

International Business Plan and Its Impact on Southern Dallas

**Economic Development & Housing Committee
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Purpose

- ◆ To illustrate the significant international importance of the Dallas area
- ◆ To present the International Business Division strategic approach
- ◆ To provide information regarding Southern Sector's opportunities to capitalize on international business

Regional Overview

◆ 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 29% of Gross State Product
- DFW as national and international player
 - 8th largest employment center in US (2.8 million jobs)
 - 27th among world's nations (\$260 B, between Switzerland and Hong Kong)

Regional Overview

◆ 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

International Business Growth

- ◆ Total global trade in the Dallas area increased by over \$5.7 billion – or 13% – from 2004 to 2005, for a total of \$49.6 billion
- ◆ Metroplex is home to over 2,250 global companies, 22 Fortune 500 headquarters and 9 Global 500 headquarters
- ◆ 425 foreign-owned businesses
- ◆ DFW is the world's 3rd busiest airport serving 5.6 million international passengers in 2005



International Business Growth

Foreign-Owned Companies' Dallas Area Employees

Nortel (Canada) – 3,800

Nokia (Finland) – 3,500

7-Eleven (Japan) – 3,443

Alcon Laboratories (Switz) – 2,900

Alcatel USA (France) – 2,239

CompUSA (Mexico) – 1,100

ST Microelectronics (Neth.) – 1,450

Cadbury Schweppes

Americas Beverages (UK) – 1,227

Accor North America (France) – 1,200

Fairmount Hotel Dallas (Canada) – 1,200

Bimbo Bakeries (Mexico) – 1,100

Ericsson (Sweden) – 1,028

LSG Sky Chefs (Germany) – 977

Fujitsu (Japan) – 900

NEC America (Japan) – 873

Essilor of America Inc. (France) – 831

Hanson Building Products (UK) – 750

Samsung USA (S. Korea) – 500

Futurewei Technologies (China) – 150

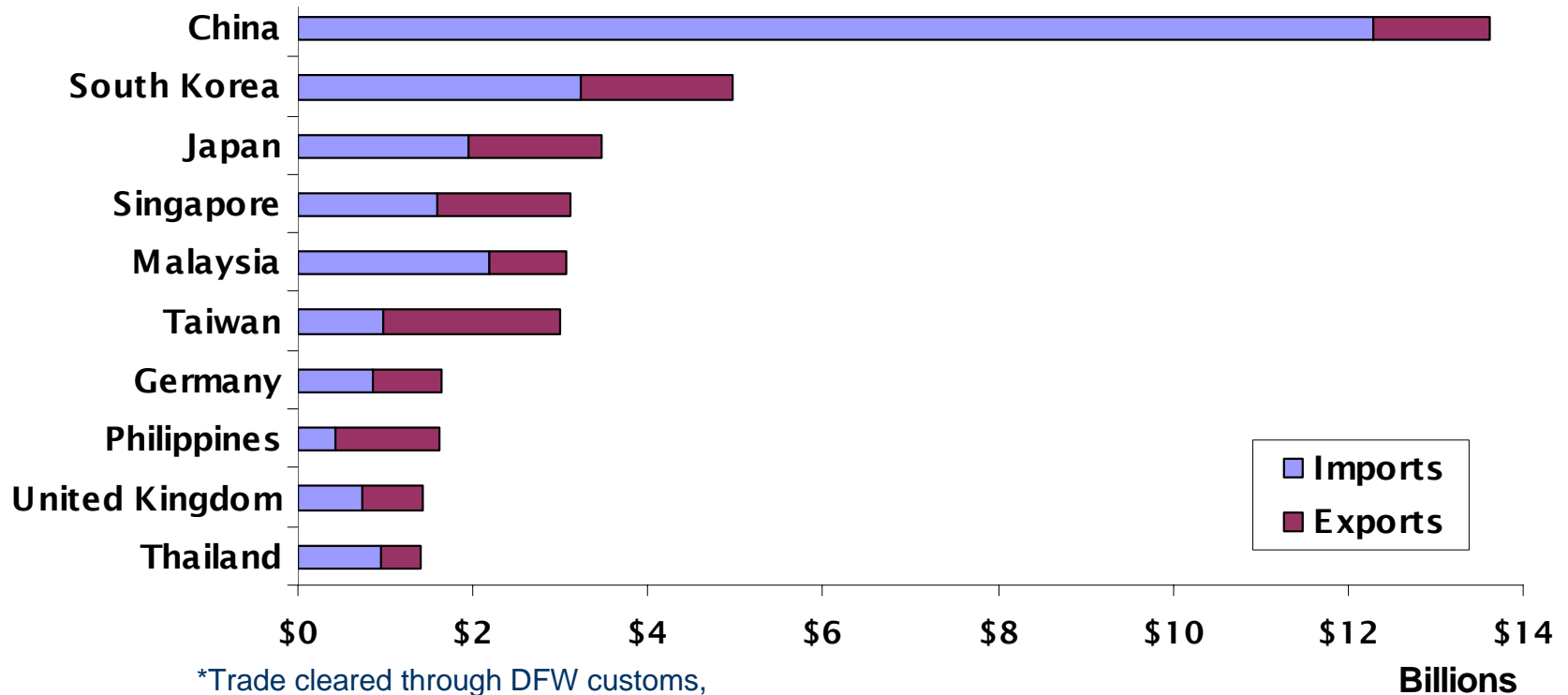
ZTE USA (China) - 35

International Business Growth

- ◆ The Dallas area is one of the largest inland global distribution centers
 - International air cargo network covers 13 major destinations around the world (8 in Asia)
 - 743,101 metric tones of cargo passed through DFW in 2004 (11% growth)
- ◆ International air cargo has grown 16% annually since 2002, mainly to Asia
