

# Greater Washington

## GREATER WASHINGTON: International Commerce and Culture

Greater  
Washington

An Analysis by the  
Greater Washington Initiative

GREATER WASHINGTON  
**INITIATIVE**

Economic Development

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**Greater Washington: International Commerce and Culture**

***An Analysis by the Greater Washington Initiative***

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## I. Executive Summary

***What does international business mean to the economy of the Greater Washington, DC region? How have the area's international economy and culture changed over the past five years? How does the metro area compare to others around the world?***

This study strives to answer these questions. It focuses on changes since the Greater Washington Initiative (GWI) completed a similar study in 2000 and also benchmarks Greater Washington's place in the global economy against 11 other international metro areas.

The data tell us the regional economy and business environment is among the world's strongest. Greater Washington ranks near the top for Gross Regional Product, out-producing regions with much higher populations.<sup>1</sup> Compared to competitive markets around the globe, the region also has a significantly lower cost of living and commercial real estate prices. A leader in innovation, the region boasts more than 300,000 students at major universities and also has high rates of world patents per capita.

Greater Washington's international economy employed fewer people in 2005 than in 2000, but the total impact is about the same proportion of the region's economy (13%). Another significant change since the 2000 study includes a growing number of local companies doing business in China and India.

The complete study and other statistics and economic trends about Greater Washington are available at GWI's web site, [www.greaterwashington.org](http://www.greaterwashington.org).

### **Global Perspective: Benchmarking Greater Washington**

This study compares Greater Washington to a sample of 11 major competitive markets in Europe, Asia, South and North America.

#### ***Benchmark cities***

*Brussels*

*Frankfurt*

*Hong Kong*

*London*

*Madrid*

*Paris*

*São Paulo*

*Seoul*

*Shanghai*

*Tokyo*

*Toronto*

**Strong Gross Regional Product:** Though cities like London, Shanghai, and Seoul have much higher populations, Greater Washington-Baltimore has a significantly higher, estimated

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<sup>1</sup> When indicated, the Greater Washington-Baltimore MSA is used for benchmarking with international metropolitan areas.

GRP – \$246.8 billion.<sup>2</sup> Among the benchmark cities, only Tokyo, with 4 times as many people, has a higher GRP (\$335.1 billion).

**Comparatively low cost of living:** Greater Washington is much less expensive than most global competitors, ranking 78th on a 2005 Cost of Living Index. Also, from 2004 to 2005, Greater Washington's cost of living did not rise as quickly as most other competitive regions across the globe.

**Commercial real estate bargain:** Office rental rates in Tokyo and London are about 3 times higher than offices in downtown Washington, DC. Of the benchmark cities, only Shanghai, Toronto, and São Paulo have lower rates than Washington, DC.

**Leader in innovation:** With nearly 2,200 global patents registered with the World Intellectual Property Office, Greater Washington-Baltimore ranks among the top 5 benchmark cities. The region far outpaces London, Shanghai, and Madrid in global patents per capita.

**Metropolis of universities:** With 3,752 students at major universities per 100,000 residents, Greater Washington-Baltimore ranks 4th among benchmark cities, much higher than Seoul, London, Tokyo, Shanghai, and others.

### **Local Perspective: An International Business Capital**

**Economic impact flat:** The total economic impact of Greater Washington's international economy was \$41.4 billion in 2005, remaining approximately the same proportion of the regional economy (13%) as it was in 2000.

**Fewer international sector jobs:** In 2005, the region's international sector employed about 280,000, a significant decline since the 2000 study.<sup>3</sup>

**International connections:** Area airports offer direct flights to 34 international destinations, up from 28 in 2000. However, the total number of international direct flights (451) is a fraction of the number at Miami (1,226) and New York (1,847) airports.

**Taking flight:** 5.6 million international passengers traveled through area airports in 2005, up from approximately 5 million in 2000.

**400 international associations:** The region is home to 400 international associations – up from 260 in 2000 – offering programs or expertise on trade and investment issues.

**Regional support:** Other assets facilitating commercial opportunities include:

- 180 embassies;
- 35 bilateral business groups; and
- 350 law firms with international law practices.

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<sup>2</sup> Using light emissions data (2002), Tim Gulden, Ph. D., University of Maryland, produced a consistent Gross Regional Product estimate for every metropolitan region in the world. The formula was one of the first attempts to quantify the correlation between energy consumption and productivity/ economic output on a consistent basis.

<sup>3</sup> There was a net loss of approximately 26,000 jobs in four of the five sectors analyzed. A fifth sector – international tourism – cannot be calculated due to definition changes.

## Businesses without Borders

**More global companies coming to region:** The region has about 700 internationally owned companies – up 9% from 2000 – with overseas headquarters in 39 countries.<sup>4</sup>

### Countries with most firms in the region:

- United Kingdom
- Japan
- France
- Germany
- Canada

**Trend toward Asia:** Compared to the 2000 study, a higher percentage of local companies have operations in India and China.<sup>5</sup> These countries, along with Belgium, moved into the 2005 list of top 10 overseas destinations for local companies, replacing Netherlands, Australia, Brazil, and Mexico.

**Focus on professional services:** About 90% of the internationally owned companies operating locally and a majority of local companies operating globally provide professional services.

## Demographics and Education

**Growing diversity:** Outpacing the growth of Los Angeles, New York, and San Francisco, foreign-born residents became a larger share of Greater Washington's population – increasing from 11% to 16% – between the U.S. Census counts in 1990 and 2000.

**International suburbs:** Montgomery County, Maryland and Fairfax County, Virginia have a higher density of foreign-born residents than Chicago, New York, and San Francisco.

**How do you say...** 20% of the region's residents speak a language other than English at home, slightly above the national average of 18%. The top three foreign languages spoken in local homes are Spanish, Chinese, and Korean.

**International student population:** Area colleges and universities hosted about 19,000 international students in 2005, down slightly from 20,000 in 2000. Spending per student averages \$35,000 per year, about the same as in 2000.

**International K-12 education opportunities:** International education offerings at area K-12 schools include:

- 6 international schools,
- 28 high schools offering the International Baccalaureate diploma, and
- 31 language immersion programs.

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<sup>4</sup> Internationally owned firms are those with at least 10% foreign ownership (U.S. Bureau of Economic Analysis definition).

<sup>5</sup> Based on a sample of 144 local companies operating globally.

## II. Overview

***"Greater Washington is a terrific crossroads in terms of the quality of people who live and work here. A major strong point is the vast diplomatic community."***

***– Donald A. Baer, Senior Executive Vice President, Discovery Communications***

This study examines the international economy of the Greater Washington region and addresses the region's place in the global economy. Conducted in late 2005 and early 2006 with the guidance of a distinguished advisory committee, the study's goals are:

1. To describe the region's international business network, culture and resources;
2. To benchmark Greater Washington's international economy against other major metropolitan areas around the world; and
3. To identify the economic impact of the region's international business activity and to assess how it has changed since a similar GWI international study was completed in 2000.

