



*Return-on-Investment for
International Trade and
Business Development
Programs*

Fiscal Years 2020-21, 2021-22, and 2022-23

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EXECUTIVE SUMMARY

Background and Purpose

Legislation enacted in 2013 and revised in 2014 directs the Office of Economic and Demographic Research (EDR) and the Office of Program Policy Analysis and Government Accountability (OPPAGA) to analyze and evaluate state economic development incentive programs on a recurring three-year schedule.¹ EDR is required to evaluate the economic benefits of each program, using project data from the most recent three-year period, and to provide an explanation of the model used in its analysis and the model's key assumptions. Economic Benefit is defined as "the direct, indirect, and induced gains in state revenues as a percentage of the state's investment" – which includes "state grants, tax exemptions, tax refunds, tax credits, and other state incentives."² EDR's evaluation also requires identification of jobs created, the increase or decrease in personal income, and the impact on state Gross Domestic Product (GDP) for each program.

In this report, international trade and business development programs are under review. These are generally referenced in the statutes as:

- The State of Florida's international offices and direct-support organization.
- Activity with the Florida International Trade and Promotion Trust Fund.

The review period covers Fiscal Years 2020-21, 2021-22, and 2022-23. This is EDR's fourth evaluation of these programs.³

Explanation of Return-on-Investment

In this report, the term "Return on Investment" (ROI) is synonymous with economic benefit and is used in lieu of the statutory term. This measure does not address issues of overall effectiveness or societal benefit; instead, it focuses on tangible financial gains or losses to state revenues. As such, it is ultimately conditioned by the state's tax policy.

The ROI is developed by summing state revenues generated by a program less state expenditures invested in the program, and dividing that calculation by the state's investment. It is most often used when a project is to be evaluated strictly on a monetary basis, and externalities and social costs and benefits—to the extent they exist—are excluded from the evaluation. The basic formula is:

$$\frac{(\text{Increase in State Revenue} - \text{State Investment})}{\text{State Investment}}$$

¹ Section 288.0001, F.S. In the 2025 Florida Statutes, 18 programs are specified. This analysis is based on s. 288.0001(2)(c)5, F.S.: the direct-support organization and international trade and business development programs established or funded under s. 288.012 or s. 288.826.

² Section 288.005(1), F.S.

³ The previous reports can be found at EDR's website: <http://edr.state.fl.us/Content/returnoninvestment/>

Since EDR's Statewide Model⁴ is used to develop these computations and to model the induced and indirect effects, EDR can simultaneously generate State Revenue and State Investment from the model so all feedback effects mirror reality. The result (a net number) is used in the final ROI calculation.

As used by EDR for this analysis, the returns can be categorized as follows:

- **Greater Than One (>1.0)**...the program more than breaks even; the return to the state produces more revenues than the total cost of the investment.
- **Equal To One (=1.0)**...the program breaks even; the return to the state in additional revenues equals the total cost of the investment.
- **Less Than One, But Positive (+, <1)**...the program does not break even; however, the state generates enough revenues to recover a portion of its cost of the investment.
- **Less Than Zero (-, <0)**...the program does not recover any portion of the investment cost, and state revenues are less than they would have been in the absence of the program. This typically occurs because taxable activity is shifted to non-taxable activity.

The numerical ROI can be interpreted as return in tax revenues for each dollar spent by the state. For example, a ROI of 2.5 would mean that \$2.50 in tax revenues is received back from each dollar spent by the state.

The basic formula for ROI is always calculated in the same manner, but the inputs used in the calculation can differ depending on the needs of the investor. Florida law requires the return to be measured from the state's perspective as the investor, in the form of state tax revenues.

Florida Exports

Although Florida's export market had lackluster performance over the periods previously addressed by EDR's reports, more recent data shows improvement. The first ROI report set the benchmark of Florida commodity exports at \$60.5 billion during 2013.⁵ This compares to only \$52.0 billion during the 2016 calendar year and \$56.0 billion during the 2019 calendar year. For 2023, Florida-origin export of goods totaled \$68.9 billion; 13.9 percent higher than the 2013 benchmark and 23.0 percent higher than 2019.⁶ Despite the state's u-shaped market pattern since 2013, the goods export share of Florida's total Gross Domestic Product has consistently fallen—from 7.4 percent in 2013, 5.4 percent in 2016 and 4.9 percent in 2019 to 4.3 percent in 2023.⁷ See FRED graph below showing the exports of goods for Florida, including two full calendar years beyond any portion of the review period.

