recognition as a leader in its targeted industries.

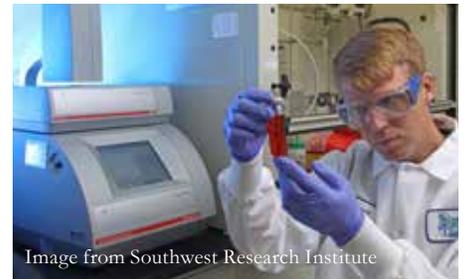


Image from Southwest Research Institute



Image from Southwest Research Institute

50,000 Jobs

Key Findings From The Market Assessment

San Antonio developed an in-depth market assessment as part of the strategy's development process. The assessment included empirical data along with interviews with 50 local organizations focused on exporting and/or foreign investment in the region. According to foreign-owned businesses interviewed for this study, the cost of doing business in the community and incentives were less important than being close to their major suppliers and customers. Moreover, foreign-owned businesses also identified access to research and a skilled workforce as important factors for their business location decision.

FDI Findings

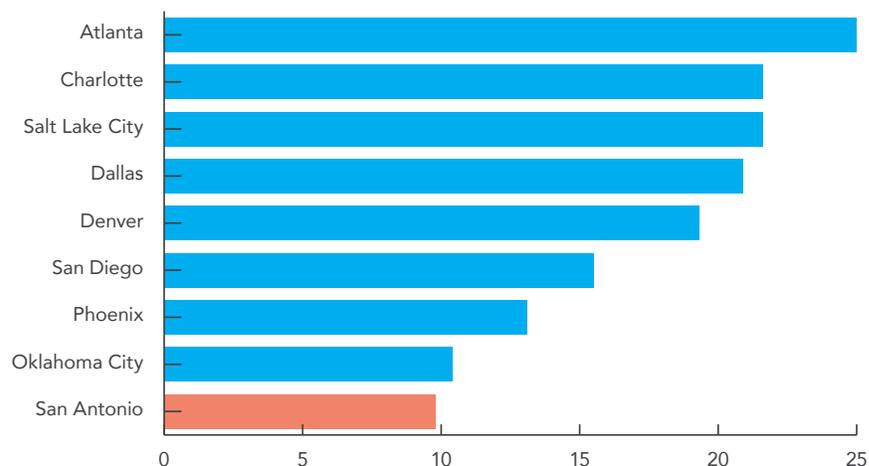
01

Greater community coordination and focus on foreign investment would accelerate San Antonio's growth.

Like many other communities, San Antonio has traditionally focused on domestic recruitment as the primary economic development strategy. However, combined changes in the U.S. and global economy necessitate a concerted focus on foreign business attraction. From 1991 to 2011, jobs at foreign-owned businesses grew from 2.4 to 3.0 percent of all private

employment in the region. Additionally, recent company relocations by Canadian professional services firms, Korean solar energy companies, and Japanese investment have contributed to foreign-owned business growth in San Antonio. However, San Antonio still ranks lower than its peer cities in jobs associated with foreign-owned businesses.

FOREIGN-OWNED ENTERPRISE (FOE) JOBS / 1,000 RESIDENTS (2011)



The Brookings Institution identifies foreign-owned businesses as FOEs.

02

Most jobs in foreign-owned businesses are from Europe, Japan, and Mexico, and most investment is made by small- to medium-sized companies.

Through 2011, foreign investment into San Antonio largely originated from the regional economies of Asia and Europe. Although San Antonio attracted foreign investment from more than 30 countries, nearly two-thirds of all foreign-owned business jobs originated from just 10 metropolitan areas, and 30 percent from

just two cities—Nagoya, Japan, and Greater London. Moreover, only 2 percent of local foreign-owned businesses have more than 250 employees; the majority of the foreign investment is in small- to medium-sized companies, with a large percentage of these from Mexico.

03

San Antonio's targeted industries are attracting greater foreign investment interest.

Foreign-owned businesses have taken notice of San Antonio's targeted industries. Companies such as Rackspace have generated foreign investment interest and activity due to the development of an experienced workforce in managed hosting

as well as cloud-computing-based research performed by local universities. This is an example of how local companies can drive foreign investment by growing a local, industry-specific ecosystem.