This study builds on the work of the previous GWI study, *The Global Economy of the Greater Washington Region: An Analysis of International Business*. Regional definitions and methodology can be found in the Appendix.

### III. Global Perspective: Benchmarking the Region

**“Greater Washington is a giant in the global creative economy. It’s a true talent magnet, a place where innovative, creative and entrepreneurial people want, and need, to be.”**

**– Dr. Richard Florida, Professor, George Mason University and author of *The Rise of the Creative Class & The Flight of the Creative Class***

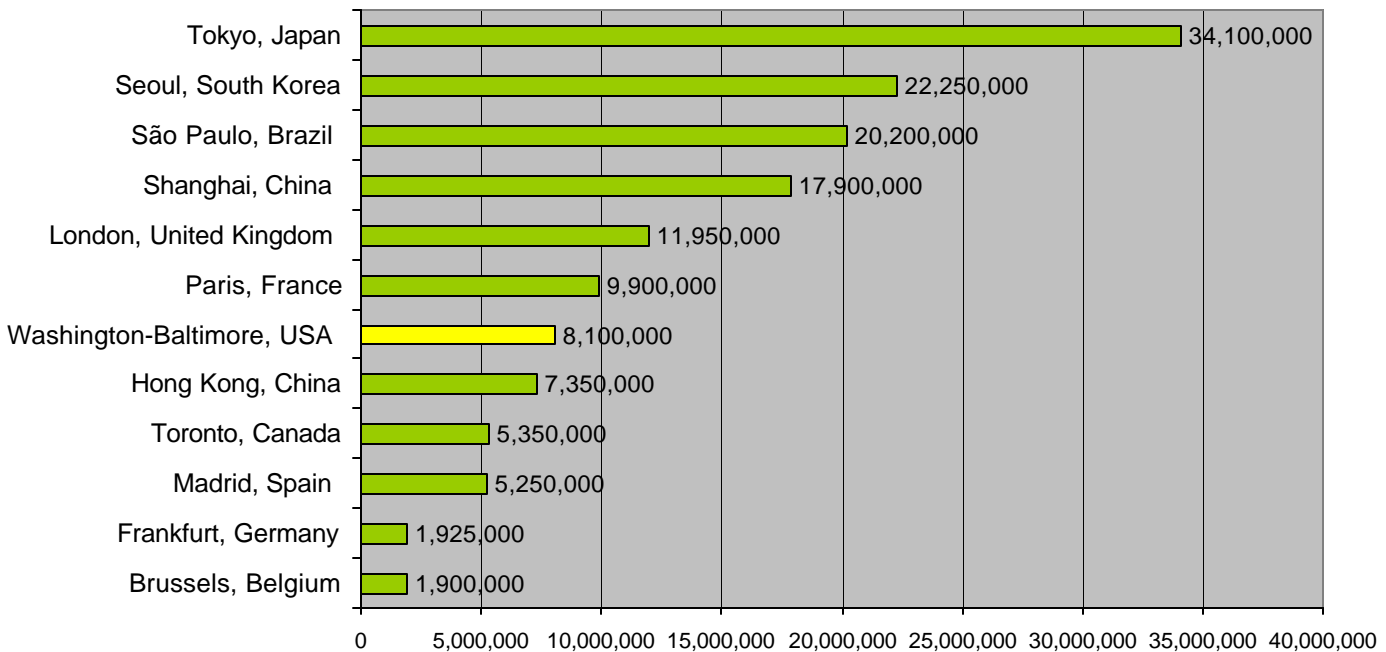
GWI compared the Greater Washington-Baltimore region to 11 international metropolitan areas.<sup>6</sup> The benchmarks were selected for their present and future global competitiveness, population, and connectivity to the *world city network*.<sup>7</sup> These cities also represent a sample of major markets in Europe, Asia, North and South America. The measures examine the region’s global position in population, innovation, talent, technology, and diversity. The results tell the story of a productive and innovative region that has a significant future talent level and a comparatively low cost of living.

**NOTE:** This section is the *only* section that uses a combined Greater Washington-Baltimore MSA region for global comparison.

#### Population

**Global Regions and Population:** With 8.1 million residents, the combined Greater Washington-Baltimore region ranks as the 33<sup>rd</sup> largest metropolitan area in the world, well below Tokyo and Seoul, which rank first and third, respectively.

#### Population



Source: Th. Brinkhoff: The Principal Agglomerations of the World, 2006. Available at: [www.citypopulation.de](http://www.citypopulation.de).

<sup>6</sup> Washington-Baltimore, MSA is the region for global comparison to other international metro areas.

<sup>7</sup>Taylor, P. J. & Lang, R. E. (2005, February). U.S. Cities in World City Network. Brookings Institution. Available at: [http://www.brookings.edu/metro/pubs/20050222\\_worldcities.pdf](http://www.brookings.edu/metro/pubs/20050222_worldcities.pdf).

**Gross Regional Product**

**Strong Gross Regional Product:** Though cities like London, Shanghai, and Seoul have much higher populations, Greater Washington-Baltimore has a significantly higher GRP – \$246.8 billion. Among the benchmark cities, only Tokyo, with 4 times as many people, has a higher GRP (\$335.1 billion). Additionally, Greater Washington’s GRP per capita is three times that of Tokyo and more than Seoul, São Paulo and Shanghai combined.

**Gross Regional Product (GRP) (Billions)**

City	GRP
Tokyo, Japan	\$335.06
<b>Washington-Baltimore, USA</b>	<b>\$246.83</b>
London, United Kingdom	\$216.72
Seoul, South Korea	\$160.57
Paris, France	\$144.50
Brussels-Antwerp, Belgium	\$103.37
Toronto, Canada	\$95.84
São Paulo, Brazil	\$74.02
Madrid, Spain	\$73.22
Shanghai, China	\$51.21
Frankfurt, Germany	\$37.31
Hong Kong, China	N/A

Source: Gulden, Tim, 2002, University of Maryland. Light Emissions Analysis. <sup>8</sup>

**Gross Regional Product Per Capita (Billions per Million)**

City	GRP Per Capita
Brussels-Antwerp, Belgium	\$34.17
<b>Washington-Baltimore, USA</b>	<b>\$30.47</b>
Frankfurt, Germany	\$19.38
London, United Kingdom	\$18.14
Toronto, Canada	\$17.91
Paris, France	\$14.60
Madrid, Spain	\$13.95
Tokyo, Japan	\$9.83
Seoul, South Korea	\$7.22
São Paulo, Brazil	\$3.66
Shanghai, China	\$2.86
Hong Kong, China	N/A

Source: Gulden, Tim, 2002, University of Maryland. Light Emissions Analysis .

<sup>8</sup> Using light emissions data (2002), Tim Gulden, Ph. D., University of Maryland, produced a consistent Gross Regional Product estimate for every metropolitan region in the world. The formula was one of the first attempts to quantify the correlation between energy consumption and productivity/ economic output on a consistent basis.

