



Houston Metro Export Plan

Global Cities Initiative



WHAT IS A METRO EXPORT PLAN?

A Metro Export Plan is a localized plan to increase exports developed through a collaborative effort among regional public, private, and civic leaders. The export plan applies market intelligence and insight gained from an in-depth market assessment to develop targeted and integrated export-related strategies to create jobs by helping companies better reach global markets and customers.

With 6.5 million people, the Greater Houston Region is the fifth largest metro and the fourth largest economy in the U.S.

For Greater Houston, this Metro Export Plan presents an opportunity to continue to strengthen and diversify our economy.

Our plan is to increase the number of Houston firms that export by helping them connect to existing services and growing global markets.



Houston Metro Export Plan

Global Cities Initiative

The Global Cities Initiative is a joint project of
The Brookings Institution and JPMorgan Chase

Produced by the Greater Houston Partnership

INTRODUCTION

IN TODAY'S GLOBAL ECONOMY, A REGION'S SUCCESS DEPENDS ON ITS ABILITY TO COMPETE IN WORLD MARKETS.

Ever since its founding as a port city, Houston has been a dynamic international marketplace, attracting capital and people from all over the world. Today, Houston is the nation's fourth largest economy, and what Forbes is calling **"America's next great global city."**

Houston boasts one of the youngest, fastest growing, and most diverse populations anywhere in the world. It is home to the world's largest medical center, NASA's Johnson Space Center, five research universities and is widely recognized as the Energy Capital of the World. Building on its strong economic engines of energy and trade, Houston has evolved into a broad and dynamic industrial and corporate center. Only New York City and Chicago are home to more Fortune 500 headquarters.

Additionally, Houston is a global manufacturing and logistics hub, with four ports, two international airports, 32 active foreign chambers of commerce, more than 90 foreign consulates, and more than 5,700 firms engaged in foreign trade.¹ The Port of Houston is one of the world's busiest ports and the No. 1 export port nationwide. Collec-

tively these assets enable Houston to be a leading exporter. In 2014, Greater Houston's exports supported more than 394,000 jobs, or nearly one in eight in the region.

Despite these strengths, falling oil prices have slowed our rate of growth. This report finds that there are smart ways to boost goods exports across multiple sectors to further diversify our economy, help existing small and medium-sized companies grow, and create more jobs.

Our plan is to increase the number of Houston firms that export by helping them connect to existing services and growing global markets.

Participation in the global economy has always presented economic opportunity for Houston. People and companies continue to come to Houston to access this unlimited opportunity. Houston has chosen to participate in the Global Cities Initiative. Through a collaborative effort, led by the Houston GCI Steering Committee, we developed this job-growth strategy for our community.



HOUSTON

THE CITY WITH NO LIMITS

¹ Partnership research analysis

² US ITA

EXPORTS DRIVE GROWTH

U.S. metropolitan areas are engines for economic growth of our nation. Development of tradeable sectors in advanced industries form the basis of a strong regional export economy. As a port city with two international airports, Houston is a global gateway and a natural hub for the Americas. Our region has become the nation's fourth largest economy and

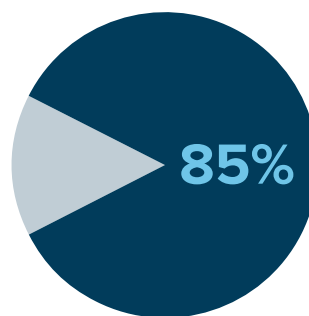
one of its most dynamic markets. **In 2014, Greater Houston's exports accounted for 19.4 percent of the region's GDP, and supported more than 394,000 jobs, or nearly one in eight.**³ As we move deeper into the 21st century, a region's success will depend greatly on its ability to compete in global markets.

TRADED SECTORS ARE KEY TO HIGH QUALITY ECONOMIC GROWTH

There is a clear link between increased exports and job growth. Companies that can export are going to come from traded sectors that are typically in advanced industries and create significant numbers of indirect jobs.

The majority of economic growth is occurring outside the United States today. Rising purchasing power and growing consumer bases in countries like Mexico, India and China are making them ever growing opportunities.

SHARE OF
GLOBAL
ECONOMIC
GROWTH
OCCURRING
OUTSIDE
THE U.S.
2013-2018



Source: Michael Spence, "The Evolving Structure of the American Economy and the Employment Challenge," Council on Foreign Relations, 2011; World Economic Outlook, International Monetary Fund, 2013.

EVERY \$1 BILLION IN MANUFACTURING EXPORTS SUPPORTS 5,210 JOBS.⁴

The global market for Houston's goods and services is **3.5 times** the size of the U.S. market.

GOING GLOBAL PAYS OFF
U.S. manufacturers that exported saw revenues grow by **37%** from 2005-2009
Those that did not export saw revenues fall by 7%

Workers in export-intensive industries earn **18-20%** higher salaries

THE EXPORT OPPORTUNITY

Despite the market opportunities abroad, only 5% of US firms export, 58% of those only sell to one market. 60% of middle market firms do not export at all.

U.S. FIRMS
THAT EXPORT

5%

U.S. EXPORTERS
THAT SELL TO
ONLY ONE MARKET

58%

Source: U.S. Census Bureau, "A Profile of U.S. Exporting and Importing Companies, 2010-2011," 2013

³ Partnership research analysis

⁴ Michael Spence, "The Evolving Structure of the American Economy and the Employment Challenge," Council on Foreign Relations, 2011.

WHY HOUSTON NEEDS AN EXPORT PLAN

HOUSTON IS ALREADY A LEADING EXPORTER, AND OUR EXPORTS HAVE INCREASED 189% SINCE 2003.⁵ IN FACT, HOUSTON IS THE #1 METRO EXPORTER IN THE TOP ENERGY-RELATED INDUSTRIES. BUT RECENT LOW OIL PRICES HAVE SLOWED OUR RATE OF GROWTH. A PLAN TO BOOST GOODS EXPORTS CAN FURTHER DIVERSIFY OUR ECONOMY, HELP EXISTING COMPANIES GROW, AND CREATE MORE JOBS.

Houston is recognized as the Energy Capital of the World, a top manufacturing metro, and a global trading hub. All three are linked, but energy dominates, which leaves the region vulnerable to swings in commodity prices. While energy will always be a strength of our region, through participation in the Global Cities Initiative (GCI), the Greater Houston Partnership plans to help support increased diversification of Houston's economy. Supporting existing exporters' entry into new markets and increasing goods exports from local small and medium-sized enterprises (SMEs) will stimulate growth and reduce the impact of commodity cycles on the region.

**HOUSTON'S EXPORT PLAN
WILL CONNECT SMALL AND
MEDIUM-SIZED ENTERPRISES
TO GROWING MARKETS,
WHILE POSITIONING THE
REGION AS A LOCATION
OF CHOICE FOR GLOBAL
INVESTORS.**

⁵ Brookings Global Cities Initiative 2014



HOUSTON'S ECONOMY



HOUSTON'S ECONOMY

OUR REGIONAL ECONOMIC PERFORMANCE HAS BEEN STRONG

Houston has enjoyed five years of unprecedented growth, despite the recent downward trend in oil prices.