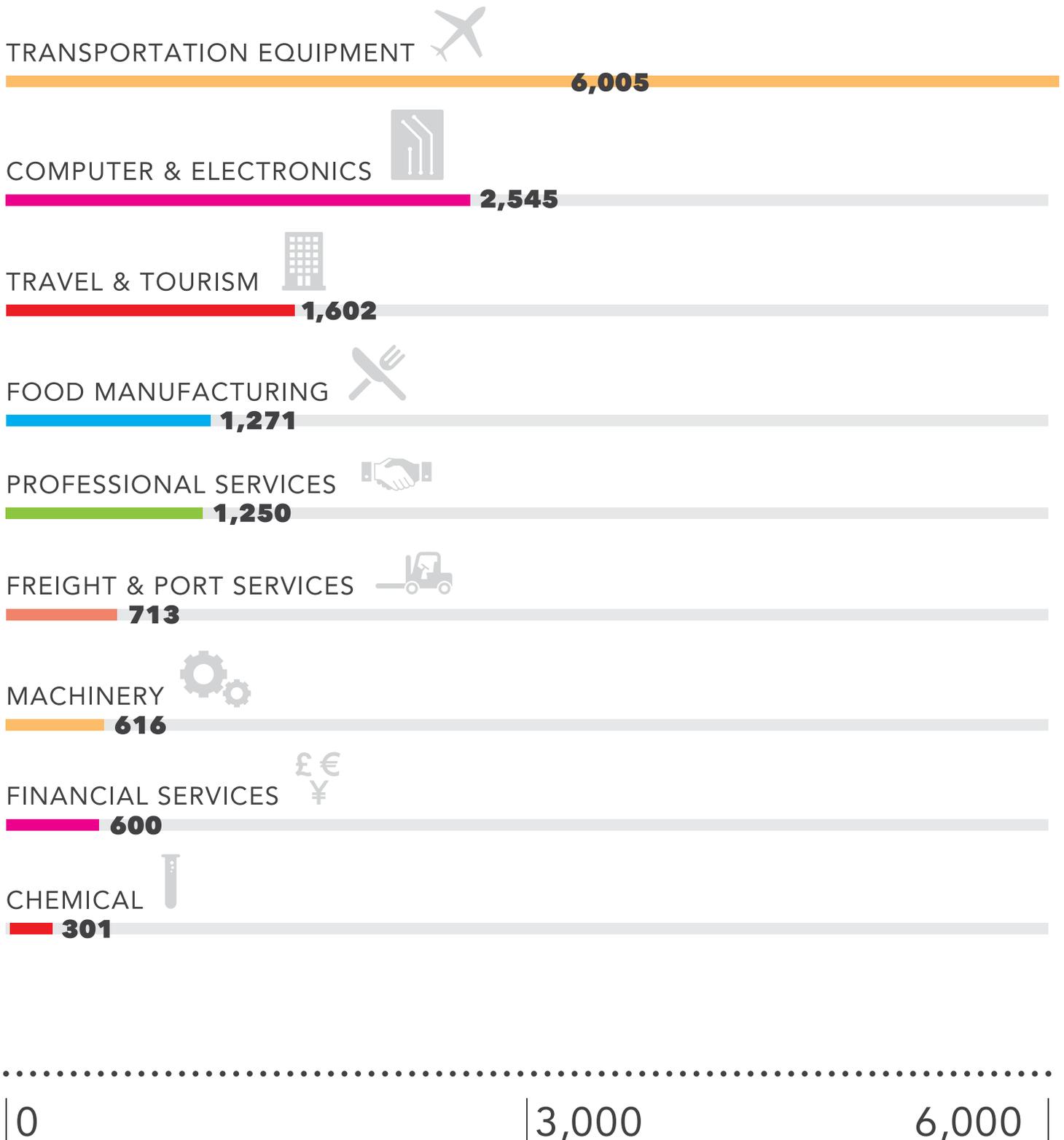
04

San Antonio's municipally owned utilities are a draw for globally competitive businesses.

The region has many strong location factors including municipally owned power and water utilities that provide a significant opportunity for public-private partnerships. For example, in 2012, CPS Energy announced a partnership with South Korea's OCI Solar Power to develop 400 megawatts of renewable energy as part of the utility's strategy to increase renewable energy generation.

In 2014, the San Antonio Water System (SAWS) entered into an agreement with Spain's Abengoa to diversify the region's water supply. Both agreements represent a focused effort to address the region's future infrastructure needs as well as develop innovative partnerships to reach long-term strategic goals that create jobs and investment.

FOREIGN DIRECT INVESTMENT (FDI) JOBS BY TOP INDUSTRIES (2011)



05

The energy revolution in South Texas and Mexico provides significant opportunities for the local energy industry.

San Antonio's proximity to the Eagle Ford Shale play and recent energy reforms in Mexico are an enormous opportunity for the region's energy industry. In the last three years, multinational oil and gas companies such as Schlumberger, Weatherford, and Halliburton have invested in large facilities to support operations in the Eagle Ford Shale.

As Mexico takes its first steps to liberalize its energy sector, these companies can take advantage of their proximity to Mexico to expand their operations. In recent years, San Antonio's proximity and experienced workforce have attracted firms in a variety of industries looking for a single regional headquarters to manage bi-national operations.

06

San Antonio has a long-standing and strong commercial and cultural relationship with Mexico.

Mexico represents a strong source of foreign investment to San Antonio. The strong presence of Mexican foreign-owned businesses represents the product of decades of strong relationship-building by a large number of San Antonio-based organizations such as local chambers, colleges and universities, and economic development organizations.

Moreover, San Antonio's trade offices in Mexico City, Monterey, and Guadalajara have over the past 24 years supported local businesses in exporting to Mexico and attracting foreign investment. In 20 peer metros analyzed by Brookings, San Antonio was the only metro where Mexico ranked as a "top 5" source of foreign-operated enterprise (FOE) jobs.

07

FDI is attracted to communities with a strong entrepreneurial and business environment.

Startups and entrepreneurs are key location factors for foreign-owned businesses that are interested in partnering with or acquiring companies to support their entry and growth into the U.S. market.

Moreover, strong and supportive startup hubs such as Geekdom are important for attracting foreign entrepreneurs who are interested in starting and growing their own company in the U.S.

Export Findings

01

The San Antonio region grew substantially over the last decade.

In 2013, the San Antonio area ranked 67th out of the 100 largest U.S. metros for “exports as a percentage of GDP.” This represents a significant improvement from 2003, when the region ranked 89th. From 2008 to 2013, San Antonio was second among peer competitor cities for export growth and tied for first in overall GDP growth rates. As shown in the chart, the city’s export growth rate was 61 percent higher than the next closest peer metro and nearly 2.5 times higher than the city’s overall GDP growth. In addition, that growth supported the creation of an additional 25,000 jobs. This analysis indicates that San Antonio is on a positive trajectory toward creating more parity among its peer cities.

Annualized Growth Rates 2008–2013

Metro	Real Exports Growth Rate	Real GDP Growth Rate
Salt Lake City	15.70%	2.40%
San Antonio	6.80%	2.40%
Dallas	3.80%	2.00%
Oklahoma City	1.40%	2.00%
Charlotte	4.20%	1.90%
Denver	3.20%	1.60%
San Diego	2.60%	0.90%
Atlanta, GA	3.40%	0.70%
Phoenix	2.00%	0.10%

02

Companies that export view it as an important part of their growth strategy. Those that don’t, view it as resource-intensive and are reluctant to start.

Fewer than half of the companies interviewed made exports an intentional part of their business plan. The majority “fell into” exporting as a reaction to an order from a foreign buyer. That initial push exposed them to the benefits of selling to a broader sales base, and, as a result, many have become intentional exporters. Two-thirds of companies that were already exporting were interested in expanding to additional markets.

Those companies not exporting showed an overwhelming lack of interest in starting due to limited knowledge about foreign markets, foreign demand for their product, and the export process. Non-exporters believe that selling their product outside the U.S. requires a dedicated international sales staff, stifling their ability to grow domestically. However, the majority of local exporters rely on distributors or third-party sales personnel to market their products.

03

The North American Free Trade Agreement (NAFTA) is an opportunity for many local exporters.

NAFTA has created a process of business integration that allows cross-border sales and shared production processes. Companies such as Toyota take advantage of Mexico's growing manufacturing culture to source parts for their San Antonio factories, and companies like Maruchan and Grupo Siro will use the city's location along the Interstate 35 corridor to transport their products to

Canada, Mexico and South America. The local business community's familiarity with Mexican business practices and the proximity of English-speaking Canada offer valuable experience on the path to international growth as "first steps." Local firms can just as easily sell a product or service to companies in Guadalajara or Toronto as they can to ones in San Francisco.

