



Supplementary Staff Report – International Trade Development Plan

Executive Summary

Our future regional economy has the best chance of becoming and/or staying relevant a) when we produce the goods (and services) needed by the citizenry of the world's major metropolitan centers (95% of the world's population lives outside the US) to live, work, and play, and b) if our region is a strong leader in agriculture (food, feed, fibers, fuels, resins, chemicals, and pharmaceuticals), advanced manufacturing, and talent (people), and is physically connected to major MSAs (Chicago, Minneapolis) via infrastructure (fiber, ports, airports, highways, and rail). While the preceding statement is extensive with several variables, the Madison Region fits extremely well into the future of the world economy if our assets, economic history, and investments are globally strategic. Wisconsin (\$22B in exports), and more importantly the assets of south central Wisconsin (\$2B), are well positioned to capitalize on this. *NOW*. To address the continued rapid globalization of the world's economy, MREP needs to create and implement a plan for exports and foreign direct investment, in partnership with the federal and state government, private corporations, EDOs, and trade organizations.

New infrastructure and policies are expanding opportunities to export globally. The Panama Canal expansion will be completed in 2014. It will double its cargo capacity, changing export dynamics dramatically. In addition, foreign partnerships, trade agreements and federal agencies are widening the international marketplace. So how can or do we compete in this growing export economy, and can we use global strategies and partnerships to create new jobs, create wealth and increase investment in the region?

Statistically, the State of Wisconsin's total exports for all four quarters of 2011 was over \$22 billion. The Madison MSA (Metropolitan Statistical Area) ranked second in 2011 in the state at approximately 9%, or just over \$2 billion of the total. While Milwaukee MSA ranked first in the state (\$8.9 billion), our State of Wisconsin's export valuation *as a whole* lagged behind the Chicago and Minneapolis MSAs at \$39.5 billion and 26.2 billion, respectively. With respect to the top 100 metros in the country, the Madison MSA ranked about 75 in 2011 for a) export value (\$2BB), b) export share of metro GDP (8.3%), c) direct export-production jobs (11 per 1000), and d) total export-supported jobs (20 per 1000). However, Madison MSA ranks 54th nationally on an "annualized export growth rate by value from 2003-2008 (7.4%)" and 10th on "export growth rate by value from 2009-2010 (15.1%)", and the State of Wisconsin total export volume increased to \$23.1 Billion (4.7% increase) in 2012. These last three statistics show the export environment is improving rapidly in the MREP region and state, respectively, and the need to take advantage of this opportunity.

MREP's Strategic Plan: "Advance Now", touches on global marketplace initiatives in the third year. Given: a) the current and future global economy, b) the role that exports played in "surviving"



companies coming out the recession, c) the incoming Chancellor Blank's *soon to be* former role and rolodex at the U.S. Department of Commerce, and d) the recent federal and state governmental investments in the international marketplace, *it is the position of this document that MREP accelerate international marketing initiatives during year one.* When analyzing the actionable steps associated with exports and FDI, both are likely to have components associated with all five of Advance Now's Goals (Economic Competitiveness, Innovation and Entrepreneurship, Human Capital, Marketing, and Leadership and Diversity).

Program Tools, Partners, Resources

The top three national partners working to enhance corporate and economic development agency organizational efforts for globalization are SelectUSA--US Department of Commerce, the International Trade Administration--Division of Export Policy, Promotion and Strategy, and the Brookings Institute--Metropolitan Policy Program.

At the State Level, WEDC International (<http://inwisconsin.com/international>) is marketing "Knowhow, Funding and In-Market Services" and has three Market Development Directors in Wisconsin covering all continents of relevance plus representatives in 36 countries. Simply, WEDC has invested extensively in the "brains, bucks and being there" assets and skills to advance the MREP Region further, faster and more strategically in selected markets or in the region. The WEDC has experienced representatives for the Americas, Europe, Asia/Pacific, India, Middle East and Africa. It also boasts substantial export education and market access grants for both corporations considering exports for the first time as well as those interested in expanding their export program.

The strategic goals for WEDC and Wisconsin as a whole include doubling exports from a 2009 Base of \$16.7 Billion by 2015 (2012 returns show \$23.1 B) and increasing the number of Wisconsin Exporters by 20% from a 2009 Base of 6,473 by 2016.

International Trade Development Opportunities for MREP and EDO Partners

- I. Locally, the U.S. Department of Commerce granted authority in December 2005 for Dane County, through the airport, to establish the South Central Foreign Trade Zone (FTZ). An FTZ is a specific area within the United States, located in or near a port of entry, where certain types of merchandise can be imported without going through formal customs entry procedures or paying import duties. Companies located in such zones are typically not charged tariffs on their product inventory until it is sold, which improves a company's cash flow and saves substantial dollars.
 - a. The five sites approved in the initial application were:
 - i. Two properties, totaling 123 acres, owned by the Dane County Regional Airport in proximity of the airport.



