

# Competing for Global Leadership: *A Framework for a Massachusetts International Strategy*

## Global Massachusetts **2024** *Winning the Competition for Talent and Innovation*

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# Global Massachusetts **2024**

*Winning the Competition for Talent and Innovation*

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*With special recognition for **Tom Gradel**  
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Global Massachusetts 2024 is an initiative of Mass Insight Global Partnerships that convenes leaders among major business groups, industry, and higher education to build consensus for a comprehensive ten-year economic agenda that will position Massachusetts to win the competition for talent and innovation – the key to securing prosperity for all our citizens.

As part of the larger *Growth Agenda*, this report has been written with recommendations for the Commonwealth of Massachusetts and the City of Boston to work together to promote the region internationally. With a focus on opportunities for global economic development, Global Massachusetts 2024 convened an international strategy advisory group to shape the report, which is being presented to the new state administration as a roadmap for success through the next decade.

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## Introduction

Massachusetts has played an historic role internationally for the United States, opening up trading links for the colonies in the 1600s and with China in the 1700s. Salem and later Boston were the gateways for global trade.

Massachusetts has the opportunity to lead again but will not achieve its full potential without an intentional, coordinated, and sustained international strategy that is driven by public-private partnerships and transcends changes in leadership in both the public and private sectors.

Other states and regions collaborate together through public-private partnerships. Major global cities have dedicated non-profit entities whose sole purpose is to engage globally. It is no longer a strategy to presume we are the “hub” and remind others of all the “firsts” that occurred in the Commonwealth. Past performance does not predict future success. Our successful economic development strategy in the 1990s was defined by “choosing to compete,” leaving behind the “Taxachusetts” label. It’s now time to embrace a “choosing to lead” strategy that will make Massachusetts the gateway for talent and innovation to and from the United States.

The Boston 2024 Summer Olympics efforts could provide a significant platform for a global strategy. However, we will only realize the full value of that opportunity if we have a successful economic development, business and tourism marketing strategy to promote globally.

We have a great deal to build on.

After a long slow decline in the first half of the 20th century, Massachusetts in the 1980s saw the expansion of exports and international business from its three major for-profit sectors: financial services (with asset management driving global growth), the tech and medical device sectors through their manufacturing exports, and the global pharma connections established through the medical/biotech cluster.


It is, however, the non-profit higher education and healthcare sectors and the talent, technology and innovation spawned by them that most define Massachusetts – and specifically Boston – around the world today. In China, Harvard, MIT and our cluster of universities and colleges are far and away our most prominent asset.

In practical terms, our universities are also the most international businesses we have, with extensive global networks through their faculty, students and alumni and a deep bench of cultural and business knowledge of trading partners through the business, law and policy schools.

With all our assets, the question remains whether Massachusetts has the kind of coordinated strategy it needs to win a disproportionate amount of international business and position itself as a first-tier global city. On many fundamental economic metrics, our international performance is average. Silicon Valley, which is a relative peer, has a higher profile in other countries according to our International Strategy Advisors composed of Consuls General and a group of international experts.

The travel and tourism industry has benefited from the Commonwealth’s reputation for innovation, from families of international students, increased convention activity, and via new direct air service routes. Yet, while international tourism is up in the state, other states are benefiting from a larger increase.

We need to ask ourselves: How do we achieve the level of global success in other sectors that life sciences currently enjoys, and how do we sustain our leadership in the life sciences? With the higher education business model under significant pressure, how do we ensure that our greatest international asset remains a vibrant global player? And most fundamentally, what will it take for us to attract top talent from around the world in the next ten years?



William H. Guenther  
Chairman, CEO and Founder  
Mass Insight

## Objectives

As Mayor Marty Walsh begins his second year in office and Governor Charlie Baker unveils his economic development priorities, Mass Insight and its partners in the globally-engaged community in Massachusetts have developed a framework for an international strategy for the Commonwealth.

A successful international strategy for Massachusetts would focus on six core goals:

- **Market Boston as a “global gateway” for innovation to New England and the U.S.:** Bring together a public-private partnership that unifies Greater Boston marketing under one brand, supported by government, higher education, non-profits and business
- **Expand “in-missions” to complement targeted trade missions:** In addition to trade missions, which can play an important role, organize “in-mission” efforts to engage visiting executives and public sector leaders, coordinating networks of our universities and businesses
- **Align with universities to maximize economic development:** Mobilize international students as future global connectors to Massachusetts by engaging students in business opportunities while they are here and better engaging college and university networks
- **Coordinate our international relationships:** Build relationships with global partners – including local consulates – early and prioritize our connections, like Sister City agreements, to achieve specific goals
- **Promote a federal talent and trade agenda:** Use our strong delegation in Congress to pursue reforms that will benefit the Commonwealth in immigration and trade
- **Set goals and build out a broader set of international success metrics:** Set specific and targeted goals tied to metrics beyond exports, FDI, and hotel nights – we can't win if we do not focus and sustain efforts

Throughout this report we will showcase “Best Practices” to highlight how Massachusetts can learn from our global partners (and competitors).

