

The 10 TRAITS of GLOBALLY FLUENT METRO AREAS

GLOBAL CITIES INITIATIVE
A JOINT PROJECT OF BROOKINGS AND JPMORGAN CHASE

GREENVILLE

| GDP (country rank), 2012 ¹ | Share National GDP, 2012 ² | GDP/Capita, 2012 ³ | Population, 2012 (country rank) ⁴ | Share National Pop., 2012 ⁵ | GaWC Global City Ranking, 2010 | # Global 2000 HQs, 2012 | GDP/c Growth 1993-2012 ⁶ |
|---------------------------------------|---------------------------------------|-------------------------------|--|--|--------------------------------|-------------------------|-------------------------------------|
| \$26,530,750,433 (>100) | 0.18% | \$40,980 | 647,401 (83) | 0.21% | N/A | N/A | 2.42% |

1) Benchmarks — what is the city’s recent ranking performance in terms of global firms, connectivity, diversity, range of cultural assets, immigrants, visitors?

The Greenville-Spartanburg corridor is the second-largest urban region in South Carolina, and it serves as the economic and political center of the state’s 10-county Upstate region. With a population of just under one million, Greenville-Spartanburg is not a global city in the traditional sense. It receives few international tourists, does not have a particularly large share of immigrants, and does not serve as the headquarters for any Fortune 500 firms.

Yet, Greenville-Spartanburg has carved out a highly competitive niche in the global economy. In the first ranking of North and South American “micro” cities (cities under 100,000) by *fDi Magazine*, the City of Greenville ranked as the top “city of the future,” second for “economic potential,” ninth for “human resources,” and third for “FDI strategy.”⁷

2) Narrative – the city’s journey into and through globalization. What kind of economic and development trajectory has it taken? What has changed over time?

The Upstate region has always been connected through trade. As for many small and mid-size cities in America’s Southeast during the early 20th century, Greenville-Spartanburg’s regional economy was dominated by the textiles industry, to the point that the area was labeled the “Textile Center of the World” in

1917. As many of the textile plants were either shut down or moved overseas in the mid-20th century, local and state leaders began a push to diversify the regional economy, particularly by attracting advanced manufacturing sectors like automotive and advanced materials.⁸

In 1992 Spartanburg successfully beat out 250 other locations to land BMW's first manufacturing facility outside Germany. In an aggressive, coordinated courting, local and state government provided BMW with a \$150 million subsidy package.⁹ Since then, BMW has created close to 7,000 jobs and invested \$5 billion locally. In Greenville, French tire-maker Michelin, General Electric, and Lockheed Martin all operate large facilities.¹⁰ Success has beget success. Now, even Chinese companies like Yungcheng, a label designer for firms like Coca-Cola, are locating manufacturing operations in Spartanburg.¹¹ The presence of large global manufacturing and advanced industry firms has placed Greenville-Spartanburg on the world map, and the region is now one of the largest industrial hubs in the South.

3) Elements of international and global orientation - In what ways is the city globally connected and relevant? What sort of trade patterns does it exhibit?

Greenville-Spartanburg receives more per capita foreign direct investment (FDI) than any other region in the United States.¹² BMW and Michelin anchor a cluster of foreign-owned manufacturers that enjoy proximity to multimodal transportation networks – the I-85 and I-26 corridors, the nearby Port of Charleston, and two major railroad lines – that solidify the region's global connectivity. The region reflects the influence of the foreign firms. Michelin founded a bilingual French school, and German, Chinese, Korean, and Japanese Saturday schools offer language and culture classes.¹³

Despite its relatively small population, the Greenville metropolitan statistical area (not including Spartanburg) trades with the world. Exports account for nearly 15 percent of gross metropolitan product (GMP), making Greenville the 11th most export-intensive metro in the United States. In comparison to the U.S. average (67 percent of total exports), Greenville's exports composition favors goods (79 percent of total) over services. Its specialties reflect its large firms: machinery (\$1.1 billion), chemicals (\$490 million), transportation equipment (\$310 million), and plastics and rubber products (\$290 million). Its largest export destinations are Canada, Mexico, China, Japan, and Germany.¹⁴

4) To what extent is the city's international dimension inherited or intentional?

