



ONE PROVIDENCE

The Export Providence Plan Doubling our export economy in five years

“If I had to do something different [as mayor]... I would be traveling even more to Asia, to China, Japan, Korea, to Singapore, to Malaysia, to India, to Mexico, to Latin America, to Brazil than I have previously. That’s the one mistake.” –Former Los Angeles Mayor Antonio Villaraigosa

In my life, I have had the great fortune to travel throughout the world. I have seen firsthand the fast growing economies of the developing world. I have seen Chinese companies building roads in Africa. I have seen European companies investing in the South American economy. The thriving metropolitan economies of the future will be the ones that are first to reach these new markets. As the famed urban planning writer Jane Jacobs said, “The economic foundation of cities is trade.”

Exports have tremendous potential to revitalize our city’s economy. In the wake of the Great Recession, 37% of our nation’s economic recovery has come from the export sector¹, yet the U.S. Department of Commerce estimates that fewer than 1% of American companies export. The potential for growth is not just in products either; the United States is the world’s largest exporter of services.

Providence has the assets to grow its export economy: a central geographic location with easy access the Northeast rail corridor, Interstate 95, and an airport that is in the process of adding international service; an emerging tech and startup community; a diverse and vibrant immigrant population with natural and personal connections to the rest of the world; expertise in easily exportable fields like design and creative services; and, perhaps most overlooked, one of only two deep water ports in the entire Northeast. Now is the time to capitalize on these assets.

Exports through the Port of Providence must be a vital part of our economic development strategy. Last year, the Port posted total exports of just over \$298 million.² As Mayor, I will lead the effort to double Providence’s total export dollars to \$600 million in five years. Washington, D.C. think tank the Brookings Institution estimates that every

¹ Brookings Institute analysis of U.S. Bureau of Economic Analysis data

² <http://ustradenumbers.com/ports/port/port-of-providence-ri/>

³ http://www.brookings.edu/~media/projects/state%20metro%20innovation/export_initiative_portland.pdf

billion-dollar increase in export sales yields about 5,400 local jobs.³ Meanwhile, the State of Rhode estimates that one job is created for every \$200,000 in exports.⁴ If those estimates prove correct, doubling our exports could produce between 1,500-1,600 jobs here in Providence.

These numbers could climb even higher. The analysis above is based only on export dollars at the Port of Providence. Our city's businesses have other options to get their products and services to foreign markets, but this data is not being tracked. Furthermore, Providence does not exist in isolation; its economy is inextricably linked with the surrounding cities and towns, which are also homes to companies that can and should be exporting through Providence's trade channels. As we will detail later in this plan, a comprehensive analysis of our export economy is expected to reveal even more opportunities for growth, resulting in more dollars and more jobs.

The Data

Before we can delve into plans for expanding our export economy, we must first examine the current state of it. Many people do not realize what a vital role our ports and exports play in our state's economy.

Snapshot of State Exports/Imports

- In 2013, Rhode Island had total exports of \$2.16 billion.⁵ While this is a decrease of 9% from 2012, the state has seen an average growth rate in exports of over 8 percent over the last decade.
- In 2011, almost 17 percent of the state's manufacturing workers depended on exports for their jobs, and 1,694 companies exported from Rhode Island locations in 2012.⁶
- The largest export markets for Rhode Island are Canada, Germany, Mexico, Turkey, and China. These five countries represented over half of the total value of exports from the state in 2013.
- The state's largest merchandise export category is Waste and Scrap, accounting for \$566 million of the state's total merchandise exports in 2013; followed by Chemicals (\$252 million); Primary Metal Manufactures (\$247 million); Machinery, Except Electrical (\$204 million); and Miscellaneous Manufactured Commodities (\$186 million).⁷ These five categories comprised two-thirds of all the state's exports in 2013.
- Looking at the total trade picture including imports and exports, Rhode Island handled \$11.91 billion in international trade, \$2.16 billion in exports and \$9.75 billion in imports during 2013.⁸

³ http://www.brookings.edu/~media/projects/state%20metro%20innovation/export_initiative_portland.pdf

⁴ <http://www.ri.gov/press/view/18879>

⁵ http://www.census.gov/foreign-trade/statistics/state/origin_movement/index.html

