



GLOBAL CITIES INITIATIVE

A Joint Project of Brookings and JPMorgan Chase

INVESTING IN GREATER KANSAS CITY'S GLOBAL ECONOMIC FUTURE

FALL 2015 MARKET ASSESSMENT

(Released October 14, 2015)



THE CASE FOR GLOBAL TRADE

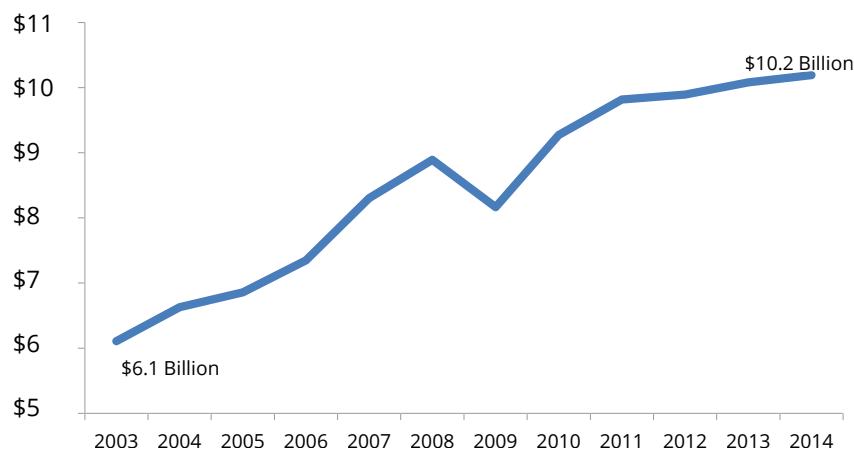
Global trade presents for forward-thinking firms and metropolitan regions significant potential for economic growth. As 95 percent of the world's consumers live outside of the U.S., and with 85 percent of world economic growth projected to occur outside of the U.S.¹, exporting provides a large opportunity for businesses to grow, become more competitive, and diversify their portfolios to weather changes in the U.S. domestic economy.

The Global Cities Initiative (GCI), a joint project of the Brookings Institution and JP Morgan Chase, aims to catalyze a critical shift in local economic growth policies and practices toward a more globally-oriented region. The Kansas City GCI Steering Committee is pleased to present the following Key findings from its Market Assessment of the Greater Kansas City region. This Assessment is a vital first step to developing a strategic Metropolitan Export Plan that will identify opportunities for the Kansas City Metropolitan Statistical Area (KCMSA)² to expand its global outreach and strengthen the area's economy, which has trailed its peers³ in job growth and GDP post-recession.

"[There's] work all over the world. That's why I'm talking export. Either the pie locally has to grow or we have to develop abilities to get hired outside of our regions."

-Architecture, Engineering, Construction Focus Group

Kansas City Exports in Billions



Kansas City's exports have grown steadily since 2003, growing from \$6.1 billion to \$10.2 billion. \$10.2 billion represents 9.6% of the region's GDP.

GCI STEERING COMMITTEE KEY FINDINGS

Working with Brookings' professionals and GCI Exchange metropolitan areas, the Kansas City GCI team developed a process for receiving direct input from the business community through surveys and interviews with companies and service providers in the metropolitan area. Additionally, a focus group was conducted with the service providers to more fully explore issues raised through the surveys and interviews. The research identified seven key findings, which will inform and guide the development of the region's first Export Plan.

1. Robust Transportation and Logistics Provide an Advantage

The region, which is centrally located and serves as a national crossroad, boasts the professional expertise and physical infrastructure necessary to expertly adapt to and adopt innovation in the technology of logistics and transportation.

Action Steps for Export Plan – Understand and identify how technological and geographical trends are going to impact this region's proven strength in logistics and transportation. Discern the logistics needs of regional manufacturers and how these needs affect their export potential.

2. The Majority of Businesses Surveyed Do Not Export

Consistent with what other GCI metropolitan areas have learned, the Kansas City survey revealed 53% of those responding do not export. Additionally, among the non-exporters, a significant majority have little interest in exporting in the future.

Action Steps for Export Plan – Develop a coordinated and focused effort by the region's export service providers to educate the business community about the potential for and value of expanding sales of goods and services outside the U.S., creating a paradigm shift towards a global mindset.

What are the main reasons that your company sells to customers in these countries?



3. Exports Are Not a Priority

Most exporting firms surveyed are passively engaged in international trade, citing how customers sought after their product, versus the firm independently pursuing international business development. Additionally, surveyed companies export to only one or a small number of countries and derive a relatively small share of their annual sales from exports.

Action Steps for Export Plan – Develop strategies or actions — such as identification of new markets and suppliers — for current exporters to grow international sales.

GREATER KANSAS CITY'S GCI STORY

A partnership between the Brookings Institution and JP Morgan Chase led to creation of the Global Cities Initiative (GCI) Exchange in 2012. The third and final invitation to metropolitan areas to become participants in the GCI Exchange was issued in December of 2014 and the KC-MSA was selected as part of the final group. The Brookings team has assisted the KCMSA in identifying processes and analyzing outcomes for this Market Assessment and, along with professionals from JP Morgan Chase, will be invaluable in assisting with the formation of a KCMSA Export Plan. The plan and its successful implementation will be vital to ensuring the KCMSA takes advantage of all the potential that exports provide

Brookings has developed a model based on a metropolitan area's industry mix estimating the value of the metropolitan area's exports. This model's data has informed and guided the GCI Steering Committee. The information gathered through surveys, interviews and discussions have been critical to this Market Assessment.

Task forces comprised of professionals with skills specific to the seven key findings will craft the strategies, action agenda, and evaluation criteria that will be used to advance exports.

A LOOK AHEAD: THE BIGGER PICTURE

Creation of a regional export plan is the first step in developing a broader plan to increase the region's participation in global trade. The next step is to formulate similar strategies to attract foreign direct investment, an equally critical source of future economic growth. The fully integrated export / foreign direct investment plan combined with Kansas City's participation in the GCI network of peer cities and shared best practices will facilitate the region's ability to develop global relationships and seed long term sustainability.

The GCI Steering Committee was established to oversee the Market Assessment and Export Plan. This Committee is comprised of leaders from companies that currently

export and organizations and agencies that provide services to exporters. The Export Plan and subsequent strategies on foreign direct investment are a critical component of a larger region-wide, business-led economic development effort called KC Rising. This economic development plan, under the leadership of representatives of the larger business community, is coming together to "create a sustainable, strategic vision for the economic future" of the KCMSA.

The GCI Export Plan is an important step in positioning the KCMSA economy to be:

- fast-growing
- attractive to workers in a variety of professions
- an innovation and business incubator
- a driver of global business in the U.S.

As Kansas City companies consider doing international business or expanding current international operations, several markets have large opportunities for trade. Kansas City regional companies trade the most with Canada and Mexico; NAFTA plays a key role in our trade relationship with these nations and will continue to strengthen North American trading partnerships.

Also of influence, many substantial consumer markets are located in the Asia-Pacific region. In *The New Global Middle Class* the Brookings Institution reports that by 2030, less than 15 years in the future, two-thirds of the global middle class will reside in that region.

In addition, Sub-Saharan Africa is an emerging market. The White House, in 2014, established a Doing Business in Africa campaign with significant financing and other assistance available to businesses in the U.S. with a focus on energy, aviation, banking and construction sectors. These are all among the key traded sectors in the KCMSA.

With the help of local partners and the Kansas City business community, the GCI Steering Committee looks forward to building the first ever strategic metropolitan export plan and a competitive global economic future for Greater Kansas City.



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