## The International Brand Today: An Education Capital

Recent investment successes have demonstrated that Massachusetts is a key location for international business. The region's innovation ecosystem – sustained by world-class universities, research institutions and access to talent – has fostered strong multi-sector performance in the life sciences, financial services, IT, clean tech and defense. The travel and tourism industry has also benefited from the Commonwealth's innovation economy, attracting families of international students, increasing convention attendance, and opening the door to new direct air service routes.

While the Commonwealth's export growth has failed to keep pace with the U.S. as a whole, according to a report by the UMass Donahue Institute and Mass-Benchmarks<sup>1</sup>, there is a "recognized international demand for Massachusetts' finance, research, legal, information, consulting, educational, medical, and engineering services,"<sup>2</sup> many of which may not show up in our export statistics.<sup>3</sup> Capturing more of these opportunities may not necessarily lead to businesses relocating to the Commonwealth, but will expand business for companies already in located in the region.

### *The Critical Role of Colleges & Universities and their Students*

Colleges and universities in Massachusetts play a significant role in the state's success in the global economy. In addition to attracting future leaders from across the U.S. and abroad as undergraduate, graduate and post-graduate students, colleges and universities establish cooperative links to other global academic and non-academic institutions.

**Massachusetts continues to be a strong destination for international students.** According to a 2014 report<sup>4</sup> the state ranked fourth in the United States for the overall number of international students attracted, at 51,240 (up 10.2 percent from the prior year and up 45 percent since 2010). While Harvard University and MIT are the best recognized university brands for many global leaders, the Commonwealth's largest school for international students is Northeastern University, with over 9,000 students in 2013/14 (maintaining its ranking with the seventh largest pool of foreign students in the United States overall).<sup>5</sup>

International students largely self-finance their education in the United States, with nearly 65 percent citing personal or family sources as their primary mode of financing.<sup>6</sup> Geographically, Chinese students represent a significant plurality of foreign students in Massachusetts institutions, making up 30 percent of the international student population (with students from India second, at 11 percent).<sup>7</sup>

Further, students not only represent future economic opportunity but current real spending. In addition to tuition, international students spent over \$1 billion on living expenses and their dependents in Massachusetts in 2014.<sup>8</sup> International students' families contribute to visitor spending during their visits, and an increasing number are investing into real estate and business ventures.

<sup>1</sup>Stewart, Branner & Hodge, Daniel, "Massachusetts Export Trends – Why Is the State Missing Out on the Nation's Recent Export Boom?," UMass Donahue Institute – MassBenchmarks, December 3, 2014: 1.

<sup>2</sup>Stewart & Hodge, "Massachusetts Export Trends," 7.

<sup>3</sup>Stewart & Hodge, "Massachusetts Export Trends," 2.

<sup>4</sup>"OPEN DOORS FACT SHEET: Massachusetts," Institute of International Education, accessed November 18, 2014, <http://www.iie.org/Research-and-Publications/Open-Doors/Data/Fact-Sheets-by-US-State/2014>.

<sup>5</sup>"Open Doors@ 2014 'Fast Facts,'" Institute of International Education, accessed November 18, 2014, <http://www.iie.org/Research-and-Publications/Open-Doors/Data/Fast-Facts>.

<sup>6</sup>"Open Doors@ 2014 'Fast Facts,'" IIE

<sup>7</sup>"OPEN DOORS FACT SHEET: Massachusetts," IIE

<sup>8</sup>"Massachusetts 2013-2014 Fact Sheet - The Economic Benefit of International Students \$26.8 billion Contributed; 340,000 U.S. Jobs Supported," NAFSA Association of International Educators, accessed December 8, 2014, [http://www.nafsa.org/Explore\\_International\\_Education/Impact/Data\\_And\\_Statistics/The\\_International\\_Student\\_Economic\\_Value\\_Tool/](http://www.nafsa.org/Explore_International_Education/Impact/Data_And_Statistics/The_International_Student_Economic_Value_Tool/).

## Challenges: Despite many assets, too much potential is unrealized

### Brand awareness. Universities and life sciences plus.

The Commonwealth has done well promoting life sciences internationally, making it a recognized destination for life sciences companies and now home to nine of the 10 top global pharma firms. And our top-tier universities are recognized as global leaders internationally.

However, Massachusetts does less well promoting the full range of its innovation economy, including financial services and the tech sectors along with life sciences, and does not keep pace with the tourism marketing that Silicon Valley has used for competitive advantage. At the municipal level, Boston does not have the same clear brand recognition as larger cities like New York or Los Angeles, nor is it an automatic destination for tourists.

Even in higher education where we have a clearer brand, the full cluster could be coordinated to take advantage of the international programs each university runs and to support the smaller universities' initiatives.

The Commonwealth faces a challenge in the diversity of the marketing goals and content ("Massachusetts It's All Here®" covers travel/tourism, foreign direct investment, higher education, entrepreneurship, etc.) and in the diversity of stakeholders (regional tourism councils, chambers of commerce, multi-geographic economic development organizations, and other relevant entities).