**Cost of Living**

**Comparatively low cost of living:** Greater Washington is less expensive than most global competitors, ranking 78th on a 2005 Cost of Living Index.<sup>9</sup> Also, from 2004 to 2005, Greater Washington’s cost of living did not rise as quickly as most other competitive regions across the globe.

**2005 Cost of Living Index**

2005 Rank	City	Cost of Living Index (05)
1	<b>Tokyo</b> , Japan	134.7
3	<b>London</b> , United Kingdom	120.3
5	<b>Seoul</b> , Korea	115.4
9	<b>Hong Kong</b> , China	109.5
12	<b>Paris</b> , France	102.2
30	<b>Shanghai</b> , China	90.4
34	<b>Frankfurt</b> , Germany	88.0
41	<b>Brussels</b> , Belgium	87.2
46	<b>Madrid</b> , Spain	86.0
<b>78</b>	<b>Washington, DC, USA<sup>10</sup></b>	<b>77.4</b>
82	<b>Toronto</b> , Canada	76.2
119	<b>São Paulo</b> , Brazil	66.6

Source: WM Mercer Cost of Living Index, 2005.

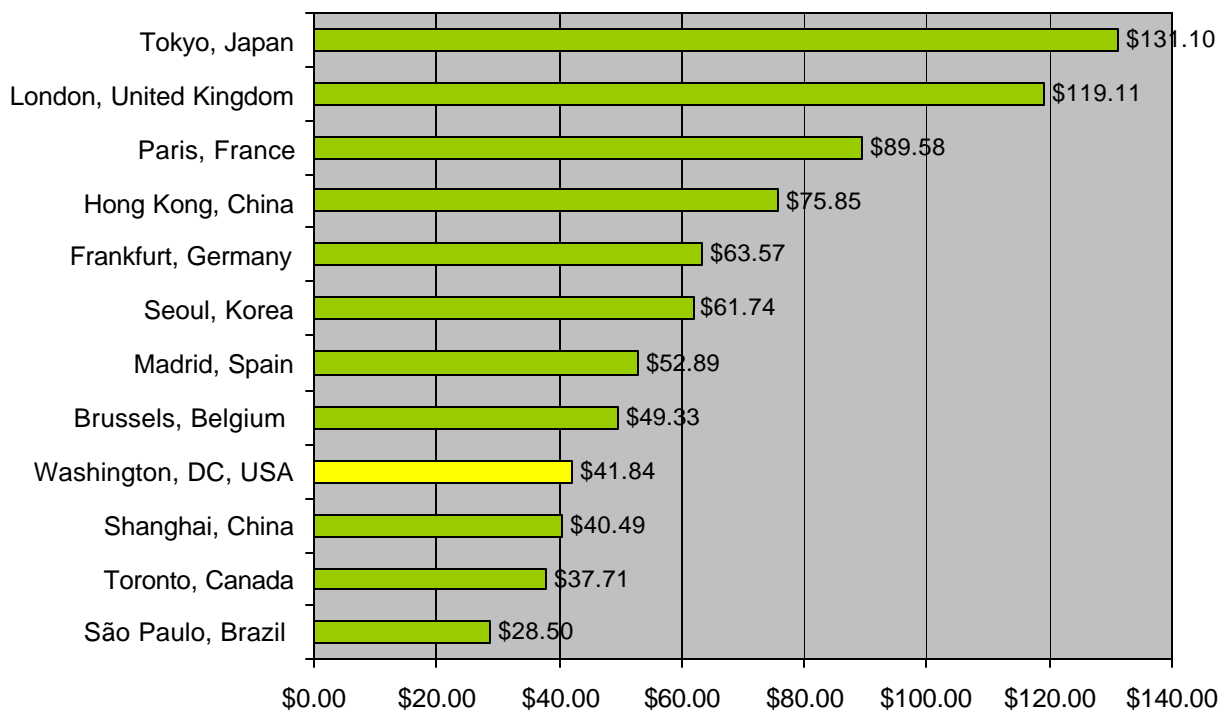
<sup>9</sup> Base index represents New York City at 100. The index measures the cost for 200 items including housing, transit, clothing, household goods, and entertainment.

<sup>10</sup> Washington, DC’s cost of living index score remained constant from 2004 to 2005 (77.4).

**Commercial Real Estate**

**Commercial real estate bargain:** Office rental rates in Tokyo and London are about 3 times higher than offices in downtown Washington, DC. Of the benchmark cities, only Shanghai, Toronto, and São Paulo have lower rates than Washington, DC.<sup>11</sup>

**Commercial Office Rental Rates (US \$): Per Square Feet, 2005**



Source: CB Richard Ellis, August 2005.

<sup>11</sup> Rate for the Washington Central Business District appears in the graph; however, the rate for Washington, DC suburban office space is \$26.80.

## Registered Patents

**Leader in innovation:** With nearly 2,200 global patents from the World Intellectual Property Office (WIPO), Greater Washington-Baltimore ranks among the top 5 benchmark cities.<sup>12</sup> The region far outpaces London, Shanghai, and Madrid in global patents per capita.<sup>13</sup> Also, the Greater Washington-Baltimore region generated 1,882 patents from the U. S. Patent and Trademark Office (USPTO), ranking third behind Tokyo and Seoul.<sup>14</sup>

### WIPO Patent Numbers, 2002

Region	WIPO Patent Estimate <sup>15</sup>
Tokyo, Japan	91,277
Seoul, South Korea	21,264
Paris, France	9,007
London, United Kingdom	2,419
<b>Washington-Baltimore, USA</b>	<b>2,184</b>
Frankfurt, Germany	955
Madrid, Spain	849
São Paulo, Brazil	457
Toronto, Canada	245
Shanghai, China	108

Source: World Intellectual Patent Office, 2002. Tim Gulden, University of Maryland.

<sup>12</sup> Patent definitions are different from country to country; however, a justification for WIPO patent numbers as an innovation measure may be found at: Florida, R. (2005, October). World In Numbers: World is Spiky. *Atlantic Monthly*, 48-51. Available at: <http://creativeclass.org/acrobat/TheWorldIsSpiky.pdf>.

<sup>13</sup> Greater Washington-Baltimore had 270 WIPO patents per million residents.

