



SisterCities
INTERNATIONAL

Connect globally. Thrive locally.



valueideas

Measures That MatterSM

A study on the economic benefits of sister city relationships in
the U.S. and their impact on the global economy
2014-2015

Sister cities programs contribute over **\$525 million** to the U.S. economy each year.

Our Global Presence

Most Sister City Partnerships by Region

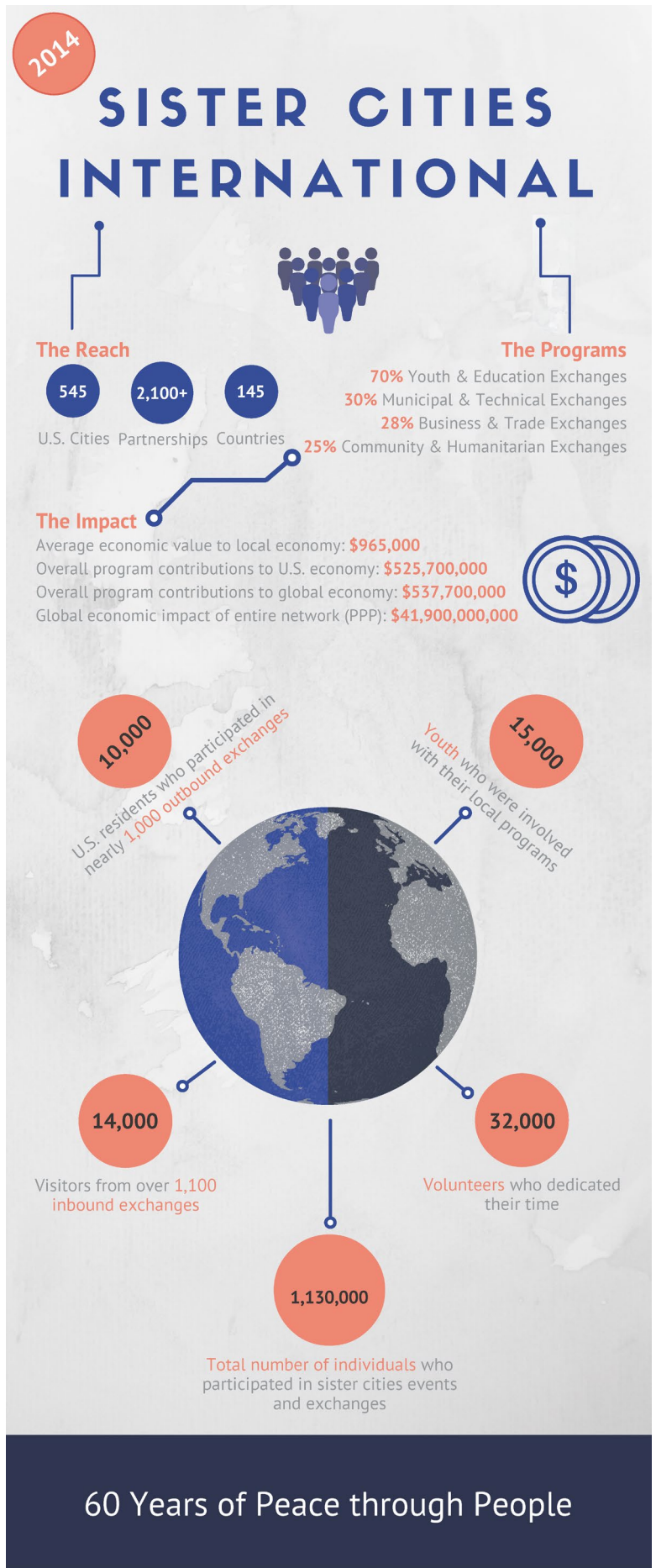
- Europe 721
- Asia 674
- Americas 452
- Sub-Saharan Africa 145
- Middle East/North Africa 90
- Oceania 39

Most Sister City Partnerships by Country

- Mexico 202
- Japan 199
- China 164
- Germany 119
- France 102
- Italy 89
- Russia 77
- Taiwan 55
- South Korea 53
- Israel 52

Most Sister City Partnerships by U.S. State

- California 383
- Florida 188
- Texas 183
- Illinois 106
- Washington 78
- Ohio 76
- New York 65
- North Carolina 64
- Virginia 59
- Maryland 58



Sister Cities International Measures That MatterSM – The Economic Impact Study

Background

Founded by President Dwight D. Eisenhower in 1956, Sister Cities International (SCI) serves as the national membership organization for over 545 individual sister cities, counties, and states across the United States with relationships in 2,100 communities in 145 countries. The sister city network unites tens of thousands of citizen diplomats and volunteers who work tirelessly to promote peace and understanding through programs and projects focusing on arts and culture, youth and education, economic and sustainable development, and humanitarian assistance. Every U.S. President since President Eisenhower has been the Honorary Chairman of SCI.

