LOCAL ECONOMIES IN THE GLOBAL MARKET

COUNTY ECONOMIES 2020

ISSUE BRIEF | FEBRUARY 2020

NACo's MISSION

Strengthen America's counties.

NACo's VISION

Healthy, safe and vibrant counties across America.

ABOUT NACo

The National Association of Counties (NACo) strengthens America's counties, serving nearly 40,000 county elected officials and 3.6 million county employees. Founded in 1935, NACo unites county officials to:

- **Advocate county priorities** in federal policymaking
- **Promote exemplary county policies** and practices
- **Nurture leadership skills** and expand knowledge networks
- **Optimize county and taxpayer resources** and cost savings, and
- **Enrich the public's understanding** of county government.

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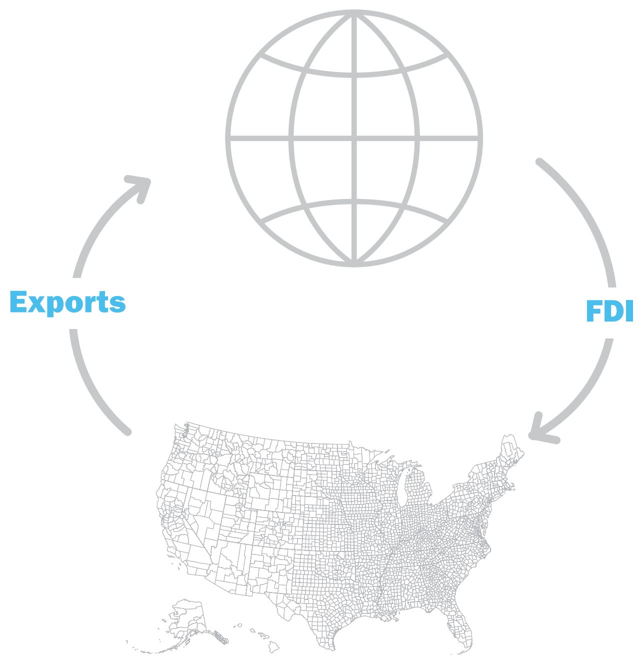
KEY TERMS

Global Market Engagement (GME): NACo's Global Market Engagement (GME) Index is a measure of how engaged a county economy is with the global market, based on exports from the county and foreign direct investment (FDI) into the county. The GME index considers exports and FDI relative to a county's economic production (GDP) and job market size to compare international economic engagement between counties of similar economic sizes. The GME index excludes mergers and acquisitions (M&A), imports and foreign-owned businesses to focus primarily on exports and greenfield FDI that bring new investment into and create new jobs within the local economy. The GME Index is not a ranking; rather, it simply measures engagement with the world economy. **County leaders must consider their own situation to determine the optimal level of global market engagement for their local economy.**[1]

NACo's Global Market Engagement (GME) Index

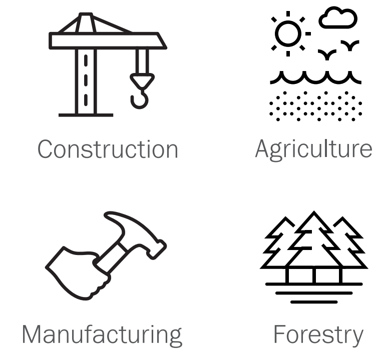


Exports: Exports are goods and services sold by U.S. residents to foreign residents.[2]

Foreign Direct Investment (FDI): Foreign direct investment (FDI) in the U.S. is an investment from a resident of another country in a business enterprise within the U.S.[3]

Gross Domestic Product (GDP) estimates the value of:[4]

Goods-Producing Industries, e.g.:



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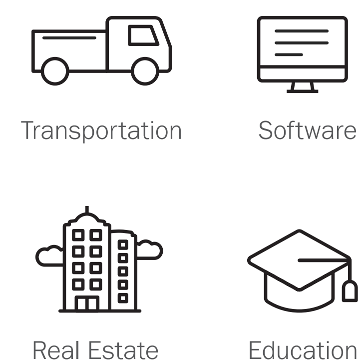
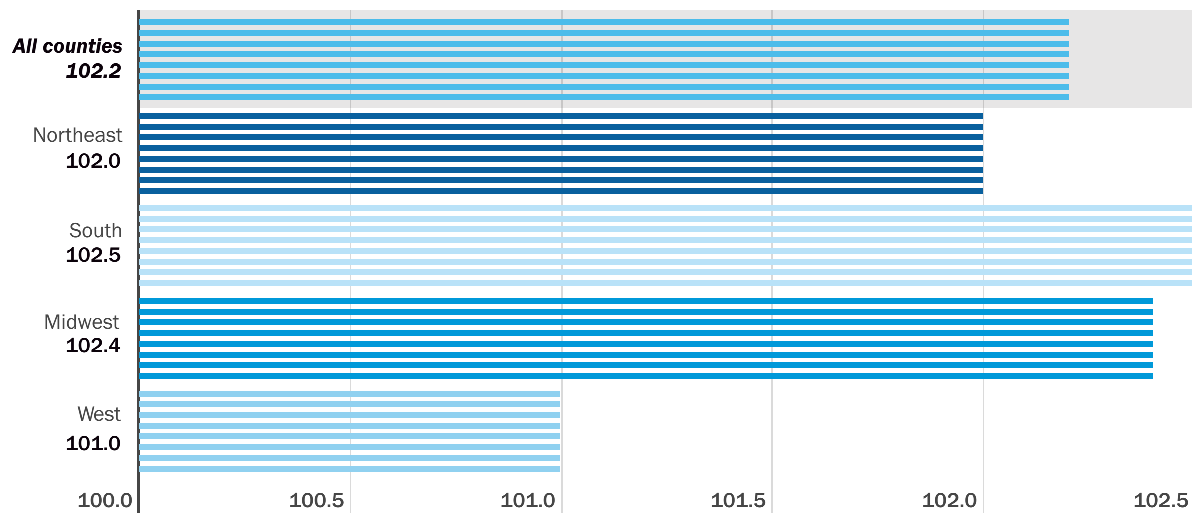
Services-Producing Industries, e.g.:



COUNTIES ARE KEY PLAYERS IN THE GLOBAL ECONOMY

In an increasingly connected global economy, international exports and foreign investments play a vital role in the national economy. Although counties are not often the main players discussed in international trade issues, they have a vested interest in ensuring local businesses are connected to the global economy. Many counties are augmenting their traditional economic development strategies with a global focus. Through partnerships with the federal government, states, cities and other counties, county leaders across the nation are increasing the competitiveness of local businesses in the international market, stimulating foreign investment and positioning their home economies for expansion and growth. This report analyzes the impact and drivers of global engagement in local economies, discusses the county role in international economic development and provides county examples and resources for county leaders looking to further engage the global market.

South and Midwest Have the Most Globally Engaged Counties: Average County GME Scores by Region, 2017



Notes: The above graph shows the average GME Index score for counties in each Census region in 2017. A score of 100 indicates that a county is as engaged with the global market as would be expected or predicted based on the size of its economy (as determined by its GDP and job market size).

Source: NACo analysis of data from fDi Markets and Brookings Export Monitor 2018.

Most Globally Engaged Small Counties:

1. St. James Parish, La. (115.8)
2. Iberville Parish, La. (115.3)
3. Posey County, Ind. (114.9)
4. Sargent County, N.D. (114.7)
5. Calhoun County, Texas (113.9)

Most Globally Engaged Midsized Counties:

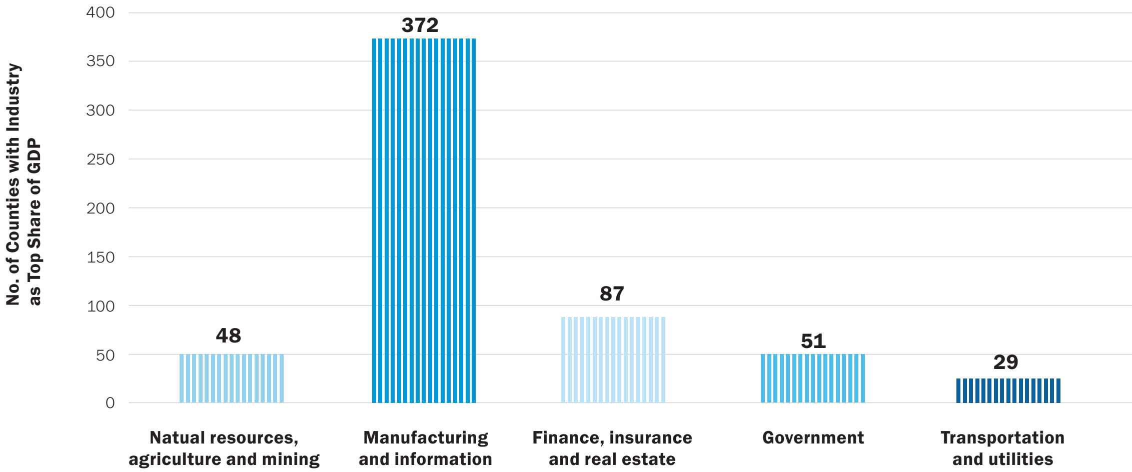
1. Scott County, Ky. (114.0)
2. Boone County, Ill. (113.3)
3. Bartholomew County, Ind. (112.5)
4. Laurens County, S.C. (112.4)
5. Troup County, Ga. (112.3)