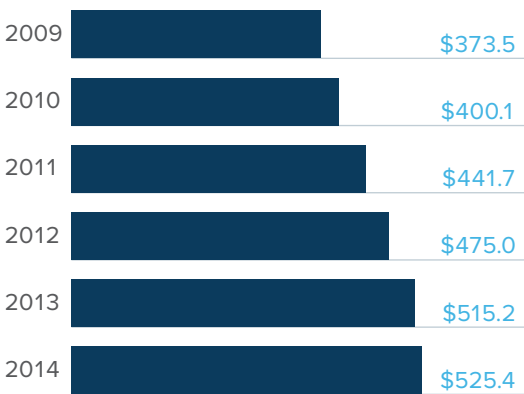
GROSS DOMESTIC PRODUCT (GDP)

Houston's GDP has grown by more than \$125 billion since 2010. Growth has occurred across all sectors of the economy, with energy, advanced manufacturing, and construction leading the way.

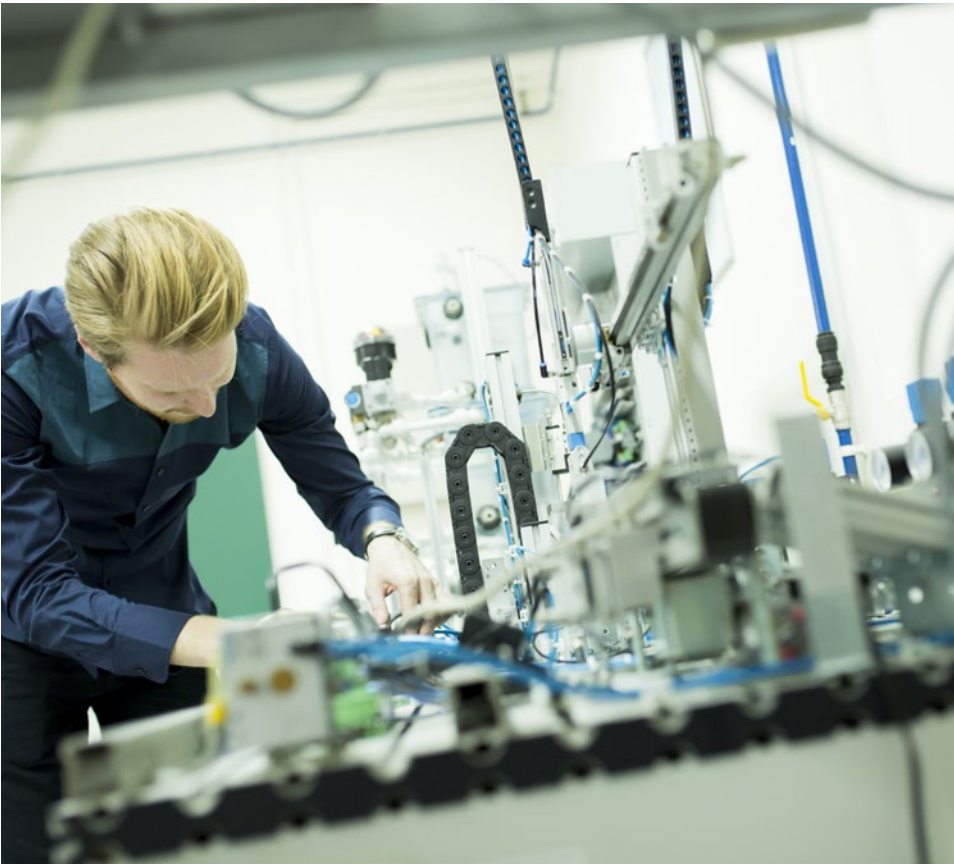
EMPLOYMENT

From January 2010, the bottom of the Great Recession, to December 2014, the peak of the recent business cycle, more than 490,000 jobs were created in Houston, an increase of 19.5 percent. Houston was among the first major metro areas to recoup all the jobs it lost in the Great Recession. None of the nation's 20 largest metro areas experienced comparable growth over that time.

HOUSTON AREA GROSS REGIONAL PRODUCT \$ Billions



Source: U.S. Bureau of Economic Analysis



POPULATION

The Houston metro area added 570,000 residents between 2010 and 2014; more residents than any other metro area. About 55 percent of the growth was due

to net in-migration, much of which has been young, single, well-educated, and well-paid residents.

METRO POPULATION CHANGE					
APRIL '10 – JULY '14					
Natural Increase		Net In-migration		Total Population Change	
247,758	43.5%	322,186	56.5%	569,764	100%
residents	of total	residents	of total	residents	of total
Source: U.S. Census Bureau					

ENERGY

From June '09, the bottom of the previous energy bust, to September '14, the peak of the recent energy cycle, the energy industry added more than 85,000 jobs.⁶ In the recent boom, 17.3 percent of all new jobs

were in the energy sector. These well-paid jobs supported activity in other sectors such as construction, retail, restaurants, and entertainment.



⁶ Energy here is defined as exploration and production, oil field services, fabricated metal products manufacturing, oil field equipment manufacturing, and engineering services.

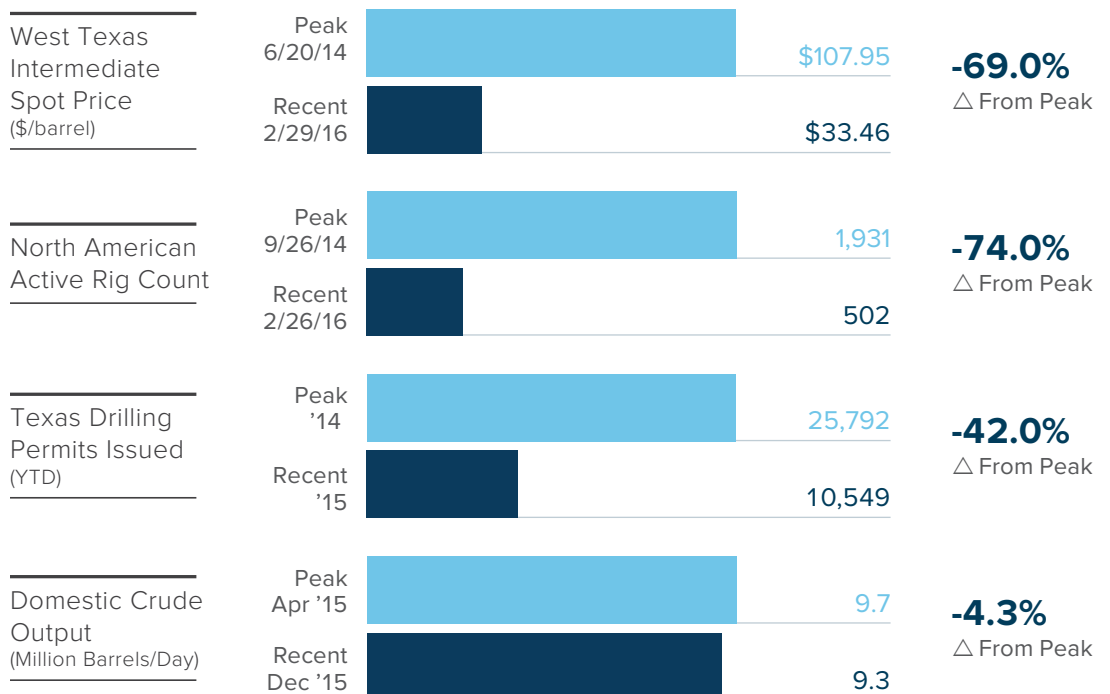


ECONOMIC OUTLOOK: ENERGY TODAY

In the current low oil price environment, crude trades at less than one-third its June '14 peak. Since energy employment peaked in December '14, the sector has lost 50,000 jobs. This includes jobs in upstream, manufacturing of oil field equipment and fabricated metal products, energy-related wholesale trade and engineering. As the energy industry restructures, other sectors of the economy have begun to suffer as well.