- ◆ China trade out of DFW International is growing faster than traditional international gateways: exports up 834% since 1996 (New York 234%, Los Angeles 426%, San Francisco 197%)

Top Trading Partners

Dallas Area's Top Ten Direct Trading Partners 2005*



*Trade cleared through DFW customs, excludes Mexican and Canadian trade cleared through US border facilities.



Going Forward

- ◆ How can the City accelerate international investment in Dallas focusing on the Southern Sector?

International Business Strategy

- ◆ Create an international team to aggressively recruit targeted foreign firms
- ◆ Limit the focus to Asia and Latin America with initial concentration on China and Mexico
- ◆ Form International Business Advisory Task force
- ◆ Leverage Dallas Protocol and World Affairs Council and Dallas Committee on Foreign Relations
- ◆ Invest in infrastructure at business parks and Inland Port initiatives
- ◆ Promote foreign company awareness of growing Southern Sector distribution capabilities

International Business Division

- ◆ Created on October 1, 2005 as a part of Office of Economic Development (OED) to capture and recruit foreign investment
- ◆ Mission is to promote foreign investment and attract foreign companies to establish operations and create jobs in the City of Dallas
- ◆ Initial focus on China and Mexico

International Advisory Task Force

- ◆ Consult with local business leaders with international experience in China and Mexico to:
 - Guide strategic policy
 - Recommend business targets and contacts

Leverage Dallas Protocol

- ◆ Work with Dallas Protocol and World Affairs Council and Dallas Committee on Foreign Relations to increase business contacts by:
 - Increasing the number of Ambassadors, Ministers, Heads of State and trade delegations visiting Dallas
 - Increasing international activities including cultural festivals and Sister City programs
 - Host the Dallas Consular Corp Summit in October of 2006 showcasing Fair Park during the State Fair of Texas

Invest in Business Park Infrastructure

- ◆ Pinnacle
- ◆ Mountain Creek
- ◆ Southport / Inland Port Project

Promote Foreign Company Awareness

- ◆ Raise profile of growing Southern Sector distribution capabilities
- ◆ Concentrate on Chinese and Mexican companies with U.S. Distribution needs
- ◆ Leverage Business Advisory Task Force