Most Globally Engaged Large Counties:

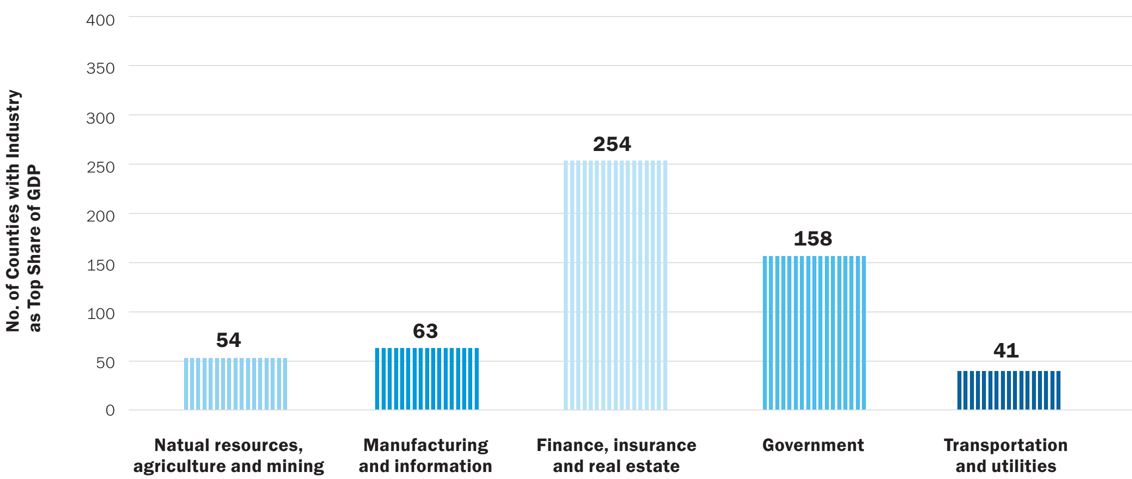
1. Snohomish County, Wash. (108.81)
2. Wayne County, Mich. (108.80)
3. Washington County, Ore. (108.61)
4. Macomb County, Mich. (108.55)
5. Sedgwick County, Ks. (107.9)

MANUFACTURING INDUSTRY DRIVES COUNTY ENGAGEMENT IN THE GLOBAL MARKET

Manufacturing Is Top Industry for Most Globally Engaged Counties



Least Globally Engaged Counties Have More Diversified Economies



Source: NACo analysis of data from fDi Markets and Brookings Export Monitor 2018.

The most globally engaged county economies most often relied on manufacturing as their primary economic output. The least globally engaged county economies, on the other hand, had more diversified economies, with the finance industry and government enterprises most often contributing the largest share of a county's economic output.[5]

On average, **the South was the most globally engaged region.** Production in South county economies was driven most frequently by finance, insurance and real estate (31 percent), followed closely by manufacturing and information (29 percent).[6]

Counties in the West were the least engaged, on average, partially due to less counties (9 percent) relying on manufacturing as their top economic output. Midwest counties most frequently relied on manufacturing (36 percent) and had the second highest average GME index.[7]

NACo's Global Market Engagement (GME) Index measures a county's engagement with the world economy relative to other counties of a similar economic size.

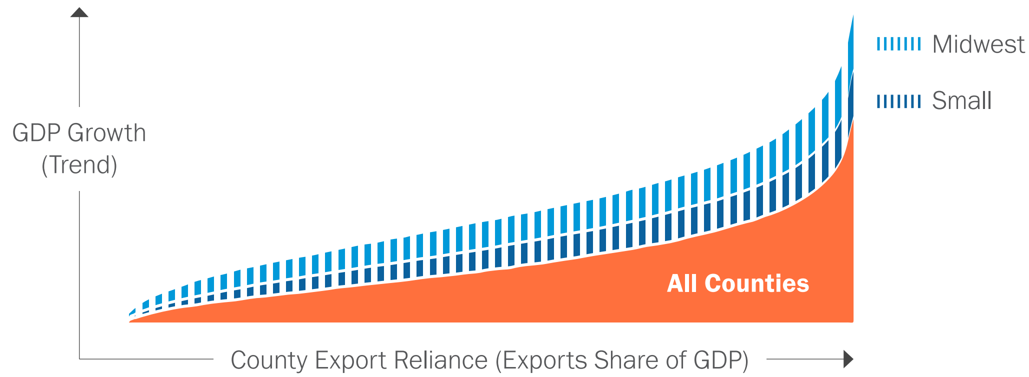
EXPORT-RELIANT COUNTY ECONOMIES TEND TO HAVE FASTER ECONOMIC GROWTH

What is Happening? More Export Reliance Connected with Faster GDP Growth, Especially in Small Counties and in Midwest Counties

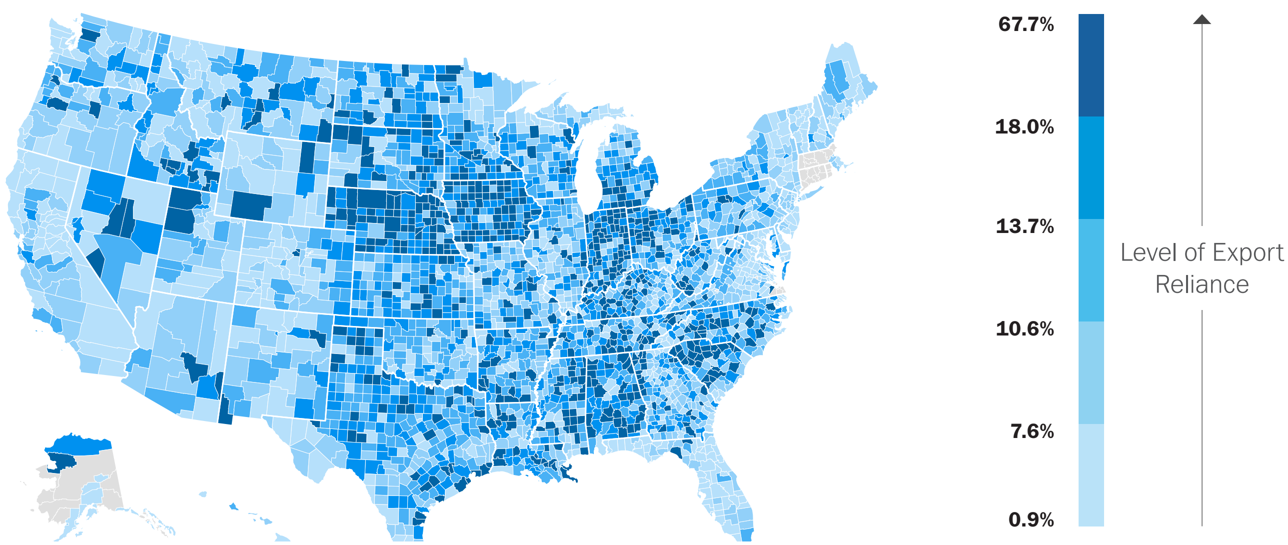
More Export Reliance =

Faster GDP Growth in **All Counties**

Even Faster GDP Growth within **Small Counties** and **Midwest Counties**



Where is it Happening? Export Reliance by Exports Share of GDP, 2017



Source: NACo analysis of data from Brookings Export Monitor 2018.

