

# UPSTATE CORE TEAM

The Core Team assists in the design and development of the Regional Export Plan with input and advice of a larger steering committee.



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## UPSTATE SOUTH CAROLINA & ITS GLOBAL STRATEGIES

In late 2013, the Upstate region was accepted through a competitive application process to the five-year Global Cities Initiative: A Joint Project of Brookings and JPMorgan Chase. The first phase of the initiative, the development of a Regional Export Plan, is expected to be complete by the 4th quarter of 2014.

Over the course of the next five years, the Core Team will be working to move the Upstate forward in the areas of exports, innovation, leadership, and workforce in order to elevate Upstate South Carolina from a global player to a recognized GLOBAL LEADER.



## WHY EXPORTS?

Over the past several decades, aggressive recruitment of industry has transitioned the Upstate economy from dependency on the textile industry by providing needed diversification and traded cluster strength. This foresight of Upstate leaders has positioned the region extremely well for prosperity in the future economy. To ensure the Upstate maintains its edge against growing competition, it is imperative that we collaborate as a region to build global relationships through trade and investment, tie innovation to advanced manufacturing needs, develop leaders with global awareness, and increase transportation/supply chain efficiency.

### LARGER CUSTOMER BASE = MORE OPPORTUNITY FOR GROWTH

- 95 percent of the world's consumers live outside the U.S.
- The U.S. percentage of global middle class consumption is projected to drop to 4.5 percent by 2040
- Only 4 percent of U.S. firms export, and 58 percent only sell to one foreign market

### GLOBAL BUSINESS = STRONGER BUSINESS

- From 2005-2009, U.S. manufacturers that exported saw revenues grow by 37 percent, non-exporters saw revenues fall by 7 percent
- U.S. business services exporters have 100 percent higher sales, 70 percent higher employment, and 20 percent higher wages than non-exporters
- For every \$1 billion in exports, workers in that industry earn between 1-2% higher wages
- In 2013, every \$1 billion dollars of U.S. exports supported 5,590 jobs

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## UPSTATE SC REGIONAL EXPORT INITIATIVE



## MARKET ASSESSMENT | AT-A-GLANCE

RELEASE DATE | AUGUST 2014

PREPARED BY



UpstateSCAlliance

UPSTATE ECONOMIC CLIMATE

With a total population of 1.4 million, Upstate South Carolina, represented as the Greenville-Spartanburg-Anderson Combined Statistical Area (CSA), was the 11th fastest growing from 2010-2013.

The Upstate has an estimated Gross Domestic Product (GDP) of \$52 billion, of which manufacturing represents 22 percent. In total, manufacturing provides more than 100,000 direct jobs to the Upstate. If the Upstate were a country, its economy would rank in size between Luxembourg and Bulgaria.

In South Carolina, the Upstate region accounts for:

- 29.2% of population
- 29.1% of jobs
- 30.6% of GDP
- 46.0% of manufacturing

Since the end of the Great Recession in 2009, the Upstate has grown at a faster rate than most metropolitan areas. Compared to the nationwide per capita metropolitan growth rate of 1.29 percent, the Spartanburg Metropolitan Statistical Area's (MSA) per capita GDP grew at 4.72 percent and the Greenville-Anderson-Mauldin MSA's at 2.29 percent.

EXPORTS AND THE UPSTATE ECONOMY

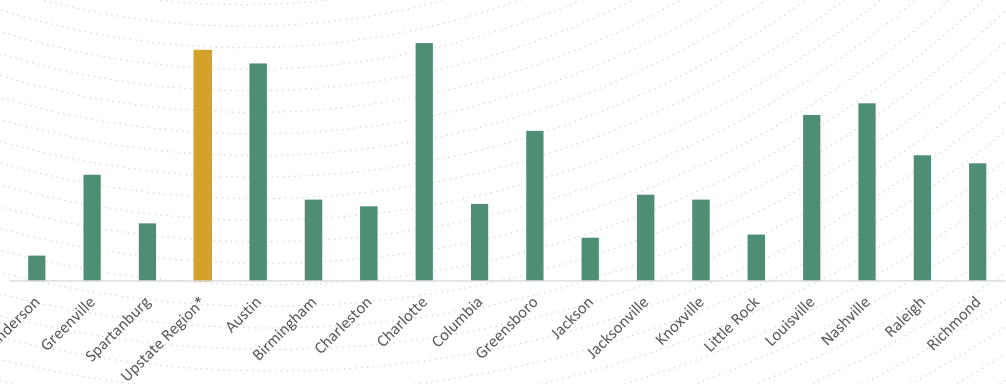
The Upstate economy is highly connected to the global economy as evident by its Export Intensity. Measured by exports as a share of total output, the Upstate's Export Intensity is approximately 23.4 percent, **almost twice the national rate of 13.2 percent.**

The total value of exports in the Upstate is \$12.15 billion and has grown 65 percent since 2003. From 2009-2012, export growth significantly outpaced overall economic growth in the Upstate, as it did nationwide.