**Untapped university assets. Leverage the international networks.** As mentioned, Massachusetts continues to be a strong destination for international students, with enrollment increasing by 10.2 percent between 2013 and 2014. We also send nearly 15,000 domestic students annually to study-abroad programs through colleges and universities in the Commonwealth.<sup>9</sup>

While we do a good job in recruiting international students, we do not do as well in promoting economic opportunities to them while they are here. Additionally, while Harvard and MIT may be our most recognized institutions overseas, we can do more with other institutions to ensure that they are part of the international strategy.

There are a series of opportunities to collaborate with universities and engage their extensive international networks:

- **Alumni networks abroad.** Israel and Scotland for example make extensive use of their diaspora communities. Massachusetts could do more with its graduates, both U.S. and foreign, living abroad.
- **Visiting foreign fellows and executives and leaders attending development programs.** Professor Anthony Saich at the Harvard Kennedy School hosts more than 50 rising stars from the Chinese national and provincial governments for five weeks each fall as part of a cooperative training program with the Chinese government. MIT's Sloan School runs an international program for 100+ entrepreneurs from around the world. These groups look for opportunities to connect to business networks here.
- **Speakers at universities.** Almost anyone of note at some point comes to Massachusetts, in many cases to visit or speak at one of the universities. A coordinated effort would offer some of these thought leaders other opportunities to meet with leaders here if they were interested.

**The diversity of international networks in Massachusetts can make coordination difficult.** We are fortunate to have such diverse and active international networks. There are nearly 60 countries represented by consuls general or honorary consular members in Eastern Massachusetts, with a handful of others located in New England. In addition, there are countless country-based trade associations, international student groups, global university programs, and international policy groups that make this area a rich location for global engagement.

Challenges abound in both disseminating our economic message and in organizing partnerships with these groups. Relationships need to be built early and have to be re-started during political transitions. Lack of geographic or sector priorities also results in a lack of focus on which networks are likely to provide the most strategic benefit.

<sup>9</sup> "OPEN DOORS FACT SHEET: Massachusetts," IIE

## Recommendations:

**I) Market Boston as a “Global Gateway” for Innovation to New England and the U.S.:** Bring together a public-private partnership that unifies Greater Boston marketing under one brand, supported by government, higher education, non-profits, and business.

### *Market Global Boston – “Gateway for Innovation”*

As discussed, the Massachusetts brand must cater to a diverse set of groups. Encompassing the entire state’s assets in a clear and concise way that translates to international actors can be a difficult task. In addition, the current Massachusetts brand’s primary target, based on funding, is tourism.

There is an opportunity to capture a distinctive global brand around the assets of the Greater Boston area – higher education institutions, innovative business climate, well-trained workforce, and connectivity to regional, national and international markets. The brand of Boston – encompassing neighboring communities – is already the global brand for many international firms, students, investors and partners. This brand can work in conjunction with the Massachusetts brand, positioning the broader concept of Boston as a gateway for global partners to connect with the state and New England. The Massachusetts brand in parallel can continue to support the state’s broader needs. Acknowledging this dual reality is important to our success.

As a first step towards creating a “Global Boston” brand, surrounding communities, government agencies, non-profit groups, and key businesses need to better unify both business and tourism marketing. These groups include but are not limited to:

- City of Boston
- Surrounding cities and towns
- Massachusetts Convention Center Authority
- Massachusetts Port Authority
- The Greater Boston Chamber of Commerce
- The Greater Boston Convention and Visitors Bureau

By focusing on key overlapping aspects of our global brand as detailed above, Boston can better coordinate resources and ensure that all possible opportunities are captured. In addition, unifying branding where possible would allow for potential dedicated revenue to an overall marketing strategy.

Tourism and business attraction are distinct international efforts, but success in each is inextricably linked with the other. According to a Mass Insight report<sup>10</sup>, forecasts show that U.S. tourism, especially the international segment, will grow steadily through 2020. Many of those tourists represent potential investors or business partners.

<sup>10</sup>Guenther, William, “Boston Tourism Roadmap Report – Economic Impact and Opportunities,” Mass Insight Global Partnerships, updated October 29, 2014: 3.a

## Recommendations *Continued*

### ***Coordinate branding with the entrepreneurial and innovation communities and agencies:***

The Commonwealth has significant interests in the innovation economy. Three state agencies in particular – the Massachusetts Life Sciences Center, the Massachusetts Clean Energy Center, and the Massachusetts Technology Collaborative (along with a number of other initiatives) – engage regularly with global partners on collaborative efforts, trade missions, and business recruitment. Private sector counterparts, including the Associated Industries of Massachusetts, sector-based trade associations (MassBio, MassMedic, New England Clean Energy Council, Massachusetts Technology Leadership Council, Massachusetts High Technology Council, etc.) and entrepreneurial organizations (MassChallenge, CIC, etc.) also play significant roles in global partnerships, branding, recruitment, etc.