04

Local businesses are benefiting from greater export assistance coordination.

A healthy supply of service providers already offer many of the services desired by companies interested in exporting. Recent implementation efforts have brought greater export assistance coordination among the local export service providers.

Public agencies like UTSA's International Trade Center and the U.S. Commercial Service offer export assistance as do private organizations like the Free Trade Alliance San Antonio. Local businesses will continue to benefit from greater export service coordination.

05

San Antonio's Foreign Trade Zone #80 should be a greater-utilized tool to help promote exporting for local businesses.

The region's Foreign Trade Zone (FTZ) exists as an incentive for logistics and manufacturing operations focused on exporting. To date the zone has remained underutilized compared with similar zones across the U.S. According to the Texas Governor's Office, Texas ranked number one for total exports from an FTZ. In 2013, approximately 419 Texas

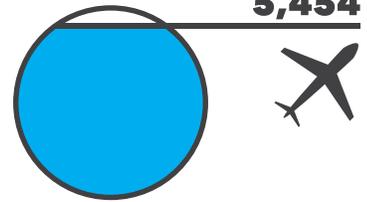
businesses utilized a FTZ to move over \$100 billion in tradable products. Of those totals, only two of the users that moved \$347 million worth of tradable products were in San Antonio. The Zone's transition to a new administrative framework creates new business-focused opportunities.

DIRECT EXPORT JOBS BY TOP INDUSTRIES IN SAN ANTONIO (2013)