EXPANDING OUR REGION'S ALREADY STRONG INTERNATIONAL TRADE FLOWS COULD BE A NEW SOURCE OF GROWTH.

ENERGY INDUSTRY OVERVIEW



Sources: U.S. Energy Information Administration, Baker Hughes, RigData, and Bureau of Labor Statistics

Since low energy prices may continue to challenge the industry through the end of the decade, Houston needs to expand its sources of growth. The region's already-strong international trade can be that source. Helping existing companies reach

new markets with their products can help stimulate growth, especially since Houston has the infrastructure, aptitude, and opportunity to increase the role of exports in the economy.

HOUSTON EXPORTS HAVE BEEN ROBUST, LED BY ENERGY

Houston's exports totaled \$93.6 billion in 2014.⁷ Exports accounted for 19.4 percent of the region's GDP, and supported 394,470 jobs, or nearly one in eight. Since 2003, Houston's overall exports have grown 10.1 percent each year, compared to 5.2 percent for the nation as a whole. Houston's goods exports have grown 10.8 percent annually, compared to the rest of the nation's 4.7 percent.

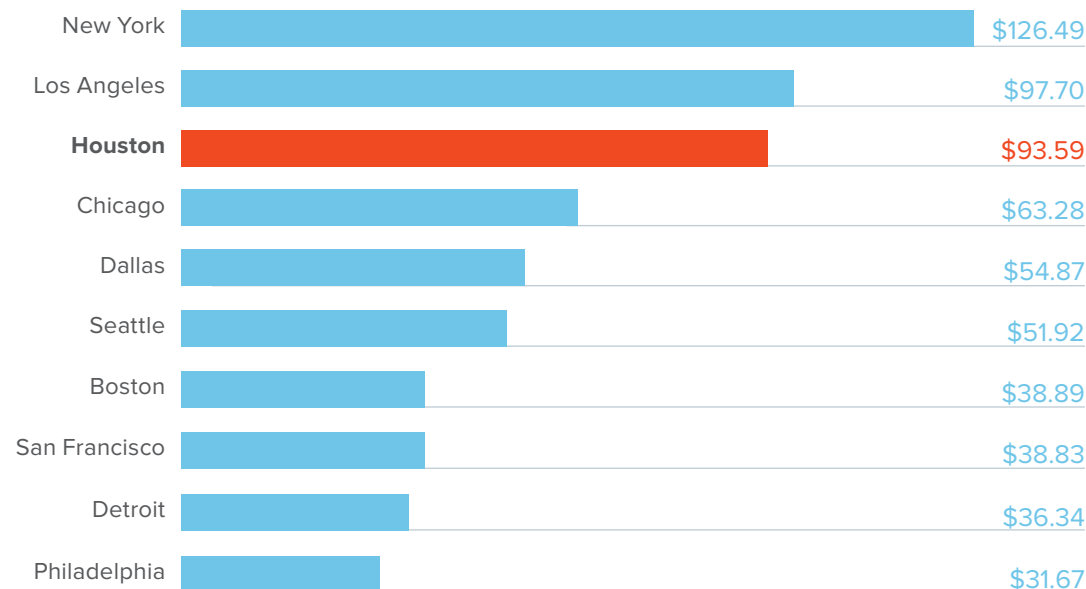
Since 2004, exports have nearly doubled (net of inflation). Their share of GDP has more than doubled, and the number of jobs supported by exports has also doubled. Houston now ranks third in metro exports, fourth in export-supported jobs, and, among the nation's 20 largest metro areas, first in share of GDP tied to exports.

Five industries account for two-thirds of Houston's total exports—petroleum and coal products, chemicals, oil and gas extraction, construction and mining machinery, and resins and plastics. Not surprisingly, the ties to the energy industry are strong.



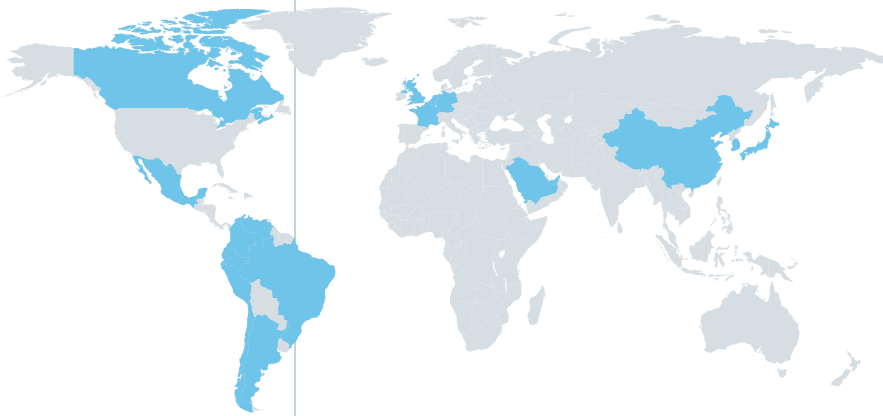
TOTAL EXPORT VALUE, HOUSTON AND PEER METROS

\$ Billions



Source: Brookings Global Cities Initiative 2014

⁷ Note: The Brookings Institution and the International Trade Administration use different methodologies for calculating exports. In the ITA's method, Houston ranks as the nation's leading exporter. In the Brookings method, Houston ranks third.



HOUSTON GLOBAL EXPORTS

Similarly, Houston's top trading partners are concentrated in the Americas. Nine of our top 20 trade partners are within the Americas, and collectively account for 50 percent of that export value.

HOUSTON-GALVESTON CUSTOMS DISTRICT TOP 20 EXPORT PARTNERS

● 2015 Export Value (\$mil.)

1 Mexico

\$10,068

2 China

\$7,036

3 Netherlands

\$6,852

4 Brazil

\$6,429

5 Colombia

\$5,056

6 Canada

\$4,354

7 Venezuela

\$3,831

8 Belgium

\$3,635

9 Saudi Arabia

\$3,389

10 Chile

\$2,974

11 South Korea

\$2,935

12 United Kingdom

\$2,933

13 United Arab Emirates

\$2,772

14 Ecuador

\$2,434

15 Singapore

\$2,423

16 Germany

\$2,415

17 Peru

\$2,380

18 France

\$2,100

19 Argentina

\$2,075

20 Japan

\$1,959

Data provided by WISER, at <http://www.wisertrade.org>, from US Census Bureau, Foreign Trade Division



MARKET ASSESSMENT

**Understanding Houston's
Export Economy**

MARKET ASSESSMENT: UNDERSTANDING HOUSTON'S EXPORT ECONOMY

Houston's Export Plan is based on an in-depth Market Assessment, drawn from: data provided by the Brookings Institution; an online survey of more than 850 companies, including both exporters and non-exporters and over 251 small businesses; and one-on-one interviews with 25 companies.