⁶ <http://www.trade.gov/mas/ian/statereports/states/ri.pdf>

⁷ <http://tse.export.gov/TSE/TSEReports.aspx?DATA=SED>

⁸ <http://www.census.gov/foreign-trade/statistics/state/>

- An updated study in 2008 showed that the state’s port related activities create more than \$320 million in economic activity, generate over 3,600 jobs, and facilitate over \$25 million in local and state tax revenue.⁹
- A report by the Business Roundtable highlights the economic gains that can be made through exports. The report stated that Rhode Island companies that engage in international trade represented 39% of the total private sector economic output and 36% of all private sector employment in 2011. Rhode Island firms that trade with the rest of the world support 185,000 private sector jobs that paid average salaries and benefits of \$69,300.¹⁰

Furthermore, many do not realize what a thriving waterfront we have in Providence, and its potential to be an economic powerhouse for the city.

Snapshot of the Port of Providence

- Port of Providence is one of only two deep water ports of 40-foot depth in New England and generates a \$200 million total economic impact on the region.¹¹
- With the upgrade of two new harbor cranes in July 2013, the Port of Providence can now more efficiently load exports and offload imports, positioning the Port to sustain its impressive growth and further capitalize on the capacity of the Port to be a premier shipping hub. The cranes have allowed the Port of Providence to expand its bulk operations and develop container shipment operations.¹²
- The Port of Providence is over 105 acres with more than a mile of linear berth to load or unload six vessels simultaneously.¹³ The facility has three rail spurs offering direct vessel to rail loading, 20 acres of laydown area, and over 300,000 square feet of warehouse space.¹⁴ The rail connections are handled by the Providence and Worcester Railroad Company and connect with national rail lines serving the 48 contiguous states and Canada.¹⁵ The Port of Providence is also minutes from Interstate 95.
- The Port primarily handles liquid, dry, and break-bulk cargo.¹⁶ As of 2008, the Port handles over 2.7 million tons of cargo annually.¹⁷ The primary commodities the Port handles are cement, chemicals, coal, cobblestone, heavy machinery, liquid petroleum products, lumber, pearlite, salt, scrap metal, project cargo, and steel products.¹⁸

⁹ <http://www.rilin.state.ri.us/Reports/Joint%20Port%20Commission%20Final%20Report%202-14-12.pdf>

¹⁰ http://www.commerceri.com/documents/reports/RI_Economic_Development_Full_Report.pdf

¹¹ <http://www.provport.com/>

¹² <http://www.golocalprov.com/news/new-edc-provport-bring-two-upgraded-mobile-cranes-to-port-of-providence>

¹³ <http://www.provport.com/capabilities.html>

¹⁴ <http://www.provport.com/facilities.html>; <http://www.watsonllc.com/facilities/stevedoring/>

¹⁵ <http://www.planning.ri.gov/documents/trans/FreightNeedsAssessment.pdf>

¹⁶ Break bulk cargo is defined as goods that are loaded individually, such as single boxes, crates, bags, barrels, or casks.

¹⁷ <http://www.planning.ri.gov/documents/trans/LRTP%202035%20-%20Final.pdf>

¹⁸ <http://www.planning.ri.gov/documents/trans/FreightNeedsAssessment.pdf>

- The Port of Providence is home to New England Petroleum, Washington Mills, Lehigh Terminal, Schnitzer Northeast, Sims Metal Management, Enterprise Products and Terminals, UNIVAR, EUKOR Auto Carriers, and International Salt.¹⁹
- The Port of Providence is the second busiest port in New England (after Boston) and its operation creates more than 2,400 direct and indirect jobs.²⁰ The average port worker earns \$80,000 in salary and benefits.²¹ Expanding the Port's activities either through increased imports or exports will improve the local economy and provide high-wage jobs for local residents.
- Exporting previously-owned automobiles is a growing market for the Port of Providence.²²

The Example

Several port cities around the country have worked to boost their export economies and reaped the benefits, but perhaps the most famous example is Portland, Oregon. In 2012, Greater Portland, Inc., a regional economic development partnership, with support from the Brookings Institution, launched the Greater Portland Export Initiative with the goal of doubling the region's exports from \$21 billion to \$42 billion over five years. Achieving that goal is expected to create around 113,000 jobs.²³ In just two years, the initiative has boosted exports to \$33.9 billion.²⁴