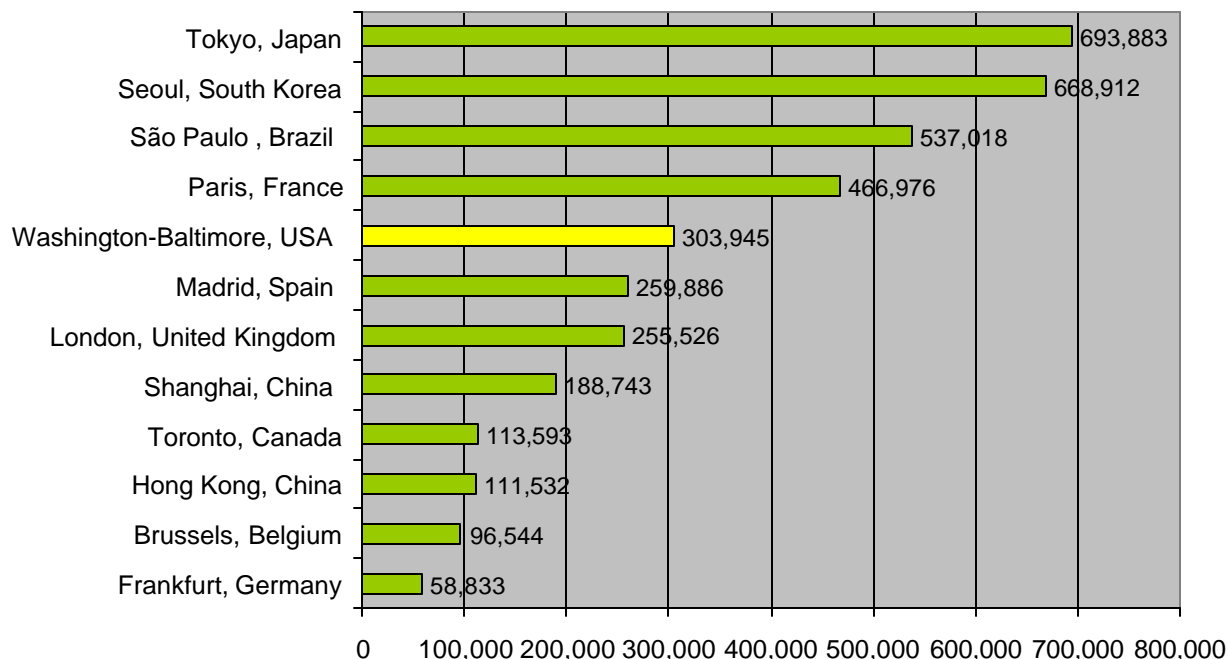
<sup>14</sup> While USPTO patents provide a consistent innovation measure, they are potentially biased towards the United States. Also, a portion of the research in the Greater Washington-Baltimore region is federal, classified research that is not captured by patent data.

<sup>15</sup> WIPO Patent numbers were not available for Brussels or Hong Kong. 2002 is the latest WIPO data available.

## Colleges & Universities

**Metropolis of universities:** Greater Washington-Baltimore has an estimated 304,000 major university students in the region. With 3,752 higher education students per 100,000 residents, Greater Washington-Baltimore ranks 4th among benchmark cities, much higher than Seoul, London, Tokyo, Shanghai, and others.<sup>16</sup> Additionally, Greater Washington-Baltimore had 8 universities among the “Top 500 World Universities” as ranked by the Institute of Higher Education in 2005.<sup>17</sup> The region has more universities on this list than Shanghai, Toronto, Madrid, Frankfurt, and Brussels combined.<sup>18</sup>

**Estimated Major University Students**



Source: International Association of Universities, 2005. International Handbook of Universities, 18<sup>th</sup> Edition.

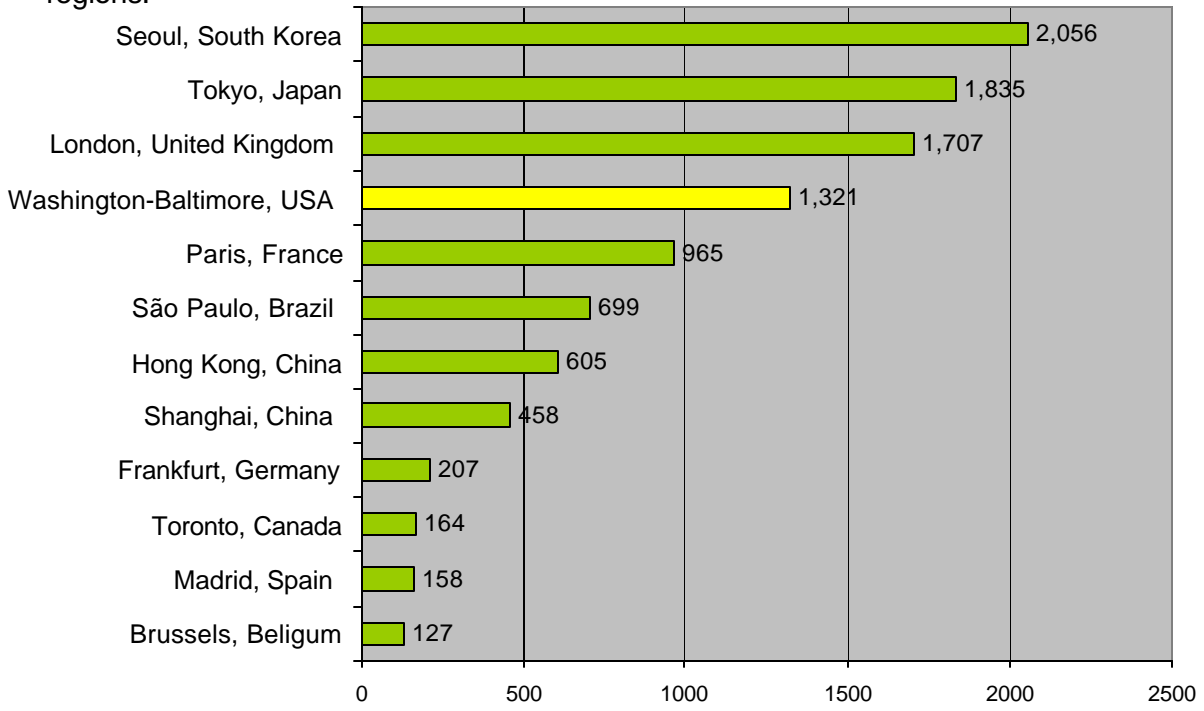
<sup>16</sup> The total does not include students at community colleges or technical trade schools.

<sup>17</sup> The Higher Education Institute and Shanghai University release annual “Top 500 World University Ranking” that evaluates universities on the quality of education faculty, research output and institution size. More information about the ranking is available at: <http://ed.sjtu.edu.cn/ranking.htm>.

<sup>18</sup> Area universities among the “Top 500 World Universities” include (as they appear in the rankings): Johns Hopkins University, University of Maryland at College Park, University of Baltimore, George Mason University, George Washington University, Georgetown University, Howard University, and University of Maryland at Baltimore County.

### Wireless Availability

**A wired region:** With 1,321 public wireless hot spots, the Greater Washington-Baltimore region demonstrates that it is as tech savvy as its key global competitors. In fact, the region has more public wireless spots when measured per capita than any of the other benchmark regions.