The Brookings data covers more than 10 years (2003 through 2014) of export volume, export share of GDP, direct and total export-supported jobs, and growth rates. Analysis of these indicators and their change over time resulted in six key findings.

SUMMARY OF KEY FINDINGS

HOUSTON'S GOODS EXPORTS HAVE GROWN FASTER THAN SERVICE EXPORTS

HOUSTON'S MAIN EXPORTS ARE ENERGY-RELATED

SIGNIFICANT OPPORTUNITIES EXIST WITHIN THE NON-ENERGY SECTORS TO GROW EXPORTS

HOUSTON'S TOP EXPORT DESTINATIONS ARE DOMINATED BY MEXICO AND THE AMERICAS TODAY, WITH ASIA POSITIONED FOR FUTURE GROWTH

OPPORTUNITY EXISTS TO HELP COMPANIES EXPORT THROUGH BETTER MARKETING, EDUCATION, AND TRAINING PROGRAMS TO ADDRESS BARRIERS

HOUSTON'S MULTIMODAL TRANSPORTATION INFRASTRUCTURE NEEDS TO SUPPORT FUTURE EXPORT DEMANDS

FINDING 1: HOUSTON'S GOODS EXPORTS HAVE GROWN FASTER THAN SERVICE EXPORTS

From '03-'14, goods exports grew at an annual growth rate of 10.8 percent, while services grew 7.6 percent. Goods now account for 81.9 percent of total exports, up from 72.3 percent.

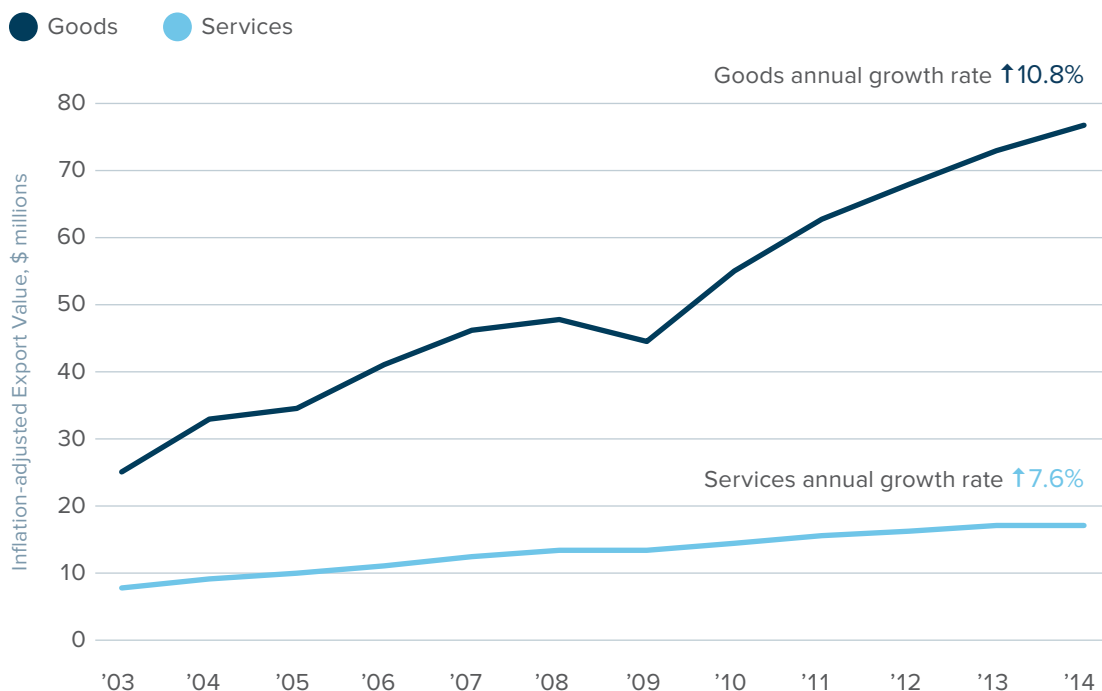


IN ORDER TO MOVE THE NEEDLE AND HELP COMPANIES GROW AND CREATE JOBS, HOUSTON NEEDS TO FOCUS ON EXPANDING OUR GOODS EXPORTS.

While manufacturers face steeper barriers to entry than service companies, manufacturers typically create four indirect jobs for every job on the shop floor. These firms will, in many cases, import raw materials

for production, increasing total trade and helping balance trade flows. Supporting goods exports is a key element in Houston's metro export plan to grow our economy.

EXPORTS – HOUSTON GOODS VS. SERVICES '03-'14



Source: The Brookings Institution, Export Monitor 2015

FINDING 2: HOUSTON'S MAIN EXPORTS ARE ENERGY-RELATED

The bulk of Houston's exports are energy-related, leaving the region vulnerable to commodity price swings. Houston leads the nation in six energy-related categories. Energy-related exports account for 73.3 percent of the region's total. Exports

in these energy-related industries supported 208,111 jobs in Houston or 52.8 percent of all export-supported jobs in the region. Remove chemicals and plastics from the mix, and energy-related products still account for 51.9 percent of the total.

ENERGY IS CLEARLY A STRENGTH FOR HOUSTON'S ECONOMY AND ANY EXPORT STRATEGY MUST CONTINUE TO SUPPORT AND EXTEND OUR LEADERSHIP POSITION.

Due to more than \$50 billion in investment in downstream energy and chemicals, those industries are poised for significant growth in exports (by as much as four times). Still, Houston's strength in the energy industry

creates a need to diversify our exports to minimize the effects of commodity price swings and maximize opportunities in growing foreign markets.

HOUSTON METRO TOP INDUSTRIES BY EXPORT VALUE 2014

● 2014 Export Value (\$mil.)

● Industry Share of Exports (%)

