

APRIL 2020, CHICAGO - We want to take this opportunity to wish all of our friends and colleagues good health and hope that you are staying safe. We say this from an interesting vantage point. The World Trade Centers Association (WTCA), the governing body for all 330 World Trade Centers, is celebrating its 50th Anniversary. It was in 1970, in concert with the opening of the Twin Towers in New York, that fourteen international cities elected to establish World Trade Centers and form the Association in order to create a tightly knit group of like-minded entities dedicated to growing jobs in their respective communities through an expansion of international trade. Since then the 330 World Trade Centers have been established in nearly 100 countries. Of importance to the Western Hemisphere, one-hundred-and-two (102) cities and regions in the U.S., Canada and Mexico, Central America and the Caribbean have World Trade Centers.

Two bedrock principles of the WTCA have been highlighted by the current environment, and neither was established by the WTCA for the purpose of serving a worldwide community in the midst of a pandemic. Yet they are highly relevant. The first principle is “connectivity”. Never was it conceived that the strong, year round connections that the WTCA has fostered would serve the need for instant commercial communication during a pandemic. But it was inevitable that the 15,000 full time employees of World Trade Centers, and the more than 1,000,000 international businesses and/or tenants of World Trade Centers would have formed, not only ongoing commercial relationships, but also personal relationships which emerge at a time like this. We have been involved with outreach from World Trade Centers around the world. They have offered assistance, shared necessary medical resources, sponsored webinars, advised us of their respective circumstances and, most of all, expressed to one another that they care. This is the result of fifty years of bonding. The WTCA, itself, is sponsoring two worldwide town halls on April 21 and 22, which we are attending.

The second principle, which is now highlighted everyday in government’s effort to bolster the U.S. economy, is the importance of small business. By way of comparison, there are approximately 2,800 businesses listed on the NYSE. Additionally, there are approximately 3,300 businesses listed on the Nasdaq. By contrast, there are approximately 30 million small-to-medium size enterprises (SMEs) in the U.S. This category in its widest definition consists of mostly private companies of less than 500 employees. The group represents 99% of all U.S. businesses. They account for approximately 45% of U.S. GDP. They employ 48% of all U.S. employees and are responsible for 43% of annual job growth. But interestingly, this number becomes more strategic to the growth of jobs in the various U.S. regions as it is further distilled. Fully 88% of these firms have fewer than 20 employees. So these businesses are the ones which are started in a U.S. region, serve local customers, and grow our communities.

Another very important factor concerning these smaller businesses is that these firms are more apt to be owned and run by a woman or a member of a racial minority.

Worldwide, the situation is strikingly similar. In a sponsored piece carried by the Wall Street Journal on April 8, 2020, it was reported that the World Bank estimates that there are approximately 150 million SMEs worldwide, employing approximately 60% of the world’s working population and generating nearly 50% total global GDP.

Why would this second principle be important to something as internationally dominant as the World Trade Centers Association? It is because job growth in the U.S. since the inception of the WTCA has been largely as a result of the growth in exports. In the 1960’s global trade represented approximately 2.7% of U.S. GDP. Today it is approximately 25% and one in every five jobs created in the U.S. is somehow related to global trade. With 70% of the world’s purchasing power located outside of the U.S.



and 85% of global economic growth expected to occur outside of the U.S. over the next ten years, domestic companies are increasingly looking for growth opportunities beyond U.S. borders. An important dividend of this is the fact that the jobs created in international trade tend to be classified as “high value,” or, more specifically, 20% to 25% higher compensation, on average, than similar jobs being created in the solely domestic industries.

And while we look to our SME community to be integral to growing U.S. regions, fully over 60% of the largest SME category, with employees up to 500 people, **DO NOT EXPORT**. Further, when the number is reduced to the 88% of SMEs of 20 or less employees **99% OF THESE FIRMS DO NOT EXPORT**.

Lastly to this issue and in a coincidentally timely manner, we received this week the Annual Review of World Trade Center of Greater Philadelphia, which we have attached and urge you to read and enjoy. WTTCGP, despite the varied services it offers to the thirteen county Greater Philadelphia region, is known for converting the region’s SME community into exporters. Since its inception in 2002, this has been its signature product. As the Review indicates, its efforts have resulted in over \$2B in incremental exports from the region. But perhaps more importantly, it is responsible for the creation of over 26,000 jobs since its inception in 2002. This is more than Comcast and the University of Pennsylvania combined, Philadelphia’s two largest private sector employers.

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