○ FULL CIRCLE REPRESENTS 6,000 JOBS

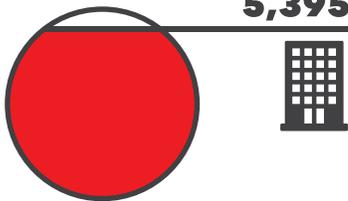
TRANSPORTATION
EQUIPMENT

5,454



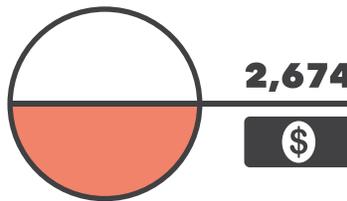
TRAVEL & TOURISM

5,395



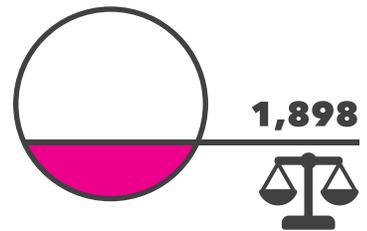
ROYALTIES

2,674



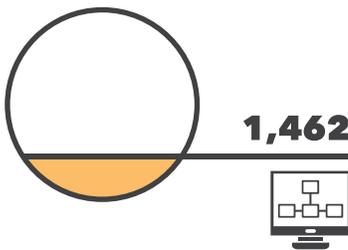
MANAGEMENT &
LEGAL SERVICES

1,898



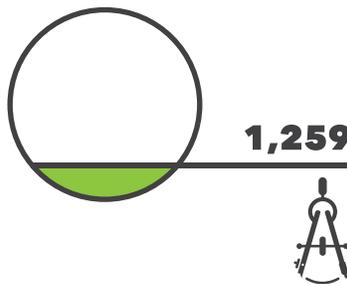
TECH SECTOR

1,462



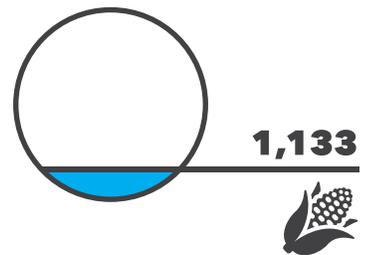
ENGINEERING SERVICES

1,259



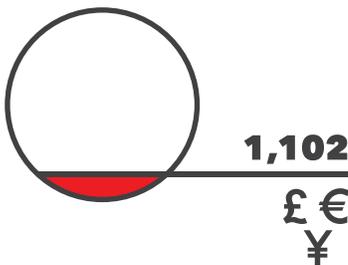
AGRICULTURE

1,133



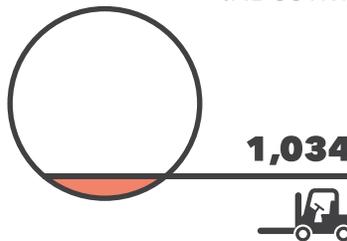
FINANCIAL SERVICES

1,102



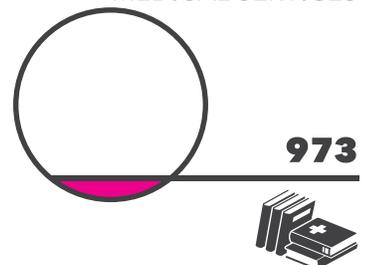
FREIGHT & HEAVY
INDUSTRY

1,034



EDUCATIONAL &
MEDICAL SERVICES

973



NUMBER OF JOBS

TOTAL FDI

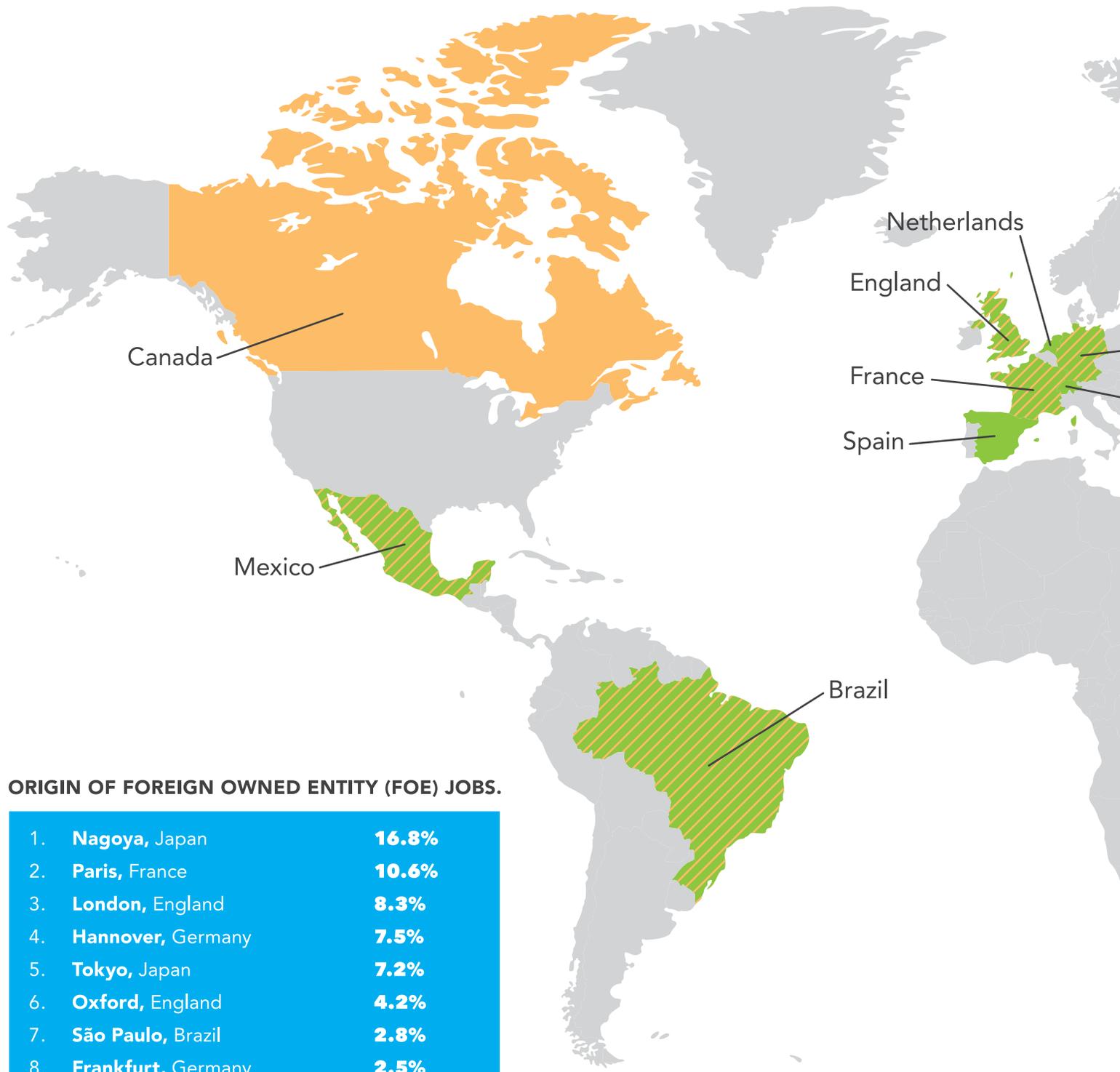
21,580

VS

TOTAL EXPORTS

28,450

SAN ANTONIO'S MOST ACTIVE FDI & EXPORT MARKETS



ORIGIN OF FOREIGN OWNED ENTITY (FOE) JOBS.

1.	Nagoya, Japan	16.8%
2.	Paris, France	10.6%
3.	London, England	8.3%
4.	Hannover, Germany	7.5%
5.	Tokyo, Japan	7.2%
6.	Oxford, England	4.2%
7.	São Paulo, Brazil	2.8%
8.	Frankfurt, Germany	2.5%
9.	Haifa, Israel	2.2%
10.	Mexico City, Mexico	2.1%
11.	All Other Cities	36%

- Top Markets for Exports Only (2013)
- Top Markets for Foreign Direct Investment (FDI) Only (2013)
- Top Markets for Both Exports and FDI



Export growth was led by transportation equipment, petroleum products, financial services, royalties, and technology sectors.

These sectors contributed nearly 70 percent of all export growth over the last five years and 60 percent of all growth from 2003 to 2013. The largest individual product growth came from aircraft parts, motor vehicle parts, petroleum products, motor vehicles, and pharmaceuticals. A majority of these products are in line

with the community's growing industry specializations. Aerospace MRO has grown as firms that once focused on government contracts diversify into commercial sectors and as solid ecosystems grow around industry drivers such as Toyota, Continental, and Caterpillar.

06

San Antonio's proximity to Mexico is a boon as the recent energy reforms there create a new space for the city's firms to export products, services, and expertise.

After decades of underinvestment in energy infrastructure, Mexico's newly liberalized energy sector will need the investment and operational expertise from local energy firms like Valero, Tesoro, and Lewis Energy. San Antonio-based firms are uniquely positioned to handle cross-

border energy opportunities because of the community's extensive familiarity with the Mexican business environment. Testifying to that, in 2014 San Antonio's NuStar made the pioneering move to enter into one of the first commercial agreements with Pemex.

07

San Antonio's Business Retention and Expansion (BRE) program can support and strengthen local exporting.

The BRE program is the community's direct line to understanding the needs of local businesses and identifying ways in which the community can support their continued growth.

After one year of implementation, the BRE and local export service providers have been working with local companies to discuss the benefits of diversifying their revenues through exporting.

08

Startups and entrepreneurs represent the next generation of San Antonio exporters.

Interviews with local entrepreneurs indicated openness to exploring opportunities abroad. The idea of exporting resonates especially well with entrepreneurs who were born outside the U.S. Startup hubs, such as Café Commerce

and Geekdom, offer an opportunity to challenge those businesses to think about the benefits exporting can provide as their business grows. Existing exporters and export assistance representatives are well suited to serve as mentors.

09



LARGEST CONTRIBUTORS TO EXPORT GROWTH IN SAN ANTONIO (2003–2013)