1 Petroleum & Coal Products

\$28,530 | **30.5%**

2 Basic Chemicals

\$12,905 | **13.8%**

3 Oil & Gas Extraction

\$8,772 | **9.4%**

4 Agri., Constr., Mining Machinery

\$8,124 | **8.7%**

5 Resins & Synthetic Rubbers

\$3,251 | **3.5%**

6 Misc. Fabricated Metal Products

\$1,836 | **2.0%**

7 Freight & Port Services

\$1,542 | **1.6%**

8 Food & Drink Services

\$1,466 | **1.6%**

9 Management & Consulting

\$1,334 | **1.4%**

10 Misc. General Purpose Machinery

\$1,224 | **1.3%**

Source: Brookings Global Cities Initiative 2014

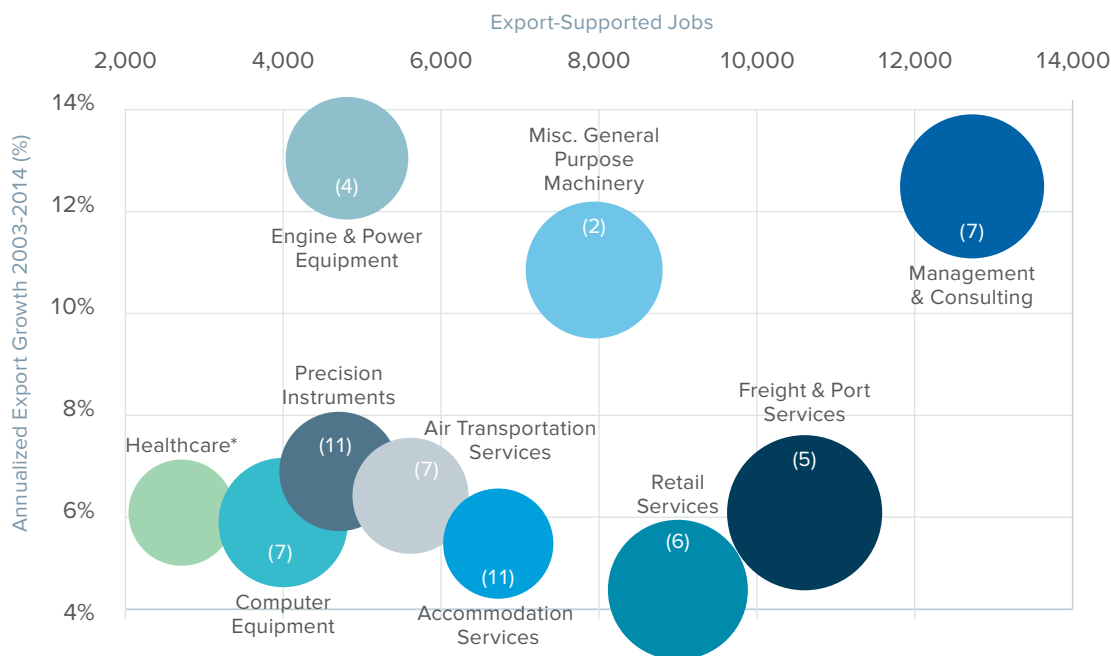
FINDING 3: SIGNIFICANT OPPORTUNITIES EXIST WITHIN THE NON-ENERGY SECTORS TO GROW EXPORTS



Even without energy-related exports, Houston would still be the 15th largest export economy in the U.S. Our exports span sectors from services to precision instruments to computers, to healthcare and electronic equipment. Based on the Market Assessment, active goods segments

like General Purpose Machinery (where we rank second nationally) and Engine & Power Equipment (ranked fourth nationally) are potential growth areas that also create high-quality advanced manufacturing jobs. Initially, the metro export plan will focus upon these goods exports.

METRO HOUSTON TOP NON-ENERGY EXPORT SECTORS



Size of bubble = Export value, billions (#) = Metro rank

Freight & Port Services	\$1.5 billion	Engine & Power Equipment	\$1.0 billion
Management & Consulting	\$1.3 billion	Precision Instruments	\$0.9 billion
Misc. General Purpose Machinery	\$1.2 billion	Air Transportation Services	\$0.9 billion
Retail Services	\$1.2 billion	Accommodation Services	\$0.8 billion
Computer Equipment	\$1.1 billion	Healthcare	\$0.7 billion

Source: The Brookings Institution

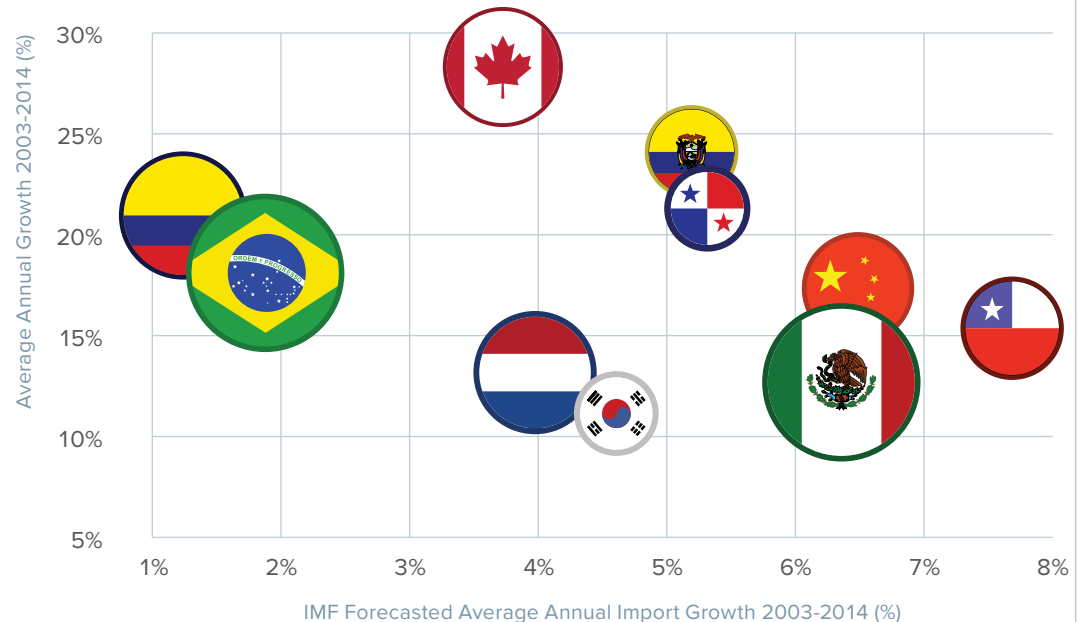
*Healthcare is a combination of three industries: medical services, medical equipment manufacturing and pharmaceuticals manufacturing

FINDING 4: HOUSTON'S TOP EXPORT DESTINATIONS ARE DOMINATED BY MEXICO AND THE AMERICAS TODAY, WITH ASIA POSITIONED FOR FUTURE GROWTH



Houston is, and will continue to be, a global hub for the Americas. Mexico currently accounts for a third of Houston's exports, with Brazil not far behind. By 2020, China and South Korea are projected to grow in prominence. Even with China's recent economic slow-down, the sheer size of its consumer market, rapid rate of urbanization, and expanding middle class should make it an attractive market for Houston's raw materials and products for the foreseeable future.

HOUSTON'S TOP EXPORT MARKETS



Size of bubble = Nominal export change from '03-'14, \$ billions

 Mexico	\$9.0 billion	 China	\$4.5 billion
 Brazil	\$8.6 billion	 Chile	\$3.6 billion
 Colombia	\$5.8 billion	 Ecuador	\$2.9 billion
 Netherlands	\$5.3 billion	 South Korea	\$2.6 billion
 Canada	\$4.9 billion	 Panama	\$2.5 billion

Source: US Census Bureau through WiserTrade, IMF

FINDING 5: OPPORTUNITY EXISTS TO HELP COMPANIES EXPORT THROUGH BETTER MARKETING, EDUCATION, AND TRAINING PROGRAMS TO ADDRESS BARRIERS

The Market Assessment survey found that 47 percent of Houston’s small and medium-sized businesses do not currently export, and only 30 percent of non-exporters plan to begin exporting over the next three years.

While many small and medium-sized businesses do not currently export, most non-exporters say they would welcome the opportunity to sell their products overseas.