The initiative was part of a larger effort at both national and regional levels to boost exports. The National Export Initiative, launched by President Obama in 2010, sought to double U.S. exports by 2014. By 2012, exports hit an all-time high of \$2.2 trillion, or 13.9% of GDP, tying the record of percentage of GDP set in 2011. The most recent available data from the NEI shows that in the first quarter of 2013, exports of goods and services reached \$554.7 billion, the highest quarterly total on record.²⁵

Providence is well positioned to undertake an effort similar to Portland's. We already have a strong working waterfront, we have an airport that is in the final stage of adding international service, and we have a large immigrant community with existing relationships around the world. Now, we need to build on that capacity and increase our total exports to create more high paying, accessible jobs and a stronger tax base.

The Plan – Part 1: Identifying & Capitalizing on Opportunities

In the complex global economy of today, in which some of the strongest opportunities come from emerging markets like China, Brazil, and Turkey, exports are not simply

¹⁹ <http://www.rilin.state.ri.us/Reports/RI%20Ports-Opports%20fr%20Grwth%20050311%20Report.pdf>

²⁰ http://provport.com/tiger_docs/Bryant_BenefitCost082010FINAL.pdf

²¹ <http://www.golocalprov.com/news/new-edc-provport-bring-two-upgraded-mobile-cranes-to-port-of-providence>

²² <http://www.dem.ri.gov/bayteam/documents/riports.pdf>

²³ http://www.oregonlive.com/business/index.ssf/2012/10/portland-area_leaders_unveil_p.html

²⁴ <http://atlantric.com/marketing-2/greater-portland-export-initiative>

²⁵ <http://www.trade.gov/nei/nei-fact-sheet.asp>

products to be manufactured and shipped by boat. They encompass services rendered, expertise shared, and ideas developed. Service and knowledge based business represent important opportunities to export things like creative services, design, and consulting – all areas in which Providence has existing strengths. Examples abound.

The fashion industry represents a latent strength in our business ecosystem that is only just beginning to develop, and contains tremendous export potential. All the elements of a successful export pipeline are here: a base of talented students attracted by top programs like RISD's Apparel Design department and Johnson & Wales' Fashion Merchandising major; an entrepreneurial community of working artists and creative professionals, evidenced by businesses like Craftland and Nude, two boutiques in which individual artists worked together to establish retail outlets for their goods; legacy companies like K&M Associates, that produce jewelry and accessories for national and international clients; resources and platforms to catalyze local clusters of talent, embodied by networking/advocacy groups like DESIGNxRI, and StyleWeek Northeast, one of the only regional fashion weeks in the entire country supported by the Council of Fashion Designers of America; and local and national trade groups like the Rhode Island Manufacturers Association and the Accessories Council, that can link companies to local manufacturing and production solutions. With the right strategic efforts, these elements can be aligned to create a direct pipeline from local talent to world markets.

Fashion is only one aspect of Providence's creative output that lends itself to business beyond our borders. Barnaby Evans takes WaterFire to Italy and Singapore. Ad agency NAIL works with local, national, and international clients, like the Italian shoe manufacturer Vibram, exporting intellectual products instead of physical ones. Décor Craft Inc. creates design-centric homegoods and accessories, and sells them to some of the world's largest retailers and international distributors, exporting aesthetics along with actual products. LocusPlay is a tech startup whose founders were attracted to Rhode Island from India by the startup accelerator program Betaspring; the company develops cloud-based technology for small- and mid-sized lottery systems in emerging markets like Latin America and Southeast Asia. Maternova operates a worldwide online marketplace for maternity-related healthcare devices from an office in Olneyville made out of recycled shipping containers. Stack Design Build constructed that office, and is also headquartered there; it deals in innovative construction projects, like its 2010 collaboration with a San Francisco healthcare firm to deliver a clinic made of freight containers to the earthquake recovery effort in Haiti. In short, we need to think bigger *and* wider than simply manufacturing and shipping products through the Port when we talk about expanding our export economy.