By export value, Florida's top 5 product classes for 2023 were computers & electronics, chemicals, transportation equipment, processed foods, and machinery (except electrical).⁸ Exports of computers & electronics accounted for 21.7 percent of the state's total exports in 2023, increasing in export value by 23.7 percent relative to 2019. Transportation equipment was a close second at 19.4 percent of the

⁴ See the Methodology section for a description of the Statewide Model.

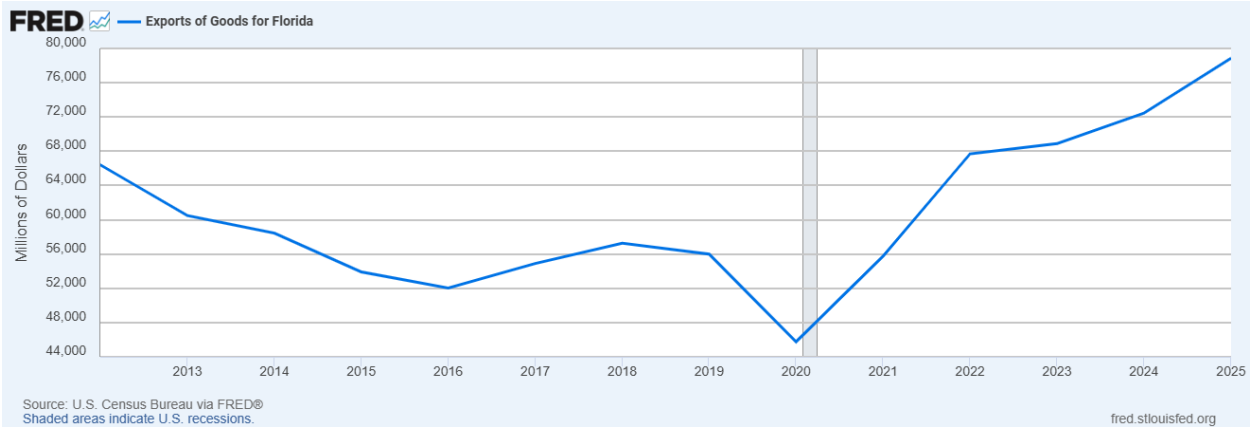
⁵ For all comparisons, the final complete calendar year of each review period is used (i.e., 2013, 2016 and 2019). For example, the 2015 report reviewed state fiscal years 2011-12, 2012-13 and 2013-14 containing two full calendar years (2012 and 2013) and two partial calendar years (2011 and 2014). The benchmark was set to 2013.

⁶ U.S. Census Bureau, "2019 Exports by State of the Origin of Movement, Number of Exporting Companies, and Value for Small and Medium Sized Companies."

⁷ Using Bureau of Economic Analysis' Gross Domestic Product Estimates.

⁸ International Trade Administration, "Florida Exports and Jobs." See also: <https://www.trade.gov/data-visualization/tradestats-express-state-trade-partner-countries-and-regions>.

state’s total exports in 2023, increasing in export value by 21.3 percent over 2019. While individually accounting for less than 1 percent each of the state’s total exports, petroleum & coal products, beverage & tobacco products and textile mill products had the largest percentage increases in export value relative to 2019.



U.S. Census Bureau, Exports of Goods for Florida [EXPTOTFL], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/EXPTOTFL>, April 20, 2026.

