

Memorandum



DATE: April 18, 2008

TO: Members of the Economic Development Committee:
Ron Natinsky (Chair), Tennell Atkins (Vice Chair), Dwaine Caraway, Jerry R. Allen,
Sheffie Kadane, Mitchell Rasansky, Linda Koop, Steve Salazar

SUBJECT: **Dallas: From International Crossroads to Global Destination**

At the April 21, 2008 Economic Development Committee meeting, you will be briefed on the "Dallas: From International Crossroads to Global Destination". A copy of the briefing is attached.

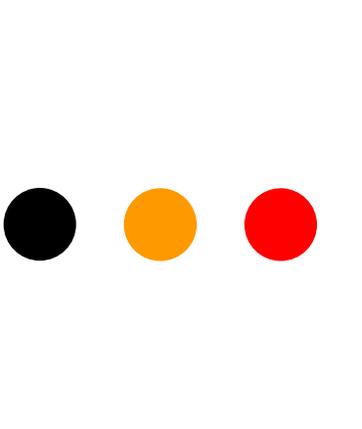
Should you have any questions, please contact me at (214) 670-3314.



A.C. Gonzalez
Assistant City Manager

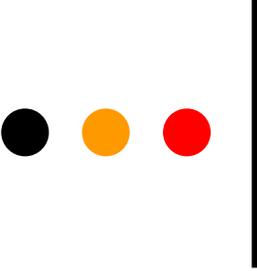
C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Ryan S. Evans, First Assistant City Manager
Deborah Watkins, City Secretary
Tom Perkins, City Attorney
Craig Kinton, City Auditor
Judge Jay Robinson, Judiciary
David O. Brown, Interim Assistant City Manager
Ramon Miguez, P.E., Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
David Cook, Chief Financial Officer
Jeanne Chipperfield, Interim Director, Office of Financial Services
Karl Zavitkovsky, Director, Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
Chandra Marshall-Henson, Assistant to the City Manager

Dallas:



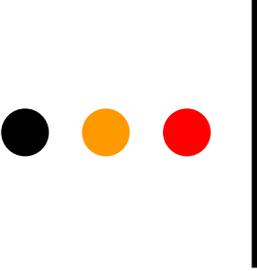
From International Crossroads to Global Destination

**Economic Development Committee Briefing
April 21, 2008**



Introduction

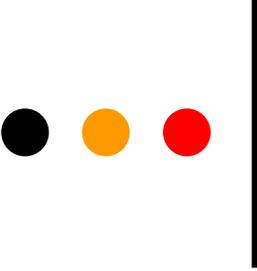
- All the **world's great cities** have become **destination locations** and have vibrant international business and cultural communities
- **Changing trade patterns** and the tremendous **explosion of global trade volume** greatly **benefit Dallas' centralized geographic location** and **create opportunities** as an international destination
- By **leveraging the region's logistics and distribution strengths** and promoting our strategic initiatives (Trinity River, Arts District, IIPOD), Dallas is well positioned to **attract** both **global investment capital** and **human resources**
- **Focused promotional efforts** in **Asian and the NAFTA countries** as well as opportunities in Africa support and **complement our strategic priorities** downtown and in the southern portion of Dallas



New International Vision

Dallas is one of the most enviable destinations in the world

- . . . A thriving, vibrant location encompassing high quality, and internationally recognized retail, office, diverse residential, entertainment, cultural, meeting and lodging spaces**
- . . . Is an environment marked by world class architecture and inviting green spaces**
- . . . Is affordable**
- . . . Appealing to Dallas residents as well as visitors from around the world**



International Vision - Key Elements

Business

Companies and entrepreneurs from around the world are drawn to Dallas.

Entertainment & Retail Activity

Diverse entertainment, retail shops, and eateries.

Culture

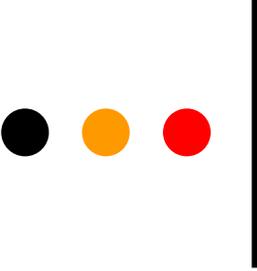
Recognized internationally as a cultural hub.

Hospitality

Premier host to visitors and conventioners, with a variety of hotels, restaurants and shopping centers.

Education

Nationally recognized educational institutions, drawing internationally.