International engagement has worked best when government, nonprofits, universities and industry work together on priorities. It provides a clear message to global partners that government actors are in tune with the needs of private sector leaders. Political leaders need to set international market priorities for their agencies, with guidance from the private sector. For example, MassCEC was able to undertake an effective collaboration with Mexico after consulting with clean energy industry leaders, thereby raising the priority to Governor Deval Patrick, who visited the country in 2014.

Mayor Walsh has made important strides in the early months of his administration connecting with the entrepreneurial and innovation communities. Continuing an active engagement will further ensure that the city's global innovation message matches the needs of the innovation community here while simultaneously recruiting this community to partner in these efforts.

## Model Program: United Kingdom

### **The GREAT Campaign**

In 2012, the UK government and a broad coalition of partners launched an ambitious four-year £100 million (approximately \$150 million) match-funded marketing program – and a multi-million pound GREAT image campaign – to boost Britain's image overseas, increasing the aspiration to travel to and do business in the United Kingdom.

The GREAT campaign is part of a broader UK government initiative to show the world that Britain is a great place to visit, study in, invest in and do business with – tightly integrated with the work carried out by various government agencies and departments such as UKTrade & Investment, the Foreign & Commonwealth Office and the British Council along with the Department of Culture, Media and Sport.

The GREAT image campaign has performed well on the international stage and is set to deliver an extra £200 million of inbound spend over the next two years, which is especially impressive when benchmarked against competitor tourist boards, with substantially larger budgets. Now the UK is in a stronger position to compete and secure a tourism legacy to help deliver jobs and growth across the country.

Source: British Consulate General, Boston



## Recommendations *Continued*

### 2) Expand “In-Missions” to Complement Targeted Trade Missions:

In addition to trade missions, which can play an important role, organize “in-mission” efforts to engage visiting executives and public sector leaders, coordinating networks of our universities and businesses.

#### “In-Missions” – Trade missions without travel

Massachusetts should continue to keep an open door for high-level individuals and delegations to access top officials and private sector executives. Where appropriate, presenting these decision makers with opportunities to meet the governor and mayors or to attend small breakfasts with local CEOs will further deepen the connection to the region. With a coordinated program, we could do more to promote additional opportunities in the Commonwealth. Better forward planning to align and connect in-bound individuals and groups based on their priorities and ours will maximize relationships and expand foreign investment.

We need to focus on high-value prospects. Identifying gaps in our business make-up will enable us to focus on key growth sectors and market-specific companies, as there are too many visitors to allow for outreach to all. Focus will allow the state or relevant entity to share its priorities with the groups organizing the visits and disseminate our sales pitch more effectively. We do not need to control schedules – we can do better in sharing our narrative with the individuals and groups that organize “visit” agendas.

#### Trade missions matter. Prioritize long-term relationships.

Trade missions have helped to build deep relationships with our international partners when done well and with built-in follow up. The most visible successful outcome, in recent cases, has been individual route development in non-stop air service to various markets.

Demands on government personnel stymie opportunities to fully exploit trade missions. Government agencies, particularly those with budgetary pressures, have limited resources to undertake the follow-on initiatives from specific missions. The most successful trade missions in past years have built-in follow up prior to the mission itself, coalescing around key interests or specific outside groups to carry the goals forward. These groups can then drive many of the follow up issues, using government leaders’ time sparingly.

Maximizing potential follow up for overseas missions begins in the preparation phase.

- Massachusetts has significant geographic-focused expertise among college and university faculty that can open doors in target markets. By engaging in “brainpower briefings” trade mission participants can ensure that less easily identified – but no less important – opportunities for partnership are not missed.<sup>11</sup>
- Further, government can work with higher education institutions to help close initiatives that the institutions are already in the process of launching.<sup>12</sup>

## Model Program: Canada

### Canadian Technology Accelerator

The Consulate General of Canada in Boston established the Canadian Technology Accelerator in Boston (CTA@Boston) in 2013. The CTA@Boston provides support for small to medium-sized, high-potential Canadian companies to access Boston’s global market opportunities through unique business acceleration programs. It is a recurring four-month intensive business development program for companies developing innovative solutions in life sciences/healthcare, information technology (IT), advanced manufacturing, defense and ocean technology sectors, and emerging food product companies. Some 50 client companies have participated to date. In addition to the resources at the Cambridge Innovation Center (CIC), where the clients reside, this one-of-a-kind program provides participants with team mentoring by local C-level business leaders, networking opportunities with venture capitalists and key introductions within Massachusetts’ vibrant hub of innovation, research and technology ecosystem.

The CTA@Boston program contributes not only to the local economy through its residence at the CIC, but the participating companies also bring new ideas, energy and expertise that will further enrich New England’s thriving innovation and technology communities. Partnerships have been made between Canadian and New England companies, as well as local agencies and organizations. The program’s success would not be possible without its partnerships with key Massachusetts industry associations and others in Boston’s innovation ecosystem, gaining new insight for participants into both the U.S. and international markets.

