Bluegrass Economic Advancement Movement

Trade and Investment Plan Synopsis

Goal:
Foster an ever-strengthening ecosystem of foreign and domestic firms, prepared to meet the challenges of a 21st century global economy.

Objective:
Probe key industries for areas of FDI and export growth opportunity that support increased specialization, skills differentiation, and the broad goals of prosperity and economic inclusion.

1. Harness business retention and expansion efforts for best M&A outcomes among existing foreign and domestic companies, particularly in the middle market
2. Increase exporting activity among middle market firms
3. Expand foreign direct investment in traditionally strong manufacturing sectors
4. Cultivate foreign direct investment from emerging economies in Asia and Latin America. Focus efforts within selected sectors at the intersection of FDI, growth-oriented middle market firms, and high-wage/high-skill jobs

Strategies

I. Unleash the global potential of the middle market
Implement robust programs for business retention and expansion, focused on increasing the global engagement of a targeted set of middle market firms. Encourage succession planning. Establish an M&A advisory council.

II. Foster high wage, specialized activity in established and emerging industry clusters
Cultivate knowledge and innovation-focused activities that advance development of industry clusters and command higher wages. Software/IT, chemicals and life sciences hold growing opportunity.

III. Focus on Key Global Geographic Targets for FDI and Exports Growth
Concentrate efforts among FDI sources (including Germany, Japan, UK, Switzerland, Canada, and Italy) with a history of investing in priority sectors in Kentucky and neighboring states. Evaluate growth trends and opportunities in other sources of investment, including Mexico and China.

IV. Build the workforce to support increasingly high value activity in industry clusters
Support and expand degree attainment programs, stackable certification opportunities, apprenticeships, and career path awareness-raising efforts among current and future workforce. Grow, attract, and retain global and local talent with 21st century skills.

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The complete BEAM Global Trade and Investment Plan is available online.
Contributions of FDI

Foreign-owned firms in the U.S. make outsized contributions to the fundamental components of vibrant economic centers, accounting for significant innovation, research, and exports production, in addition to high-wage jobs. The BEAM Global Trade and Investment Plan, developed in collaboration with the Brookings Global Cities program, examines the importance of foreign direct investment (FDI), particularly in the largest U.S. metropolitan areas. The plan proposes the way forward for metropolitan-led cultivation of FDI that helps build a resilient and growing BEAM economy for all.

The Changing World of FDI: Rise of the Middle Market

The massive greenfield investments that helped establish FDI across the country in the second half of the 20th century have become less common. In the U.S. as a whole, only 26 percent of foreign-owned establishment (FOE) employment in 2011 was in establishments that entered the U.S. through greenfield investments after 1991. The average size of these establishments was relatively small—33 employees at the time of investment. Investments after 1991. The average size of these establishments was in establishments that entered the U.S. market did so through mergers and acquisitions.

The Intersection Between Exports and FDI

Export activity brings similar and complementary benefits to those fostered by FDI: it acts as cause and consequence of strong industry clusters, innovative and entrepreneurial cultures, and globally fluent companies. As is the case with FDI performance, the nation’s top 100 metropolitan areas account for the majority of U.S. exports. Seventy-five percent of all U.S. exports are produced in these cities. This is not coincidental, given foreign firms’ critical contributions to U.S. exports.

Vision for the Region

In FDI cultivation as in other areas of economic development, success lies in tending tirelessly to the existing industry strengths, businesses and workforce that undergird the region, while strategically targeting geographies and specialties that will assure the region’s trajectory plots that of emerging opportunity and demand in an ever more competitive world.