According to the Office of the United States Trade Representative, “A total of 55,073 companies exported from Florida locations in 2023...[o]f those, 52,004 (94 percent) were small and medium-sized enterprises with fewer than 500 employees.”⁹ In that same year, the International Trade Administration estimated that about 208,499 jobs were dependent on Florida’s export of goods; this was relative to 223,000 in 2019, 225,000 in 2016 and 262,000 on 2013.¹⁰

Foreign direct investment (FDI) plays an important role in Florida’s economy as well. In 2023, new foreign direct investment in Florida accounted for 2.3 percent (\$3.98 billion) of the national total.¹¹ In the same year, Florida had 455,100 employees of majority-owned U.S. affiliates, out of an estimated 8.66 million nationwide—a Florida share of 5.3 percent. In addition to the direct employment benefits, FDI has been linked to technological and human capital advances that benefit the economy at large.¹²

Overall Results and Conclusions

For the purposes of EDR’s analysis, the services previously offered by the international trade and development operation within Enterprise Florida, Inc. (EFI) are grouped into two distinct program areas addressing outgoing exports and incoming investments.¹³ Each area is individually analyzed, resulting in

⁹ See: <https://ustr.gov/map/state-benefits/fl>.

¹⁰ International Trade Administration, “U.S. Jobs Supported by Exports of All Goods, 2019.” <https://www.trade.gov/data-visualization/jobs-supported-state-exports>. See also “State Economy and Trade Factsheets,” <https://www.trade.gov/data-visualization/state-economy-and-trade-factsheets>. These estimates represent jobs supported by exports from the state, not just supported directly within the state.

¹¹ Bureau of Economic Analysis, <https://www.bea.gov/news/2025/direct-investment-country-and-industry-2024> as well as associated interactive tables.

¹² E. Borensztein, J. De Gregorio and J.W. Lee, “How Does Foreign Direct Investment Affect Economic Growth?” *Journal of International Economics*, Vol. 45 (1998): 115-135.

¹³ In 2023, the Legislature passed House Bill 5, which consolidated the responsibilities and resources of Enterprise Florida, Inc. (EFI) into the Department of Economic Opportunity (DEO) and a new international direct support organization, SelectFlorida. This legislation also renamed DEO as the Florida Department of Commerce. EDR’s evaluation continues the previous EFI references

two separate calculations of Return-on-Investment. First, the Export Diversification and Expansion Program includes the grants, scholarships and services offered to Florida firms that seek to export goods and services to international markets. The assistance is primarily directed at small-to-mid-sized businesses that have little or no history of exporting. Second, the International Offices Program includes the operation of Florida's network of international offices, primarily for the purpose of recruiting foreign direct investment.¹⁴

The **ROI for the Export Diversification and Expansion Program** is estimated to be 0.69. For every dollar spent on services to exporters, the state of Florida received 69 cents back in tax revenue. In addition, Florida's Real GDP increased by about \$521.45 million and Real Disposable Personal Income grew by \$430.96 million during the review period. The economic benefit is attributable to an estimated \$228.6 million in export sales that were associated with the program during the analysis period. The ROI is higher than the 2022 analysis (0.04) which can be attributed to a more favorable export environment in the latter half of the review period (calendar years 2022 and 2023).

The **ROI for the International Offices Program** is projected at 5.23. For every dollar spent on the International Offices Program, the state of Florida received 5 dollars and 23 cents back in tax revenue. Additionally, this investment increased Florida's Real GDP by \$1.14 billion and increased Real Disposable Personal Income by \$865 million during the review period. The state's economic benefit is attributable to the output and capital investment associated with the foreign firms recruited by the international offices.

Over the review period, the analysis attributes \$409.6 million in output and \$98 million in capital investment to these foreign-owned firms. This economic activity generates enough taxable revenue for the ROI to reach 5.23; a materially higher return than the one reported in 2022 (4.4). During this review period, there was less state investment yet more output attributable to this program area. Effectively, it became more cost effective. Even at that, the program had reported levels of output and capital investment that surpassed those used in the analysis. EDR made downward adjustments to address two issues.

The first issue relates to attribution. While the international offices serve as the initial contact for interested foreign firms, potential investment opportunities are subsequently referred to EFI's Business Development team. The services of the Business Development team are outside the scope of this analysis. Consequently, EDR attributed only one-half of the economic benefit to the International Offices Program. This bifurcation of responsibilities between the two divisions potentially dilutes the full value of foreign direct investment.

Second, an additional amount of output and capital investment is omitted because 20 of the 117 projects are market and resource dependent. These are projects where the business' clients are primarily based in Florida, or the business is dependent on Florida's resources to produce its products or

since this is how the program operated during the review period; however, the department's annual report for 2023 indicates: "SelectFlorida provides assistance and promotional support for international offices, trade and promotion, development and planning related to foreign investment, international partnerships, and other international business and trade development in conjunction with FloridaCommerce."