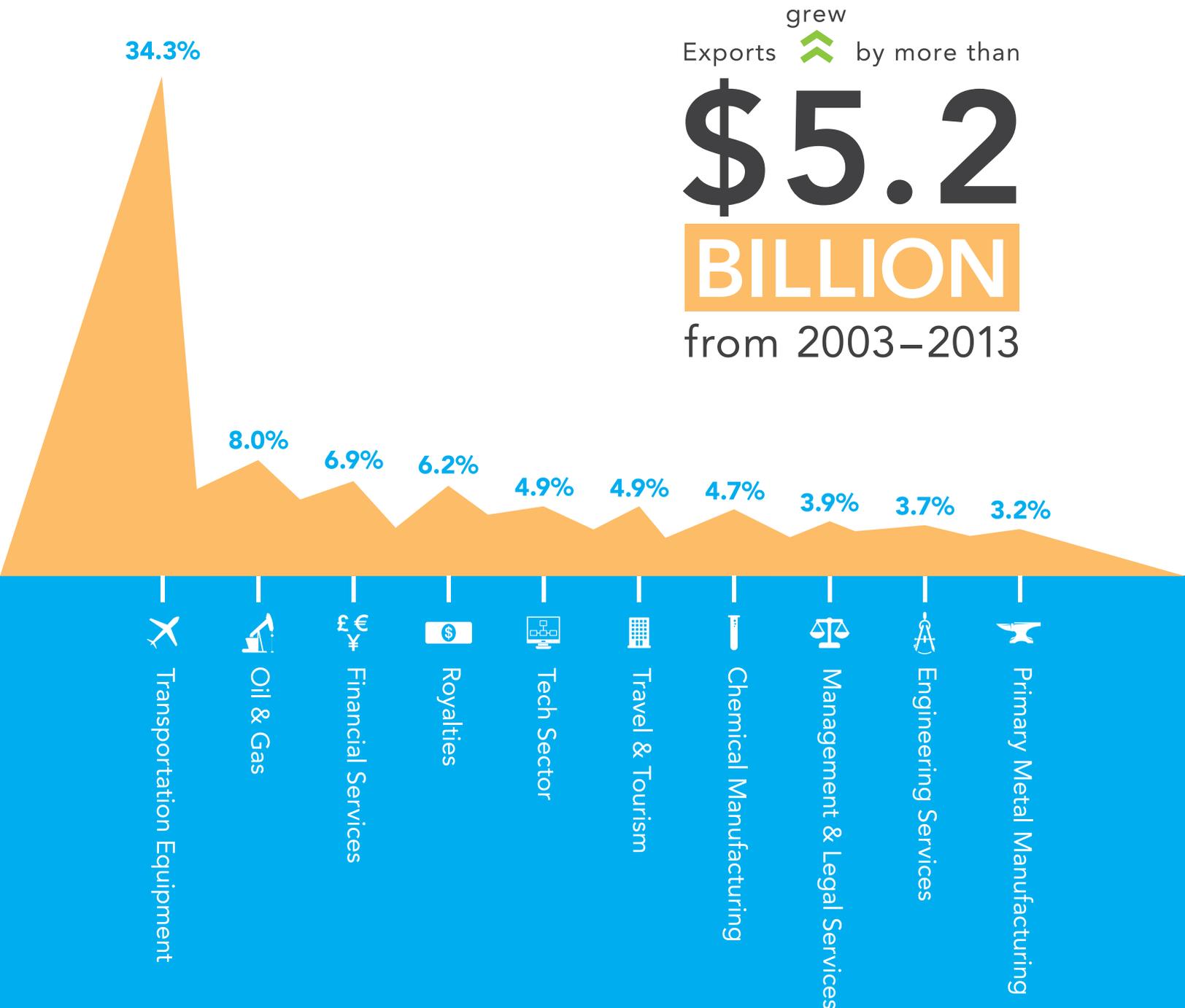
Difference in Export Growth Between Years

83%

'03–'10

135%

'03–'13



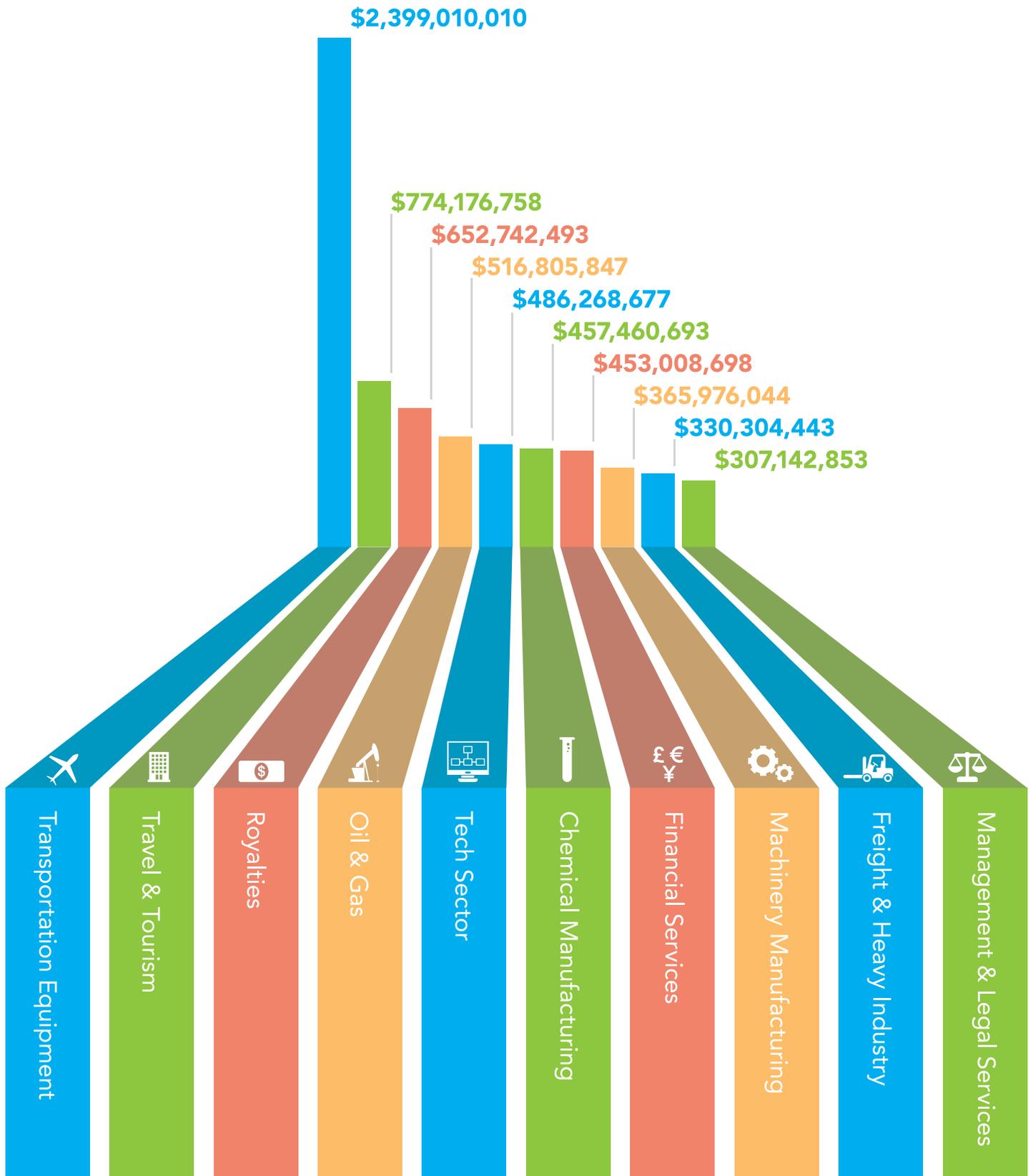
Exports ^{grew}  by more than

\$5.2

BILLION

from 2003–2013

SAN ANTONIO'S TOP 10 INDUSTRIES BY EXPORT VALUE (2013)



