



NYC REDC GLOBAL EXPORT AND MARKETING STRATEGY WORKING GROUP SUMMARY

PARTNERSHIP FOR NEW YORK CITY
ONE BATTERY PARK PLAZA

WEDNESDAY, JUNE 11, 2014

The NYC Regional Economic Development Council (REDC) Global Marketing and Export Strategy working group was convened to identify best practices, with proposed solutions to address the region's export challenges which will contribute to the region's export plan. It was pointed out that there are real synergies between expanding foreign direct investment, on the one hand, and increasing export activity on the other. Both involve connectivity with global markets and tend to be mutually reinforcing.

SUMMARY

Baseline data on export activity and foreign investment in the city are critical to defining the strategic plan and measuring its potential impact on the regional economy. Detailed export data (e.g. GDP, jobs, activity by sector) is widely available at federal, state, and metro levels, but not at the city level. Suggestions for additional data collection include: E-commerce platforms that support trading activity (e.g. Etsy), EDC's JFK air cargo study, and the NY U.S. Export Assistance Center (the Center) assessing the number of companies by sector in NYC that access their export services.

A general survey of resources for NYC exporters has identified that there are workshops for new-to-export companies at the NY District Export Council's Export University and specialized services offered by the Center for established, export-ready companies to increase their export activities. Yet, startup or new-to-export companies lack awareness of their export potential and/or available resources to assist them. Sellers on Etsy, for example, do not consider themselves exporters; however, they must navigate complex requirements to fulfill international orders when they receive them. An online platform that outlines regulations and requirements by country could be very useful for individual sellers or small companies.

Issues are different for companies that are already successful exporters and are focused on scaling up operations to meet greater demand. For example, the biggest constraints for food and beverage manufacturers, such as the Brooklyn Brewery, are lack of space, inadequate infrastructure, and inefficient logistics in the NYC region. These issues may result in companies moving operations outside the city. Exporting companies have trouble moving goods into and out of the region efficiently and reliably due to the logistical challenges of accessing the region's export hubs (air, port and rail). This problem is exacerbated for large companies whose high volume of exported product comes with greater costs.



Movement of goods in or out of the region poses one of the most significant challenges to exporting companies. More efficient, reliable and better connected infrastructure is greatly needed to reduce transport time and increase the possibility of companies scaling up while maintaining a presence in the NYC region, but government investment has been insufficient. The needed funding could provide a substantial opportunity for private or foreign investment through, for example, public-private partnership financing structures - if the regulatory and political environment is conducive and there are revenues to support the investment. It is also important that the agencies such as the Port Authority that manage export hubs and whose decisions impact critical factors such as time-to-market, recognize their critical role in the domestic and global competitiveness of their regions' export industries. An open dialogue with the agencies and the companies impacted by their decisions could be mutually beneficial.

Given NYC's space and cost issues, building inter-regional collaborations within the greater NY metro region would fuel untapped export potential. The metro region is essentially one economy, sharing workers and infrastructure, and would benefit from a cooperative approach given the rise of competition in the U.S. and abroad. The premise of a collaboration is to build a regional export pipeline, highlighting each region's unique advantages, such as NYC's vibrant entrepreneurial talent, dense consumer base, and incubation space, or another regions' lower cost real estate and labor, to meet the shifting needs of growing export companies. The most important relationships would be with New Jersey and Mid-Hudson Valley, rather than Long Island, where logistics and access are even worse than the five boroughs.

NYC could incubate and foster small- to medium-sized companies with export potential until they outgrow available space and then, through a pre-negotiated process, relocate production operations to more affordable sites across the region, while maintaining front office operations here. The best-suited sectors for a regional pipeline may include high-tech or light manufacturing, biotech, and food and beverage production.

An illustration of how such a collaboration could work may be seen in Brooklyn Brewery's need for 25 acres of space near export-connected infrastructure required to meet the growing production demands of their international market. Unfortunately, they have been unable to find viable sites in the city and must look elsewhere. Brooklyn Brewery will apply for REDC funding to secure adequate space in the city or nearby regions, such as the lower Hudson Valley.

NYCEDC will submit an application for a project supporting the export strategy to build out 500,000 sq. ft. of raw space at the 4 million sq. ft. Brooklyn Army Terminal (BAT) in Sunset Park, which already employs 3,600. BAT is located on the waterfront near the Belt Parkway and BQE, as well as the 65th Street Bridge. This area could be converted to incubate light manufacturing activity for growing, but not yet established, NYC-based companies with global export potential. Once a company reaches a certain size, NYCEDC, ESD, and other regional offices would assist in finding a more suitable site within the region. Targeted marketing that leverages the NYC brand to promote "Made in NYC" products could complement these services.



NYCEDC discussed the possibility of creating a contract packing (co-packing) facility to handle the small batch production needs of small food, beverage, or craft businesses. Research shows the greatest need is for a condiments, sauces and syrups facility, since it is most efficient to focus on one product type per facility. However, despite the proven need for co-packing, the economics have not been explored. One option to enhance viability would be a facility with an anchor product that could allow for off-season or off-hour co-packing by smaller companies.

NEXT STEPS

- Collect baseline data on export and foreign investment in NYC from traditional sources as well as e-commerce platforms, studies and export organizations.
- Identify companies exporting goods and select services through the NYC Export Assistance Centers who are looking to increase capacity. Convene group to identify barriers and resources needed to scale. Follow-up with a survey to willing participants.
- Flesh out the exporter incubator project by identifying best suited sectors.
- Review export activities, funding, and incentives for regions (Mid-Hudson Valley, Long Island) with potential for an inter-regional collaboration. Design proposal, present to each region, determine specific mechanisms for a partnership.
- Explore ideas further: Creation of a website with export requirements and regulations by country; Look into advocacy opportunities to address challenges more broadly; Leverage network of New Yorkers around world to advocate NY-made products.

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