Houston has programs and resources to support exports, but many companies are not aware of these resources, and they are not well-connected with each other. The steering committee feels strongly that **more Houston companies would export if they were better connected to existing resources.**

THE MOST SIGNIFICANT CHALLENGES HOUSTON'S SMALL BUSINESSES FACE WHEN EXPORTING OR CONSIDERING NEW MARKETS ARE:



PROGRAMS AND RESOURCES EXIST, BUT ARE NOT WELL KNOWN OR CONNECTED. BASED ON OUR RESEARCH, MORE COMPANIES WOULD EXPORT IF WE COULD BETTER CONNECT THE DOTS.

THE ACTIVITIES THAT WOULD MOST HELP HOUSTON'S SMALL BUSINESSES EXPORT ARE:



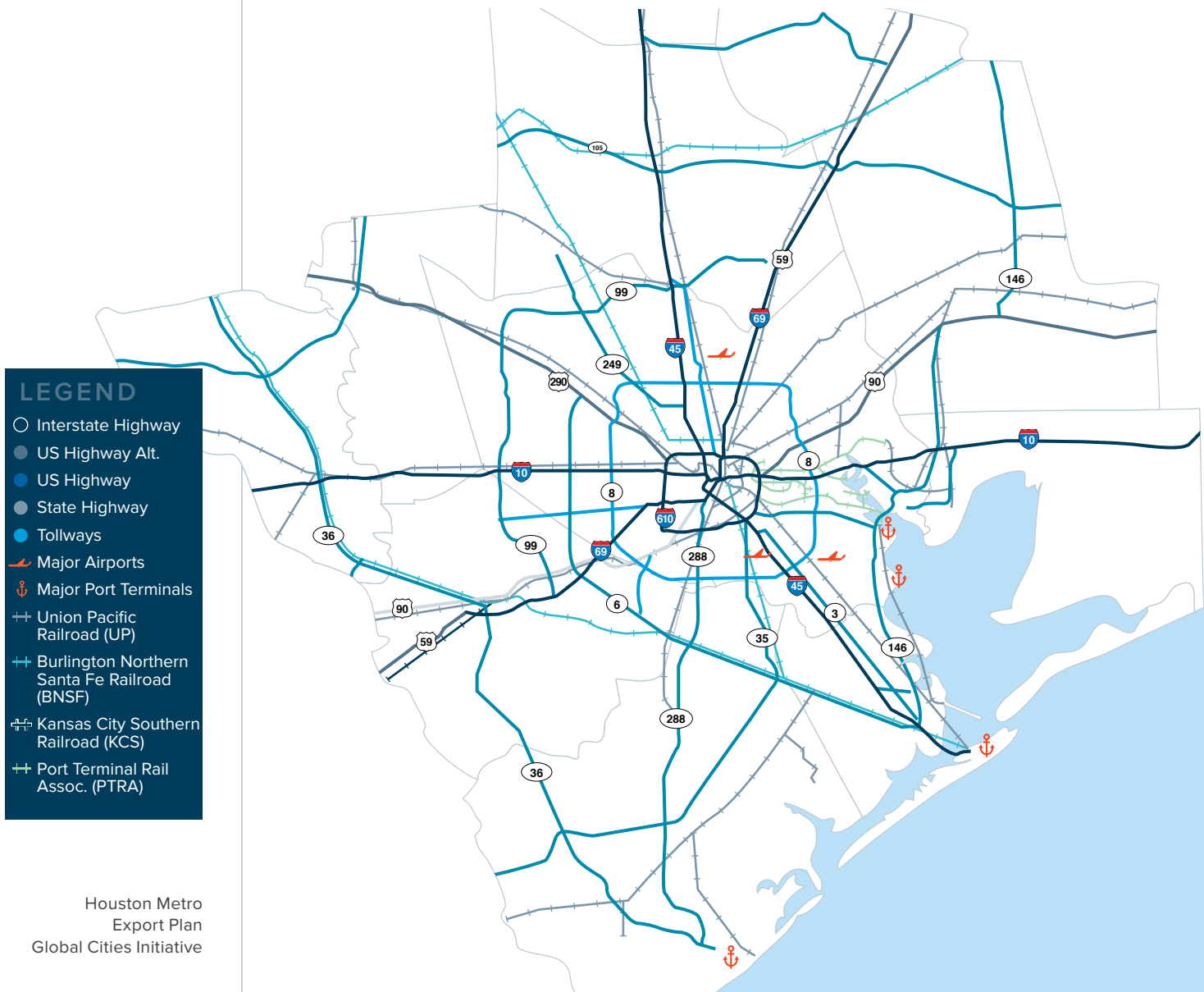
FINDING 6: HOUSTON'S MULTIMODAL TRANSPORTATION INFRASTRUCTURE MUST SUPPORT FUTURE EXPORT DEMANDS

Houston has a robust transportation infrastructure for exports. However, Houston businesses expressed concern over whether local transportation infrastructure will be ready to handle the increase in export and import traffic that is expected to move through Houston once the expansions of chemical plants and the Panama Canal are completed. Similar concerns were raised about the general need to upgrade the region's roads, railroads, and bridges. The

lack of a heavy haul corridor to transport fully loaded ocean cargo containers safely and efficiently to and from the Port of Houston was raised as a significant issue and barrier to future growth.

Expanded exports require expanded infrastructure. Houston needs to ensure that its transportation infrastructure supports freight and goods movement today and in the future.

EXPANDING EXPORTS REQUIRES INVESTING WISELY IN HOUSTON'S MULTIMODAL (AIR, GROUND, RAIL, MARITIME) FREIGHT TRANSPORTATION NETWORK.





HOUSTON'S METRO EXPORT PLAN

Advancing Houston's Competitiveness

Our plan is to increase the number of Houston firms that export by helping them connect to existing services and growing global markets.

ADVANCING HOUSTON'S COMPETITIVENESS: FOUR STRATEGIES TO DRIVE EXPORT GROWTH

HOUSTON'S METRO EXPORT PLAN

Based on the key findings of the Market Assessment, the Houston GCI Steering Committee developed a broad set of goals, measurable objectives, and strategies. Over the course of several months, the Committee refined the objectives and narrowed their focus to four key strategies that will drive Houston toward attainment of its export goals. Specialized working groups developed tactics for each strategy, which were reviewed and approved by the Steering Committee.

GOAL

Grow Houston's economy and create jobs by expanding exports and trade, focusing on goods exports.

OBJECTIVES

The Houston Metro Export Plan proposes to build on our considerable strengths, concentrating on three strategic objectives to increase the number of companies that export and expand Houston exports to new markets.

1

Sustain Houston's leadership position as the top exporting market in the nation. Grow exports faster than the national rate for the next four years.

2

Increase the number of firms that access Houston's export services by 20 percent by 2020.

3

Enhance Houston's position as a global trade and logistics hub.

CORE STRATEGIES

Implementation of four core strategies will realize the strategic objectives:

1

Promote and market Houston's global advantages to grow exports and attract trade and investment

2

Facilitate and enhance the international trade ecosystem by coordinating export resources and support systems

3

Catalyze exporters focused on targeted small and medium-sized goods-producing firms

4

Ensure that the needs of freight are integrated into the regional transportation planning process to enhance Houston's competitive position as a global logistics hub.