Goals & Objectives

Goal

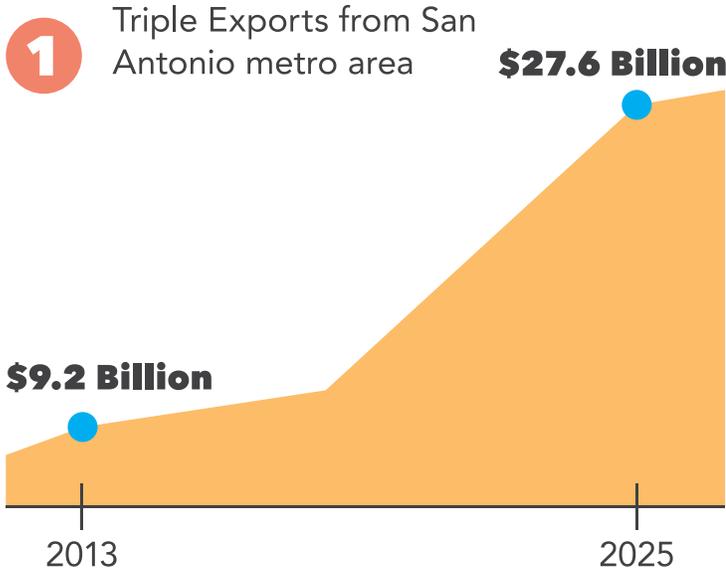
For the long-term economic benefit of the community, establish San Antonio as a leading location for developing and attracting globally competitive businesses in aerospace MRO, bioscience, Cybersecurity, managed hosting, new energy, and transportation equipment through a targeted trade and investment strategy.

Objectives

- 01** Centralize the local lead development channel for both exports and foreign investment.
- 02** Grow foreign investment, ecosystems, and local supply chains in the local industry specializations.
- 03** By 2025, triple the region's exports and create 13,000 additional direct export jobs.
- 04** By 2025, increase the number of companies exporting by 50 percent.
- 05** By 2025, triple jobs by foreign-owned businesses.
- 06** By 2025, increase medium-sized foreign-owned businesses from 13 percent to 20 percent of total.

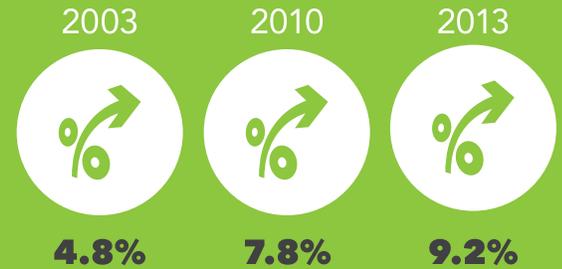


GOALS TO BE REACHED BY 2025 IN SAN ANTONIO



QUICK STATS

Exports as a percentage of San Antonio's GDP



Annualized export growth 2003–2013



FDI-supported jobs as percentage of total employment in San Antonio



Annualized FDI job growth in San Antonio 2001–2011



The Strategy & Implementation

San Antonio's most prominent industries have a global reach. Aerospace MRO, biosciences, managed hosting, Cybersecurity, and manufactured goods are highly tradable industries that have also attracted sizable investments from outside the San Antonio region. In the following pages, we will refer to these sectors collectively as San Antonio's "local industry specializations."

This strategy aims to provide a holistic and pragmatic plan to establish San Antonio as a leading location for developing globally competitive businesses for the long-term economic benefits of the community.

The strategy's individual action items are categorized into four areas—Identify, Target, Engage, and Market—and are designed to provide the structure needed to help the region achieve its goals and objectives in a comprehensive manner.

IDENTIFY

The Free Trade Alliance San Antonio (FTASA) and the San Antonio Economic Development Foundation (SAEDF) should lead the implementation of the export and FDI strategies, respectively. Each organization will facilitate dialogue between local businesses and the economic development community and convene local organizations in order to meet the desired goals. They should also coordinate the research, outreach, and other activities required to implement the strategy effectively.

Exports

The Free Trade Alliance San Antonio should:

- » Serve as the community's lead organization for coordinating and implementing the export portion of the strategy.
- » Work with local economic development organizations to identify the best markets for San Antonio's exportable products, as well as the industries and sectors for export growth, and it will also provide measurable benchmarks to determine if San Antonio is reaching its export goals.

FDI

The San Antonio Economic Development Foundation should:

- » Serve as the lead organization for coordinating and implementing the FDI strategy, including all international business recruitment initiatives.
- » Analyze local international business supply chains, identify the region's supply chain gaps, site location factors for existing FOEs, and target businesses for recruitment activity.

Both

The Free Trade Alliance San Antonio and San Antonio Economic Development Foundation should:

- » Utilize industry-leading services to identify FDI recruitment prospects within targeted markets and local industry specializations.
- » Prioritize engagement with the community's target markets based on existing activity and potential for growth. Current Tier 1 targets are Brazil, Canada, France, Germany, Japan, Mexico, and the United Kingdom. Current Tier 2 targets are China, Israel, Netherlands, South Korea, and Spain.



Image from Southwest Research Institute

TARGET

To be more effective as it engages different parts of the world, San Antonio needs to become more focused on its local industry specializations, the groups with which it engages, and the ways in which it differentiates itself from other U.S. cities. By focusing on those areas in which the region is truly an industry leader, emphasizing export opportunities to local firms, and identifying international companies for recruitment, the city can meet its goal of developing a globally competitive business climate.

Exports

The Free Trade Alliance San Antonio should:

- » Expand the local export service provider's engagement with current exporters and ready-to-export businesses, especially those in the six local industry specializations.