To best understand and identify market opportunities for exports, the City will conduct a market scan of the business ecosystem in Providence. Working with the Rhode Island Manufacturers Association, Bryant University's John H. Chafee Center for International Business, the Greater Providence Chamber of Commerce, and others, we will develop an export plan that relies on a robust analysis of the current strengths and weaknesses

in the region's exports in relation to the global marketplace of imports and exports. This market scan will aggregate economic data about exports as a share of the overall regional economy, looking at total export volume, intensity and growth in exports, the number of direct and indirect jobs supported by exports, top exporting industries of both goods and services, and the top export and import markets by country. This is crucial, because in researching this plan, we contacted the City of Providence Department of Economic Development, Commerce RI, the Greater Providence Chamber of Commerce, and the Bryant University Export Assistance Center and not one of them had comprehensive data about the total export dollars being produced by Providence businesses. To leverage assets, we must first identify and quantify them.

This high-level economic analysis will be supported through a local market assessment of area businesses and service providers. Interviews, focus groups, and roundtable discussions with business leaders, import/export professionals, academics, public officials, and other stakeholders will assist in contextualizing the macro-level economic data to the micro-level business environment of the Greater Providence area and help align a strategy for export promotion based on the unique assets of the area. Lessons can be learned from Salt Lake City, Utah (the capital city of a landlocked state that has nonetheless almost doubled its exports in the last five years) and Portland, Oregon.²⁶

The Export Express Program delivered by Commerce RI provides matching funds of up to \$5,000 to eligible Rhode Island companies for customized export training programs, business plan development, market entry strategies, export logistics, international trade show development, certification training and foreign language training.²⁷ Providence businesses need to be made more aware of this program and encouraged to take advantage of it.

Part 2: Fostering Mentorship and Embarking on Trade Missions

Mapping the area's export strengths with trends in global supply chains will uncover new opportunities for international trade and increase exports of existing businesses. This will help diversify export industries, increasing the number of companies that export, and growing the number of markets they can access. Staff within the Department of Planning will be trained to understand the market realities of Providence businesses and be adept at linking local businesses with international firms. As part of this export strategy, Providence will seek to partner with Commerce RI to identify potential countries for trade missions based on economic modeling and mapping the market demand to the potential supply of Providence businesses.

The City of Providence, through partnerships with the Chamber of Commerce, the RI Black Business Association, Commerce RI, the Small Business Administration, and

²⁶ [http://www.citylab.com/work/2014/04/how-salt-lake-city-could-become-international-export-powerhouse/8926/;](http://www.citylab.com/work/2014/04/how-salt-lake-city-could-become-international-export-powerhouse/8926/)

http://www.brookings.edu/~media/projects/state%20metro%20innovation/export_initiative_portland.pdf

²⁷ <http://www.commerceri.com/resources/international/export-training.php>

SCORE (Service Corps of Retired Executives), will convene businesses interested in exploring export opportunities to learn what is necessary to engage in international trade through specially developed program content. As part of this programming, the City will be a matchmaker among novice exporters and those that have seen great gains from global trade. This peer-to-peer mentoring will leverage the knowledge of the area's primary exporters and assist in helping new businesses benefit from export markets. Additionally, by teaching local businesses how to engage in exports, the City and its businesses will further capitalize on the products it currently makes and bolster existing businesses, rather than enticing new businesses to come to Providence through generous tax stabilization agreements.

The city will partner with Commerce RI and the Governor's office to identify local Providence firms that are ready, willing, and able to participate in international trade missions. The state has hosted successful trade missions to Canada, China, Israel, Italy, and Ireland in 2013 and 2014.²⁸ In 2013, estimates show a growth of \$11 million in sales and 500 new jobs resulted from trade missions to Israel, Japan, Panama, the Dominican Republic, and Canada.²⁹ Through the development of rigorous international trade data, the City and its partners will identify particular market opportunities globally and facilitate trade missions that would be most beneficial to Providence area businesses. The City's Economic Development Department will facilitate the inclusion of Providence firms in future trade missions and advise on destination countries and cities based on the development of potential international business relationships.