In 2018, the U.S. exported over **$2.5 trillion of goods and services** – an increase of 6.3 percent from 2017.[8] Although most exports came from large counties (53 percent), small county economies were more reliant on exports (14 percent vs. 9 percent export-reliant). Midwestern county economies were more export-reliant (12 percent) than county economies in other regions.[9]

County economies that were more reliant on exports tended to have faster rates of economic growth. This effect was most pronounced in small counties and in Midwestern counties, and driven by the manufacturing sector.[10]

Most exports (55 percent) came from the manufacturing industry, especially in more export-reliant counties. Over 83 percent of exports came from the manufacturing industry in the most export-reliant counties (top quintile).[11]

On the other hand, less than 50 percent of exports were from manufacturing in the least export-reliant counties (bottom quintile); instead, these counties had more diversified exports, with higher shares from other industries such as information, technology, education, medicine and tourism-related services.[12]

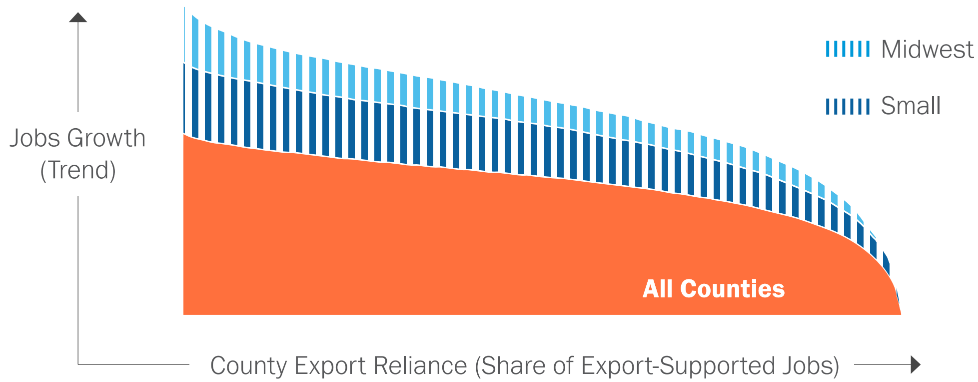
EXPORTS SUPPORT OVER 12 MILLION JOBS, BUT DO NOT NECESSARILY LEAD TO FASTER JOBS GROWTH

What is Happening? More Export Reliance Connected with Slower Jobs Growth, Especially in Small Counties and in Midwest Counties

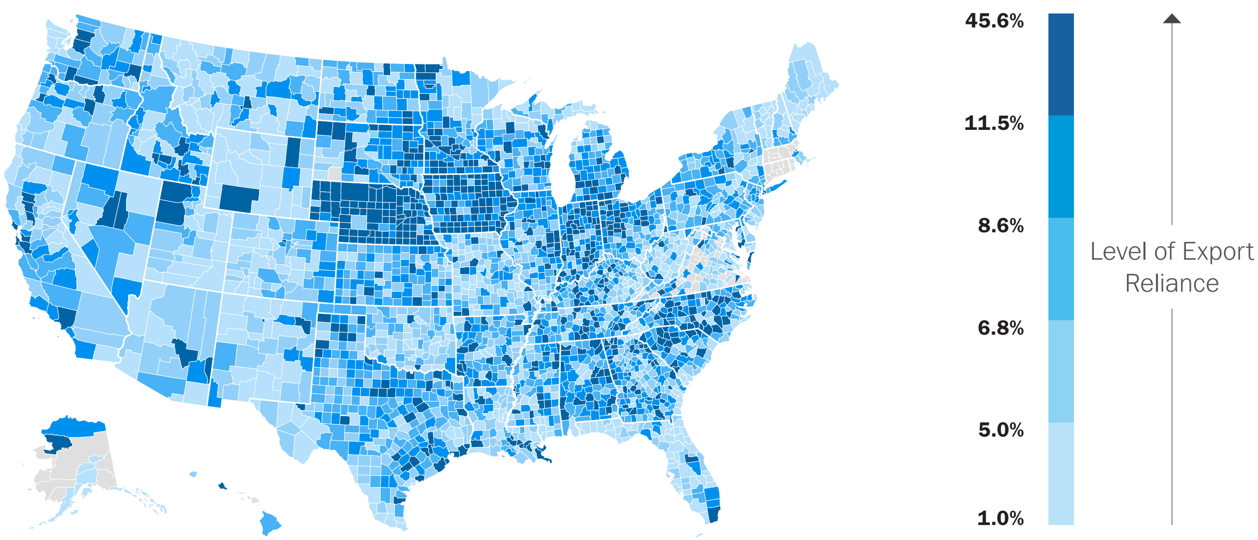
More Export Reliance =

Slow Job Growth in **All Counties**

Even Slower Job Growth within **Small Counties** and **Midwest Counties**



Where is it Happening? Export Reliance by Export-Supported Jobs, Share of Total Jobs, 2017



Source: NACo analysis of data from Brookings Export Monitor 2018.

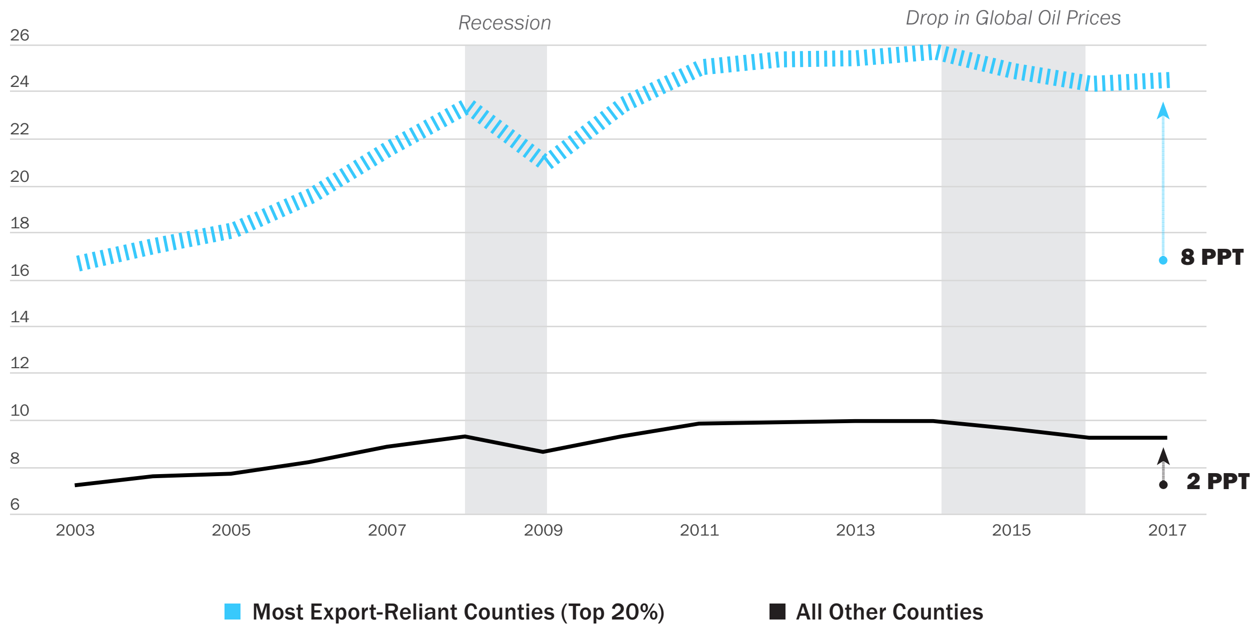
Over 12 million jobs across county economies are supported by and would not exist without exports. The majority of these jobs (57 percent) are found in large counties, though both small and large counties have roughly the same share of export-supported jobs (9 percent).[13]

Despite the amount of jobs supported by exports, export reliance does not necessarily lead to faster jobs growth. At the national level, county job markets that were more reliant on exports saw slower rates of jobs growth. This effect was most pronounced in small counties and in Midwestern counties.[14]

The manufacturing industry is the most probable cause of this phenomenon. **Since 1987, the manufacturing sector lost nearly 5 million jobs (28 percent), yet its real output grew by over 85 percent.**[15] These changes reflect an increase in worker productivity, more advanced machinery and streamlined processes.[16]

EXPORT RELIANCE IS INCREASING, ESPECIALLY FOR COUNTY ECONOMIES THAT ALREADY RELY ON EXPORTS

International Exports Share of GDP, Most Export-Reliant Counties (Top 20%) vs. All Other Counties, 2003-2017



From 2003 to 2017, the share of the GDP comprised of international exports for all counties increased by 2.4 percentage points (PPT), from 8 percent to 10.4 percent.[17]

The top 20 percent of counties (by export reliance) saw a more pronounced increase. During that same time period, the share of GDP comprised of exports in these counties increased by 8PPT, from 17 percent to 25 percent.[18]

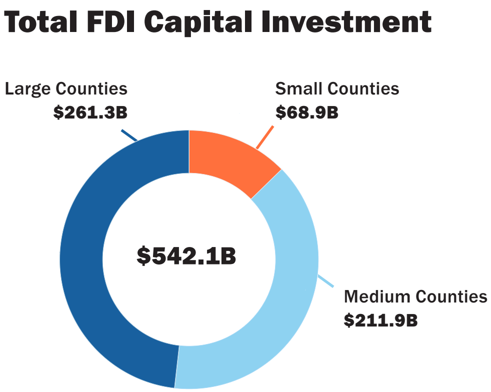
Export reliance decreased twice since 2003. From 2008 to 2009, the Great Recession caused a decrease in export reliance. The second decrease occurred from 2014 to 2016, when global oil prices plunged due to an increase in the oil supply without a corresponding increase in demand.[19] Both periods are highlighted here.