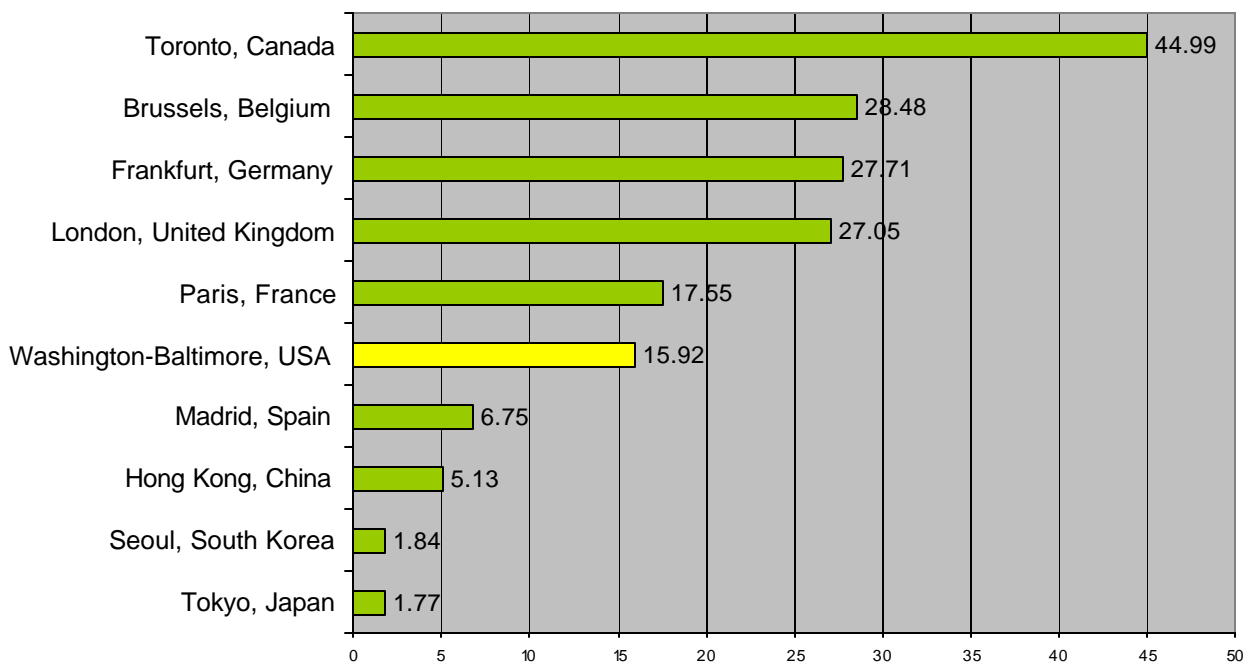


Source: Jwire.com, 2005. GWI Analysis using a 50 mile radius .

### Foreign Born Residents

**Considerable foreign-born presence:** With nearly 16 percent of Greater Washington-Baltimore’s population from outside the U.S., the region’s population has a foreign presence that is essentially the equivalent of Paris and larger than all Asian benchmark regions

**Percentage of Foreign-born Population<sup>19</sup>**



Source: Benton-Short, L. & Price, M., 2006, Globalization Urbanization Migration.

<sup>19</sup> Foreign-born data was not available for Shanghai or São Paulo.

#### IV. Global Businesses

*“We need to ensure whoever we hire can tie into a global organization, and the hiring pool in Greater Washington is very good. We find people with an entrepreneurial spirit and a global outlook.”*

*— Karl Pringle, General Manager, Strategic Thought, a U.K.-based company with offices in Northern Virginia*

#### **Internationally Owned Firms**

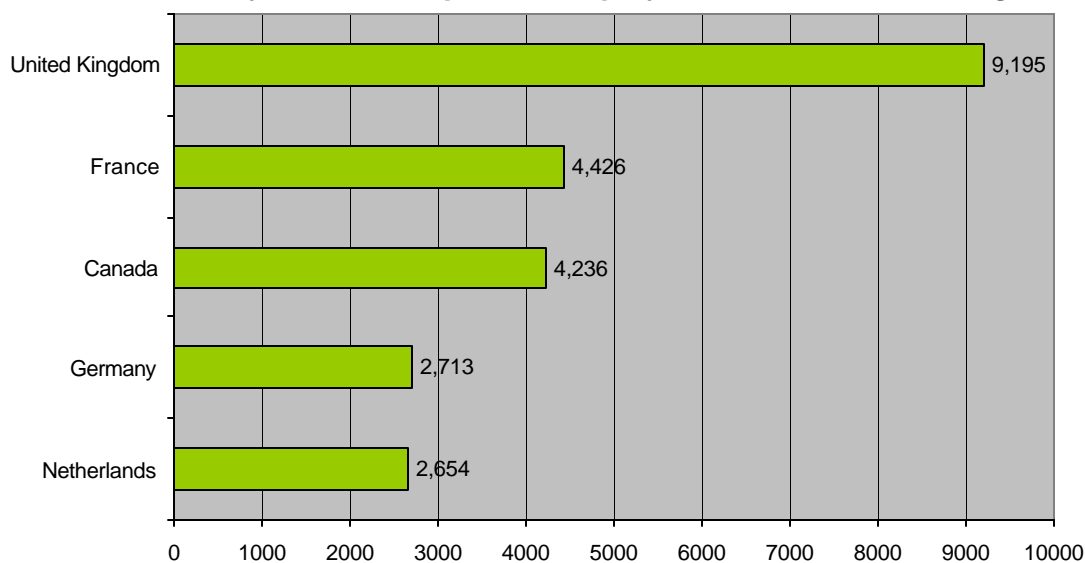
**More global firms:** GWI has identified 700 companies in Greater Washington that are affiliated with a firm headquartered outside the US, 9% more than 643 firms identified in 2000.

The U.K. and Japan continue to have the most firms operating in Greater Washington with 121 and 86, respectively. The top 10 countries account for approximately 80% of the total number of firms; the 700 firms have ownership in 29 countries.

**Europe still dominates:** Europe continues to dominate the ownership of firms, with 64% of the total, followed by Asia, including India and China, at 22% -- approximately the same rates as in 2000, with a slight increase toward Asian ownership.

Excluding the effect of Giant Food, a regional grocery store chain owned by a Netherlands firm, United Kingdom companies are the largest employers, with over 9,000 local employees (29% of the total employment for internationally owned firms). Moreover, the UK has 17% of the internationally owned companies. In addition, Japan has 12% of the companies and 8% of the employees. The other top 10 countries account for over 90% of employment; the top 5 account for 74%.

#### **Internationally Owned Companies: Employment in Greater Washington<sup>20</sup>**



Source: GWI, 2005.

<sup>20</sup> The employment figure excludes Giant Food.

**Employee count:** At least 31,000 workers in the Greater Washington region are employed by these international companies; the number jumps to 57,000 if Giant Food, a regional grocery store chain owned by a Netherlands firm, is included.

**Focus on professional services:** 89% of the employment in these international companies is in the professional services sector.

**Global Offices of Greater Washington Companies**

**Shift toward Asia:** GWI identified 144 locally-based companies in Greater Washington that have overseas operations. Of these firms, there has been a **significant global shift** in focus since the 2000 analysis of 100 companies, with a smaller percentage of companies with offices in Latin America and a higher percentage operating in India (23%) and China (23%).