Funding for SCI consists of membership dues, government and private foundation grants, and donations from organizations and individuals.

During the 60 years of SCI's existence, collecting information on the economic impact of sister city relationships has been difficult. It is common knowledge that it takes strong relationships to build cultural, educational, and other ties, and these deep and enduring connections have economic benefits for all parties involved. But how a sister city relationship benefits the economy of a city, county, state, or a country has been a lingering question for the organization.

Over the years, individual communities have sought to measure monetary benefits, such as Seattle's relationship with Kobe, Japan where trade increased between the two cities by 300%, with \$8.3 million in trade dollars in 1957 to a 1967 value of \$27.3 million. Other countries around the world, members of town-twinning or sister city partnerships were also attempting to determine the economic benefits.

In 2003, New Zealand conducted a study of the economic impact of their sister city relationships. It was determined, after receiving an 85% response rate from 145 relationships, that although there was economic development benefiting their communities, the ability to quantify it was difficult.

In 2009, Australia Sister City Association polled their 475 members in response to a media backlash of describing government officials' sister city travel as wasteful. With limited research in the field, Australia Sister City Association determined that there was the need for measuring economic benefits of sister city relationships.

Impetus

Due to the recession of 2008, the diminishing budgets of U.S. cities, counties, and states prompted elected officials to seek economic justification for every dollar spent. Increasingly, members of the SCI network were seeking clarity about the economic impact of their sister city relationships on their communities so that they could justify contributions and donations to their budgets and activities.

With its 60th anniversary year approaching, SCI and *valueideas*, a management consulting firm specializing in creating innovative solutions to complex challenges, teamed up to study the economic impact of sister cities using *valueideas'* Measures That MatterSM methodology.

Methodology

In February 2014, the Measures That MatterSM project was established to develop a way to measure the economic impact of the SCI network both locally and globally. Using *valueideas'* methodology Measures That MatterSM, the following key steps were accomplished:

- **CONDUCTED NEEDS ASSESSMENT:** Reviewed 10 years of grants, request for proposals, and internal operations of SCI to understand and collect the measures required by multiple stakeholders.
- **DEVELOPED STRATEGIC MEASURES:** Developed measures to support SCI's strategies and the overall strategic direction over the next 3-5 years.
- **CLASSIFIED MEASURES:** Collected measures were classified into primary, secondary, and tertiary levels based on their source and use of information.
- **CREATED DATA COLLECTION INSTRUMENT:** Developed a membership survey to collect information for primary measures.
- **CUSTOMIZED DESIGN OF MEASURES THAT MATTERSM MODEL:** Fine-tuned model for SCI's needs.
- **PLANNED AND LAUNCHED DATA COLLECTION:** Developed approach, process, launch plan, and timeline for data collection.
- **ANALYZED DATA:** Analyzed survey data and developed insights.
- **GENERATED REPORT:** Developed management presentation on initial results.
- **PRESENTED TO SCI MANAGEMENT:** Shared initial results with the SCI Board of Directors.
- **UPDATED DATA, ANALYSES, AND RESULTS:** Generated updated information and results.

Member Survey Process

In December 2014 and May 2015, current SCI members were sent membership renewal notices. After cities renewed their membership, they were asked to complete an online questionnaire on their activities during last 12 months. Members were prompted on a biweekly basis to participate. The surveys were completed by the primary contact for each city, and to date, SCI has received responses from approximately 30% of members.