International Vision - Key Elements

Vibrancy

Vibrant center of urban life, recognized globally for the quality of its business, hospitality, entertainment and cultural environments.

Connectivity

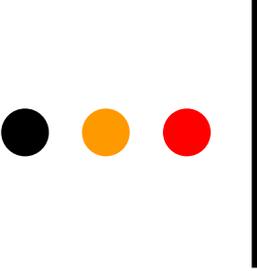
Components linked together through efficient transportation options.

Housing

Diverse, meeting a wide-range of income levels.

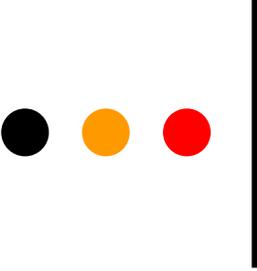
Environment & Perception

Safe and welcoming.



Briefing Overview

- This briefing underscores the significant and growing **importance** of the **Dallas area** on the **world stage**, identifies **actions taken to date** and **proposed a strategy** that complements and enhances key economic development priorities.
- Although major opportunities exist and real progress has been made, **Dallas** still **lags major coastal cities in global name recognition**.
- **Forming relationships**, face to face meetings and creating a culturally appealing environment are **as important** to achieving the international vision as **building the business case**.
- Measureable progress **requires a focused strategy**, **strong partnerships** with the business and cultural communities and a **sustained commitment** from the **public sector**.



Changing World Trade Patterns

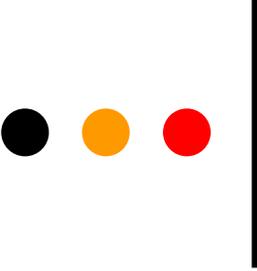
Fact! World trade grew 300% between 1988 and 2005 and world GDP grew 200%

Fact! Container traffic was non-existent in 1980 but grew to 300 million TEU's (20 foot equivalent units) in 2005

Fact! 10 of the world's top 15 container ports are in Asia (LA/Long Beach is #5)

Fact! Canada, China and Mexico are the top U.S. trading partners

Fact! Dallas area global trade totaled \$58.2 billion in 2006, a 17% increase (\$8.6B) from 2005 (mostly air cargo, not including rail/truck intermodal traffic) and 265,000 related jobs



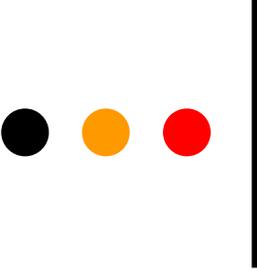
Changing World Trade Patterns (cont.)

Fact! China is Dallas' top trading partner (\$17B of \$58B) and 8 of our top 10 trading partners are from Asia

Fact! 177% growth from Latin American countries in the last 10 years

Fact! Dallas metroplex is home to over 2,250 global companies, 22 Fortune 500 headquarters, 7 global headquarters and 425 foreign-owned businesses

Fact! DFW is the world's third busiest airport, serving 60 million passengers including 5.6 million international passengers in 2006



City of Dallas International Initiatives Since October 2005

- International Business Division formed in October, 2005
- Contract with World Affairs Council for protocol services and management of Sister City program
- 7 trips to China (21 cities), 1 trip to Korea (5 cities) and 7 trips to Mexico (9 cities) to establish relationships and promote doing business in Dallas
- Received more than 65 foreign delegations and conducted 25+ partnership programs with other international organizations, including the GDC, WAC and DCFR
- 22 international companies recruited in two years (13 China, 3 Mexico, 1 UK, 1 France, 1 Peru, 1 Australia, 1 Canada, 1 Spain) representing 200+ jobs

Maps and Pictures

- China Map – Visited 21 cities
- Mexico – Visited 9 cities
- S. Korea – Visited 5 cities



International Business Development Trip Photos

- International Business Development Trips - conducted seminars and meetings in Qingdao, Xian, Wenzhou, Shenzhou and Taipei



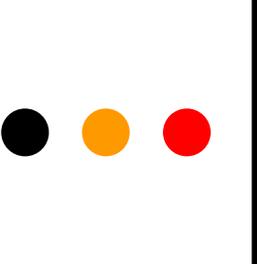
International Business Development Trip Photos