- ii. Five parcels, totaling 47 acres, owned by Capitol Warehousing Corporation, in the Village of DeForest, about three miles north of the airport.
 - iii. Arlington Prairie Industrial Park, containing 213 acres in Columbia County.
 - iv. Six parcels in the Center for Industry and Commerce, in an area east of Hwy. 51 and west of I-39, north of Hanson Road and south of Hoepker Road, near the airport, marketed by T. Wall Properties, with a total of 139 acres in the City of Madison
 - v. Two parcels, totaling 126 acres, owned by MadCap1 and CapWin19 in the Village of DeForest.
 - b. MREP will connect with the airport staff on the status of the FTZ. MREP will research what activity has transpired, what new programs or changes have occurred since its formation, and what is the vision for the future of the FTZ. Opportunities to invest and market current eligible sites will be identified and opportunities to strategically expand the FTZ for specific projects will be explored.
 - c. It is also anticipated that more parcels can be added when justified within the eight county region in the South Central Wisconsin FTZ, including Dane, Sauk, Columbia, Dodge, Iowa, Jefferson, Green and Rock.
- II. Align major efforts regionally with WEDC International Business Development priorities and MREP Markets (industry sectors of importance),
- III. Knowhow, Funding and In-Market Services: Leverage MREP and EDO "Know-WHO," connecting our companies with networked WEDC and WMEP "Know-HOW" expertise.
- IV. Long Term Export Strategic Plan Development and Technical Assistance: Apply in partnership with Milwaukee 7 (M7) region to the Brookings Institute's Metro Export Exchange Program. (Solicitations for applicants are to be posted around June 1, 2013.)
 - a. General: The Brookings Institute's "Metropolitan Export Exchange" will provide direct guidance and peer learning opportunities to MREP and M7 leaders to create action-oriented plans that increase exports from our respective metropolitan areas. The program is designed to transfer experiences from four previous pilot metro areas that developed regional export strategies and to support broad-scale implementation of the approach outlined in the Brookings publication "Ten Steps to Delivering a Successful Metropolitan Export Plan." The deliverables from this process, if selected for participation, are the creation of an export market assessment, an export strategy, an implementation plan, and a policy memo. All will be completed within nine months of starting
 - b. Roles and Responsibilities: While MREP (in partnership with M7) will be fully responsible for the design and execution of our plan(s), Brookings will serve as a facilitator and outside advisor to our locally-led process. Much of the learning in this program is designed to occur through two scheduled workshops, associated readings



and tools, monthly webinars, and a peer-to-peer exchange. Brookings also will provide some localized data, technical assistance, and guidance and feedback to support metro areas in their efforts to develop tailored metro export plans.

- c. Process: MREP, in partnership with M7, will need to a) complete the application documenting readiness, capability, commitment and organization, and b) convene and engage our regional leadership team partners. Once selected, we will conduct and create our market analytics through interviews and surveys (BRE visits), write, vet, and adopt our strategic export plan, begin implementation, and assemble necessary staff and financing for implementation within 12 months of starting.
 - d. If MREP is not selected for the exchange it will not change our strategy. We will be required to raise additional funds and seek additional outside expertise elsewhere.
- V. Immediate and ongoing MREP Export Involvement Stage Opportunities
- a. Pre-Export Fishing: Assemble companies by region or industry sector to spend an hour introducing them to MREP and WEDC's International Programs.
 - i. EDOs facilitate invitee and marketing.
 - ii. Attendees must be President or C-Level.
 - iii. Orient this effort around industry sectors or areas inside the region.
 - 1. Biotech industry sector could partner with BioForward. Agriculture corporations could partner with State Agriculture Trade Organizations
 - iv. Needs to be integrated with:
 - 1. MREP Marketing and mechanisms/database resources for outreach
 - 2. BRE (Business Retention and Expansion) site visits and data dashboard
 - b. Boardroom Briefs: 90-Minute sessions on specific markets presented by Wisconsin Trade Representatives and subject experts centered on a country, international region, or industry sector (Ag, bio, advanced manufacturing, IT, etc.). General Outline:
 - i. MREP, with host partnership, bring in international experts on subject matter. Profile opportunities, challenges, and realities of the market.
 - ii. WEDC Trade Representative present on macro trade environment issues
 - iii. Host supplies expert (maybe local) to discuss taxes, customs, international law, etc. with attendees.
 - iv. All sessions will be available on-line as a webinar for those unable to attend in person.
 - c. ExporTech-- Strategic International Business Development Plan and Process for experienced and novice exporters seeking to enter and expand in the markets they identify.