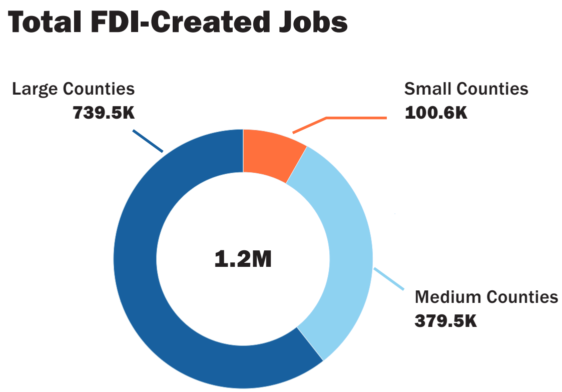
Although exports play an increasingly important role in economic growth, **each county must examine its own specific situation,** including industry concentrations and workforce needs and skills, before deciding how much to invest in expanding exports.

Source: NACo analysis of data from Brookings Export Monitor 2018.

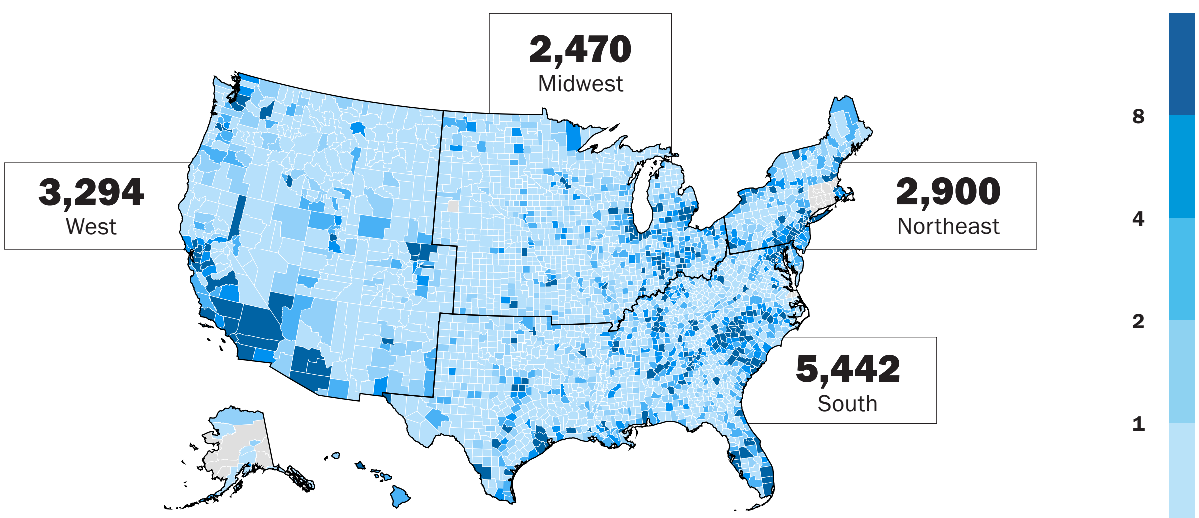
FOREIGN INVESTMENT BROUGHT IN $542 BILLION AND CREATED 1.2 MILLION JOBS FROM 2003 TO 2017

New Foreign Direct Capital Investment and Jobs Created by Population Size, 2003-2017





Number of New FDI Projects by Region, 2003-2017



Source: NACo analysis of fDi Markets data.

From 2003 to 2017, 14,106 greenfield foreign direct investment (FDI) projects brought in **over $542 billion** to county economies. These investments created over 1.2 million jobs across 1,226 counties in the U.S.[20]

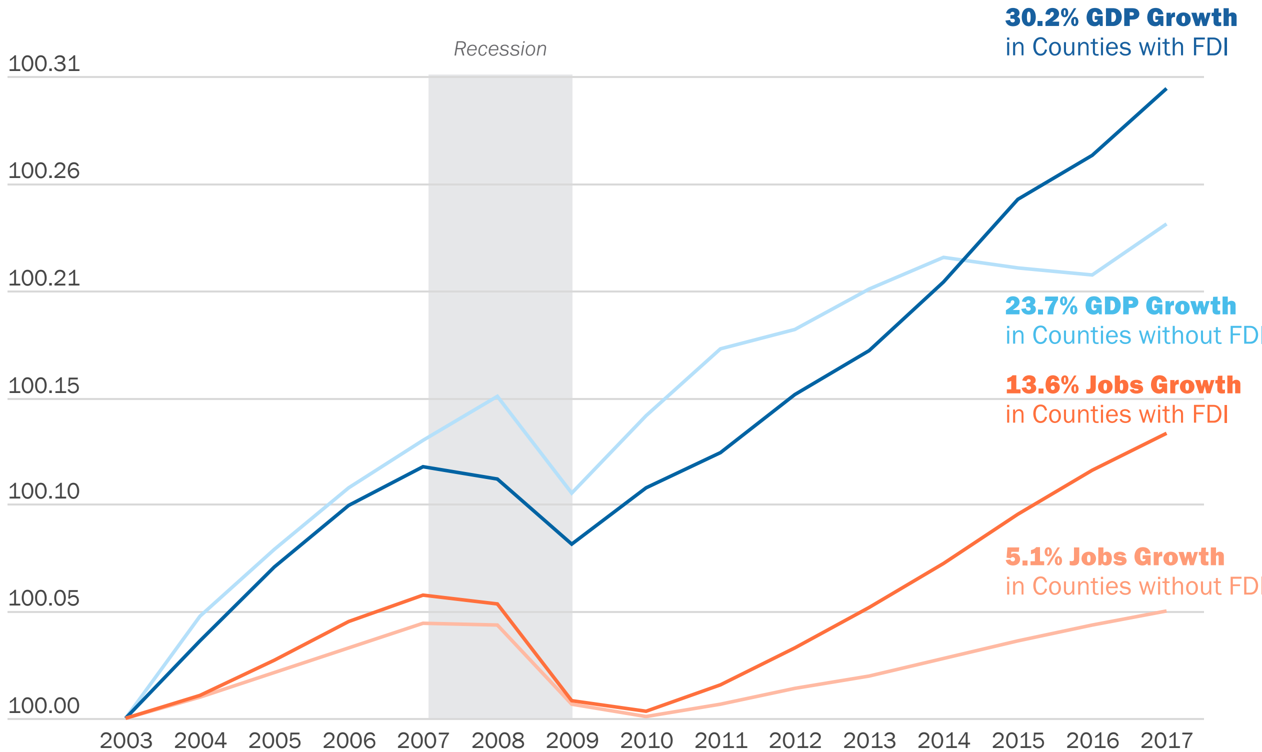
The average FDI project between 2003 and 2017 brought in over $38.4 million to a county economy and created 86 jobs. However, **only 40 percent of counties (1,226) received** at least one new foreign investment project directly during that time period. All 130 large counties had at least one new FDI project between 2003 and 2017, while less than one quarter (22 percent) of small counties had an FDI project.[21]

Although large county economies received more foreign investment than small county economies, **the average FDI project in a small county was three times greater** than that in a large county and created 1.5 times more jobs.[22]

Northeast counties were most likely to have an FDI project occur compared to the other three regions. 64 percent of counties in the Northeast had a new FDI project occur between 2003 and 2017. The highest share of FDI projects (39 percent), however, occurred in the South.[23]

COUNTY ECONOMIES WITH FOREIGN INVESTMENT EXPERIENCED FASTER ECONOMIC GROWTH

GDP and Jobs Growth of Counties with New FDI Projects vs. Counties without New FDI Projects, 2003-2017



From 2003 to 2017, **real capital foreign investment in county economies grew nearly 7.5 times,** reaching over $74 billion in 2017. The amount of jobs created by foreign investment grew by nearly 6 times, from just under 21,000 to over 137,000.[24]

Similarly, during that same period, the contribution of FDI to the GDP in county economies grew over 5.5 times, and the share of FDI-created jobs grew nearly five times, demonstrating that, overall, **county economies became more FDI-reliant.**[25]

County economies that benefited from at least one new FDI project grew faster (6.5PPT) than those that did not benefit from one. Likewise, they experienced higher jobs growth (8.5PPT).[26]

In general, foreign entities tend to invest in large, healthy county economies. Although new FDI projects tend to positively affect county economies, they are also often a reflection of an already-healthy county economy.[27] Counties can benefit from FDI projects and by incorporating FDI attraction in their economic development activities, but they should not rely on them exclusively for economic growth.

