

Chicago, 7 area counties agree to work to boost exports



Brandon Smith wheels Metraflex unions out of the paint booth at the plant on the West Side. Exports now account for 10 percent of Metraflex sales, up from about 3 percent five years ago. (Michael Tercha, Chicago Tribune)

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After decades of an "every-town-for-itself" approach to economic development, Chicago-area leaders will pool efforts to pump up the region's tepid export growth rate in a pilot project to be announced Monday.

The planned two-year collaboration among Chicago, Cook County and the six collar counties, while quite modest in scale, represents a sea change for the region, where local governments have a history of poaching each other's corporate citizens and competing for newcomers.

Until this endeavor, "there had been no meeting of ... the political leadership, the economic development leadership and the business community leadership in the seven-county region, focused on economic development, ever before," said Cook County Board President Toni Preckwinkle, who brokered the cooperative arrangement that also includes DuPage, Kane, Kendall, Lake, McHenry and Will counties.

Suspensions ran deep and it took four years of assuring her counterparts that "when I talk about economic development, I'm not talking about stealing jobs from your counties," she said. "It's hard to sustain economic growth if you're only circulating dollars within the region and not bringing in resources from

outside."

Leaders of the export initiative point to an International Monetary Fund estimate that 83 percent of global economic growth from 2013 to 2018 will occur outside the United States.

Building exports is seen as critical for the area if it wants to crank up economic growth and remain competitive globally — but data show performance has been lackluster. While the 14-county tri-state area was the No. 4 exporter nationwide in 2013 and its post-recession export growth rate was a tad higher than the national average, 31 other metro areas saw exports grow at a faster pace during the period, according to an analysis by the Brookings Institution. The Washington-based think tank is guiding the export initiative here and in other metro areas around the country.

"Metro Chicago is one of the largest exporters in the country, but in this increasingly competitive marketplace, they cannot take that position for granted," said Amy Liu, co-director of the Brookings Metropolitan Policy Program. The region "needs to assemble and promote a distinctive suite of products and services that will stand out from the competition to global customers."

Among the possibilities: the region's strength in architecture, urban planning and consulting services, as well as its capabilities in machinery manufacturing, Liu said.

Exports fueled 54 percent of the nation's recovery from 2009 to 2012, according to Brookings.

JPMorgan Chase will provide \$500,000 for the two-year Metro Chicago Exports initiative as part of its ongoing collaboration with Brookings on programs aimed in increasing the competitive edge of American cities. Contributions from other sources are anticipated within two to three months, bringing the expected budget to more than \$1 million.

The money will be used to identify small and midsize companies that have export potential, and to assist their plans through mentoring, microgrants and referrals to existing sources of help within the business community and government agencies.

The premise is that the Boeings of the world already know how to export, while only 6 percent of the nation's small and midsize firms are exporting — meaning there is untapped potential, say officials at business development agency World Business Chicago, which represents the city in this effort.

"By bringing together assets that exist throughout the Chicagoland area — access to ports, promotion services, transportation and more — Metro Chicago Exports can help these businesses to increase their global competitiveness, support local job growth and make Chicago a national leader in exports," Mayor Rahm Emanuel said in a statement.

The aim is to help at least 10 firms begin exporting, said John Ramirez, deputy director of the city's growth plan at World Business Chicago, noting, "It's just going to be quite difficult to get firms to export that are not."

The city and counties will see what works in the pilot phase and apply those lessons to increase the scope of the project over time and potentially to extend regional cooperation to other spheres, including attracting foreign investment.

"We have seen in other metros that exports can be an entree into cooperation on a lot of other fronts," said Brian Finch, executive director of the global cities initiative at JPMorgan Chase.

The region's leaders are hoping to replicate the export success of companies such as Metraflex, a pipe-and-valve producer on the West Side whose exports represent 10 percent of annual sales, up from 2 to 3 percent five years ago.

At the start, the company was not pursuing exports, but inquiries trickled in.

"We were nervous, wondering is this legit or is it a scam," recalls Jim Richter, president of the company, which makes products for heating, ventilation, air conditioning and sprinkler systems. "And we got stung a couple of times.

"There are whole boatloads of regulations, and then there's the question of how do you get paid if you're dealing with someone in Turkey?"

His firm now sells products in the Middle East, Europe, South America and China. It learned how to navigate the regulatory maze and vet potential customers through seminars at the Industrial Council of Nearwest Chicago, and it received state assistance to attend trade shows overseas. The efforts helped the company score solid business.

The Chicago area is in the second wave of metro export initiatives led by Brookings, and as such, it benefits from experience elsewhere, Liu said.

For instance, some cities found that "not all small firms are really ready to participate in global trade," she said. "Now, there is a particular exercise on how best to find firms on the cusp of exporting."

Some early efforts were regional in spirit but didn't have direct involvement of individual counties. With Chicago, Cook County and the collar counties in the mix, it "will increase the chances for the region to find the best firms," she said.

The counties' new collaboration on economic development, which branches into seeking federal job training funds for metals manufacturing and working to ease the movement of goods across the region, is welcomed by DuPage County Board Chairman Dan Cronin.

"The world has changed and it is imperative that we work together," he said.

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