Results

SURVEY RESULT HIGHLIGHTS

- The SCI network consists of 545 U.S. communities with 2,121 sister cities partnerships in 145 countries.
- Approximately 50% of the cities within the SCI network have populations under 50,000.
- Approximately 42% of sister city programs operate with a budget of less than \$5,000 and 79% have a budget under \$25,000.
- Over 1/3 of the respondents received no financial support from city government outside of membership dues.
- Based on the averages from the survey, over the past year, SCI network activities included:
 - 14,153 visitors from 1,123 inbound exchanges
 - 9,889 U.S. residents participating in 944 outbound exchanges
 - 32,876 volunteers involved throughout the U.S.
 - 15,288 youth involved
 - 2,316 total sister city events in the U.S. with participation from 1.13 million people

THE ECONOMIC IMPACT OF THE SCI NETWORK: U.S. ECONOMY

- Travel related spending by inbound exchanges is \$63.7 million, events hosted by sister cities around the U.S. contributed \$56.5 million, and foreign host students added another \$70.1 million, **totaling \$190.4 million in direct contributions to the U.S. economy.**
- While applying the multiplier effect of travel related contributions of indirect and induced spending, **the economic impact on the U.S. economy is \$430.8 million.**
- The cumulative in-kind contribution of SCI network volunteers to their communities is \$94.8 million, making **the total economic impact on the U.S. economy \$525.7 million (USD).**
- The SCI network supports **1,641 direct jobs and a total of 3,715 jobs** when indirect contributions are added.
- The SCI network helps contribute **\$45.5 million towards payroll and about \$29 million in federal, state, and local taxes.**

THE ECONOMIC IMPACT OF SCI NETWORK EXCHANGES: NON-U.S. AND GLOBAL ECONOMIES

- Travel related spending by outbound exchanges is \$29.7 million, while host students add another \$17.5 million, **totaling \$47.2 million (USD) in direct contribution by U.S. SCI members to the economies of international communities.**
- While applying a multiplier effect, similar to the U.S., of travel related contributions of indirect and induced spending, **the total economic impact on non-U.S. economies is \$106.8 million (USD).**
- Using the average value of the global Purchase Price Parity (PPP) Index, **the SCI Network's direct contribution to non-U.S. economies is \$18.3 billion and the total contribution is \$41.5 billion.**
- **The global direct impact of the SCI network is \$237.6 million (USD) and the total impact is \$537.7 million (USD).**
- **When adjusted to the average value of the global PPP index, the direct SCI contribution to the global economy is \$18.5 billion and total contribution is \$41.9 billion.**

SCI's U.S. Government Funding

The results of this study show that the Public-Private Partnership grant provided to SCI by the U.S. Department of State's Bureau of Educational and Cultural Affairs is incredibly efficient. In 2015 the grant was \$400,285.

SCI is perhaps one of the most effective organizations in establishing people-to-people diplomacy both in the U.S. and globally. The following tables summarize the average cost of engagement and the return on the Department of State grant dollar.

PEOPLE-TO-PEOPLE DIPLOMACY COST TABLE: U.S. Department of State Grant Money

PEOPLE-TO-PEOPLE DIPLOMACY PARTICIPANTS	U.S. DEPARTMENT OF STATE GRANT COST PER PARTICIPANT
Volunteer	\$12.20
Youth/student	\$26.20
U.S. participant in local programs	\$0.35
Global participant in sister city programs	\$0.18

ECONOMIC IMPACT TABLE: Return on U.S. Department of State Grant Money

RETURN PER DEPARTMENT OF STATE GRANT DOLLAR	VALUE
U.S. Economy: Direct	\$476
U.S. Economy: Total	\$1,077
Non-U.S. Economies: Direct (USD)	\$118
Non-U.S. Economies: Direct (PPP)	\$45,791
Non-U.S. Economies: Total (USD)	\$267
Non-U.S. Economies: Total (PPP)	\$103,634
Global Economy: Direct (USD)	\$594
Global Economy: Direct (PPP)	\$46,267
Global Economy: Total (USD)	\$1,344

This study, however, does not take into consideration other direct services provided to the Department of State by SCI, such as assistance for Foreign Service Officers in establishing sister city partnerships, connecting its employees with municipal officials and volunteers, briefing International Visitors Leadership Program participants and other delegations, and promoting its programs and initiatives.

Conclusion

The economic impact of sister cities on a community has been difficult to measure due to an inability to quantify the various forms of economic activities that take place between partnership communities including student exchanges, tourism, municipal exchanges, and traditional business development and trade. This study focuses on measuring the economic impact of direct activities such as delegation exchanges, exchange students, community events, and volunteering. The economic impact numbers are conservative, yet extraordinarily impressive given the limited investment by local, state, and federal governments in the SCI network.