COUNTY ROLE IN INTERNATIONAL ECONOMIC DEVELOPMENT

Across the country, counties are engaging in different strategies to expand economic productivity through international trade and business. The following sections present some key activities in which county leaders engage to expand international economic development in their communities, as well as specific county examples.

1. Encourage local businesses to export

In 1,965 counties (64 percent), exports made up over 10 percent of the county GDP in 2017. In 164 of these counties, exports made up over 25 percent of the county GDP.[28] County leaders can help encourage businesses to export by connecting them with the appropriate federal and state programs. For county economies with a lot of middle-market companies, encouraging exporting is an especially viable option.[29]

COUNTY EXAMPLE:
Clackamas County, Ore.

Population Level, 2018: 416,100

Nominal Gross Domestic Product (GDP), 2018: $21 billion

Total International Exports, 2017: $2.4 billion

Total Capital Foreign Investment, 2003-2018: $144.6 million

Source: NACo County Explorer data, 2020

Located adjacent to Portland, Clackamas County is a medium-sized county with nearly $2.4 billion of exports and over 15,000 jobs supported by exports (in 2017).[30] Agriculture, food processing, metals and manufacturing are some of the county's largest exporting sectors.[31] Recognizing the important role that export activity plays in the county's economic wellbeing, Clackamas County Economic Development has developed a Global Trade Strategy. To help encourage exports, the county hosts local educational seminars, provides outreach to businesses and helps facilitate connections between companies and resources that can foster international trade. Clackamas County partners with other counties and cities through regional organizations, such as Greater Portland, Inc., the Oregon Small Business Development Center and Business Oregon, as well as with federal entities, such as the U.S. Commercial Service, U.S. Small Business Administration and the Export-Import Bank of the United States. As a Vice Chair of NACo's International Economic Development Task Force, Clackamas County Commissioner Martha Schrader is engaged in promoting these partnerships and the county's role in international trade.[32]

Plan Ahead: See examples of local government international economic development plans here from Brookings' Global Cities Initiative. Counties can make similar plans, which can be especially effective if formulated at the regional level. *www.brookings.edu/global-cities-initiative-the-exchange/*

KEY RESOURCE: Export-Import Bank of the United States (EXIM)

One key independent federal agency helping to support local businesses expand through exporting goods and services is the Export-Import Bank of the United States (EXIM). As the official export credit agency of the country, EXIM provides financing tools for businesses that are unable to secure loans from the private sector to compete globally. EXIM is able to assume risks beyond what the private sector will assume because it is backed by the full credit of the U.S., though it consistently maintains low default rates through close monitoring and support. Counties can direct small and middle-market businesses in their communities to the EXIM bank if those businesses are unable to find the financial tools they need in the private sector. Some examples of their services include: The EXIM Working Capital Loan Guarantee provides private banks up to a 90 percent guarantee for working capital loans, thereby increasing the borrowing power of exporters. EXIM Export Credit Insurance provides protection (up to 95 percent) to cover the risk of exporters not receiving payment due to commercial or political reasons. This insurance can also extend credit to qualified foreign buyers. Finally, EXIM helps exporters secure competitive financing for international buyers when a long-term financing package becomes necessary and private sector financing is not available. For more information, visit: ***www.exim.gov***

KEY RESOURCE: State Trade Expansion Program (STEP) from the U.S. Small Business Administration (SBA)

The U.S. Small Business Administration (SBA) oversees the State Trade Expansion Program (STEP), which provides grants to states each year to support small businesses engaged in the global market. Counties can connect small businesses in their communities to state trade development agencies with STEP funding to help them learn to export, support their entry into foreign markets, attract foreign buyers and participate in foreign trade missions.

For more information, visit ***www.sba.gov/blog/step-sbas-export-grant-program/.***

2. Stimulate foreign investment

Between 2003 and 2018, $542 billion of new foreign direct investment created over 1.2 million new jobs across the U.S.[33] County leaders can encourage economic development by promoting their community and region as an ideal location for foreign investment. By understanding top specialized industries and distinguishing regional characteristics, and by creating a welcoming and convenient environment for foreign businesses, counties can attract investors looking to expand operations in North America.

COUNTY EXAMPLE:
Pulaski County, Va.

Population Level, 2018: 34,100

Nominal Gross Domestic Product (GDP), 2018: $1 billion

Total International Exports, 2017: $457.8 million

Total Capital Foreign Investment, 2003-2018: $348.5 million

Source: NACo County Explorer data, 2020

Though home to just over 34,500 residents in a rural area of southwestern Virginia, Pulaski County (Va.) is home to nine companies based outside the U.S., which directly account for more than 4,750 jobs in the county and growing – most of which are in the advanced manufacturing sector. This employment number does not include the significant amount of supply chain jobs that indirectly benefit Pulaski County and the region. Over the years, the county's economy has benefited from foreign direct investment from Australia, Brazil, Canada, Colombia, Germany, Great Britain, Poland and Sweden. Volvo was one of the first foreign companies to invest in the county, with a Volvo Truck (OEM) manufacturing plant. Building good relationships with Volvo and with other foreign businesses in the county has been a key strategy for Pulaski County. Because of these relationships, the county now has good ambassadors for other international companies looking to locate in the region. The county's intentional relationships with foreign businesses have also helped the county understand how to work well with other cultures, thereby creating a welcoming environment for new international investments. Another key ingredient is coordination within Pulaski County's government. Pulaski County's Board of Supervisors, Economic Development Authority and County Administration all work together and consider it a priority to make the county an attractive place for foreign direct investment.

The Board of Supervisors, for example, funded the development of an International Baccalaureate program in the county's high school. Pulaski County Administrator Jonathan Sweet and Economic Developer Michael Solomon have taken trips abroad to form meaningful connections and market the county and its product, rather than waiting for companies to come to them. Pulaski County is international business ready with engagement, assets and infrastructure strategic to international business development. The county is also proximal to Washington, D.C. and allows county leaders to visit with foreign embassy officials and coordinate meetings with prospective companies looking for a U.S. presence. As a member of the NACo International Economic Development Task Force, Pulaski County Supervisor Joseph Guthrie works to promote the county as a hub of international activity in the region.[34]

Pulaski County is international business ready with engagement, assets and infrastructure strategic to international business development.

KEY RESOURCE: SelectUSA

SelectUSA is a program led by the U.S. Department of Commerce to facilitate job-creating business investment in the U.S. The organization provides information and counseling services to economic development organizations (EDOs) to help them connect to international markets and attract foreign investment to areas they serve, part of which includes helping foreign companies navigate the U.S. regulatory environment. SelectUSA utilizes the U.S. Commercial Service network to help EDOs gain in-depth knowledge of foreign companies and markets, as well as best practices to work with them. The agency also hosts numerous events to bring together global companies and EDOs – the largest being its annual SelectUSA Investment Summit. County leaders can participate in these events and encourage their EDOs or economic development departments to take advantage of the consulting services offered by SelectUSA.

For more information, visit: [*www.selectusa.gov*](http://www.selectusa.gov).

3. Develop international business relationships

Another important part of encouraging international economic development is forming business relationships with foreign countries, regions and businesses. County leaders are in a key position to bring business and government leaders together and develop these relationships, whether by participating in trade missions, hosting foreign delegations, forming sister city relationships or engaging embassies and consulates. Counties can invest in long-term foreign business relationships to help showcase their county services for attracting FDI, open potential markets for exporting businesses and learn how to conduct business with other nations. They can also learn how to make their communities a more welcoming environment for multinational companies and foreign investors.

COUNTY EXAMPLE: Chester County, Pa.