Keys to Executing The Strategy

- ◆ Research leading manufacturers in Asia and NAFTA countries with emphasis on U.S. distribution needs
- ◆ Monitor local international business activity and understand industry supply chains
- ◆ Effectively coordinate with Dallas Protocol, World Affairs Council and Dallas Committee on Foreign Relations
- ◆ Leverage the International Business Advisory Task Force
- ◆ Partner with other business organizations to improve information flow
- ◆ Develop country specific recruitment strategies for China and Mexico
- ◆ Improve information flow by developing an international section on OED website
- ◆ Hire full time analyst to support our current small team
- ◆ Work with local real estate brokers to keep an updated site bank of available warehouse and office space



Keys to Successful Recruitment: China

- ◆ Concentrate on companies with U.S. distribution needs
- ◆ Create awareness (most Chinese companies don't know Dallas well)
- ◆ Focus on "Second City Concept"
 - Beijing and Shanghai are saturated
 - More potential in other large cities (Chengdu, Chongqing, Jiaxing, Qiandao, Suzhou, Tianjin, Wuhan)
- ◆ Conduct three to four outbound trips per year
 - Coincide with key international business networking conferences when feasible
- ◆ Visit with Central and Provincial government officials as well as targeted manufacturing companies
- ◆ Build relationships – face to face meetings a must
- ◆ Emphasize importance of high level receptions when Chinese delegations visit Dallas



Keys to Successful Recruitment: Mexico

- ◆ Build on established relationships with Port Authorities and State Government officials on Mexican Pacific Coast
- ◆ Utilize International Business Advisory Task Force to assist in identifying Mexican companies to invest in Dallas (Mexico is Texas' largest trading partner but untapped potential in Dallas)
- ◆ Focus initially on targeted industries such as media, food processing/distribution and prefabricated building materials
- ◆ Attend Mexican sponsored trade and logistics conferences in conjunction with Inland Port Initiative
- ◆ Partner with U.S. – Mexico Chamber, Greater Dallas Chamber and State of Texas Mexico City office
- ◆ Schedule trips, as appropriate, when target company list is better defined



Inland Port Concept

- ◆ Congestion in nation's trade infrastructure limits international business growth
- ◆ Import benefits
 - Reduce bottlenecks at the border by shipping secure cargo to an inland location for customs clearance
 - After clearing customs, there are opportunities to add value to this cargo: distribute, repackage, assemble, manufacture
- ◆ Export benefits
 - Time and cost savings for local producers to ship from a Dallas facility to deep water ports directly
 - Avoid railroad schedule delays by having regular service from the Dallas facility to deep water ports



Inland Port and Southern Dallas

- ◆ Southern Dallas benefits:
 - 15-20% savings in shipping, driving and handling expenses for local originating products (assumes intermodal facilities)
 - All real estate within two to five miles becomes more competitive for warehousing, assembly and manufacturing facilities
 - Commercial and retail facilities will follow to support the trade-related facilities
- ◆ Long Beach exemplifies economic benefits generated by major port/distribution center
 - One ship with 8,000 containers injects \$3.2M weekly into local economy (\$166M annually)
 - Supports 30,000 jobs

More Infrastructure for Trade



Dallas Inland Port Area

- ◆ Targeted site is near new Union Pacific intermodal facility and Foreign Trade Zone
- ◆ Mexican, Dallas and Houston Governments aim to develop a southern route
- ◆ Goods will be shipped from Mexican ports (Manzanillo, Lazaro Cardenas & Topolobampo), Port of Houston, as well as from Port of LA/Long Beach, then by rails or trucks
- ◆ Containers clear U.S. Customs at the Inland Port of Dallas
- ◆ Expedite clearance at Inland Port of Dallas
- ◆ Reduce shipping time from congested LA/Long Beach ports by several weeks



