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COMMENTARY

Editorials, letters, columns and other opinions

San Diego Region Has Much to Gain From TPP



COMMENTARY
Mark Cafferty



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Jerry Sanders

San Diego has much to gain when it comes to doing business with clients beyond our borders. Last Thursday's passage of the Trade Promotion Authority (TPA) bill provides the political pathway needed for international negotiations to conclude on trade agreements such as the Trans Pacific Partnership (TPP). This greatly enables our local businesses to do more to export their goods, attract

foreign investment, and increase global engagement. According to research from the **Brookings Institution**, San Diego has the 17th largest economy in the U.S. but ranks 61st when it comes to export intensity and 49th in terms of the percentage of jobs located in foreign-owned firms. This means San Diego has an opportunity to tap into global markets that will grow the economy here at home.

The TPP is an international free trade deal being negotiated between the U.S. and 11 other countries throughout the Asia-Pacific region. According to Go Global San Diego, an initiative that aims to help San Diego increase its global competitiveness, these 11 countries include some of San Diego's largest trading and investment partners—Australia, Canada, Chile, Japan, Mexico, New Zealand, and Singapore, representing a market of nearly 500 million consumers with a combined GDP of nearly \$12 trillion.

In general, San Diego's exports are shifting toward the Pacific Rim. Notably, the TPP includes Japan, which is critical because it is the second-largest source of foreign employment and top destination for exports from San Diego—yet it does not have a free trade deal with the U.S.

Driving Job Growth

Trade is essential for sustaining America's role as the most innovative economy in the world. Expanded trade and increased foreign investment mean jobs for U.S. workers in a wide range of industries that drive growth, boost productivity, and create millions of jobs. With more than 95 percent of the world's consumers outside of our borders, and more than one in five U.S. jobs dependent on trade, it is critical that the U.S. continue to open new markets for American goods and services, while creating and sustaining jobs for American workers. In fact, more than 110,000 jobs in San Diego are directly supported by international exports and foreign direct investment—this represents about 8.2 percent of jobs in the county.

While many assume that exporting is limited to big businesses, the reality is that 98 percent of the nation's 300,000 exporters are small businesses. Of these, minority-owned firms are more likely than non-minority-owned firms to have businesses that generate 100 percent of their sales through exports.

TPA and TPP will benefit a variety of sectors that drive San Diego's diverse innovation economy—from electronic products, to transportation equipment, to manufacturing, to R&D. There are many companies that stand to gain from greater access to foreign markets. Companies that export and receive foreign direct investment pay higher average

wages, contribute more to regional R&D efforts and increase productivity of domestic markets through the infusion of new technologies and practices.

Export-Import Bank Essential

A key component to fully tapping into that potential is the support of the **Export-Import Bank**. The Ex-Im Bank, which is set to expire at the end of June, is an essential element in our country's competitiveness strategy. It supports hundreds of thousands of jobs while promoting economic growth. The Ex-Im Bank works by facilitating American exports through direct loans and loan guarantees, export credit insurance, and working capital finance.

The San Diego business community knows that the Ex-Im Bank is essential to local job growth. The Bank has supported 1,083 California businesses since 2007, 76 percent of which are small businesses. That has led to \$23 billion in exports from our state. In San Diego County's five Congressional districts, the Bank has supported \$2.8 billion in exports spread over 107 exporters. Eighty percent of exporters supported in San Diego County are small businesses.

We applaud Congress—especially our San Diego Reps. **Darrell Issa**, **Scott Peters**, and **Susan Davis**—for the passage of the Trade Promotion Authority bill and urge Congress to reauthorize the Ex-Im Bank. This is essential to San Diego increasing our competitiveness, accessing new markets, creating more jobs and realizing our full global potential.

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