Based on GWI's sample of 144 firms, Greater Washington businesses have overseas facilities in 112 countries around the world.

The list of top locations for international operations has changed since 2000. India, China and Belgium are now in the top ten locations, while the Netherlands, Australia, Brazil, and Mexico fell out of the top ten, though they are still ranked as 11 through 14.

**Top 10 Destinations for Local Companies with International Operations, 2000**

Location	% of total sample
United Kingdom	66%
Germany	40%
France	32%
Canada	32%
Japan	31%
Netherlands	25%
Italy	24%
Spain	23%
Australia	22%
Brazil (tie)	20%
Mexico (tie)	20%

Source: GWI, 2000.

**Top 10 Destinations for Local Companies with International Operations, 2005**

Location	% of total sample
United Kingdom	64%
Germany	37%
France	28%
Canada	26%
Japan	26%
India	23%
China	23%
Belgium	22%
Spain	21%
Italy	19%

Source: GWI, 2005.

**Selling professional services:** 82% of the firms GWI identified with overseas offices are in the services sector. The majority are involved in professional and business services (such as law firms, consulting firms, and computer systems design firms) and information (such as telecommunications services and software companies).

**International Companies with U.S. Government Sales:**

The internationally owned firms operating in Greater Washington, listed below, secured \$4.4 billion in federal contracts in 2004 and 2005. This represents 7.4% of \$59.4 billion awarded during 2004 and 2005 to the top 25 federal contract recipients with operations here.

**Top 5 Internationally Owned Companies with Federal Government Sales**

Firm	Federal Government Sales (in millions)	Country	Year
BAE Systems North America	\$3,740	United Kingdom	2004
Accenture	\$191	Bermuda	2005
PEC Solutions	\$161	Canada	2004
BNFL	\$160	United Kingdom	2004
DaimlerChrysler	\$138	Germany	2005

Source: Largest Federal Contractors, *Washington Business Journal* Book of Lists, 2005 and 2006.

## V. Greater Washington's International Resources

***“Greater Washington offers a good talent pool: quality professional people, a number of good schools, an extensive scientific community, and workers with federal government experience.”***

***- Mike Rippin, Software Engineer, Tessella, a U.K.-based company with offices in Suburban Maryland***

### **People**

**Wealthy and educated:** Greater Washington is the 4<sup>th</sup> largest metropolitan area in the U.S. with approximately 6 million people.<sup>21</sup> It is one of the wealthiest regions in the country with a median household income of \$72,799 in 2006. Residents are also highly educated, as 42% of the region's population age 25 and over have a bachelor's degree or higher; 19% have an advanced degree, outpacing San Francisco, Boston and New York.

**Growing diversity:** Greater Washington's workforce has become increasingly international in language capability, education and experience.

- Nearly 20% of Greater Washington's population over the age of five speaks a language other than English at home. This compares nationally to approximately 18%.<sup>22</sup>
- The top ten languages spoken in the region cover most regions of the world – Europe, Latin America, Asia, Africa, and the Middle East, with several South Asian languages falling just below the top 10.

**Top Ten Languages Spoken (After English) in Greater Washington** (% of those speaking a foreign language)

1. Spanish (42%)
2. Chinese (6%)
3. Korean (6%)
4. French (5%)
5. African languages (5%)
6. Vietnamese (4%)
7. Tagalog (3%)
8. Arabic (3%)
9. German (3%)
10. Persian, *includes Dari, Farsi, Pushto* (3%)

Source: Modern Language Association Data Center, 2005.

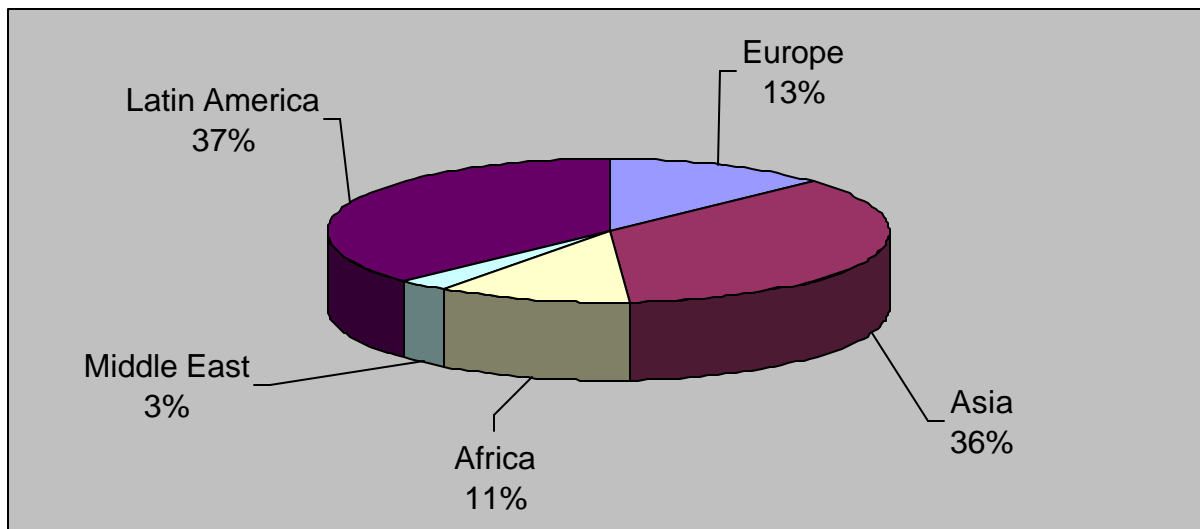
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<sup>21</sup> The definition for Greater Washington region, as defined by GWI, can be found at <http://www.greaterwashington.org>.

<sup>22</sup> 1.1 million Greater Washington residents speak a language other than English at home. This does not include the thousands of residents who have acquired additional languages through study.

- In 2000, nearly 16% of the region's population was foreign-born, up from 11% in 1990. Among U.S. major cities, the Washington region's national share of foreign born residents increased in density more than any other major U.S. city.
- As with languages, all regions of the world are well-represented. As evident in the chart below, Latin America and Asia account for the largest percentages of the foreign-born population in Greater Washington.
- Montgomery County, Maryland and Fairfax County, Virginia have a higher density of foreign-born residents than Chicago, New York, and San Francisco.
- Greater Washington's share of **African foreign-born residents is five times** the national average and larger than Chicago and Los Angeles combined. Moreover, the region's Ethiopian population is eleven times the national average.

**Greater Washington's Foreign-Born Population by Origin, 2000**



Source: United States Census , 2000.

### **International Students in Area Colleges and Universities**

**International student population:** More than 19,000 students from other countries were enrolled in Greater Washington area colleges and universities in the 2004-2005 academic year. The total number of overseas students has declined slightly since the last study in 2000, consistent with national trends.

The immediate economic benefits international students provide to Greater Washington are substantial, but the personal and professional ties resulting from their student experiences can also result in business partnerships and political alliances that create long-term benefits for the region.

