

Bi-State Metropolitan Forum

Building a Healthy Economy for Oregon and Washington

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LANDYE BENNETT
BLUMSTEIN LLP
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Portland General Electric

Background

Economic competition among states is being replaced by competition among the regions of the world. The Portland-Vancouver metropolitan area competes for investment, talent, and jobs with other regions around the globe. Our identity is forged in the minds of business leaders, consultants, and workers looking for a location for launching their companies or their careers. Central cities and their suburbs are increasingly interdependent as job growth in the suburbs outpaces that of the central city, and as the amenities of the cities attract talent that might not consider locating in a region without a vibrant urban core.

Many of the region's key economic clusters cross the state border, and many companies have facilities in both states. Key and emerging industry clusters for both states include:

- Semiconductor and electronics manufacturing
- Metals, machinery, and transportation equipment
- Forest products
- Food processing
- Software
- Tourism
- Apparel and sporting goods
- Smart and sustainable energy
- Distribution and logistics, including trade activities

Each cluster has succeeded in this region for a specific reason. Each faces a set of competitive challenges. A regional strategy for developing individual clusters can strengthen competitive positions, improve collective futures, and increase benefits to the regional economy.

This two-state region offers a rich menu of choices for living and working. These choices, derived from the states' different approaches to regulation, taxation, and economic development, can strengthen our appeal to a wider variety of companies and people. Conversely, these differences can hamper collaboration.

Successes

Cooperation in economic development does happen in a variety of ways. Some of the notable successes of bi-state cooperation include the following:

- **The International Nonstop Air Service Committee** was formed to establish and maintain nonstop international air service between Portland International Airport and Europe, Mexico, and Asia. This committee was responsible for recruiting Lufthansa Airline's nonstop service to Frankfurt; Northwest Airline's nonstop service to Tokyo; and Mexicana's nonstop service to Guadalajara. The region-wide effort by the public and private sectors to recruit these carriers demonstrated that international service to PDX would provide a strong market opportunity.

- **A Comprehensive Economic Development Strategy and Regional Business Plan** ensure that the six-county region coordinates key development efforts. These efforts led to the creation of implementation committees that draw leadership from both states.
- **Manufacturers have organized across state lines** to address shared objectives, including workforce development, applied research, and federal funding. These coalitions include The Manufacturing 21 Coalition, the Northwest Higher Performance Enterprise Consortium, and the Pacific Northwest Defense Coalition.
- **The International Marketing Partners Group** brings together a variety of regional interests to raise awareness of the region in targeted international markets and aligns policy and strategic initiatives to maximize the value of international contracts.

Opportunities

By working together as a region, Washington and Oregon can attract investment and talent, increase exports, and improve the competitiveness of key clusters. Opportunities for cooperation include:

- **Align cluster strategies.** Strategies for the region's key economic clusters could be more powerful by leveraging and aligning the resources of both states, including education and workforce, research, and infrastructure components of these strategies. Strengthening emerging clusters such as sustainable energy, open source software, nanotechnology, and next generation semiconductor design will require additional investments in research. Cooperation can increase return on investment for both states.
- **Develop a regional workforce development plan.** Companies in the six-county metropolitan region share a single labor pool. They can be better served if our workforce development system matches the needs of employers with the programs that best fit their needs, regardless of state affiliation.
- **Pursue federal funding.** By speaking with one voice regarding priorities for research, infrastructure, training, and other investments, we will be more successful in our pursuit of federal funding.
- **Jointly market the region.** A joint message about the competitive advantages of this region strengthens our appeal to talented workers, tourists, and investors.
- **Expand our partnerships in international trade.** Enhancing international partnerships will improve recognition of the region's potential around the globe and increase exports from both states.
- **Improve cooperation in industry recruitment.** Although the jurisdictions share information about prospects, we don't always approach a prospect with a united front and an understanding that a significant investment anywhere in the region benefits both states.

Challenges

Despite opportunities to improve our economies by working together, some important challenges prevent us from doing so.

- **Accountability stops at the border.** Economic development agencies are evaluated by their effectiveness in creating and retaining jobs within their specific jurisdictions. Despite the fact that their citizens may benefit from jobs created in another jurisdiction, economic development professionals have few bottom-line incentives to take a regional approach.
- **Institutional structures, laws, and incentives vary by state.** Issues in one state might not apply to businesses in the other. The regional table must focus on shared strategies and issues. These differences also encourage companies to draw the two states into incentive bidding contests despite the fact that new businesses in either location will benefit the entire region.