- d. Customized Projects- MREP companies determine scope and objectives for specific market needs such as company background checks, pricing, collections, specific market reports and more.
 - e. MREP will assist companies choosing to participate in the ExporTech- Strategic International Business Plan Development Process.
 - e. MREP will serve as a referral resource and clearing house for international business service providers
 - f. MREP could evolve into active participation and support in the area international trade associations: MITA for Madison
- VI. MREP FDI Investment Activities. International or Global marketplace opportunities take the form of either foreign exports or Foreign Direct Investment (FDI). FDI in the MREP region can manifest itself in both foreign investment capital and foreign company investment. Key FDI drivers are talent/workforce/employment and proximity to a world-class research facility. The ability to design, develop and test most of anything, and basic R&D laboratories are the primary marketable FDI assets according to Wisconsin Economic Development Corporation (WEDC). UW Madison is the centerpiece for this FDI opportunity and the Greater Madison Chamber of Commerce is supporting this initiative by making an innovation HUB a priority for its future plans.
 - a. Actionable FDI Steps
 - i. Have a solid Customer Resource Management (CRM) software Tool (Sales Force) in place for client and project management.
 - ii. Benchmark MSAs of the region (predominantly UW Madison assets) by industry and job functionality for:
 - 1. R&D
 - 2. Design Services
 - iii. Profile industry clusters and supply chain to complement the research efforts of the UW Madison.
 - iv. Serve as a resource to refer Foreign Consulates/Trade & Investment agencies and overseas companies in customer/partner search to generate FDI opportunities
 - v. Funding:
 - 1. Option—Submit a proposal to WEDC (Innovation and Entrepreneurship Division) for Investment dollars to finance MREP costs associated with creating the tools to attract investment capital (VC, private equity, strategic equity)
 - vi. Incorporate DATCP International staff on Agriculture opportunities.



- vii. Include the Following in the Industry Cluster Value/Supply Chain Mapping Efforts:
 - 1. Biotech: Stem cells, pharmaceuticals
 - 2. Agriculture: Food safety, bioag, agriculture systems and engineering, renewable,
 - 3. Information Technology: IT Health Care, SCIF (Sensitive Compartmented Information Facilities)
 - 4. Manufacturing: Advanced manufacturing, small engines, clean tech
 - 5. MREP can reach out the Business and Industry Division at WEDC for data when we are developing research requests
- viii. Lead Generation Activities and Options
 - 1. Work with WEDC Staff
 - 2. Hire a consultant
 - 3. Search for and connect with critical decision makers in each business inside our target industries
 - a. Hoovers, Netprospect, InsideView, Sales Genie, DemandBase, Jigsaw, Dunn & Bradstreet, Data.com, LinkedIn, and Reachable online services
 - b. Use LinkedIn "in mail" services when making professional outreach.
 - c. MREP or staff's LinkedIn home pages need to be professionally created or edited, respectively
 - 4. Use Twitter proactively to create a following
 - a. May need a partner on this.
 - 5. Updated specific web pages for exports and FDI
 - a. MREP Web Page: On top of content, MREP needs to evolve and translate our web portal into German, Spanish, and Chinese versions in addition to our current English-only version. This will be critical upon completion of our Brookings Institute strategic export plan for the MREP region.
 - 6. Attend strategic trade shows, trade missions, and trade ventures

Staff Recommendation (\$104,000 for the first year)

- I. Create/Assemble International Steering Committee (2-3 meetings, \$500)
- II. Fieldtrip to Minneapolis International Marketing Office (1-2 day trip, \$3000)
- III. Value/Supply Chain Mapping of Industry Clusters. Work with Industry Cluster Staff from WEDC-Business and Industry Division. (6-12 months for base data, plus ongoing--\$15000)



- IV. South Central Wisconsin FTZ Coordination and development with Dane County MSN Staff (staff, \$500)
- V. Work with UW OCR to profile R & D facilities and laboratory capabilities at UW Madison (\$500)
- VI. Washington D.C. visit with Federal Agencies and Brookings Institute (1-2 day visit, \$5000)
- VII. Create Partnerships with WEDC, DATCP and WMEP (\$500)
 - a. Cost share dollars, roles, responsibilities
 - b. State partnerships with MREP could be formed prior to Washington D.C. visit to facilitate a team approach visit
 - b. Hire new staff—International Marketing Manager (0.5 FTE, \$50,000)
 - c. Reassemble Steering committee to create International Strategic Plan (\$500)
 - d. Identify and secure corporate sponsors locally
 - e. Market WEDC Partnership Programs simultaneously to EDOs and corporations
 - i. Grant Dollars (EEG, IMAG, ExporTech, SBA, Other Federal dollars) (\$1000)
 - ii. Outreach Programs
 - 1. Pre-Export Fishing
 - 2. Boardroom Briefs
 - 3. ExporTech
 - 4. ExporTech Boost
 - 5. Trade Missions
 - 6. In-Market Trade Representatives
 - 7. Referral Service
 - 8. International Trade Associations (World Dairy Expo)
 - 9. Develop Global faces for MREP Web Page
- VII. Export Strategic Plan (12-month process)
 - a. Brookings Metropolitan Export Exchange Application and project coordination with M7 (\$1500)
 - b. Brookings Strategic Planning Research, Workshops, Drafting and Plan Creation (\$25,000)

Implementation

MREP's International efforts will be led by the Senior V.P. of Economic Development in association with the Vice Presidents of both Strategic Alliances (i.e. Value Chain Mapping, BRE Visits) and Marketing (i.e. Corporate Database for Partners, Marketing Materials, Web Development) and in collaboration with EDOs, UW and WEDC officials and partners across the region. One additional position will be needed for international marketing. This position, given the likely parallels between companies involved in industry clusters of significance for MREP and international export opportunities, could be a full-time professional who would also have technology, innovation, and entrepreneurship duties.



**Madison Region
Economic Partnership**