**Student spending:** Spending per student averages \$35,000 per year for tuition, fees and living expenses, approximately the same as in 2000.

## ***K-12 Education and Global Culture***

**Choices for students:** Area parents can choose from highly rated public or private schools across the area with special international programs. Unique K-12 choices include international and language programs, in addition to arts and humanities, and science and technology programs.

- Six **international schools** operate in Greater Washington: British School of Washington; French International School; German School of Washington, DC; Islamic Saudi Academy; Rock Creek International School; and Washington International School.
- 28 high schools throughout Greater Washington offer the **International Baccalaureate** diploma program.
- 31 public schools in six of the region's major school districts **offer language immersion** programs to students. Immersion programs are mostly conducted in Spanish, but French, German, Japanese and Chinese immersion are also available.
- Select public high schools in the Greater Washington region also offer Arabic, Chinese, Italian, Japanese, Korean, Russian, and Swahili **language instruction**, in addition to the standard Spanish, French, German and Latin that are offered at most schools.

**A cultural capital:** Greater Washington is known for its free, magnificent attractions, including the Smithsonian Institution museums and the National Gallery of Art. The region attracts **world class cultural events**, and offers a variety of **international cultural festivals** geared to residents and visitors throughout the area.

- Exhibits, performances, social events and classes are offered year-round by several major **international cultural societies**, such as the Meridian International Center, Asia Society – Washington, Alliance Française de Washington, Goethe-Institut, and the Inter American Development Bank Cultural Center, to name a few.
- Among the dozens of organizations involved in a wide variety of **cultural activities** are the Art Museum of the Americas, Asia Heritage Foundation, Instituto Italiano di Cultura, National Museum of African Art, GALA Hispanic Theater, and Embassy Series concerts.

## ***Air Service***

**International connections:** Area airports offer direct flights to 34 international destinations, up from 28 in 2000. However, the total number of international direct flights (451) is a fraction of the number at Miami (1,226) and New York (1,847) airports.

**Taking flight:** In 2005, the three airports handled approximately 5.6 million international passengers, up from more than 5 million international passengers in 2000.

### International Non-Stop Flights for Selected East Coast Regions

	Greater Washington	Atlanta	Boston	Miami	New York	Philadelphia
Canada	181	123	140	67	478	150
Central America (Less Mexico)	13	53	3	194	55	1
Mexico	24	69	2	89	58	11
Caribbean and Bermuda	49	96	29	497	284	73
South America	21	58	-	288	104	-
Transatlantic	153	153	99	91	767	82
Transpacific	10	14	-	-	101	-
<b>Total</b>	<b>451</b>	<b>566</b>	<b>273</b>	<b>1,226</b>	<b>1,847</b>	<b>317</b>

Source: OAG, Jan. 25-31, 2006.

#### **International Business Support Services**

***"Several of the companies in which we invest export or have global operations. Being in Greater Washington is great because the embassies are here, which facilitates business."***

***– Henry D. Barratt, Jr., Founder and Managing Director, Blue Water Capital***

**Providing Assistance:** Hundreds of companies, organizations and bilateral agencies in Greater Washington advise U.S. and global firms on legal, financial, public relations, and management issues that cross borders. These local firms have expertise in international commerce and government contracting issues, such as foreign ownership, technology transfer, and security concerns.

- In addition to major government agencies such as the U.S. Department of State, U.S. Agency for International Development (USAID), 180 embassies and **three major international institutions** – the World Bank, International Monetary Fund and Inter-American Development Bank – are policy, cultural and business centers. The World Bank alone employs 6,789 people at its downtown DC location.
- The region is home to **400 international associations** – up from 260 in 2000 – offering programs or expertise on trade and investment issues.
- Bilateral business organizations in the DC area represent nearly every region of the world and are active in trade and investment issues.
- There are approximately 350 firms with **international law practices** in the region, with a significant percentage specializing in international trade.
- Roughly 200 law firms in the region have **government contracts practices**.

- Nearly 200 companies in the area represent the interests of international entities in the United States, approximately the same as in 2000.

**Additional support:** GWI and its local economic development partners help international companies establish operations in Greater Washington by providing information about available sites and buildings, navigating start-up requirements, offering tax information, and assisting in staff recruitment. A list of local area economic development offices is available at [www.greaterwashington.org](http://www.greaterwashington.org)

## VI. Economic Impact

*“People come here from around the globe to do business with the government. This location is our ‘unfair advantage,’ providing easy access to these firms and the government.”*

*– Dr. Clayton Daniel Mote, President, University of Maryland*

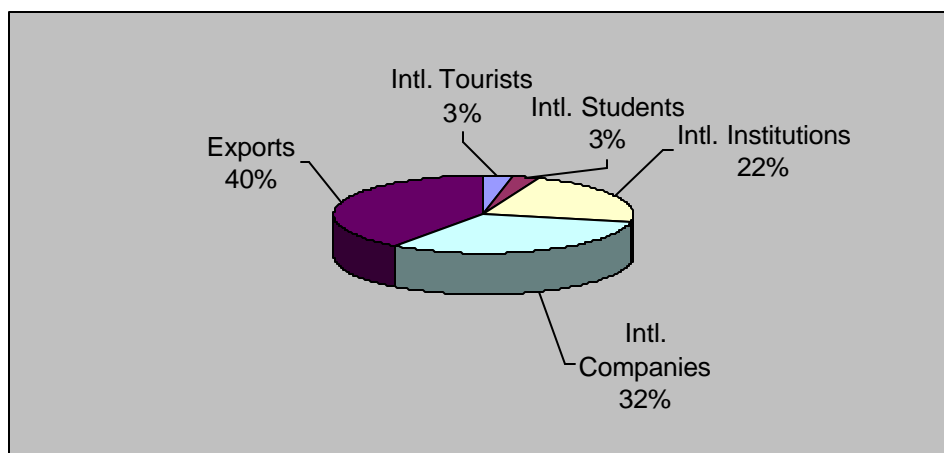
### Total Impact

**Economic impact flat:** The total economic impact of Greater Washington's international economy was **\$41.4 billion** in 2005, remaining approximately the same proportion of the regional economy (**13%**) as it was in 2000.

### Key Takeaways:

- **\$16.3 billion** is related to **export activity**;
- **\$13.4 billion** is based on employment at **globally affiliated companies**;
- **\$9.2 billion** stems from employment at international institutions, such as embassies and the World Bank, among others;
- **\$1.3 billion** is generated from **international visitors** and their spending; and
- **\$1.1 billion** is connected to spending by **international students**.

### Total Economic Impact by Category, 2005



Source: Richard Clinch, Jacob France Institute, University of Baltimore & GWI, 2005.

***Economic Impact: Direct vs. Indirect, 2005***

	Direct Impact	Induced Impact	Total Impact
Exports	\$10,217	\$6,111	<b>\$16,328</b>
Internationally owned firms	\$8,229	\$5,204	<b>\$13,433</b>
International Institutions	\$5,730	\$3,463	<b>\$9,192</b>
International Tourists	\$849	\$480	<b>\$1,329</b>
International Students	\$687	\$442	<b>\$1,129</b>
<b>Total</b>	<b>\$25,712</b>	<b>\$15,700</b>	<b>\$41,411</b>

Source: Richard Clinch, Jacob France Institute, University of Baltimore & GWI, 2005.