FDI

The San Antonio Economic Development Foundation should:

- » Work with foreign associations of entrepreneurs and small- and medium-sized enterprises (SMEs) to increase awareness of assets, such as Geekdom, Café Commerce, and the International Business Development Center, that can facilitate easier entry into the local market.
- » Focus attraction efforts on foreign-owned corporations in the region's industry specializations as well as small- and medium-sized companies (fewer than 250 employees).

Both

The Free Trade Alliance San Antonio and the San Antonio Economic Development Foundation should:

- » Explore the opportunity to establish a new foreign trade office in Europe.
- » Develop San Antonio's identity internationally in a manner that appeals to businesses and global professionals.



ENGAGE

A globally engaged business community and internationally fluent workforce are essential components for advancing the local economy into a global leadership role. The following strategies should be undertaken to facilitate dialogue among community partners to foster a more internationally oriented business culture and workforce, as well as encourage greater connections between local businesses and global networks.

Exports

The Free Trade Alliance San Antonio should:

- » Develop programming to foster a more globally engaged citizenry and export-oriented workforce.
- » Partner with local organizations to provide assistance to local small businesses and startups that can attend foreign trade missions.

FDI

The San Antonio Economic Development Foundation should:

- » Coordinate an annual “orientation” about San Antonio for economic and diplomatic officials, trade associations from target markets, and U.S. overseas offices.
- » Engage company decision-makers at major trade shows, professional conferences, and other events focused on the region’s industry specializations.

Both

The Free Trade Alliance San Antonio and the San Antonio Economic Development Foundation should:

- » Engage more young professionals for marketing and other committees in order to provide a wider spectrum of ideas that can raise San Antonio’s profile among future decision makers.
- » Refine efforts related to both inbound and outbound trade and investment delegations that are strategic to the area’s targeted industry specializations.
- » Work with local incubators and entrepreneurial organizations to encourage startups to consider a global focus as part of their initial business planning.
- » Build economic growth partnerships with cities that are top San Antonio FDI markets, top San Antonio export markets, and hubs for San Antonio’s local industry specializations.
- » Work to increase local research and development in local industry specializations.



MARKET SAN ANTONIO

A global city must have a compelling global identity. As San Antonio rises to become a truly world-class city, it must develop a marketing and public relations campaign that promotes its growing stature, publicizes its competitive nature, and encourages local export growth and foreign investment. Companies interviewed repeatedly mentioned the low name recognition of the city outside the U.S. and Mexico. San Antonio's new global identity will speak to both local and international businesses in a way that encourages durable business development and solidifies the city's relationship with its local industry specializations.

As a result of the San Antonio Export Strategy in 2013, the "inSA" campaign was born. The campaign took San Antonio's unique attributes—culture, language, history—and blended them with ideas from local businesses. The result was an identity that was simple and conveyed the feel of San Antonio. The website was specifically designed to be clean and easy to use, and to provide local businesses with information to begin exporting.

Exports

The Free Trade Alliance San Antonio should:

- » Develop a series of local web conferences to introduce local firms to prospective clients via the city's foreign trade offices and SelectUSA offices.
- » Develop collateral materials highlighting market demand for products and services in San Antonio's target markets.

FDI

The San Antonio Economic Development Foundation should:

- » Partner with SelectUSA in those FDI efforts that align with San Antonio's target markets and targeted industry specializations.
- » Develop market-comparison collateral highlighting San Antonio's competitive advantages such as business costs, commitment to workforce training programs, and geographic location.
- » Leverage San Antonio's proximity to the Eagle Ford Shale and the community's location factors to attract FDI to the emerging energy sector.

Both

The Free Trade Alliance San Antonio and the San Antonio Economic Development Foundation should:

- » Utilize forums to facilitate a dialogue among the local economic development and business communities on topics related to export promotion and foreign investment attraction.
- » Utilize the community's trade offices in Mexico and Japan to help establish San Antonio's global identity, and promote foreign trade and foreign investment in its industry specializations.
- » Use marketing collateral to highlight San Antonio's leadership in Cybersecurity, managed hosting, advanced manufacturing, and biosciences. They will also promote the strong local assets in transportation equipment, aerospace MRO, and energy.



Performance Measurement

The following measurements will be used to assess progress and effectiveness of the strategy and its support of the community's broader economic strategic plan:

Exports

- » Increase in number of referrals to local export service providers and the percentage that successfully make a sale and delivery in a foreign market.
- » Number of Café Commerce and Geekdom members who begin exporting or enter into an international business collaboration.
- » Increase in the number of active users in Foreign Trade Zone #80.
- » Growth in total value of San Antonio's overall exports and exports in its industry specializations.
- » Annual growth in number of direct export jobs (1,300 per year to meet goal).

FDI

- » Growth in number of foreign-owned businesses operating in San Antonio.
- » Number of companies contacted through meetings and promotional activities during Trade and Investment Promotion Missions.
- » Reaching an average conversion ratio of three qualified prospects per Trade and Investment Promotion Mission.
- » Annual growth in number of jobs at foreign-owned businesses operating in San Antonio (4,320 per year to meet goal).

Both

- » Growth in the number of inbound and outbound prospects (companies who are actively involved in the site selection process) through international trade representatives.
- » Number of jobs added at small- and medium-sized foreign-owned businesses (1-250 employees).
- » Growth in international general aviation traffic at airports in the San Antonio region.
- » Increase in the number of monthly visitors to the inSA and other economic development organizations' websites.
- » Increase in the number of international followers on the Facebook, Twitter and other media feeds for inSA and other economic development organizations.
- » Increase in the number of impressions of San Antonio in international media feeds.



Image from Rackspace



Oversight

The San Antonio Trade and Investment Strategy is a 10-year plan to advance the region's competitiveness and global business engagement that will be updated annually. In order to be effective, regular progress on the plan will need to be reported to the business and economic development communities. Adjustments to tactics may also be necessary as work progresses toward the broader goals. Methods of oversight in these areas may include the following strategies:

Global Business Competitiveness Council:

- » To facilitate public accountability and ensure expert guidance on the plan's implementation, the Steering Committee will transition to become the Global Business Competitiveness Council. The City of San Antonio will facilitate quarterly meetings to review the progress on both exports and FDI, and to provide guidance on operational improvements. The Council's size and composition may be adjusted to meet the strategy's needs.