What was not measured is the induced effect of sister city relationships, such as business investments and contracts, increased tourism outside of official international exchanges, etc. into secondary and tertiary economic benefits. That remains a significant challenge and as such would be the focus of our future enhancements to the *valueideas* Measures That MatterSM model for SCI.

As this study demonstrates, the value of strong sister city programs is not just to serve as an engine for diplomacy and peace building, but also economic development and investment. Because of the deep and enduring relationships built due to sister city partnerships, it is safe to assume that trade and business do not only happen in New York City or Los Angeles, but also in Hot Springs, Arkansas and Sausalito, California.

Increasingly, the evidence of the value of sister cities partnerships, even without hard numbers, is becoming clearer to communities as shown by the recent press reports found in Appendix C. This is why A.T. Kearney, the leading organization that publishes the Global Cities Index and Emerging Cities Outlook, uses the number of sister city agreements that a city has as an indicator of potential growth and economic success.¹

SCI intends to use the *valueideas* Measures That MatterSM model customized for this study as a benefit for its 545 members. Now when a governor, mayor, or city council member asks volunteer committees why they should support local sister city programs, members will be able to point to data generated by SCI and demonstrate the positive economic effects that such relationships have on their communities.

CONTACTS

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Appendix

ENCLOSURES

Appendix A lists sources.

Appendix B outlines selected recent examples of economic activities generated by SCI Network.

Appendix C lists examples of recent articles published regarding sister cities-related economic activities.

Appendix A

SOURCES

- U.S. Department of Commerce
- The White House Study on National Travel and Tourism 2014
- U.S. Travel Association
- NAFSA: Association of International Educators
- The World Bank
- The Independent Sector
- Illinois Department of Commerce & Economic Opportunity
- SCI Member Survey
- 2003 Economic Study by New Zealand Sister Cities Association
- 2009 Economic Impact Study by Australia's Sister Cities Association

Appendix B

The following examples illustrate the real and potential economic impact as a result of sister cities relationships. Click on the title of each section to read articles.

[FT. WORTH, TEXAS¹](#)

- Annual economic impact of nearly \$2.6 million
- 500 visitors annually for cultural and educational exchanges
- 15,000 days spent in Fort Worth by visitors each year due to exchanges
- \$80,000 awarded in educational scholarships annually

¹Noted on the Ft. Worth Sister Cities webpage

[CHICAGO, ILLINOIS–MEXICO CITY, MEXICO](#)

In May 2014, Chicago Sister Cities International worked with Mayor Rahm Emanuel, World Business Chicago, the Chicagoland Chamber of Commerce signed MOU with sister city Mexico City to promote foreign direct investment, trade, innovation, tourism, and education to increase employment, expand advanced industries, and strengthen global competitiveness.

[HOT SPRINGS, ARKANSAS–HANAMAKI, JAPAN](#)

The economic development innovation project in Hot Springs, Arkansas highlights the introduction of an entirely new industry – Sake. A four-member business delegation traveled to the sister city, Hanamaki, Japan to tour a Sake brewery. While there, the business leaders met with owners and discussed the possibility of Sake production in the U.S.

Appendix

Appendix B (cont'd)

FORT LAUDERDALE, FLORIDA–MATARO, SPAIN

An international business development organization with offices in Fort Lauderdale, Florida and Barcelona, Spain was seeking partners for Spanish companies interested in expanding into the Latin American and Caribbean Markets. The Fort Lauderdale/Broward County region used its access to targeted markets along with experience and knowledge of their business development team to ensure a successful project. In Barcelona, the delegation held meetings with seven Catalonian governments and private agencies to discuss work in seven Spanish cities.

CHATTANOOGA, TENNESSEE–HAMM, GERMANY

Uli Becker, the former CEO of Reebok, not only became an investor in Feetz, the 3-D printed shoe company that began at last year's Gig Tank, but actually has Chattanooga connections that go back 35 years. "I was in the first group of exchange students from Hamm, Germany, the sister city of Chattanooga," Becker says, "That's where the relationship started, and while I have relatives in Chicago, my family's true venture to America started with a relationship to Chattanooga."