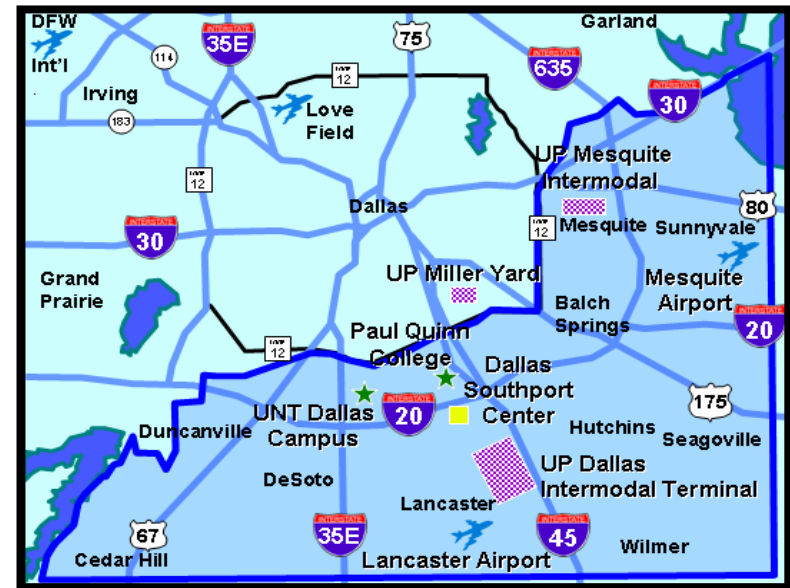
City of Dallas Potential*

- ◆ There are 1,998 acres of land available for assembly distribution in I-20 / I-45 area representing (industrial uses):
 - 27,900 potential jobs (including supporting warehouse, commercial and retail)
 - \$3.2B in potential taxable property
 - \$25.8M in property taxes at today's tax rate
 - \$42.9M total general fund impact (all revenue sources from business operations)

*These estimates exclude jobs, sales tax and other impacts from construction of these business facilities.

International Momentum Has Begun

- ◆ Local coalition formed with 8 members: Balch Springs, Cedar Hill, Dallas County, De Soto, Duncanville, Lancaster, Mesquite and Seagoville
- ◆ MOU signed with the EPA to establish a Clean, Green and Safe Corridor along the NAFTA trade route
- ◆ Primary land holder (The Allen Group) has assembled ~5,500 acres in the impact zone (1/4 in Dallas)
- ◆ ULI Advisory Panel in June to evaluate Dallas Inland Port initiatives



Dallas NAFTA Impact Zone

International Momentum Has Begun

- ◆ Since creation of the new International Business Division, one Chinese governmental agency and two Chinese companies have set up operations/distribution centers in Dallas :
 1. Tianjin's Economic-Technological Area has signed a 3-year lease and is opening a Dallas office in April 2006
 2. Goldenvale Inc. from Zhejiang Province, manufacturer of Scooters/Dirt Bikes/Go-Karts has signed a Dallas lease; creating 22 jobs in April 2006 and expecting 80 jobs in 2007
 3. Parsun Incorporated from Suzhou, manufacturing Rare-Earth Portable Generators, has signed a Dallas lease; will create 4 jobs in May 2006 and expect expansion to 20 jobs in 2007
- ◆ More prospective companies are being targeted for building distribution centers in Dallas pending the outbound trips for further recruitment



City of Dallas Next Steps

- ◆ Continue infrastructure investments in the Southport, Bonnie View, Pinnacle and Mountain Creek industrial areas
- ◆ Preserve vacant land through Comprehensive Plan and zoning to prevent uses incompatible with logistics industry
- ◆ Focus on Chinese and Mexican firms to anchor the Dallas portion of the port area
- ◆ Complete multi-party discussions and examine feasibility of a second intermodal facility (BNSF)
- ◆ Continue discussions of expansion and placement of foreign trade zone designation



Summary

- ◆ Dallas was created as a trade center, grew as a trade center and has the potential to perpetuate and thrive as a trade center, but now as a global focal point.

Southport Area Map