Source: Consulate General of Canada in Boston

<sup>11</sup>Martini, Verónica R., “Massachusetts-Latin America: Strategic Engagement Recommendations 2015-2020,” Massachusetts Executive Office of Housing & Economic Development, December 2014: 14.

<sup>12</sup>Martini, “Massachusetts-Latin America,” 15.

## Recommendations *Continued*

### 3) Align with Universities to Maximize Economic Development:

Mobilize international students as future global connectors to Massachusetts by engaging students in business opportunities while they are here and better engage college and university networks.

#### *A Student “Welcome Package”*

When international students begin their studies in Massachusetts, they are given significant information on their college or university

but less on the region and its business opportunities. A more complete “welcome package” for these students and their families, partnering with the universities to ensure that the information is distributed appropriately, would provide a valuable economic link for the students and their families. A package of this kind would also be of value to all out-of-state students and for our own Massachusetts students.

## Why Trade Missions Matter

The broad coalition built around Gov. Patrick’s missions to Israel (2011, 2014) offers a clear example of how outside groups can bring positive results from the relationships built abroad. To demonstrate the need for broader engagement with Israel (and delineate successes already achieved) the New England-Israel Business Council commissioned two reports, in 2011 and 2013, quantifying the business relationship between Massachusetts and Israel. The reports not only helped to justify past and future trade missions there, but also focused attention on areas in which the two economies could further collaborate. Finally, by putting numbers on the direct and indirect financial output that Israeli companies bring to the Commonwealth, the report helped to raise awareness of the at times opaque benefits of foreign direct investment.

Current MassCEC CEO Alicia Barton credits the first Massachusetts-Israel Innovation Partnership Mission with spurring an assessment of the Commonwealth’s water innovation cluster that has since organized into the New England Water Innovation Network (NEWIN), giving these companies greater visibility at home.

The expansion of direct air route development offers additional examples of how outside actors can move government priorities. Massport’s route development teams were formed to assist in promoting the Massachusetts business environment to the airlines. Massport was responsible for the follow up but was able to leverage significant outside support and to mold the conversation with the airlines far beyond what it, as a standalone agency, could accomplish. For example, Massport made it clear to Gov. Deval Patrick that his personal outreach to Hainan Airlines leadership would help build the case for the route – that was in 2007 on a trade mission the then-governor took to China. The long-term relationship built on the mission resulted in new service announced in 2013.

## Model Program: France

### Jeunes Ambassadors Program

International students are an invaluable, and often untapped, resource for developing business and long-term relations between countries. The Jeunes Ambassadeurs (Young Ambassadors) program, started in the French city of Lyon, Rhône-Alpes in 1999 by the Lyon Chamber of Commerce and Industry, is a networking and mentoring program that helps foreign students from top local universities become acquainted with the surrounding business community. The program’s mission is to foster a sustainable network between foreign students and local businesses and universities, supporting international partnerships, the expansion of local businesses and the international renown of the region.

The program boasts 1,900 Jeunes Ambassadeurs “graduates” in 90 countries around the world. Program partners include local and regional governments, universities, and more than 100 companies and business groups from the Rhône-Alpes region. The program consists of one-on-one student mentoring by businesspeople, company visits and the development of a project to be evaluated for a potential award.

In the spring of 2015, the Jeunes Ambassadeurs program will come to Boston, at the initiative of the French Foreign Trade Advisors group (Conseillers de Commerce Extérieur de la France or CCEF - <http://www.cncef.org/>), with the support of the Consulate General of France in Boston.

The CCEF will run a pilot program of three company visits for French and French-speaking students in the Boston area. By nurturing long-lasting, quality relationships between these students and local business leaders, the goal is to further the students’ careers, develop personal connections and facilitate local companies’ future international talent search, as well as increase Greater Boston’s image abroad. These students, when they return to France or move to other countries, will be more knowledgeable about Boston’s economic strengths and will be able to advance business interests between France, their companies and Massachusetts.

Source: Consulate General of France in Boston

## Recommendations *Continued*

### **Student Welcome Receptions**

Boston, Cambridge, Waltham, and other surrounding cities and towns should collaborate with business partners to execute a “Global Welcome Reception” for international students at the beginning of the higher education academic year. Connecting with these future global leaders early and solidifying a positive and welcoming role of the region will pay significant dividends long after these students graduate (and many return to their home countries). The Boston metropolitan area in particular – with its high concentration of colleges and universities – would benefit significantly from painting a more complete picture of the amenities and career opportunities available to international students (as well as to their U.S. peers).

While the Boston metro area may have the highest number of international students (the top four enrolling institutions, located in Boston and Cambridge, account for over 50 percent of the Commonwealth’s internation-

al student population) a “Global Welcome Reception” model is possible in other communities with significant higher education presence.

### **Expand Existing “Global Alumni” Networks**

The Massachusetts Global Alumni Network, maintained by the Massachusetts Competitive Partnership (MACP), is designed to “bring together business, civic, non-profit and academic professionals around the world who have roots in the Commonwealth.” The Commonwealth should actively pursue further collaboration with MACP to engage this network more deeply. According to a report published by the Brookings Institution<sup>13</sup>, in 2013/14 over 60 percent of international students in the Greater Boston metropolitan area pursued master’s degrees or higher. These students are more likely to be already engaged in their careers and represent a significant opportunity for deepening the Global Alumni Network with events here in Massachusetts.