Population Level, 2018: 522,000

Nominal Gross Domestic Product (GDP), 2018: $46 billion

Total International Exports, 2017: $4 billion

Total Capital Foreign Investment, 2003-2018: $1.5 billion

Source: NACo County Explorer data, 2020

Chester County (Pa.) is a large county in southeastern Pennsylvania with approximately 522,000 residents and a strong connection to the global market.44 The county boasts a diverse economy with strengths in sectors ranging from fintech and life science to manufacturing and agriculture. Chester County may be known best for mushrooms – Chester County is the "Mushroom Capital of the World", producing over half of all mushrooms grown in the U.S. The County and its private sector partner, the Chester County Economic Development Council (CCEDC) have a long history of collaborating to foster international business opportunities for local businesses. The strategic focus on international business has ramped up in recent years with the establishment of the CCEDC's Global Business Advisors (GBA) and the Chester County China Initiative (CCCI). The GBA provides "peer-to-peer" mentoring, counseling and strategic management services to local companies competing in global markets through a volunteer Advisory Board of experts. The 30-member Advisory Board offers local companies diverse experience representing myriad countries, industries and languages. The CCCI aims to attract Chinese investment and businesses to Chester County, as well as to promote Chester County businesses and products in China. This proactive pursuit of international business has begun to pay off. Recent successes include:

- The development of a joint-venture "white-button" mushroom growing facility in Anhui Province, China, which features a Chester County grower and a Chinese-based grower. Mushrooms are grown and sold for Chinese consumption.
- The recruitment of a Portuguese juice manufacturer to a local manufacturing facility.
- The hosting of more than 30 delegations from various countries, including China, the United Kingdom, Lithuania, Hungary, Ireland and Taiwan.
- The establishment of five sister municipality agreements in China.
- The advancement of multiple international educational exchanges with key partners, including West Chester University and Penn State University.
- The facilitation of a local craft brewer's expansion into the Chinese market.[35]

KEY RESOURCE: U.S. Export Assistance Centers

Located throughout the country, U.S. Export Assistance Centers (USEACs) are staffed by trade specialists from the EXIM Bank, U.S. Department of Commerce and SBA to help increase the global competitiveness of U.S. businesses. There are over 100 regional offices across the country. One important service they offer is their business matchmaking service, also known as the "Gold Key Matchmaking Service." The Gold Key service connects businesses or EDOs with prescreened overseas agents, distributors, sales representatives and business partners by tapping into the network of U.S. Foreign Commercial Service Officers and their local contacts. USEACs match U.S. businesses or EDOs with prospective trade partners after examining the exporter's products and potential, and after providing customized market and industry briefings. The service also helps with travel, accommodations, interpretation and videoconferencing, as well as help closing deals and shipping products. Through USEACs, the Department of Commerce also introduces exporters to pre-screened buyers at domestic trade shows through its International Buyer Program and leads trade missions that target specific industries and countries. For more information, visit: ***www.export.gov***.[36]

KEY RESOURCE: Embassies and Consulates

One key avenue for counties to expand their international business networks is to connect with embassies and consulates. Counties with the resources or proximity to travel to D.C. often can develop relationships with embassy officials, but most counties will want to connect with consul generals or honorary consuls. Each, however, can play a key role in opening new business opportunities for the county, since these officials can help identify such opportunities and facilitate the necessary connections. They can also help make sure county leaders understand the culture and business environment of their home countries. By prioritizing relationships with consuls and embassy officials, counties can take advantage of their international business connections to develop personal relationships with businesses.

4. Form regional partnerships

When international companies begin examining their options for investing in a new U.S. location, they often first think of the most popular major cities, simply because they have heard of these cities previously and know that they will have a wide range of services and businesses available. Counties do not always have the brand recognition of cities, but they can partner together with other counties and municipalities to leverage resources, build scale and better promote their region as a hub of international business. Regional partnerships are especially important for small and medium-sized counties.

COUNTY EXAMPLE: Pasco County, Fla.

Population Level, 2018: 539,600

Nominal Gross Domestic Product (GDP), 2018: $13 billion

Total International Exports, 2017: $608.2 million

Total Capital Foreign Investment, 2003-2018: $140.1 million

Source: NACo County Explorer data, 2020

Pasco County (Fla.) is a large county with approximately 540,000 residents located in Florida's Tampa Bay area and focused on strengthening its ties with the global market.47 Recognizing the difficulty of building brand recognition for a county, Pasco County decided to partner with two neighboring counties in the Tampa Bay region – Pinellas and Hillsborough counties – to coordinate efforts through Global Tampa Bay. The three counties began pooling their resources and marketing the "Tampa Bay region," rather than their individual counties, recognizing that the workforce in the region crosses county lines, so all three counties benefit from any economic expansion in the region. The three counties share a coordinator to manage day to day operations and their economic development corporations meet with different companies together, only talking about their individual counties when offering incentives. They also work closely with SelectUSA to promote their region and focus on two-way trade, since importers can easily become investors. Separate from its regional efforts, Pasco County also runs AmSkills – a European-style, manufacturing workforce development program – and works very closely with the consulates in the area to strengthen international business ties and create a welcoming environment for foreign investment. As the current Chair of the NACo International Economic Development Task Force, Pasco County Commissioner Kathryn Starkey works with her neighboring county commissioners to strengthen the economy of Pasco County and of the whole Tampa Bay region.[37]

Recognizing the difficulty of building brand recognition for a county, Pasco County decided to partner with two neighboring counties to coordinate efforts.

5. Build adequate infrastructure

Counties play a large role in developing the infrastructure necessary for economic activity, both domestic and international. Counties own and maintain 45 percent of America's roads, and 38 percent of all bridges. Counties also support 78 percent of all public transit agencies and are involved in the operation of 34 percent of public airports.49 This involvement translates into over $122 billion annually that counties invest in building infrastructure, as well as maintaining and operating public works.[38] Counties can evaluate their current infrastructure needs and focus on developing their infrastructure in such a way that fosters an environment conducive to international economic activity. Strong infrastructure can help current businesses export more easily and encourage foreign companies to bring investment to the community.

Just north of Seattle lies Snohomish County (Wash.), home to approximately 815,000 residents and one of the highest levels of trade-supported jobs in the nation: in fact, more than 60 percent of jobs in the county are supported by trade.[39] Within the county's borders is located Boeing's Everett Site – where many of Boeing's airplane lines are built in the largest manufacturing building in the world. Snohomish County's success in becoming a center of international trade and business would not have happened without its strong infrastructure. The Port of Everett in the center of the county is the fifth largest port on the West Coast in terms of export value, supporting 34,000 jobs for the county.[40] Strong air, road, rail, ferry and bus service complete the county's transportation infrastructure and make the transportation of goods and people convenient for businesses. The Economic Alliance of Snohomish County highlights the county's infrastructure and utility offerings for businesses, alongside other factors of the county's business climate such as education and training, opportunity zones, taxes and incentives, properties and more. For local businesses looking to export or foreign businesses looking to invest, the county's economic development webpage pulls together lists of local, state and federal resources to help facilitate these processes. As a Vice Chair for NACo's International Economic Development Task Force, Councilmember Stephanie Wright helps encourage economic development in Snohomish County through foreign investment and export growth.[41]

JOIN THE NACo INTERNATIONAL ECONOMIC DEVELOPMENT TASK FORCE

The NACo International Economic Development (IED) Task Force consists of over 70 elected or appointed county officials from across the country. The Task Force facilitates the exchange of information, ideas and resources to guide NACo programming concerning county-level engagement in international economic development activities.