FDI Implementation:

- » SAEDF should lead FDI attraction and overall recruitment. With support from the local community, the SAEDF should commit staff to implement, monitor and provide updates to the Global Business Competitiveness Council.

Export Implementation:

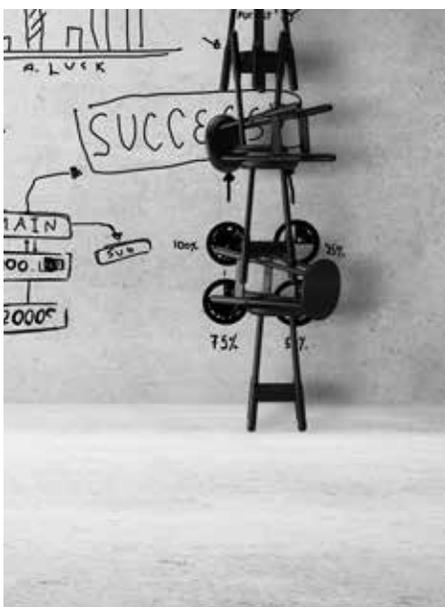
- » The Free Trade Alliance of San Antonio (FTA) should continue to oversee the community's efforts to grow exports. FTA's export assistance coordination in 2014 has provided it with the experience necessary to be more successful in year two of the plan. It will ensure that San Antonio's companies get the assistance they need to go global.



Engagement and advocacy at the state and federal levels are critical for the success of all U.S. communities as they explore opportunities abroad. The following items are considered high priorities by the San Antonio community:

Reorient the Export-Import Bank to better serve Small- and Medium-sized Enterprises (SMEs).

The Export-Import Bank plays a critical role in promoting U.S. exports to key world markets. Recently, the Bank has come under criticism for lending practices that favor large corporations. Instead of ending the Bank's eighty-year role in export promotion, Congress should amend the Bank's charter to provide more focus on supporting and growing the overall number of SMEs (fewer than 250 employees) that export. This would preserve the Bank's integrity as



a job generator for the U.S. economy and provide greater focus to export promotion.

Grow SelectUSA's ability to promote the U.S. as a good location for corporate investment.

SelectUSA promotes re-shoring and actively recruits job-producing investment into the U.S. from around the world. In Fiscal Year 2014, the federal budget allocated \$20 million to fund SelectUSA. However, that funding level falls well below some of its global peers. For example, Australia's Austrade has an annual budget of \$180 million while Ireland's Industrial Development Authority's budget is approximately \$100 million. SelectUSA's budget should be increased by an additional \$20 million and the agency should be allowed to charge a service fee to defray operational costs and generate additional revenue for its services.

Increase federal funding for trade-related infrastructure in high-traffic border states.

Fast-moving highways, speedy railroads, and high-capacity border crossings make trade easier and are critically important to the country's economic health. Unfortunately, Texas' transportation infrastructure is not keeping up with its fast-growing role in international trade. The Texas-Mexico border in particular is increasingly becoming a significant barrier to trade between the U.S. and Mexico, resulting in lost economic gains. The Interstate 35 corridor from Laredo to Dallas-Fort Worth is also becoming congested with commercial truck traffic. The state and federal governments must work together to increase the speed of commercial border crossings and ensure that goods flow smoothly and efficiently through Texas.

Make it easier for foreign-born entrepreneurs to start job-producing businesses in the U.S.

Entrepreneurs and startups are an important indicator of a local economy's dynamism and ability to create new jobs and opportunities for a community. Immigrants have traditionally been a significant source of new startup companies in a community as they are more inclined to risk-taking to become established in the U.S. The U.S. should enact immigration reform to encourage foreign nationals to look at the U.S. as a viable market to establish their new company particularly if their startup is in a priority industry for U.S. and local growth.

Authorize Trade Promotion Authority for the President to conclude negotiations on Free Trade Agreements with major trading partners, including Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP).

Trade Promotion Authority for the President ensures trade negotiations are transparent and defines the rules of the game when negotiating Free Trade Agreements with foreign governments. Those agreements serve as a catalyst for economic expansion and job creation by lowering barriers to trade and thereby promoting export growth. Since NAFTA's 1992 initialing in San Antonio, the agreement has had a positive impact on the city's trade sector by providing preferential access to its largest trading partners (i.e. Mexico and Canada). Both the TPP and TTIP will strengthen existing trade relationships and help keep the U.S. competitive among other international trading blocs (i.e. China/RCEP).

Promoting The Trade & Investment Strategy

One of the biggest challenges San Antonio faces in global business is recognition, and its role as a major business center is underestimated locally and internationally. In order to promote the strategy to attract foreign investment and promote local business exports, San Antonio will bring attention to the GCI Exchange and the Trade and Investment Strategy to the community through the following initiatives.

Short-term

- » Provide members of the Global Business Competitiveness Council key data to encourage them to share information on the strategy with their diverse audiences.
- » Discuss the plan and its objectives with the boards and steering committees of relevant international and business organizations in the San Antonio area.

Medium-term

- » Incorporate details of the plan into presentations given to local, domestic, and international business leaders.
- » Pre-load the plan onto USBs provided to visiting dignitaries and business leaders showing them the region's vision for business.
- » Provide printed and digital copies of the strategy to the city's foreign trade offices to be disseminated in those markets.
- » Submit a biannual op-ed piece to local and national media authored by a well-respected local leader discussing San Antonio's progress and the importance of growing international business for the community.

Long-term

- » Actively utilize online forums and social media to educate the community on the plan, encourage further discussion, and provide updates to interested parties.
- » Promote San Antonio's global brand by expanding the inSA campaign to include the updated Trade and Investment Strategy to market San Antonio as an international business hub.
- » Provide quarterly updates on the plan's progress via a dashboard on the inSA website. The new information will reflect reports given during the Global Business Competitiveness Council's quarterly meeting.
- » Promote San Antonio's commitment to trade and FDI through a media campaign targeted at top national and international business media channels.



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San Antonio Trade & Investment Strategy Working Group

The development of San Antonio's strategy has been led by staff from the following organizations:

Bexar County
Brooks City-Base
City of San Antonio
Free Trade Alliance San Antonio
San Antonio Economic Development Foundation
Texas A&M University-San Antonio
University of the Incarnate Word, H-E-B School of Business
University of Texas at San Antonio
U.S. Commercial Service, San Antonio

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