Exports supported 64,084 jobs in the region in 2010. Manufacturing directly accounted for 28,293 of those jobs.

When compared to peer metros, the Upstate's\* combined export value would fall between Charlotte, North Carolina at \$12.54 billion and Austin, Texas at \$11.47 billion.

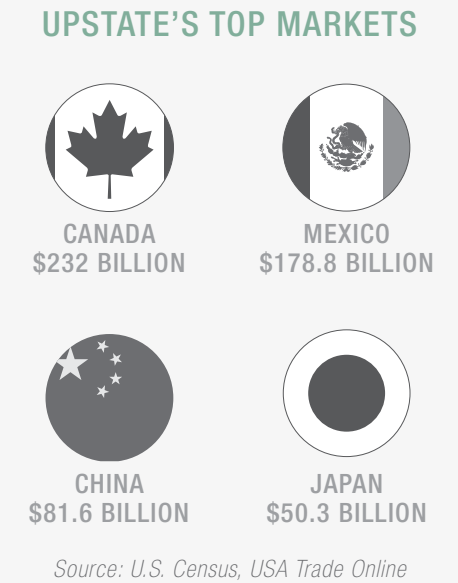
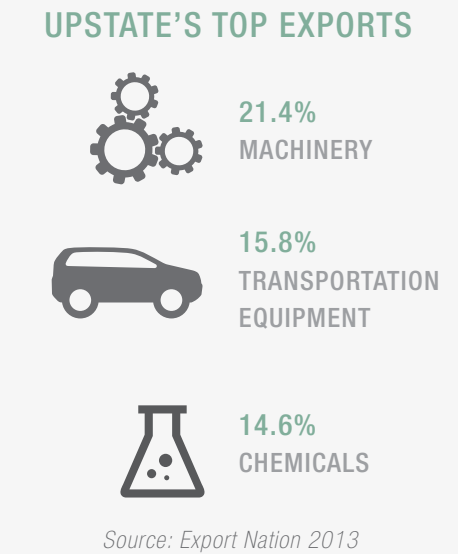
EXPORT VALUE OF PEER METROS (\$ BILLIONS, 2012)



\*The Upstate Region is made up of the Greenville-Spartanburg-Anderson Combined Statistical Area (CSA). Graph Source: Export Nation 2013

During the first quarter of 2014, the Regional Export Plan Core Team conducted a detailed market assessment to provide a foundation of information to guide the development of export strategies for the region. The market assessment included a total of 25 interviews with Upstate companies, both currently exporting and not exporting; 13 interviews with export service providers; and a region-wide survey of 118 businesses. In addition, detailed export data provided by the Brookings Institution, the U.S. Census Bureau, BEA, and EMSI was analyzed to identify trends and statistical strengths.

UPSTATE EXPORT PROFILE



KEY OBSERVATIONS & OPPORTUNITIES

**CLUSTER-BASED GROWTH**  
The Upstate region is highly specialized as a manufacturing center with a diverse base of traded clusters, but many manufacturers are not taking full advantage of global opportunities. Increasing exports from companies in target industry clusters, where the greatest potential for world-class competitiveness exists, can support healthy cluster growth and amplify the unique assets and strengths of the region's economy.  
**OPPORTUNITY: *Develop targeted export programs and increase awareness of existing export services.***

**DIVERSE EXPORT BASE**  
Diversification is an important strength in the resilience of a region's economy. While the Upstate excels in its diversification among a cross-section of industries in manufacturing, it under-performs in exports of services. Only 12.6 percent of the region's export value comes from the service sector; compared to an average of 30 percent for the United States.  
**OPPORTUNITY: *Develop strategies to increase service-based exports.***