Check out previous IED Task Force activities here: ***www.NACo.org/IEDTaskForce***

APPENDIX: METHODOLOGY AND TECHNICAL NOTES

Below are abbreviated technical notes on the methodology. For the complete methodology, visit *www.NACo.org/CountyEconomies2020.*

NACo's Global Market Engagement Index

The NACo Global Market Engagement (GME) Index is a measure of how engaged a county is with the global market relative to other counties of a similar economic size. A score of "100" means that the county economy is as engaged globally as one would expect (or predict) a county economy of that GDP and job market size to be. The index is in no way a reflection of economic, social or political wellbeing, since a county's level of engagement with the global market should be determined by its own unique situation. The GME Index is calculated by using the natural log (plus one) of the following variables for 2003 through 2017: Total Real Exports, Total Real Foreign Direct Investment, Total Export-Supported Jobs, Total FDI-Created Jobs, Real GDP and Total Jobs. We used ordinary least squared (OLS) regression analysis, then took the residuals of the regressions analyses to estimate the global engagement of an "average county" based on GDP and job market size. We used principal components analysis (PCA) to determine how we would weight the residuals of each variable, then added them together, plus 100, to calculate the final GME index.[42]

County Export Analysis

County-level export data are from Brookings' Export Monitor 2018. Brookings estimates U.S. exports by production location, and not origin-of-movement, as is the norm with other available export databases. The origin-of-movement is not always the place where the good was produced, especially when exported goods are consolidated along the shipment route. Origin-of-movement export data are sufficient for a freight study, but they provide a distorted view for regional economic analysis. The analysis of the effect of export reliance on GDP growth and jobs growth, found on pages 5 and 6, estimates the effect of export reliance on GDP and jobs growth. We use "Export Share of GDP" for export reliance when discussing GDP growth, and "Share of Export-Supported Jobs" when discussing jobs growth. To estimate the effect of export reliance on economic growth, we use a series of fixed effects regression models. The model is roughly based on a simple economic growth model developed by Heitger (1987).[43] In our first model, we use GDP Growth as our dependent variable, Export Share of GDP as our independent variable and the following control variables: Labor Force Growth Rate, Real Personal Income per Capita (percent difference between the county and national values), Estimated Real Value of New Residential Building Permits (natural log), a control for market size based on the residuals from an OLS regression analysis of Total Real GDP and Export Share of GDP and dummy variables for each year. In our second model, we use Jobs Growth as our dependent variable, Share of Export-Supported Jobs as our independent variable and the following control variables: GDP Growth Rate, Real Personal Income per Capita (percent difference between the county and national values), Estimated Real Value of New Residential Building Permits (natural log), a control for job market size based on the residuals from an OLS regression analysis of Total Jobs and Share of Export-Supported Jobs and dummy variables for each year. For both models, we accounted for heteroskedasticity using robust standard errors. Alongside running these regressions for all 3,069 counties, we also ran each regression for each Census region and county population size group, thus calculating the relative impacts of export reliance on GDP and jobs growth in each region and population group. The graphs on pages 5 and 6 are visual depictions of the overall trends found in this analysis, showing predicted GDP growth and predicted jobs growth based on the coefficients of the export reliance variables (standardized to set the minimum predicted value equal to zero for each graph).[44]

County Foreign Direct Investment (FDI) Analysis

The analysis of foreign direct investment (FDI) going to counties was purchased from fDi Markets and only considers greenfield FDI projects, not mergers and acquisitions (M&A). In a greenfield investment, a company establishes a new facility from the ground up, thereby creating new jobs and bringing new funding into an economy. Joint ventures are only included where they lead to a new physical operation. Data from fDi Markets are collected from publicly available news sources, including: Financial Times newswires and internal information sources; thousands of media sources including all the world's top business sources; over 2,000 industry organizations and investment promotion agencies newswires; and data purchased from market research and publication companies. fDi Markets data also includes estimates for capital investment and job creation derived from algorithms when a company does not release the information.[45]

ENDNOTES

1. For more information on the development of this index, see the Methodology section entitled, "NACo's Global Market Engagement Index."
2. See U.S. Bureau of Economic Analysis (BEA). "Glossary." ***https://www.bea.gov/help/glossary*** (February 11, 2020); U.S. Bureau of Economic Analysis (BEA). "Foreign Residents." ***https://www.bea.gov/help/glossary/foreign-residents*** (February 11, 2020); Marchio, Nick, and Joseph Parilla. "Export Monitor 2018: Exports Increase in Most of Metro America in 2017 amidst Rising Uncertainty in National Trade Policy." Brookings. Brookings, February 3, 2020. ***https://www.brookings.edu/research/export-monitor-2018/***. For this report, we use export data from Brookings' Export Monitor 2018, which estimates U.S. exports by production location, as opposed to origin-of-movement (which is not always where the good was actually produced).
3. See U.S. Bureau of Economic Analysis (BEA). "Foreign Direct Investment in the United States (FDIUS)." ***https://www.bea.gov/help/glossary/foreign-direct-investment-united-states-fdius*** (February 11, 2020); and U.S. Bureau of Economic Analysis (BEA). "Direct Investment." ***https://www.bea.gov/help/glossary/direct-investment*** (February 11, 2020). According to the BEA's criterion for FDI, one foreign person or entity must retain ownership or control of at least 10 percent an incorporated business' voting securities, or the equivalent ownership interest in an unincorporated business. For more information see WAVTEQ Ltd. "Frequently Asked Questions (FAQ)." fDi Markets: the in-depth crossborder investment monitor from the Financial Times. ***https://www.fdimarkets.com/faqs/*** (February 11, 2020). For this report, we use FDI data from fDi Markets, which tracks cross-border investment in new physical projects, or expansions of existing projects, which create new jobs and capital investment (i.e., greenfield investments). fDi Markets only includes joint ventures that lead to new physical operations, and they do not include mergers and acquisitions (M&A) and other equity investments.
4. See U.S. Bureau of Economic Analysis (BEA). "Gross Domestic Product (GDP)." ***https://www.bea.gov/help/glossary/gross-domestic-product-gdp*** (February 11, 2020); "December County Explorer Update: County GDP Estimates." December 13, 2019. ***https://www.naco.org/blog/december-county-explorer-update-county-gdp-estimates*** (February 11, 2020). Gross domestic product (GDP), is a measure of economic productivity for a specific area. A county's GDP is the market value of final goods and services produced by the county's economy, which includes all labor and property within a county's geographical boundaries, regardless of nationality or workers' locations of residence. For this report, we use GDP data from both the U.S. Bureau of Economic Analysis (BEA) and from Brookings' analysis of Moody's Analytics for their Export Monitor 2018.
5. NACo Analysis of fDi Markets, Data (2020), Brookings Export Monitor 2018 and the Bureau of Economic Analysis (BEA) (2019).
6. Ibid.
7. Ibid.
8. Kafchinski, Joseph E. "Foreign Trade." Data, April 21, 2009. ***https://www.census.gov/foreign-trade/statistics/highlights/annual.html*** (February 11, 2020).
9. NACo Analysis of Brookings Export Monitor (2018), Data.
10. For an explanation of the analysis and data sources, see the Methodology section entitled, "County Export Analysis".
11. NACo Analysis of Brookings Export Monitor (2018), Data.
12. Ibid.

13. Ibid.

14. For an explanation of the analysis and data sources, see the Methodology section entitled, "County Export Analysis".

15. DeSilver, Drew. "U.S. Manufacturing Producing More with Fewer Workers." Pew Research Center. Pew Research Center, July 25, 2017. ***https://www.pewresearch.org/fact-tank/2017/07/25/most-americans-unaware-that-as-u-s-manufacturing-jobs-have-disappeared-output-has-grown/*** (February 11, 2020).

16. See Ibid.

17. NACo Analysis of Brookings Export Monitor (2018), Data.

18. Ibid.

19. Stalker, Mark, John Baffes, and Dana Vorisek. "What Triggered the Oil Price Plunge of 2014-2016 and Why It Failed to Deliver an Economic Impetus in Eight Charts." World Bank Blogs, January 18, 2018. ***http://blogs.worldbank.org/developmenttalk/what-triggered-oil-price-plunge-2014-2016-and-why-it-failed-deliver-economic-impetus-eight-charts*** (February 11, 2020).

20. NACo Analysis of fDi Markets, (2020), Data.

21. Ibid.

22. Ibid.

23. Ibid.

24. Ibid.

25. Ibid.

26. NACo Analysis of fDi Markets (2020), Data; Brookings Export Monitor (2018), Data; Bureau of Economic Analysis (BEA) (2019), Data.

27. Ibid.

28. NACo Analysis of Brookings Export Monitor (2018), Data.

29. Hargrave, Marshall. "What's the Difference between a Middle Market Firm and Mid-Cap Stock?" Investopedia. Investopedia, January 29, 2020. ***https://www.investopedia.com/terms/m/middle-market-firms.asp*** (January 21, 2020). Middle market firms are generally defined as companies with between $10 million and $500 million in earnings, or as companies with 100 to 2,000 employees. There is no set, agreed-upon definition, however, other than that middle market firms fall in the middle of an industry based on some measure (revenues, assets, employees or other).