- o Reciprocal Visits from China



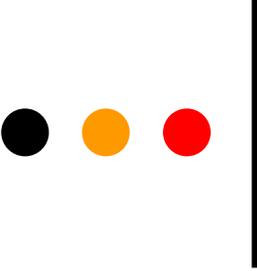
- o Sister City Program - Taipei, Monterrey and Valencia





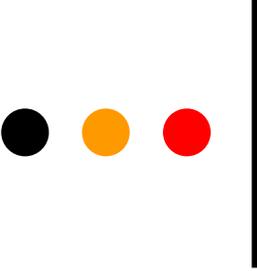
Enormous Opportunities Exist to Attract Foreign Investment

- Located in the **heart of America**, equidistant from either coast and a natural connector between North and South America
- **Outstanding transportation distribution and logistics system**, 5 interstate highways, the world's 3rd busiest airport, three class I railroads, 600+ motor carriers and 100+ freight forwarders
- Good weather and year round freight rail service
- **Very competitive costs**-third lowest distribution costs of top 50 U.S. consumer markets, second lowest warehouse cost per sq. foot of major metro cities, competitive housing price points and no personal or corporate state income tax
- Access to **high quality healthcare**
- **Big, diverse regional economy** that is the nation's fourth largest



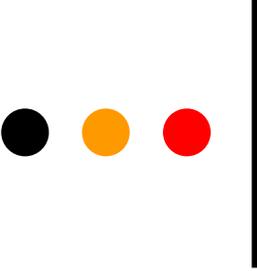
Enormous Opportunities Exist to Attract Foreign Investment (cont.)

- Significant and growing international community
- Major public sector initiatives (Trinity River project, IIPOD, TOD, Convention Center hotel) offer partnership opportunities



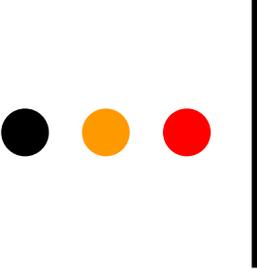
Several Key Challenges Remain

- Although great strides have been made on many fronts, several key **challenges** remain:
 - Dallas is **not well known** to the world (other than Cowboys, Mavericks and J.R.)
 - **Visa difficulties** for businesses and trade mission visitors as well as students (not unique to Dallas)
 - **No top tier non-medical research** university
 - **Limited** numbers of **direct flights** to major international destinations (China and India in particular)



Focused Strategy

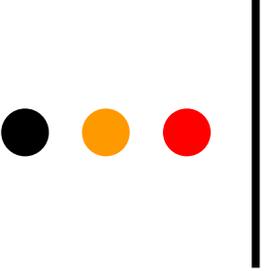
1. Marketing and Branding
2. Partnership Programs
3. Foreign Investment Program (EB-5 Regional Center)
4. IIPOD Business Park Promotion
5. Targeted Cities
6. Cultural Activities
7. Tourism



Focused Strategy

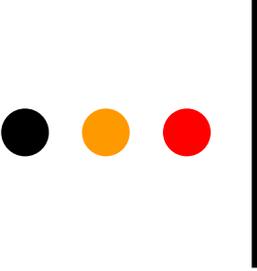
— Marketing and Branding

- Outbound Promotion
- Inbound Delegation and Protocol Services
- Research
- Direct Mail
- Trade Shows
- Entrepreneur Visits to Dallas
- MBA Foreign Graduates
- International Company Directory



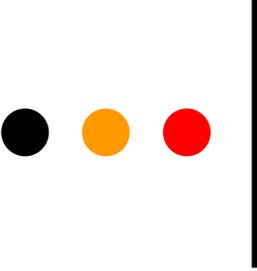
Focused Strategy – Partnership Programs

- Dallas Chamber and other local chambers
- World Affairs Council of Dallas/Fort Worth
- Dallas Committee on Foreign Relations
- US Mexico Chamber
- Chinese, Korean and Mexican governmental trade officers
- International Business Advisory Task Force



Focused Strategy — Foreign Investment Program(EB-5 Regional Center)