TACOMA, WASHINGTON–FUZHOU, CHINA

Stina Cellars sells most of its wine to Fuzhou. Owners were very reluctant and without the long standing sister city relationship would not have ventured into the international market. Perry Preston now says that it is easier to sell to Fuzhou than it is to California or Oregon. According to Connie Bacon, a Port of Tacoma Commissioner, Chinese Investors will also be building three Methanol Plants in region. NW Innovation Works, the consortium proposing the plants, told a Port of Tacoma commission meeting at which a preliminary lease was approved that it will start with a feasibility study that could take up to 18 months. That would be followed by a three-year construction phase, with operation to begin in 2019. Proposals for the other two plants follow roughly the same calendar. Construction wouldn't end there. NW Innovation Works says each of the plants could be quickly expanded. Total investment per plant if the expansions are included: \$1.8 billion.

That's not the only eye-popping number being tossed around by NW Innovation Works. Construction could mean as many as 1,000 jobs over three years, and 120 to 200 jobs each during operations. Aside from the direct impact of those additional jobs and the leases of port properties, the affected cities, counties and states stand to gain millions of dollars in tax revenue.

Appendix

Appendix B (cont'd)

TACOMA, WASHINGTON–BIOT, FRANCE

Several partnerships in particular have dramatically changed the face of Tacoma. Our newest sister city, Biot, is known as the glass capital of France. Together, we made headlines in the local paper when the initial delegation visited Tacoma to sign the official paperwork. With a relationship based around glassblowing and the celebration of glass art, Tacoma is widely known for its Museum of Glass—which features the world’s largest hot shop—and for being the hometown of world-renowned artist Dale Chihuly. Recent delegations from France have included two world famous glass artists who worked as guests at the Museum of Glass during their visit. They also spent time at the innovative Hilltop Artists Program, which is a glass blowing studio for youth in one of Tacoma’s junior high schools. The French artists were so moved by the students, they began discussions of an exchange program with professional glass artists and youth artists.

MINNEAPOLIS, MINNESOTA–HARBIN, CHINA

Minneapolis, Minnesota is known for its cold weather in the U.S., and its sister city Harbin is known as the “City of Ice” in China, turning its freezing weather into a huge tourism draw. The annual Harbin Ice Festival attracts more than 10 million visitors a year and features snow and ice sculptures, winter sports, and other celebrations. Minneapolis hopes to adapt some of Harbin’s activities to their own city and expand their existing activities to bring more visitors in winter months.

NASHVILLE, TENNESSEE–TAMWORTH, AUSTRALIA

In 2014, officials from Tamworth, the country music capital of Australia, came to their sister city of Nashville, Tennessee to learn how to be a year-round “Music City.” From musicians playing in airports, cafes, and public spaces to boxes on street corners radiating music and musically themed art incorporated in the décor of hotels, music is in the fabric of the Nashville community. Tamworth holds an impressive 10-day music festival each year, and through their sister city visit they learned how to better market their own culture of music and model themselves after Nashville’s success.

Appendix

Appendix C

Economic development case studies from 2014-15. Click on the title of each article to read in full.

[WHY DO SISTER CITIES MATTER MORE THAN YOU THINK?](#)

Business Insider covered the importance of sister cities for not only their cultural links, but for their business opportunities, including job creation, foreign investment, and tourism.

[ISRAEL-BASED HAIFA GROUP TO OPEN FACILITY IN SAVANNAH, CREATING 20 JOBS AND INVESTING \\$12 MILLION](#)

Officials and business leaders from Georgia (USA) visited Israel in 2014 to further expand their business ties. Israel and Georgia have had a long-established sister city relationship (Atlanta and Ra'anana, Israel) and partnerships through government, friendship, business, international trade, and tourism. The latest in business for the two regions is a \$12 million investment in a new Controlled Release Fertilizer plant that will create nearly 20 jobs in Georgia.

[HOW THE RECESSION BEEFED UP SISTER CITY RELATIONSHIPS](#)

U.S. cities traditionally develop relationships with foreign cities for diplomatic, cultural or educational purposes, but more and more are looking to them for economic development. A new sister city relationship between Prince George's County, Maryland and Changping District of Beijing, China is highlighted.