STRATEGY 1: PROMOTE AND MARKET HOUSTON'S GLOBAL ADVANTAGES TO GROW EXPORTS AND ATTRACT TRADE AND INVESTMENT

By several measures, Houston is the most global city in the United States, and considered one of the largest, if not the largest, exporting metro in the country.

Yet there is still significant opportunity to leverage our strengths and improve our competitive position.

THE SUCCESS OF HOUSTON'S EXPORT PLAN WILL DEPEND UPON IMPROVING THE WORLD'S AWARENESS OF HOUSTON'S ADVANTAGES AS A GLOBAL PROVIDER OF ENERGY AND NON-ENERGY-RELATED GOODS, SERVICES, AND INVESTMENT OPPORTUNITIES.

Sustained, data-driven marketing strategies that target specific industry sectors and priority countries and that leverage existing relationships and community strengths will build Houston's global brand and increase

international trade and investment. Key elements will include leading trade delegations to targeted countries and selling Houston directly at strategic industry trade shows and conferences.



TACTICS



Develop and implement marketing strategies focused on targeted industry segments



Develop and implement marketing efforts focused on priority countries



Develop and activate partnerships and networks with key global markets, including consular corps, trade associations, and bi-lateral chambers. Achieve this by:

- Expanding outreach to consular corps and bi-lateral chambers to promote exports and trade
- Conducting and receiving trade delegations to connect with potential partners

STRATEGY 2: FACILITATE AND ENHANCE HOUSTON'S INTERNATIONAL TRADE ECOSYSTEM BY COORDINATING EXPORT RESOURCES AND SUPPORT SYSTEMS

While most small and medium-sized enterprises surveyed expressed interest in expanding globally, most also said that they have no idea where or how to begin doing so. There are considerable resources available in Houston to help businesses export their products, from governmental agencies at all levels (federal, state, and local), to foreign consulates, local chambers of commerce, and nongovernmental organizations. The problem is that local SMEs don't know how to identify and access these resources. Additionally service providers don't regularly coordinate activities and have a lack of awareness as to what else is available in the region, and how their services fit into the overall ecosystem.



TACTICS



Identify and inventory trade and export services and training in the region and better connect them through a systematic approach



Better connect existing resources, training, and events through a web platform to facilitate ongoing collaboration and communication



Organize training and resources by sector and market to better catalyze exporters



Share country-specific market information and training on common practices (e.g., "doing business in Mexico" forums)



Establish a forum for regional export and trade service providers to coordinate their activities

STRATEGY 3: CATALYZE EXPORTERS FOCUSED ON TARGETED SMALL AND MEDIUM-SIZED GOODS-PRODUCING FIRMS

Of companies surveyed, 49 percent do not export. Of the 51 percent of Houston's SMEs that already do export, 58 percent said they export to only one country, and most of these said that their reason for exporting was due to a personal relationship with or request from a customer. When that relationship ends, the Houston company often stops exporting. This dynamic represents a significant opportunity to increase the

global trade fluency of Houston's SMEs and catalyzing them to build upon the foundation that they have already established. Tactics for this strategy focus on sharing success stories to encourage others to export, mentoring new-to-export businesses by more experienced peers, connecting businesses with new markets, and creating networking opportunities.



TACTICS



Utilize company success stories to drive interest in exporting and grow demand for export services, as well as promote peer-to-peer training



Identify and connect potential partners for Houston exporters in targeted sectors and countries



Raise awareness of existing resources for exporters through local economic development organizations. Integrate export and trade assistance into business retention and expansion efforts in the region

STRATEGY 4: ENSURE THAT THE NEEDS OF FREIGHT ARE INTEGRATED INTO THE REGIONAL TRANSPORTATION PLANNING PROCESS TO ENHANCE HOUSTON'S COMPETITIVE POSITION AS A GLOBAL LOGISTICS HUB

Competing internationally requires global access via all modes of transportation to enable companies to meet customer needs across borders quickly and efficiently. Maintaining a robust, multimodal transportation infrastructure provides Houston's

companies with considerable market access and supply chain advantages. Taken together, the region's air, ground, rail, and maritime infrastructure provides flexibility and unparalleled global market access.



TACTICS



Identify and prioritize critical freight bottlenecks in the region by mode (air, ground, rail, maritime) with a focus on free flow of goods to port of export (e.g. need for heavy haul corridor)



Work to publicize and raise the priority of critical freight projects for funding



Identify and align regional and state export stakeholders to support freight and goods movement

IMPLEMENTING THE HOUSTON METRO EXPORT PLAN

The Steering Committee agreed that the Greater Houston Partnership is uniquely positioned to continue to champion and coordinate the Houston Metro Export Plan over the next four years. The Partnership is a regional economic development organization that has served the 11-county area for over 150 years, with an existing full-time international trade development staff. The Metro Export Plan will support and be integrated into the Partnership's existing economic development goals to assist the region in attracting 450,000 jobs and \$45 billion in capital investment by 2020.

To ensure progress toward our goal, the Houston GCI Steering Committee will oversee the implementation of the plan. They will review and approve any necessary changes in strategies or tactics. The Partnership will provide updates and progress reports to the Steering Committee. The Steering Committee will monitor progress and performance measures will be established to monitor success.

In addition to private sector leaders interested in advancing exports and trade, key export service providers will form the basis of the Metro Export Plan Working Group, including:

- Port of Houston Authority
- U.S. Department of Commerce - Houston
- U.S. Small Business Administration
- University of Houston, Small Business Development Center

Finally, we will continue to leverage the Partnership's International Committees to support implementation as we work to strengthen the ecosystem of support for exporting companies. With this structure we will begin our work to implement the strategies in the coming year.



A long-exposure photograph of the Houston skyline at night. The sky is a deep blue with some clouds. In the foreground, a multi-lane highway is visible with long, bright white and red light trails from moving vehicles. The middle ground features several illuminated buildings, including a prominent white skyscraper with a grid-like facade. The background shows more city lights and a large, domed stadium on the right.

POLICY STATEMENT

A conducive policy environment at the local, state, and federal level will be essential to Houston's ability to maintain and grow its position as a leading U.S. exporter.

KEY EXPORT GROWTH POLICY ISSUES

1. TRANSPORTATION INFRASTRUCTURE

Throughout the development of the export plan, infrastructure was a top issue with companies and civic leaders. There was strong agreement that maintaining and expanding the region's multimodal (air, ground, rail, maritime) freight transportation infrastructure is critical to Greater Houston's ability to remain competitive.

2. FEDERAL FINANCING ASSISTANCE

Federal financing assistance is an essential service that fills gaps in private export finance and provides trade financing solutions – including export credit insurance, working capital guarantees, and guarantees of commercial loans to foreign buyers – to empower exporters of U.S. goods and services. The Ex-Im bank and other agencies that provide this service are critical to companies' ability to compete globally.