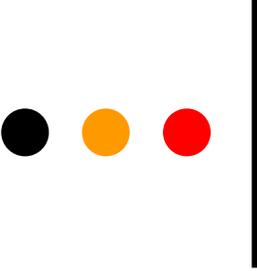
- U.S. citizenship and Immigration Service (USCIS) administers an employment based preference (EB-5) immigrant visa category
- 3,000 immigrant visas set aside annually for foreign investors who make qualifying investments (commercial enterprises with a minimum \$1 million investment/\$500K in enterprise zones and 10 full-time jobs created)
- Regional Centers can be created which allow programmatic investment versus individual business criteria
- There is currently no Regional Center in North Texas (North Texas Commission designation dormant)
- The City of Dallas is preparing a Regional Center application for USCIS approval that will tie qualified immigrant investment to the City's Public/Private Partnership Program.
- Epstein Becker Green Wickliff & Hall P.C. is assisting the City in the application process and development of a business/administrative model
- Provides a **potential new capital source for targeted investment in priority economic development initiatives**



Focused Strategy

– Promotion of IIPOD Business Parks

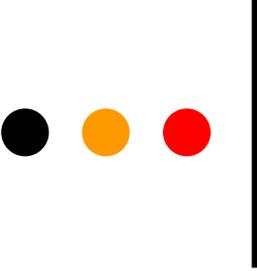
- There are 2,000 acres of land available in the city of Dallas for industrial uses in the I-20/I-45/I-35 “box” area
- Represents an estimated 7,000 new direct jobs for Dallas and 30,000 in the “box” area with an additional 30,000 indirect jobs (including supporting warehouse, commercial and retail) over a 20-year period
- Equates to \$3.2 B in potential taxable property, \$26M in property taxes at today’s rate and \$34M in total general fund impact (all revenue sources from business operations)
- Major developers include Allen, Crow and Prologis
- **IIPOD** is a **focal point** of all **international presentations**



Focused Strategy

– Targeted Cities

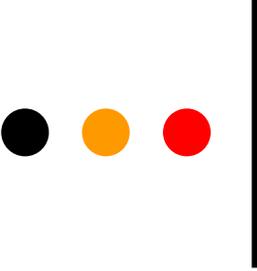
- **China and Mexico** are two major targeted countries
- China targeted cities: **Qingdao, Fuzhou, Chongqing, Dalian, and Shenzhen** have been chosen for further business development after visiting 21 cities in two years; 100 mid to large manufacturers are identified to contact
- Mexico targeted cities: **Mexico City, Monterrey, Guadalajara**
- A specific plan is being developed for each city
- One or two more cities may be added for new business ties each year thereafter
- Canada, Korea, Brazil and Africa are being evaluated for future initiatives



Focused Strategy

– Cultural Activities

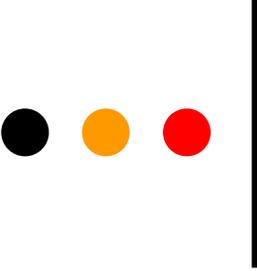
- Promote Downtown Arts District, signature parks, Trinity River and Fair Park
- Encourage international schools and foreign language training, and international student exchange programs
- Work with international organizations and Office of Cultural Affairs to highlight cultural events and activities to Dallas community
- Continue to support Sister City program



Focused Strategy

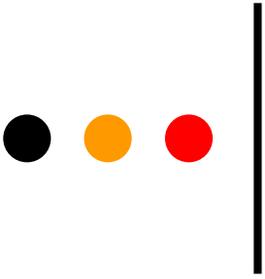
- Tourism

- Designate an international one-stop center for foreign tourists (DCVB)
- Promote Dallas as a major retail, culinary, cultural and sports destination
- Leverage the Asian Trade District

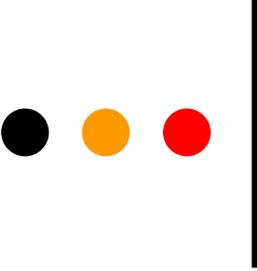


Recommended Next Steps

- Develop an **enhanced marketing and branding program**
- Continue and **deepen partnership relationships** with international organizations, governmental trade offices, DFW International Airport, area universities and the hospital community
 - Actively address regional issues regarding **direct international flights** and a development of a **top tier research university**
 - Exploit **competitive advantages** of our **hospital and healthcare resources**
- Expedite the creation of an **EB-5 Regional Center** in Dallas to promote foreign investment in support of the City's Public Private Partnership program
- Continue to **promote foreign investment in IIPOD** business park
- Complete **business plans for targeted cities in China and Mexico** and integrate mayoral trade visits and other investment recruiting trips to enhance these initiatives
- **Energize cultural and tourism** programs with DCVB, DFW International Airport and local cultural institutions
- **Refine measurable annual goals** related to recruitment of foreign companies, job creation, foreign investment and partnership programs