Greenville-Spartanburg inherited several assets that were fundamental to its early industrial development. Textile mills sprang up in these two metros because the Piedmont's hilly geography and swift-moving rivers created cheap and efficient waterpower. Rail lines also connected the Upstate region to the Port of Charleston, allowing an efficient movement of finished goods to market.

While the early development of Greenville-Spartanburg may have been somewhat inherited, its economic diversification in the late 20th century was quite intentional. As an International Economic Development Council case study states: "the Greenville-Spartanburg success story is about transcending traditional boundaries and mastering the process of public-private partnership to take on the challenge of remaining competitive in a rapidly changing global market environment."¹⁵

The Greenville economic development model is based on a two-tiered approach of aggressively pursuing foreign-based firms (e.g., BMW, Michelin) and then building on those anchors by investing in regional FDI attraction efforts, workforce training, and quality-of-life amenities. The region offers several advantages for foreign firms: large local and state subsidies, a nonunionized workforce, lower-than-average wages, state-subsidized worker training programs, and its prime location along the high growth I-85 corridor between Atlanta and Charlotte. The Upstate Alliance, a public-private organization that represents the region's 10 counties, markets Greenville-Spartanburg's assets to global businesses to attract FDI.

Once firms have located in the region, universities react quickly to provide education for the needed positions.

Clemson University, Greenville Technical College, and other regional schools feed GE's gas-turbine plant's demand for engineers. Through an apprenticeship program at Greenville Tech, GE is paying for students to get technical degrees, with the expectation they join on at the plant after completion. To supply BMW with high-skilled labor, Clemson University and the City of Greenville opened an International Center for Automotive Research, a state-of-the-art industrial-scale lab and education facility that emphasizes technical training to succeed in the increasingly technologically advanced field of automotive manufacturing.¹⁶

The final benefit for global businesses is the City of Greenville and City of Spartanburg's recent downtown revitalization efforts. Investments in amenities, while not as important as solidifying its competitive niche, have served as a selling point when attracting global talent.¹⁷

¹ Brookings analysis of Moody's Analytics data.

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ Brookings analysis of Moody's Analytics and Oxford Economics data.

⁷ Jacqueline Walls, "American Cities of the Future 2011/12," April/May 2011, available at www.greenvillesc.gov/PublicInfo_Events/NewsArticles/AmericanCitiesoftheFuture.pdf.

⁸ Anne Berlin, Frankie Clogston, Shari Garmise, and Shari Nourick, "Roadmap to Globalization Profiles of Globalizing Communities: Case Study Summaries" (Washington: International Economic Development Council, 2009).

⁹ "AccountableUSA – South Carolina," available at www.goodjobsfirst.org/states/south-carolina.

¹⁰ John Bussey, "U.S. Manufacturing, Defying Naysayers," *Wall Street Journal*, April 19, 2012.

¹¹ Sheridan Prasso, "American Made...Chinese Owned: Full Version." *CNNMoney*, May 7, 2010, available at money.cnn.com/2010/05/06/news/international/china_america_full.fortune/

¹² Betty Joyce Nash, "When South Carolina Met BMW," *Region Focus*, Second Quarter, 2011, pp. 20–22.

¹³ Ibid.

¹⁴ "Export Nation 2012, Greenville-Mauldin-Easley, SC Metro Area Profile" (Washington: Brookings Institution, 2012).

¹⁵ Anne Berlin, Frankie Clogston, Shari Garmise, and Shari Nourick, "Southern Transformation: Greenville-Spartanburg, South Carolina" (Washington: International Economic Development Council, 2009).

¹⁶ John Bussey, "U.S. Manufacturing, Defying Naysayers."

¹⁷ Anne Berlin, Frankie Clogston, Shari Garmise, and Shari Nourick, "Roadmap to Globalization Profiles of Globalizing Communities."

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