## Model Program: Mexico

### **Innovation Desk at the Cambridge Innovation Center**

In 2013, the Consulate General of Mexico in Boston inaugurated the Innovation Desk at the Cambridge Innovation Center (CIC). The main goal of the Innovation Desk is to support institutions in Mexico and Boston involved in specific areas of innovation to strengthen ties and leverage investment opportunities and development by creating bridges that will allow the continuous interaction between Mexico and Massachusetts.

The Innovation Desk has tapped into the existing pool of Mexican talent to create a space in which Mexican entrepreneurs and scientists can share ideas, knowledge and find synergies with like-minded people in Boston. In addition, the Desk promotes the main innovation actors in Mexico (scientists, researchers, investors, academics, designers, artists) and establishes professional relationships and links with their counterparts in Massachusetts.

Since its establishment the Innovation Desk has been a key player in the organization of successful missions from different industries in Mexico to Boston that have resulted in the creation of important partnerships between Mexico and New England.

Source: Consulate General of Mexico in Boston

<sup>13</sup>Ruiz, Neil G., “The Geography of Foreign Students in U.S. Higher Education: Origins and Destinations,” Brookings Institution, accessed November 6, 2014, <http://www.brookings.edu/research/interactives/2014/ geography-of-foreign-students#/M14460>.

## Recommendations *Continued*

### 4) Coordinate Our International Relationships: Build relationships with global partners early and prioritize our connections to achieve specific goals.

*Future Sister City/Sister State agreements must have concrete goals with dedicated actors to achieve goals; priority agreements should be revitalized with these criteria*

The City of Boston has “Sister City” relationships with nine international partners and the Commonwealth has upwards of 25 Sister State and other agreements worldwide. These agreements vary in productivity and many are not active relationships, but they offer a foundation on which to build.

The most successful international agreements delineate active areas of collaboration within the documents themselves, and simultaneously indicate which entities are responsible for achieving the goals outlined. This is just as true for cultural exchanges as for economic development exchanges. Acknowledging that international agreements may atrophy is an important step to ensuring that they are created with a structure that carries them beyond administrations.

An outside group or institutional partner is critical to implement agendas, and goals should be built into relevant agency priorities. Indeed, the most successful international agreements act to solidify already strong relationships as opposed to creating new ones.

*Build relationships with the Consular Corps and other locally-based international actors early to ensure maximum returns*

Administrations at the state and city level need to tap into the international resources (consulates, students, associations, etc.) early in their respective terms to ensure the

best possible international outcomes.

Building relationships between government, business and academia takes significant time and effort, which is then multiplied when an international dimension is added. Whether with the Consular Corps of Boston, country-specific business associations, or international students, the earlier a relationship begins the more a governor or mayor can ensure beneficial outcomes for parties.

There are nearly 60 countries represented by consuls general or honorary consular members in Eastern Massachusetts, with a handful of others located in New England. It is important for government leaders to engage with these representatives early. Creating opportunities for interaction with the Consular Corps as a whole offers a partial solution, whether through already scheduled events (inaugurals, milestone speeches, etc.) or Consular-specific offerings (lunches, briefings, etc.).

An initial relationship can be built from these gatherings, but for deeper collaboration face-to-face meetings and programs are necessary. Therefore, it is important that government leaders think strategically about where international opportunities lie over a longer timeline – a future trade mission, targeted “in-missions”, investment priorities, etc. – in order to build up relationships with a smaller group of targeted partners. In addition, this focus allows other actors to play supportive roles, for example a country-specific business association that can build outside support for initiatives, as exemplified in the “Trade Missions Matter” section of this report.

## Model Program: Israel

### Advanced Technologies Park - A Cyber Research Center of Excellence

Advanced Technologies Park in Beer-Sheva, Israel is a public-private ecosystem, built around Ben Gurion University (BGU) and designed to promote development in data storage, cybersecurity, telecommunications, nanotech, and pharmaceuticals. Beer-Sheva as well as the Israeli government partnered with industry and BGU to promote research and development (R&D) and jobs. The plan is to eventually have 16 buildings on 23 acres adjacent to the main BGU campus and the future base of the Israeli Defense Force’s (IDF) elite technology units. The heart of the project is CyberSpark, a joint venture between the government of Israel, BGU, the city of Beer-Sheva, venture capital, and industry global leaders such as IBM, Lockheed Martin, and EMC. The campus, located close to relevant BGU research centers, hosts technological incubators and R&D centers. The government committed a multi-year budget for infrastructure as well as employers’ incentives and the city is assisting relocating international companies and IDF and government units.

AT3 Advisors and Brandeis International Business School study published in January identified Beer-Sheva as one of seven international locations poised for significant growth in technology and life sciences.