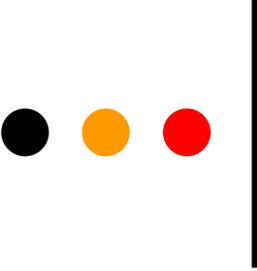
APPENDICES



Appendix A: Regional Overview and International Business Growth

o DFW Context

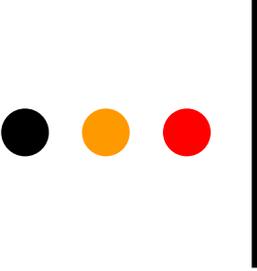
- Texas is one of five states that dominate the US economy – the five combined account for 38% of the GDP and 35% of employment
- Within Texas, DFW is the primary engine with 27% of population, 28% of labor force, 28% of jobs and 34% of Gross State Product
- DFW as national and international player
 - 8th largest employment center in US (2.8 million jobs)
 - If the area were a nation, it would rank 27th in the world in Gross Domestic Product (GDP), \$264 billion, between Denmark and South Africa.



Appendix A: Regional Overview and International Business Growth

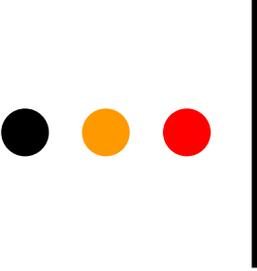
- DFW History

- 50 years from regional trade center to international gateway
- Growing from fewer than 1.5 million residents and 500K jobs to 6.2 million and 2.8 million jobs
- Average annual growth of 229 residents and 112 jobs per day every day for more than half a century
- Ranked 3rd in population growth in 1990s (1.2M total)
- Ranked 1st in employment growth (760K total)
- One in every three DFW jobs today added during 1990s



Appendix A: Regional Overview and International Business Growth

- Total global trade in the Dallas area increased by over \$58.2 billion in 2006, a 17.3% , or up \$8.6 billion from 2005 to 2006
- Metroplex is home to over 2,250 global companies, 22 Fortune 500 headquarters and 7 Global 500 headquarters
- 425 foreign-owned businesses
- DFW International Airport is world's 3rd busiest airport, serving 60 million passengers including 5.6 million international passengers.

