

STRONG ECONOMIES, RESILIENT COUNTIES

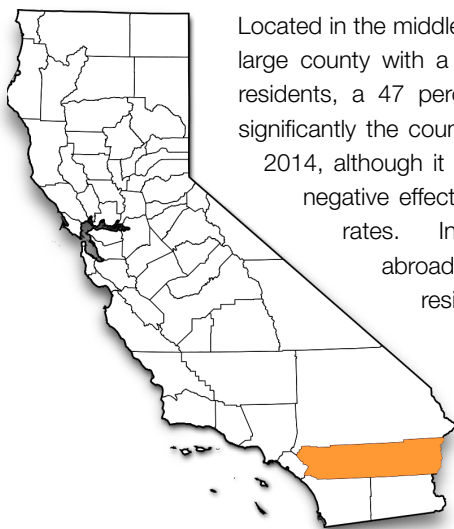
The Role of Counties in Economic Development



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RIVERSIDE COUNTY, CALIFORNIA

Actively Pursuing Foreign Trade Opportunities



Located in the middle of the the Riverside-San Bernardino metropolitan area, Riverside County, Ca. is a large county with a fast growing population. Since 2000, the county added more than 733,000 residents, a 47 percent growth rate in only 13 years. The latest economic downturn affected significantly the county economy; the county unemployment rate is still above 8 percent, as of April 2014, although it dropped by half since 2010. Riverside County was not alone experiencing the negative effects of the recession, as the entire Riverside metro area recorded high foreclosure rates. In the same time, 90,000 jobs in the county are in manufacturing of goods sold abroad. One of the county strategies to help create job opportunities for a fast-growing resident population and counteract the latest downturn effects is the expansion of local market prospects abroad through export promotion, foreign direct investment (FDI) attraction and strategic partnerships with foreign countries.

The Riverside County Board of Supervisors established the Office of Foreign Trade (OFT) in March 2009 to diversify the economy through trade, foreign direct investment and expansion of new export markets. A Commissioner of Foreign Trade, an appointed position within the County Economic Development Agency, manages the office. OFT represents Riverside County business owners, entrepreneurs and investors during discussions with foreign governments.

Foreign Trade Zones (FTZs)

With the creation of the OFT in 2009, the county expanded its three foreign trade zones to attract foreign investment in the county. As of June 2014, Riverside County has four FTZs and a fifth underway, making it an appealing county for large manufacturers. Foreign trade zones lower costs for businesses located within the designated zone by reducing or eliminating tariffs and taxes on exports. These cost savings draw an increasing number of firms such as Skechers and Flexsteel to the county, creating jobs for county residents. In 2012, active sites within the FTZs employed 564 people and moved \$1 billion worth of product through the FTZs.

The county's focus on trade and use of FTZs capitalizes on its strong agricultural and manufacturing industries. Riverside County is proactive in attracting LEED certified buildings, offering discounts for manufacturing, electrical and utility

- Population, 2013: 1.6 million
- County Board size: 5
- County Executive Officer

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services. Manufacturing exports are rapidly growing. Between 2011 and 2012, manufacturers in San Bernardino and Riverside Counties increased their sales abroad by 13 percent, exporting \$8 billion worth of goods in 2012. In 2014, manufacturers from Riverside County exported products to about 180 countries.

Additionally, Riverside County attracted more FDI in the wine industry. The county passed an expansion plan that increased the number of winery allowances from 35 to 105 and allowed planted acreage allowances to rise from 7,000 to 25,000 acres. The industry registers a growing number of foreign investors, specifically from Asia, that had an impact not only on jobs but also on the export promotion of the wine industry.

As of 2013, 35 nations invested in the county, creating an estimated 11,800 direct jobs with an annual payroll of \$805 million.

Bilateral Trade Agreements

Riverside County aggressively seeks to strengthen its presence in the global economy through bilateral trade agreements. In 2013, the OFT negotiated and executed a series of bilateral trade agreements with Japan, Canada and Croatia. Most recently, county officials are pursuing a partnership with the People's Republic of China, as China not only is a large global market, but a major source of FDI. Chinese investment in the Riverside metropolitan area is about \$11.5 billion, including about \$4 billion for agriculture-related investments. China is also the top export market



Riverside County Office of Foreign Trade signing a bilateral trade agreement with Croatia.

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for agricultural products from Riverside County. The county established trade relationships and dialogue with 68 other countries with the intention of attracting business.

Furthermore, the county partnered with the Export-Import Bank of the United States in 2009. The U.S. Export-Import Bank helps finance the export of U.S. goods and services to markets abroad by providing working capital guarantees, export credit insurance, loan guarantees and direct loans. Since 2009, Riverside County handles all loans and underwriting projects from the U.S. Export-Import Bank for the county's exporting businesses, tripling the county economy's initial \$10 million export profile.

Riverside County College of Foreign Trade

In partnership with the U.S. Small Business Administration and the California Centers for International Trade Development, the Riverside County Economic Development Agency initiated the College of Foreign Trade in 2011. Hosted by the Riverside County Board of Supervisors and the OFT, the College of Foreign Trade support export promotion in the county by educating business leaders and local government officials on the importance of foreign trade and ways to use all the tools available from the county, banking institutions, EB-5 (Immigrant Investor Program) centers and FTZs. For example, the College offers seminars specifically geared towards educating the business community on the procedures for using FTZs, such as export law, financing opportunities and addressing product needs on a global scale.

In addition to the College of Foreign Trade, the county partnered with three universities and six community colleges to initiate projects that generate interest in international business in commerce and trade. In September 2012, California Community Colleges Centers for International Trade Development at Riverside Community College District was among the partner recipients of a \$1.62 million State Trade and Export Promotion (STEP) grant from the U.S. Small Business Administration (SBA). Riverside Community College District and its partners — including UCLA Anderson School of Management, USC Marshall School of Business, LA County Business Federation, and World Trade Center, San Diego — use their portion of funding to coordinate training and technical assistance for small businesses that export products.

Riverside County has been proactive in expanding the market abroad for its local businesses, attract new businesses from abroad and in the process create jobs for county residents. Building on its strong manufacturing and agricultural sectors, the county is reaching out creatively to foreign investors and trade partners to ensure job creation and the successful promotion of local businesses.



Business leaders and local government officials graduate from the College of Foreign Trade.