Source: Consulate General of Israel to New England

## Recommendations *Continued*

### 5) Promote a Federal Talent and Trade Agenda:

Use our strong delegation in Congress to pursue reforms that will benefit the Commonwealth in immigration and trade.

#### *Pursue H1-B Visa Reform*

Retaining foreign students or recruiting high-demand international professionals is a necessity for the Commonwealth. Massachusetts has the sixth highest “intensity of demand” for high-skilled workers (H1-B visas), according to a report released by the Federal Reserve Bank of Boston in 2014.<sup>14</sup> Many of these visas are filled by foreign workers in the STEM fields. A fact sheet aggregated by the New England Council estimates that Massachusetts will need to fill 300,000 STEM-related jobs by 2018,<sup>15</sup> which could benefit both domestic and international talent, but the total H1-B cap currently is set at 85,000 for the entire country. The Massachusetts Congressional Delegation, in partnership with their New England counterparts, governors, and key mayors, should continue to pursue H1-B and other skills-based immigration reform.

#### *Through the Congressional delegation and with input from the Governor and mayors, push to pass the Transatlantic Trade & Investment Partnership and Trans-Pacific Partnership to grow jobs here*

Boston and the Commonwealth should actively pursue both the Transatlantic Trade & Investment Partnership with Europe (TTIP)

and the Trans-Pacific Partnership (TPP). Both next-generation trade agreements will not only further reduce tariffs (very low already with TTIP partners) but further harmonize regulations in services. This could disproportionately benefit industries in which the Commonwealth is strong, including financial services and life sciences, where streamlined processes across markets would allow for greater market access. According to the Centre for Economic Policy Research, the US economy could gain over \$100 billion a year following passage of TTIP.<sup>16</sup> An Atlantic Council report estimates that Massachusetts alone could see a net gain of 18,000 jobs following passage of TTIP.<sup>17</sup> The Trade in Services Agreement (TISA) and the International Technology Agreement (ITA) offer additional opportunities for economic expansion and should be supported.

#### *Don't reinvent the wheel – use federal agency resources that work*

Small and medium-sized businesses in particular benefit from long established federal programs – they provide consistent funding and a legacy of returns on investment (and in certain cases provide services for free). The Commonwealth should continue to promote entities like the U.S. Department of Commerce (DOC), the U.S. Small Business Administration, the Massachusetts Export Center (a portion of its budget comes from federal funding), and others in its business

## Model Program: Hong Kong

### The Hong Kong Trade & Development Council (HKTDC)

HKTDC is the international marketing arm for Hong Kong-based companies. As a public body with more than 40 global offices, including 13 on the Chinese mainland, the HKTDC also promotes Hong Kong as a platform for doing business with China and throughout Asia. The HKTDC organizes trade fairs, conferences, business missions, publishes research reports to provide international companies with business opportunities and market intelligence on the Chinese mainland and in various Asian markets.

The HKTDC acts as a bridge between the government of Hong Kong and the private-sector business leaders that drive its economy. As a non-government entity the HKTDC has increased flexibility in marketing and engaging with target businesses from around the world. Its structure allows it to engage in direct business-to-business match-making and nearly 350 promotional activities in a given year.

It is governed by a 19-member Council of Hong Kong business leaders and senior Government officials. The Council also oversees the operation of the Hong Kong Convention and Exhibition Centre.

Source: Hong Kong Trade Development Council

<sup>14</sup>Clifford, Robert, “Demand for H-1B Visas in New England: An Analysis of Employer Requests for Highly-Skilled Guest Workers,” Federal Reserve Bank of Boston, accessed January 7, 2015, <http://www.bostonfed.org/economic/neppc/policyreports/2014/neppcpr1401.htm>: 9.

<sup>15</sup>Heisig, Emily & Pichette, Taylor, “Fact Sheet: The STEM Skills Gap in New England,” New England Council, accessed November 11, 2014, <http://newenglandcouncil.com/assets/Fact-Sheet-STEM-Skills-Gap-in-NE.pdf>.

<sup>16</sup>Francois, Joseph, Reducing Transatlantic Barriers to Trade and Investment – An Economic Assessment,” Centre for Economic Policy Research, London, accessed January 7, 2015, [http://trade.ec.europa.eu/doclib/docs/2013/march/tradoc\\_150737.pdf](http://trade.ec.europa.eu/doclib/docs/2013/march/tradoc_150737.pdf): 3.

<sup>17</sup>Barker, Tyson; Collett, Anne; & Workman, Garrett, “TTIP and the Fifty States: Jobs and Growth from Coast to Coast,” Atlantic Council, Bertelsmann Foundation, and British Embassy in Washington, accessed January 7, 2015, [http://www.atlanticcouncil.org/images/publications/TTIP\\_and\\_the\\_50\\_States\\_WEB.pdf](http://www.atlanticcouncil.org/images/publications/TTIP_and_the_50_States_WEB.pdf): page 5.

## Recommendations *Continued*

outreach. These groups require little or no state outlay for services and have an established global reach – the International Trade Administration of the DOC has offices in over 75 countries with personnel fluent in local business conditions. State and city leaders should ensure that globally-oriented Massachusetts businesses are informed of these resources when engaging in public events, roadshows, etc.