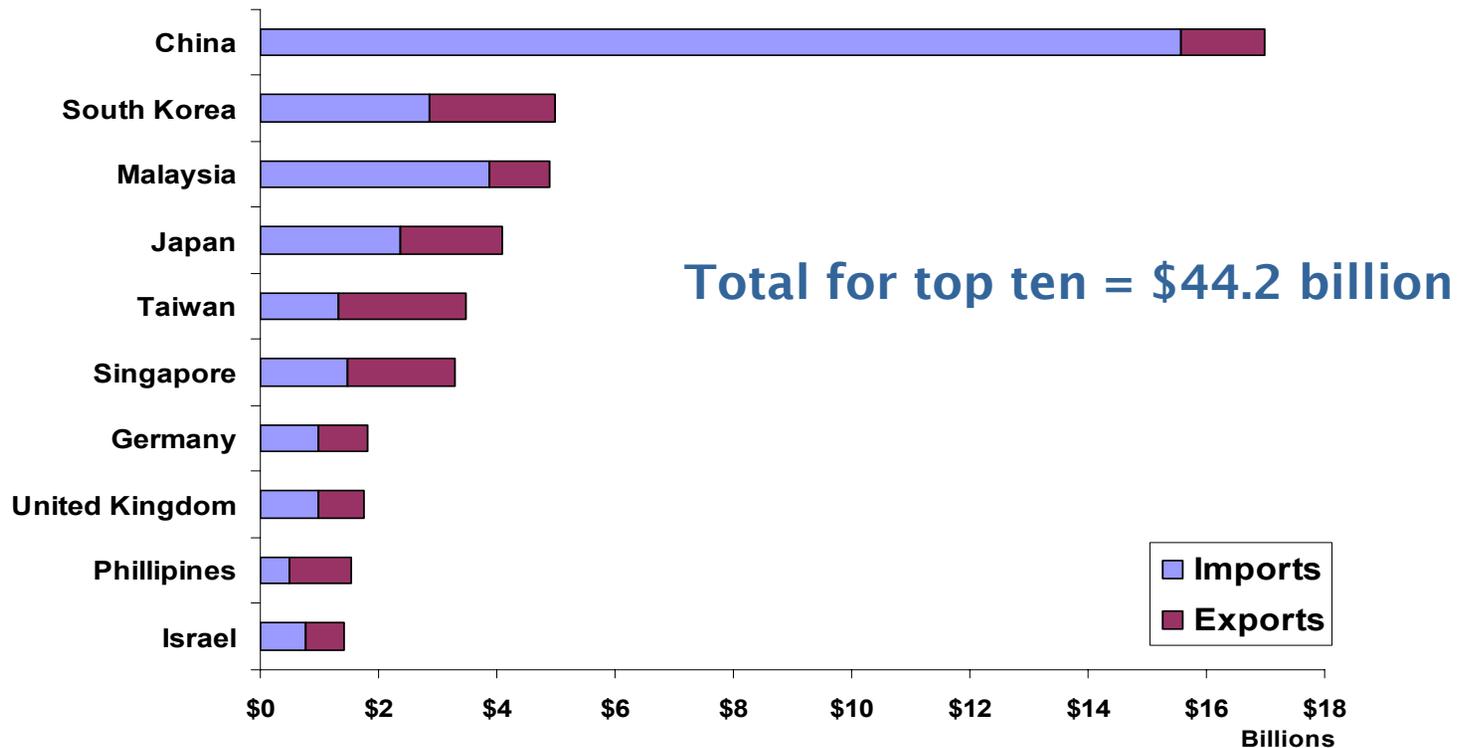


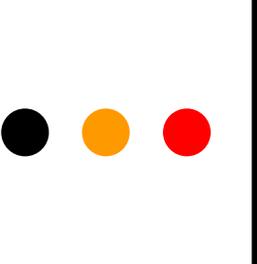
Appendix A: Regional Overview and International Business Growth

- The Dallas Area accounts for 13% of international trade in the state of Texas. Texas has been the number one exporting State in the U.S. for 6 consecutive years (2002-2007).
- The Dallas Area is the 4th largest population center in the U.S. and produces 1/3 of all goods and services in Texas, with 1/4 of the state's population.

Appendix A : Regional Overview and International Business Growth

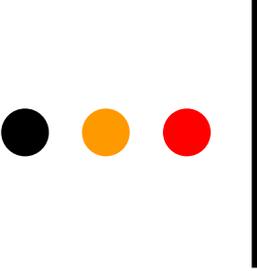
Dallas Area's Top Ten Trading Partners 2006





Appendix B: Success Measures

- **What major indicators are we using to evaluate international business development?**
 - **Number of inbound delegations and foreign investors briefed on Dallas' business development opportunities, as well as outbound trips to Asia (mainly to China) and Latin America (mainly to Mexico) to promote and attract foreign companies to invest in Dallas**
 - **Result: 65 in two years (FY 05-06 & 06-07)**
 - **Number of companies recruited to Dallas; or number of jobs created as a result of recruiting**
 - **Result: 22 foreign companies open Dallas offices in two years with more than 200 jobs as of January, 2008**
 - **Meetings and contacts made through the local and international business community and individuals in order to identify and recruit prospective foreign investors and companies to Dallas**
 - **Result: 300 in two years (FY 05-06 & 06-07)**

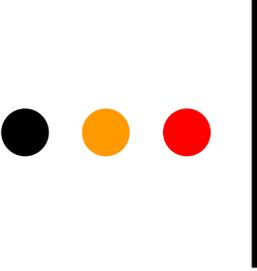


Appendix B: Success Measures (cont.)