3. MORE FREE TRADE AGREEMENTS

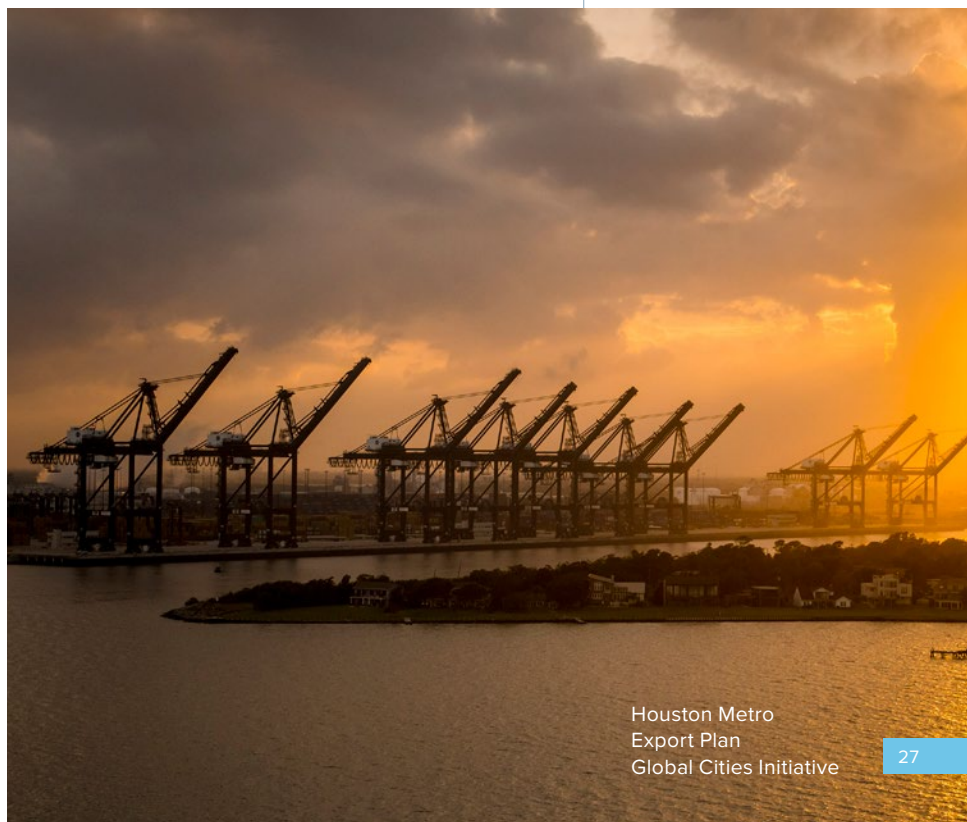
Free trade agreements are a significant factor in enabling companies to export and compete in new markets. The addition of policies and agreements such as the Trans-Pacific Partnership (TPP), Transatlantic Trade and Investment Partnership (TTIP), and other bilateral agreements will help Houston companies access foreign markets.

4. FUNDS FOR HARBOR IMPROVEMENTS AND MAINTENANCE

To be prepared for increasing ship sizes and continued growth of Houston as a national distribution hub, flexible federal policies and authorities for government and private sector partnerships are needed to provide for improved channel infrastructure to meet future market demands. The full use of federal Harbor Maintenance Tax funds must occur, and be prioritized to assure full availability to channels of national significance like Houston.

5. MAINTAIN A STRONG BUSINESS ENVIRONMENT

A priority of Houston's companies is to maintain a strong business environment by keeping the cost of doing business low and reducing regulation. Houston's longstanding commitment to holding the line on taxes, keeping our workforce strong, and maintaining reasonable regulations have led to more than a decade of economic growth, making Houston one of the nation's most dynamic economies and a top exporter.



EXPORT PLAN DEVELOPMENT

Houston's participation in the Global Cities Initiative is led by the Greater Houston Partnership and consists of a Core Team and Steering Committee made up of members of the Partnership's international committees as well as a diverse group of more than 29 public, private, and nonprofit organizations with an interest in advancing the competitiveness of international trade in the region.

THE HOUSTON METRO EXPORT PLAN WAS DEVELOPED BY A STEERING COMMITTEE COMPOSED OF SENIOR LEADERS FROM THE FOLLOWING ORGANIZATIONS:

Greater Houston Partnership	Houston Customs Brokers and Freight Forwarders Association
ACM Logistics	JPMorgan Chase
Atlantic Partners	NALCO Champion
BBVA Compass Bank	Omega Protein Corporation
City of Houston	PKF Texas
Crane Worldwide Logistics	Port Freeport
Economic Alliance Houston Port Region	Port of Galveston
Exxon Mobil	Port of Houston Authority
Greater Conroe Economic Development Council	Rice University
Greater Houston Manufacturing Association	University of Houston
Harris County	University of Houston, Small Business Development Center
Harry Gee Jr. and Associates	US Department of Commerce - Houston
Haynes and Boone, LLP	US Small Business Administration
Hazak Corporation Consulting	Woodlands Area Economic Development Partnership
Houston Airport System	

For More Information Please Contact:

Greater Houston Partnership
International Investment & Trade Department
Houston World Trade Center
713-844-3628
trade@houston.org
www.Houston.org/business/global

Acknowledgments

ABOUT GCI

The Global Cities Initiative is a joint project of the Brookings Institution and JPMorgan Chase designed to help metropolitan leaders advance and grow their regional economies by strengthening international connections and competitiveness on key economic indicators such as advanced manufacturing, exports, foreign direct investment, and traded sectors. GCI activities include producing data and research to guide decisions, fostering practice and policy innovations, and facilitating a peer-learning network. The Global Cities Initiative is chaired by Richard M. Daley, former mayor of Chicago and senior advisor to JPMorgan Chase. It is directed by Amy Liu, vice president and director of the Brookings Metropolitan Policy Program. For more information, see <http://www.brookings.edu/projects/global-cities.aspx> or www.jpmorganchase.com/globalcities.

GCI EXCHANGE DISCLAIMER

This report was developed by the Houston GCI Steering Committee through the collaboration of political, business, and civic leaders of Greater Houston. The conclusions and recommendations of this report are solely those of its authors and do not reflect the views of the Brookings Institution or JPMorgan Chase. The Brookings Institution is a private non-profit organization. Its mission is to conduct high-quality, independent research and, based on that research, to provide innovative, practical recommendations for policymakers and the public. Brookings recognizes that the value it provides is in its absolute commitment to quality, independence and impact, and makes all final determinations of its own scholarly activities in the Global Cities Initiative, including the research agenda and products.

SPECIAL THANKS TO

The members of the Houston GCI Steering Committee for their leadership and support in the creation of this plan, especially Bret Scholtes, Chair, President & CEO, Omega Protein Corporation; Terry Hill, Co-chair, Senior Vice President, JPMorgan Chase; John Vogt, Co-chair, University of Houston and Former Vice President, Global Logistics, Halliburton.

The Greater Houston Partnership Research Department for their support and analysis that made this report possible.

The Partnership's International Investment & Trade Department and Advisory Committee for their continued efforts to advance Greater Houston's position as a global leader.

PHOTO CREDITS

Greater Houston Convention and Business Bureau
Port of Houston Authority

Houston Metro Export Plan

April 2016



GREATER HOUSTON
PARTNERSHIP.

Making Houston Greater.



GLOBAL CITIES INITIATIVE
A Joint Project of Brookings and JPMorgan Chase