Part 3: Establishing a Ports Advisory Council

The former Rhode Island Port Authority was absorbed by the Economic Development Corporation (now Commerce RI) during the 1990s. As Mayor, I will work with state-level stakeholders to establish the Rhode Island Ports Advisory Council, similar to the Massachusetts Seaport Advisory Council. This council will coordinate the development of Quonset and the Port of Providence and limit competition between the two.

Coordination with Port of Davisville will allow for the alignment of strategy and attraction of federal resources in unison rather than in competition, and jointly market the state's ports. The Port of Providence and Quonset Point each have specific assets, and the non-profit and independent Ports Advisory Council will work collaboratively and be an advocate for common interests to increase the size and impact of the entire state's maritime economy based on each port's unique assets. Further, this new advisory council will assist in the development of a proposal for the U.S. Marine Highways Project that will recognize the state's ports as integral to the nation's maritime routes.³¹ Additionally, the advisory council will focus on needed infrastructure improvements at Port of Providence to promote the port regionally as an export hub. Through the

²⁸ <http://providencechamber.com/gpcc-happenings/C6/riedc-announces-results-of-recent-trade-missions>;
<http://www.ri.gov/press/view/21891>

²⁹ http://www.commerceri.com/documents/reports/RI_Economic_Development_Full_Report.pdf

³¹ http://www.marad.dot.gov/ships_shipping_landing_page/mhi_home/mhi_home.htm

development of unique public/private partnerships, the advisory council will increase infrastructure investments through non-public funds in the Port of Providence.³² Also, by combining the shipping volumes from several small and mid-sized exporters, the advisory council can contract with shipping companies directly and negotiate lower costs on their behalf.³³

Equally important as building our economy is protecting our fragile ecosystem. The Rhode Island Ports Advisory Council will also be tasked with making sure our ports are operating in an ecologically sound manner. Working with partners like the Department of Environmental Management, the Coastal Resources Management Council, Save the Bay, and the Head of the Bay Gateway Committee, the Council will advise the ports on best practices and supervise efforts to minimize environmental impact.

Part 4: Refocusing Waterfront Zoning

As the City finalizes its rezoning ordinance, the working waterfront and portions of the Allens Avenue corridor will be refocused on commercial and industrial uses that are port dependent. The City can further enhance and market the area by designating it a marine industrial park and work with the City's Division of Inspections and Standards, Board of Licenses, and the state Department of Environmental Management to ensure that any vacant and underutilized parcels are development ready. As an added tool, specially-designed tax stabilization agreements focused on manufacturing for export can be created to incentivize commercial development in this new marine industrial park. If tax stabilization agreements are used, funds can be set aside by the project developer or owner to fund workforce development programming, export training seminars, and other research and programs that may be required to create a robust export-oriented manufacturing zone that links low-skilled Providence residents to new manufacturing and marine export opportunities.

Part 5: Leveraging Our Diversity

Finally, Providence's immigrant population is a valuable asset to connect local immigrant-owned businesses to foreign markets through new and emerging trade patterns by leveraging and supporting existing friendships and relationships between entrepreneurs and their home countries. The City will establish policies to help identify the necessary steps to establish relationships with business partners overseas, solidify business deals, and create the structures necessary to build lasting business relationships. Immigrant entrepreneurs have familiarity with local cultures, preferences, and language, and can use this deeper knowledge of their native country to spur business relationships, identify export opportunities, and gauge foreign demand for goods and services produced locally.

Conclusion

³² <http://www.aapa-ports.org/Publications/content.cfm?ItemNumber=3378>

³³ http://www.commerceri.com/documents/reports/RI_Economic_Development_Full_Report.pdf

The Port of Providence and our city's export economy are full of untapped potential for further growth and development. We must leverage our advantage as one of only two deep water ports in New England, combined with robust manufacturing capacities, a vibrant creative class, and a diverse immigrant entrepreneur community, to increase the total dollars of goods, services, and intellectual capital we're sending to the rest of the world. By mapping our existing capacities, identifying opportunities, analyzing our strengths, training business owners and employees to excel in the complex global economy, and developing innovative partnerships, including the Rhode Island Ports Advisory Council, we have the potential to double our exports over the next five years, and produce 1,500-1,600 new jobs for local residents.

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