[DMACC, PARTNERSHIP SIGN AGREEMENTS WITH JAPANESE DELEGATION](#)

An agreement was signed by Greater Des Moines, Iowa and Japanese officials during the 2014 Midwest U.S.-Japan Association conference that was intended to connect young professionals in Des Moines with those in Kofu, one of Des Moines' sister cities. The agreement is opening doors to future direct investment, increasing trade opportunities and elevating Central Iowa's position in the global marketplace.

[POLISH COMPANY ULTRATECH TAKES A LOOK AT GAINESVILLE FOR U.S. DIVISION](#)

A visit from a Polish delegation including the Polish Ambassador to Rzeszow, Poland's sister city Gainesville, Florida, sparked interest from a Polish aerospace company called Ultratech looking to locate its U.S. operations. Additionally, a chemical manufacturer from Poland met with local polymer plastics companies and a UF chemical engineering professor to discuss a possible collaboration project.

[LT. GOV. OWEN TO LEAD TRADE MISSION TO TAIWAN](#)

A delegation from Seattle, Washington including Lt. Gov. Brad Owen travelled to sister city Kaohsiung, Taiwan for a weeklong trade mission to sign a reciprocal driver's license agreement and promote Washington state seafood and agricultural products.

Appendix

Appendix C (cont'd)

TAMPA TRADE MISSION TO BRAZIL BUILDS CONTACTS, OPPORTUNITIES

Tampa Mayor Bob Buckhorn led a 47-person trade delegation to Porto Alegre, Brazil to build stronger economic ties between the two cities and countries with an aim to increase tourism, medicine, study abroad, and other business programs.

DELEGATION TO VINA DEL MAR NETS GREAT RETURNS

For the past three years, the Sausalito Sister City Program has been focused on mentoring and networking with entrepreneurial business women in Vina del Mar, Chile, working principally with an organization of women called Asociacion Gremial de Empresarias y Profesionales (AGEP). On the Sausalito's 2014 trip, delegates visited businesses run by the AGEP women and conducted a workshop for them on creating strategic business plans and overcoming obstacles.

GERMAN RETAILER OPENING U.S. FLAGSHIP IN CINCINNATI

Wiesnkoenig, the official supplier of lederhosen for the Munich Oktoberfest, opened its first U.S. flagship store inside a Cincinnati, Ohio brewery mainly due to its sister city relationship with Cincinnati.

SFO WELCOMES RETURN OF QANTAS AIRWAYS

The San Francisco International Airport (SFO) welcomed the return of Qantas Airways, which announced plans to resume nonstop service between SFO and Sydney beginning December 20, 2015. Qantas plans a build up to a schedule of six flights per week effective January 2016. The return of Qantas will strengthen the highly regarded sister city relationship between San Francisco and Sydney.

AUCKLAND BUSINESS DELEGATION HEADS TO LA

More than 40 Auckland, New Zealand business leaders aimed to secure funding and new export orders after heading to Los Angeles for the Tripartite Economic Alliance Summit with sister cities Guangzhou, China and Los Angeles, California.

PHOENIX EXPORT OPPORTUNITIES WITH A FRENCH CONNECTION

A recent college graduate heads to Phoenix, Arizona's sister city Grenoble, France to represent his city as an Economic Development Ambassador to look for opportunity for French companies looking for partners, expansion, or foreign direct investment.

OGAWA COFFEE SET TO OPEN IN DOWNTOWN BOSTON

Coffee shop from Kyoto, Japan opens up first U.S. location in sister city Boston, Massachusetts because they felt the two cities share many demographic characteristics – the cities are similarly sized, rich in history, and have large college-age populations.

Appendix

Appendix C (cont'd)

SHANGHAI FOREIGN TRADE ZONE, SAN FRANCISCO FORGE INVESTMENT AGREEMENT

The City of San Francisco and 'sister city' Shanghai have signed a Memorandum of Understanding to boost investment and business ties. The MOU was signed at a recent investment conference in San Francisco organized by the San Francisco-Shanghai Sister City Committee and the Shanghai Free Trade Zone (SHFTZ), China's first pilot free trade zone.

FROM ISTANBUL TO HOUSTON: KINDRED BUSINESS PARTNERS

The sister city relationship provides an excuse to, among other things, facilitate trade between them. As M. Ruhi Ozgel, President of the Houston Istanbul Sister City Association explains, one-third of all Turkish exports to America come through the Port of Houston (a \$3.6 billion market in 2011), and almost 30 percent of the Turkish exports to America are destined for Texas.



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