***Employment Impact***

The total employment effect of the region's international economy is nearly **280,000 jobs and \$14.4 billion in wages**. This represents a significant employment decline – nearly 26,000 jobs -- since the 2000 study.<sup>23</sup> However, international institutions added nearly 7,000 jobs since 2000.

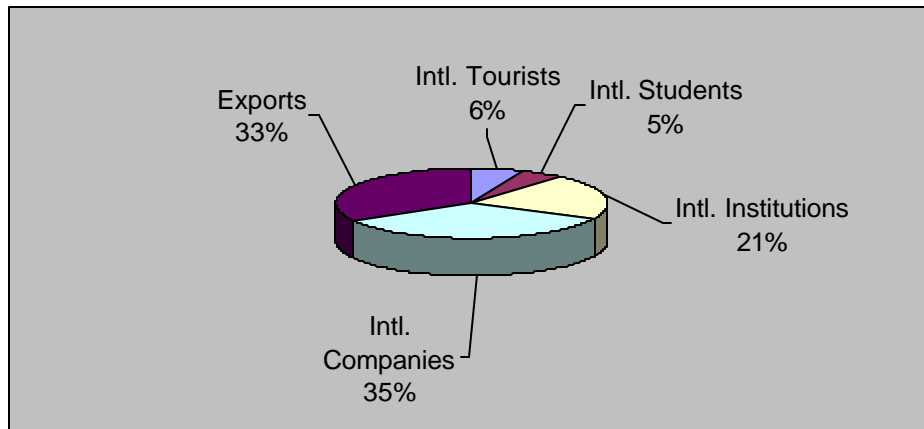
**Key Takeaways:**

- **Exports:** 92,643 total jobs (*16% decrease since 2000*) and \$5.4 billion in wages;
- **Internationally Owned Companies:** 98,560 total jobs (*8% decrease since 2000*) and \$5 billion in wages;
- **International Students:** 13,216 total jobs (*33% decrease since 2000*) and \$444 million in wages;
- **International Institutions:** **58,068 total jobs** (*13% increase since 2000*) and \$3 billion in wages; and
- **International Visitors:** 16,611 total jobs and \$469 million in wages.<sup>24</sup>

<sup>23</sup> There was a net loss of approximately 26,000 jobs in four of the five sectors. The fifth sector – international tourism – cannot be calculated due to definition changes.

<sup>24</sup> Due to definitional changes, an accurate percent of change can not be computed.

### **Total Employment by Category, 2005**



Source: Richard Clinch, Jacob France Institute, University of Baltimore & GWI, 2005.

Employment from these international activities is **heavily concentrated** in the **services sector**. Only 7% stems from natural resources, mining, utilities, construction and manufacturing, while the remaining **93%** comes from the following **services** categories:

- **11% finance, insurance and real estate** ;
- **21% wholesale and retail trade** (these figures include the effect of employment at Giant);
- **26% professional & business services**; and
- **35% other services** (especially accommodation and food services, and health and social services) and government.

### **Exports**

Greater Washington **exports an estimated \$10.5 billion** of goods and services. Export activity directly employs over 47,000 workers, with a total employment impact of 95,400 workers. These workers earn wages totaling \$5.6 billion.

- Estimates of regional export activity are based on the industrial composition of our economy. Accordingly, services account for 66% of Greater Washington's exports.
- **Services exports total more than \$7 billion, an increase of 23%** over GWI's 2001 service export estimates.

If Giant Food is excluded from the calculations, the total economic impact of international business activity drops to \$38.2 billion, with a total employment effect of 243,831 jobs.

## VII. Appendix and Acknowledgements

### *Definitions*

**Internationally Owned Firm:** According to the U.S. Bureau of Economic Analysis (BEA), internationally owned firms are firms with at least 10% foreign ownership.

#### **Greater Washington Region Definition:**

- **District of Columbia**
- **Maryland:** Anne Arundel County, Calvert County, Charles County, Frederick County, Howard County, Montgomery County, Prince George's County, St. Mary's County, City of Bowie
- **Virginia:** Arlington County, Fairfax County, Fauquier County, Loudoun County, Prince William County, Spotsylvania County, Stafford County, City of Alexandria, City of Falls Church, City of Fairfax, City of Manassas

### *Global Region Definitions*

- **Africa:** Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Republic of the Congo, Code d'Ivoire, Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Tanzania, Togo, Uganda, Zambia, Zimbabwe
- **Asia:** Afghanistan, Australia, Bangladesh, Bhutan, Brunei, Burma, Cambodia, China, East Timor, Fiji, India, Indonesia, Japan, Kazakhstan, Kiribati, Kyrgyzstan, North Korea, South Korea, Laos, Malaysia, Maldives, Marshall Islands, Micronesia, Mongolia, Nepal, Nauru, New Zealand, Pakistan, Palau, Papua, New Guinea, Philippines, Samoa, Singapore, Sri Lanka, Solomon Islands, Tajikistan, Thailand, Tonga, Turkmenistan, Tuvalu, Vanuatu, Vietnam, Uzbekistan.
- **Europe and Eurasia:** Albania, Andorra, Armenia, Austria, Azerbaijan, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Holy See, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia, Malta, Moldova, Monaco, Netherlands, Norway, Poland, Portugal, Romania, Russia, San Marino, Serbia and Montenegro, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom
- **Middle East:** Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, and Yemen

- **Western Hemisphere:** Antigua and Barbuda, Argentina, Aruba, Bahamas, Barbados, Belize, Bermuda, Bolivia, Brazil, Canada, Cayman Islands, Chile, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Netherlands Antilles, Nicaragua, Panama, Paraguay, Peru, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, Uruguay, Venezuela

### ***Methodology***

This study builds on the work of a previous GWI study: “The Global Economy of the Greater Washington Region: An Analysis of International Business.” To develop the study’s scope, GWI assembled an Advisory Committee of private and public sector executives to provide expert guidance to GWI’s in-house study team.

In addition, GWI contracted with two consultants: Ellen Harpel, president, Business Development Advisors, to provide research and writing assistance; and Richard Clinch, an economic impact consultant. Several local business and higher education leaders also participated in interviews. Sincere thanks to everyone who contributed to this report.

Numerous sources were used, including the federal and local governments, regional associations, multilateral organizations, and a variety of secondary sources. Data provided is the most current available. Every attempt has been made to be thorough and accurate.

Other methodology notes:

- The total impact includes the direct effect of employment and/or spending; the indirect impact (business-to-business activity required to produce goods and services), and the induced impact (economic effect from increased household income resulting from such spending).
- Comparative economic impact data do not account for inflation; and
- Exports in economic impact are adjusted to avoid double counting.

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