- **Partnerships with other agencies such as chambers of commerce, government entities or economic related or non-profit organizations to conduct or initiate international-related programs to attract business to Dallas**
 - **Result: 25 partnership programs conducted in two years**

- **Percentage of requests for information resolved within 5 business days**
 - **Result: 99%**

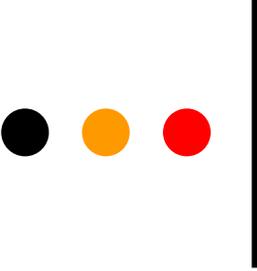
- **Future measure:**
 - **Amount of investment brought in for Public/Private partnership projects as a result of establishment of the Dallas Regional Center**



Appendix C: City Strategies

Detailed – Qingdao, China

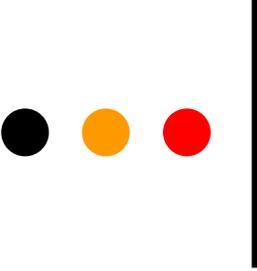
- **Qingdao is one of largest industrial bases in China and strong in chemical, petroleum, machinery, rubber and electronic appliance manufacturing**
- **Strategies:**
 - **Focus on mid to large size manufacturers in machinery, electronic appliances/supply equipment and rubber/tire companies**
 - **30 manufacturers targeted**
 - **Market through visits, direct contacts, workshops, sharing success stories, direct mail of Chinese brochures and follow up**
 - **Invite executives of targeted companies to visit Dallas**
 - **Promote Dallas by establishing an official friendship city relationship with City of Qingdao**



Appendix C: City Strategies

Detailed – Fuzhou, China

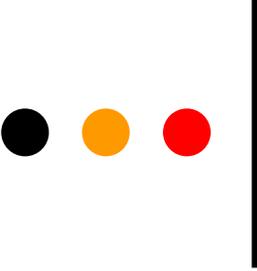
- **Fuzhou is an industrial center and seaport in S.E. China with abundant mineral resources. Strong in prefabricated building materials, medical devices, light manufacturing with aggressive business owners who are eager to set up overseas operations**
- **Strategies:**
 - **City of Xiamen is also included since Fuzhou and Xiamen are geographically close to each other**
 - **Focus on prefabricated building materials and lighting industries**
 - **20 companies targeted**
 - **Establish contact with Fuzhou Expo Center and explore opportunity to participate in the largest building materials show in Fuzhou**
 - **Invite company executives to visit Dallas during their trip to Las Vegas' Asian Commodity Exhibition in August 2008**
 - **Use Fuzhou Rockywood Stone & Cabinet's success story to promote Dallas**



Appendix C: City Strategies

Detailed – Chongqing, China

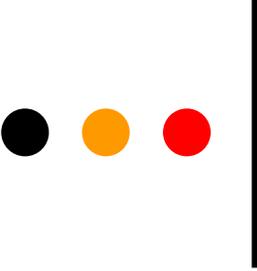
- **Chongqing is the biggest municipality in China and designated by Central Government as a major economic development engine in central and western region of China**
- **Chongqing is China's oldest heavy industry base and strong in automobiles, motorcycles, iron, steel and aluminum manufacturing**
- **Japan and Germany have heavily invested in Changqing**
- **U.S. ranked second in importing Chongqing's aluminum materials**
- **Strategies:**
 - **Focus on automobiles, motorcycles and aluminum companies**
 - **30 companies targeted**
 - **Market through visits, direct contacts, workshops, sharing success stories, direct mail of Chinese brochures and follow up**
 - **Invite executives of targeted companies to visit Dallas**
 - **Use Chongqing Lifan's success story in motorcycle business to promote Dallas**



Appendix C: City Strategies

Detailed – Dalian, China

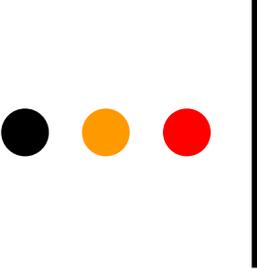
- **Dalian is the largest port in northeast of China and strong in chemical, shipbuilding, machinery, medical equipment, IT, food processing and fashion design**
- **Strategies:**
 - **Focus on machinery, medical equipment and food processing companies initially**
 - **20 manufacturers targeted**
 - **Market through visits, direct contacts, workshops, sharing success stories, direct mail of Chinese brochures and follow up**
 - **Invite executives of targeted companies to visit Dallas**
 - **Promote Dallas by establishing an official friendship city relationship with City of Dalian**