### 6) Set goals and build out a broader set of international success metrics:

Set specific and targeted goals tied to metrics beyond exports, FDI, and hotel nights – we can't win if we do not focus and sustain efforts.

- According to a June 2014 report by the Brookings Institution, the Greater Boston Metro area (Boston-Cambridge-Quincy, MA-NH) had the fifth highest job totals among US metros in foreign-owned enterprises (FOEs), at over 140,000 jobs.<sup>18</sup> An unrelated Bureau of Economic Analysis report put FOE employment statewide at 193,000 in 2012.<sup>19</sup> In 2013, Massachusetts ranked 16th among states in terms of exports (dollar value), at \$26.8 billion, an increase of 4.7 percent over the previous year.<sup>20</sup>
- The Greater Boston Metropolitan Area saw the ninth highest growth rate of employment in foreign-owned enterprises between 1991 and 2011 (among the top 100 metros). Other Massachusetts-affiliated metros

– Providence RI/Southern MA and Worcester MA – saw even higher growth in the same period, ranking second and third, respectively, in the rate of growth of FOE employment.<sup>21</sup>

- Overseas<sup>22</sup> tourism to the Commonwealth also saw growth: 6.7 percent between 2010 and 2013. However, the Commonwealth's share of overseas tourists visiting the US declined from 4.9 percent to 4.3 percent.<sup>23</sup>

Standard economic metrics, like exports, foreign direct investment and tourism visits don't capture the whole international business picture, however. While the Commonwealth's export growth has failed to keep pace with the U.S. as a whole, there is a growing demand for Boston's professional services, including legal and financial, which typically do not show up in current export statistics. In the realm of foreign direct investment, cities and states typically focus on greenfield investment, while mergers and acquisitions represent a much larger proportion of deals – indeed, global M&A activity reached at least \$3.6 trillion in 2014.<sup>24</sup> Finally, while we are increasing tourism numbers there is opportunity in engaging prospective students, high-level convention attendees, and others in deeper connections in the region, for which we could set goals and measure success.

In summary, we will not win the competition for talent and innovation without clear goals and the right measures to track our success.

## Model Program: Switzerland

### swissnex Boston - the First "Science Consulate"

With a population of roughly 8 million people Switzerland nurtures close ties with first-class networks of knowledge around the globe. For the fourth year in a row, Switzerland has remained at the top of the Global Innovation Index. Accomplishing this requires stable politics with minimal uncertainty for businesses, generous and sustained public funding for fundamental research without political strings, and high private-sector investment for research and development (R&D), as shown in the Global Innovation 1,000. The ranking reveals five American and two Swiss companies (Roche and Novartis) are in the top 10. In fact, a total of 4.8 percent (\$31 billion in 2014) of the world's R&D investment comes from Switzerland. Of that fraction, \$8.9 billion is invested in the U.S., more than any other country.

swissnex Boston strategically supports these efforts by connecting the dots between Swiss and US innovators. As an initiative of the Swiss Government, swissnex Boston was the world's first science consulate, when it opened its doors 15 years ago. It is now part of a worldwide network of Swiss nodes in the world's most innovative regions, such as Boston, where the future is being shaped. swissnex is proud to work on world-class partnerships in science, education, and innovation that strengthen the outreach from Boston to the heart of Europe and results in a win-win for both regions.

Source: swissnex Boston

<sup>18</sup> Saha, Devashree; Fikri, Kenan; & Marchio, Nick, "FDI in U.S. Metro Areas: The Geography of Jobs in Foreign-Owned Establishments," Brookings Institution, June 2014; page 50.

<sup>19</sup> "Activities of U.S. Affiliates of Foreign Multinational Enterprises: Employment by State and Country," U.S. Department of Commerce – Bureau of Economic Analysis, accessed November 11, 2014, <http://www.bea.gov/international/di1fdiop.htm>.

<sup>20</sup> "State HS Database," WISERTrade, accessed November 11, 2014, <http://www.wisertrade.org>.

<sup>21</sup> Saha, Fikri, & Marchio, "FDI in U.S. Metro Areas," 17.

<sup>22</sup> Not including Canada and Mexico, which are classified separately by International Trade Administration – National Travel and Tourism Office

<sup>23</sup> "Top States, Cities, and Regions Visited: 2011, 2012, 2013," International Trade Administration – National Travel and Tourism Office, accessed December 15, 2014, [http://travel.trade.gov/outreachpages/inbound/general\\_information\\_inbound\\_overview.html](http://travel.trade.gov/outreachpages/inbound/general_information_inbound_overview.html).

<sup>24</sup> "Mergers and acquisitions: The new rules of attraction," The Economist, November 15, 2014, <http://www.economist.com/news/business/21632675-latest-boom-dealmaking-appears-more-sensible-its-predecessors-valuations-are>.

# Global Massachusetts 2024

Winning the Competition for Talent and Innovation

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