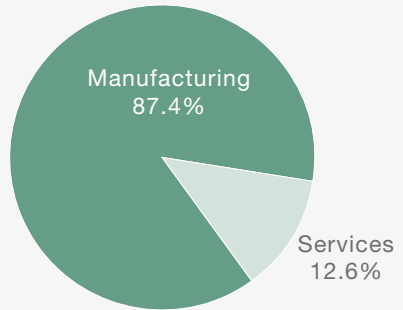
**LIMITED GLOBAL NETWORKS**  
Relationships are the main reason surveyed companies export to their top 5 markets. While most foreign-owned enterprises come to the region with a built-in network of international relationships, work is needed to ensure domestic enterprises and local entrepreneurs have a way to build their own global networks.  
**OPPORTUNITY: *Leverage and connect with the region's existing international assets to build pathways into foreign markets.***

**ALIGNED EXPORT STRATEGY**  
Much of the trade that has developed thus far in the region has emerged primarily as a byproduct of strong foreign investment recruitment efforts. Despite excellent export training and services, few companies are accessing the help that is currently available.  
**OPPORTUNITY: *Create and promote a one-stop shop for export services and leverage existing economic development efforts to increase exposure for local companies.***

**GLOBAL-MINDED LEADERSHIP**  
Global business is a two-way street and the Upstate's competitiveness and growth is dependent on leadership that understands the importance of international trade and investment to our economy.  
**OPPORTUNITY: *Continue to build regional relationships between elected officials, economic developers and business leaders; utilize these networks to advocate for stronger global engagement; and educate the public on trade-related issues.***

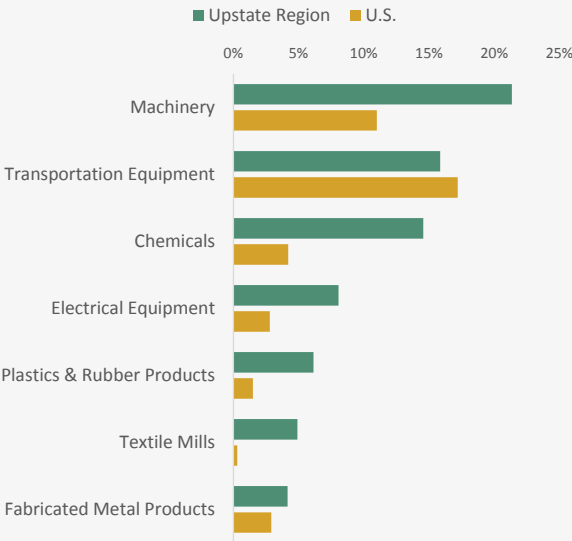
**TRANSPORTATION COST ANALYSIS**  
The Upstate's location, connecting Atlanta to Charlotte, has always provided an excellent logistical advantage and each market is currently investing in infrastructure improvements. (In the Upstate, cargo options from the GSP International Airport are developing, the Port of Charleston's deepening project is on track, and the SC Inland Port is growing its customer base.)  
**OPPORTUNITY: *A cost analysis study may be beneficial since transportation costs are a primary concern of surveyed companies.***

UPSTATE EXPORTS BY TYPE



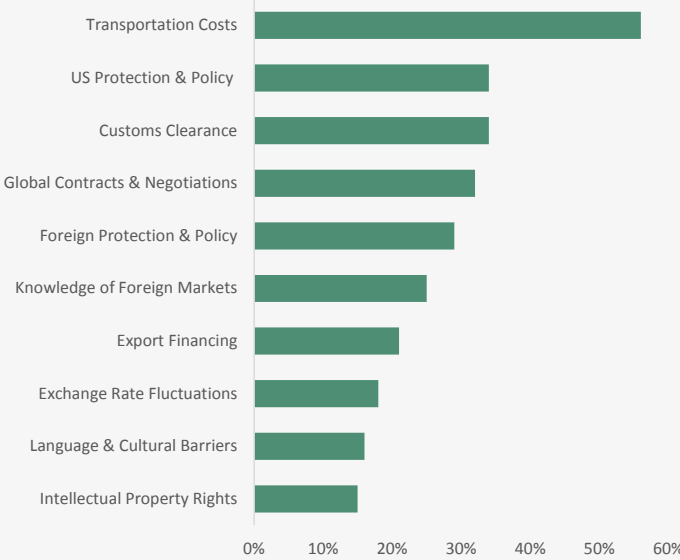
In comparison to the U.S. ratio of 70% goods and 30% services. Source: Export Nation 2013

SHARE OF EXPORT VALUES BY INDUSTRY – SELECT GOODS



The Upstate greatly outpaced the U.S. in its share of exports of Machinery and Chemicals. Source: Export Nation 2013

TOP CHALLENGES TO EXPORTING OR WHEN CONSIDERING NEW MARKETS



Source: Upstate Market Assessment