30. NACo Analysis of Brookings Export Monitor (2018), Data.

31. Ibid.

32. For more information, see Goddin, Scott. "International Trade & Clackamas County – Growing Companies & Communities" U.S. Department of Commerce. International Trade Administration, May 17, 2017. ***https://dochub.clackamas.us/documents/drupal/318c0587-d4d4-4a28-b62f-9ff3eb6bff66*** (February 11, 2020); "Exporting Clackamas County." Exporting Clackamas County | Clackamas County. ***https://www.clackamas.us/business/export.html*** (February 11, 2020); "Global Trade and Investment Plan" Greater Portland Global, available at, ***https://greaterportlandinc.com/assets/documents/Resources/GPG%202015.pdf*** (February 11, 2020); "Greater Portland Metro Export Initiative" Clinton Global Initiative (2011). ***https://www.clintonfoundation.org/clinton-global-initiative/commitments/greater-portland-metro-export-initiative*** (February 11, 2020).

33. NACo Analysis of fDi Markets, (2020), Data.
34. For more information, see Thornton, Tim, and Tim Thornton. “Pulaski County Is Ready to Court International Companies.” Virginia Business, October 30, 2019. *https://www.virginiabusiness.com/article/pulaski-county-is-ready-to-court-international-companies/* (February 11, 2020).
35. For more information, see “Chester County Economic Development Council.” Chester County (Pa.) Economic Development Council. *https://ccedcpa.com/* (February 13, 2020).
36. See also, Ford, Daniel. “USEACs Part I: What Are They & How Can They Help You Compete Globally?” Export-Import Bank of the United States. January 12, 2016. *https://grow.exim.gov/blog/useacs-what-are-they-how-can-they-help-you-compete-globally* (February 11, 2020).
37. For more information, see “Pasco Economic Development Council.” Pasco County (Fla.) Economic Development Council. *http://pascoedc.com/* (February 13, 2020).
38. NACo Analysis of U.S Department of Transportation (2017), Data; NACo Analysis of Federal Highway Administration - National Bridge Inventory, (2018), Data; NACo Analysis of U.S Federal Transit Administration (2015)., Data; NACo Analysis of Federal Aviation Administration and Office of Aviation Analysis, U.S. Department of Transportation, 2017, Data; and NACo Analysis of Census of Governments (2012), Data.
39. NACo Analysis of U.S. Census Bureau - Population Estimates Program (PEP) (2020), Data; NACo Analysis of Brookings Export Monitor (2018), Data
40. “Port of Everett.” About Us | Port of Everett. *http://www.portofeverett.com/your-port/about-us* (February 11, 2020).
41. For more information, see “Infrastructure.” Economic Alliance Snohomish County. *https://www.economicalliancesc.org/infrastructure/* (February 11, 2020); “International Trade and Investment.” Snohomish County. *https://snohomishcountywa.gov/2205/International-Trade-and-Investment* (February 11, 2020).
42. NACo Analysis of Brookings Institution Export Monitor (2018), Data; NACo Analysis of fDi Markets, Data. NACo’s Global Market Engagement Index relates to the analysis, discussion and visualizations on pages 5-6.
43. Heitger, Bernhard. “Import Protection and Export Performance - Their Impact on Economic Growth.” Weltwirtschaftliches Archiv 123, no. 2 (1987): 249-61. *www.jstor.org/stable/40439424* (February 13, 2020).
44. NACo Analysis of Brookings Institution Export Monitor 2018, Data; NACo Analysis of Bureau of Labor Statistics - Local Area Unemployment Statistics (LAUS), Data; NACo Analysis of Woods and Poole Economics Inc., Data; NACo Analysis of U.S. Census Bureau - Building Permits Survey, Data. NACo’s County Export Analysis relates to the discussion and visualizations on pages 7-9.
45. NACo Analysis of fDi Markets, Data. NACo’s Foreign Investment Analysis relates to discussion and visualizations on pages 10-11.

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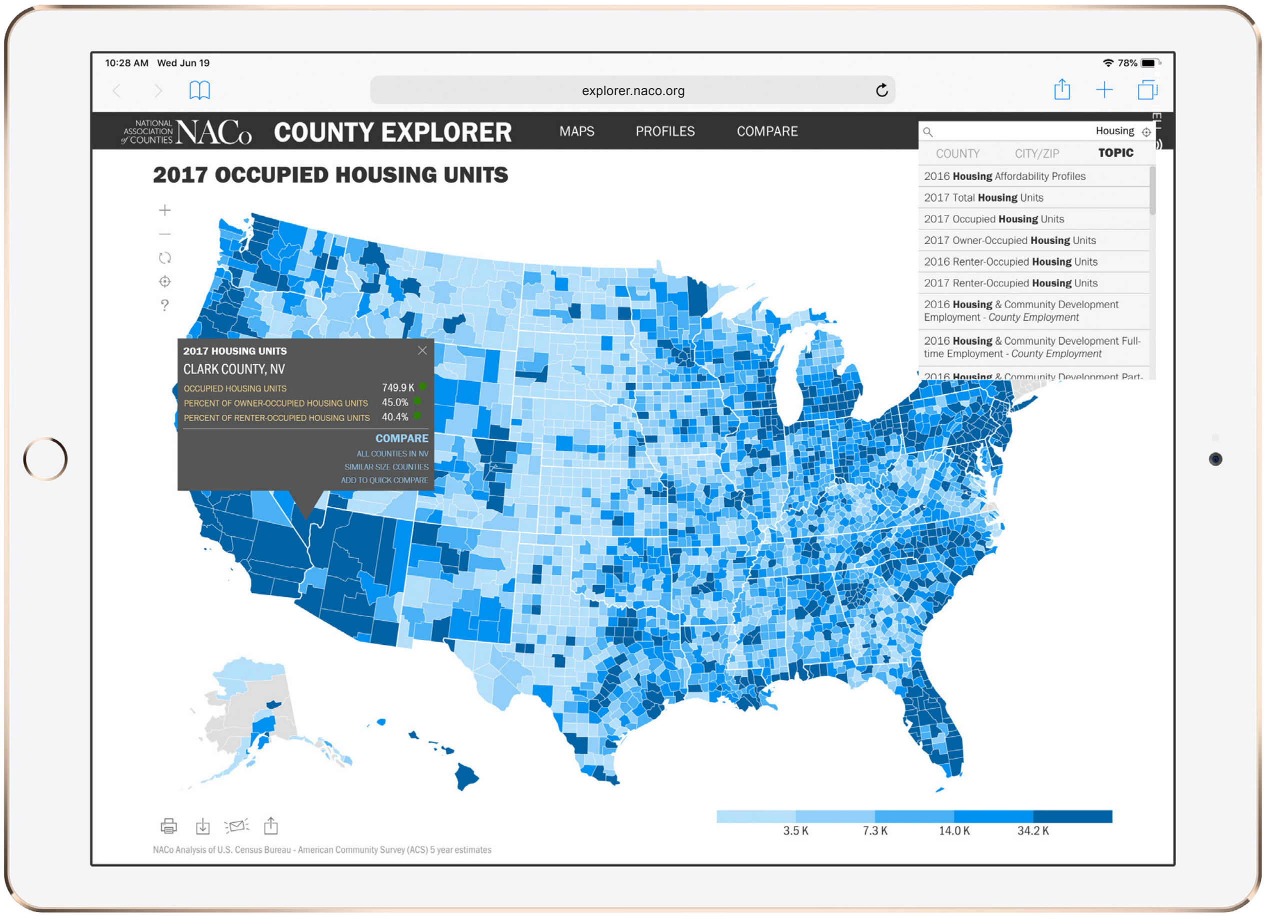
NACo's County Explorer tool provides easy access to county-level data, with hundreds of indicators across local issues including county economies, transportation and infrastructure, health and public safety – each telling a unique story.



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COUNTY EXPLORER

features:

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- Redesigned & user-friendly interface
- Compatible on mobile devices
- Interactive legend to explore different categories of data
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The authors would like to thank Hon. Kathryn Starkey (Pasco County, Fla.), Hon. Martha Schrader (Clackamas County, Ore.), Hon. Stephanie Wright (Snohomish County, Wash.), Hon. Joseph Guthrie (Pulaski County, Va.), Max Bouchet (Brookings Institution), Bill Cronin (Pasco County EDC, Fla.), Michael Grigalonis (Chester County EDC, Pa.), Tracy Moreland (Clackamas County, Ore.), Jennie Sammur (Pasco County EDC, Fla.) and Jonathan Sweet (Pulaski County, Va.) for providing essential information and comments for this study. Within NACo, the authors would like to thank Ricardo Aguilar, Frank Cadle, Matt Chase, Kiely Ford, Stacy Nakintu, Hadi Sedigh, Kevin Shrawder, Emily Star and Ruochen Wang for their valuable contributions.


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