Appendix C: City Strategies

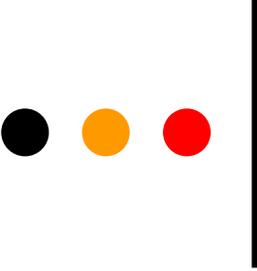
Detailed – Shenzhen, China

- **Shenzhen is the first Chinese City to invest outside China. Concentration on exporting high-tech chips, computer devices, video/audio products, energy and biotechnology related businesses**
- **Shenzhen businessmen have a strong entrepreneur mentality**
- **Strategies:**
 - **70 companies have been in direct contact**
 - **10 companies have engaged in more detailed discussions on setting up overseas operations in Dallas**
 - **Continue to visit through direct contacts, visits and follow up**
 - **Consider signing official agreement with the powerful local high-tech industries chamber of commerce**
 - **Attract the biggest Shenzhen's telecommunication and computer companies to Dallas**



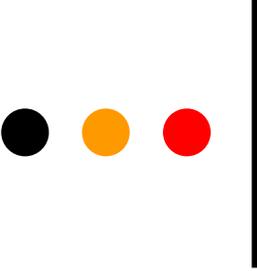
Appendix C: City Strategies Detailed – Monterrey, Mexico

- **Third largest city in Mexico with a metro population of 3.6 million.**
- **Industrial leader for Mexico.**
- **One of the best cities for business in the world.**
- **Known for producing steel, glass, beer and food processing**
- **Home to world's largest industrial conglomerates**
- **Companies below are leaders in their industries throughout Mexico and Latin America**
 - **Cemex (world's third largest cement company)**
 - **Femsa (Coca-cola Latin America)**
 - **Alfa (petrochemicals, food, telecommunications, auto parts)**
 - **Axtel (telecommunications)**
 - **Vitro (glass)**
 - **Selther (leading mattress and rest systems firm in Latin America)**
 - **Gruma (food)**
 - **Banorte (financial services)**
- **Plan trip to Monterrey to meet with 8-10 companies in these conglomerates**
- **Target these companies for expansion to Dallas because of large Hispanic community that knows Mexican brands-easy to penetrate U.S. market**



Appendix C: City Strategies Detailed – Guadalajara, Mexico

- **Second largest city in Mexico with a population of 4 million**
- **Known as the "the Mexican Silicon Valley," due to its electronics industry.**
- **Guadalajara is the main software producer in the country, and also is a leading producer of electronic and digital components.**
- **Guadalajara is home to General Electric, IBM, Intel, Hitachi, Hewlett Packard, Seimens, Flextronics, Solectron and many suppliers to these companies in the high-tech field**
- **Plan trip to Guadalajara to meet with domestic suppliers of these major companies**
- **Target those companies for expansion to Dallas because of large Hispanic community that knows Mexican brands-easy to penetrate U.S. market**
- **Also focus on fact that sometimes it is cheaper to manufacture in Dallas because of advances in technology**



Appendix C: City Strategies

Detailed – Mexico City, Mexico

- **Mexico City is the Capital of Mexico**
- **Most important economic, industrial and cultural center in the country, and the most populous city with almost 9 million inhabitants in 2005.**
- **Population of Greater Mexico City in 2006 reached 19.2 million, making it the largest metropolitan area in the western hemisphere and the second largest in the world**
- **From 1980 to 2000, the economic base of Mexico City shifted to the service sector, which as of 2000, employed close to 70% of the economically active population in greater Mexico City**
- **The City's major industries include trade, financial services, insurance companies, telecommunications, informatics and transportation**
- **Mexico City produces 21.8% of the nation's GDP**
- **Mexico's government is promoting investment in tourism and logistics as the two main industries for expansion.**
- **Plan trip to Mexico City to meet with domestic suppliers of these major companies**
- **Target those companies for expansion to Dallas because of large Hispanic community that knows Mexican brands-easy to penetrate U.S. market**
- **Also focus on fact that sometimes it is cheaper to manufacture in Dallas because of advances in technology**