¹⁴ See: <https://selectflorida.org/for-international-companies/international-offices/>. Currently, the network has 17 international locations. Shortly before the handover (January 2023) to SelectFlorida, EFI indicated it had "19 trade & investment promotion offices outside the US."

services.¹⁵ There is no increase in economic activity associated with this foreign direct investment since the firms—or similarly situated competitors—would have been here regardless.

It is important to note that the ROIs only reflect the tangible economic benefit of these programs. There are also non-tangible and long-run benefits. One purpose of the Export Diversification and Expansion Program is to transform inexperienced firms into seasoned exporters. This has a benefit to Florida in the long run that is not reflected in early export sales. Similarly, the international offices serve as Florida's ambassadors across the world, provide logistical support to the Export Diversification and Expansion Program, and represent Florida at local trade shows and events. These are duties of the International Offices Program that EDR's ROI does not measure, but that are still important to Florida.

¹⁵ See the Methodology section for details.

OVERVIEW OF FLORIDA’S INTERNATIONAL TRADE AND RESEARCH SETTING

International trade continues to play an important role in Florida’s economy. In 2023, the state exported a total of \$68.9 billion of Florida-origin products abroad.¹⁶ This represented about 4.3 percent of Florida’s total Gross Domestic Product.¹⁷

The Table below shows the state’s top ten Florida-origin exports in 2022, 2023 and 2024.¹⁸ While the ranking changed slightly over this timeframe, the commodities did not.

Top 50 Florida-Origin Exports by Commodity						
By 2-Digit Harmonized System Code (HS Code)						
Rank	HS Code	Commodity	Millions of US Dollars			% Change 2023-2024
			2022	2023	2024	
		Total Exports	67,738.6	68,907.9	72,167.9	4.7
1	85	Electric Machinery Etc; Sound Equip; Tv Equip; Pts	11,521.8	12,265.1	12,664.7	3.3
2	84	Industrial Machinery, Including Computers	10,438.4	10,651.6	11,435.6	7.4
3	88	Aircraft, Spacecraft, And Parts Thereof	9,071.5	9,864.9	10,660.6	8.1
4	90	Optic, Photo Etc, Medic Or Surgical Instrmnts Etc	3,744.2	4,075.7	4,241.7	4.1
5	87	Vehicles, Except Railway Or Tramway, And Parts Etc	2,789.8	3,167.5	3,526.5	11.3
6	30	Pharmaceutical Products	3,195.6	2,465.2	3,272.9	32.8
7	39	Plastics And Articles Thereof	2,282.4	1,949.8	2,130.0	9.2
8	33	Essential Oils Etc; Perfumery, Cosmetic Etc Preps	1,409.7	1,660.6	1,665.6	0.3
9	71	Nat Etc Pearls, Prec Etc Stones, Pr Met Etc; Coin	1,208.4	1,423.2	1,648.6	15.8
10	31	Fertilizers	2,799.4	1,875.8	1,604.7	(14.5)

Extract from 2024 Annual Report on Florida’s Merchandise Trade: Top 50 Trade Rankings & World Region Analysis. Published by SelectFlorida in February 2025.

Due to Florida’s geographical location, Florida is a top exporter of goods to and from Latin America. In fact, twelve of the state’s top twenty destinations for Florida-origin exports in 2023 were Latin American countries (Brazil, Mexico, Columbia, Dominican Republic, Chili, Paraguay, Bahamas, Peru, Argentina, Costa Rica, Panama and Venezuela).¹⁹ The Miami-Fort Lauderdale-Pompano Beach MSA is particularly well positioned to capture this trade, exporting \$44,256 million of goods. This corresponds to 64.2 percent of all merchandise out of Florida in 2023.²⁰

The International Trade Administration estimates that Florida exports of goods from the state supported over 208,499 jobs in 2023.²¹ Export of manufactured goods were responsible for 94.3 percent of these

¹⁶ This includes manufactured and non-manufacture commodities, and re-exports (goods imported, processed and re-exported without becoming subject to customs duties). It does not include the export of services. U.S. Census Bureau, “Origin of Movement of U.S. Exports of Goods by State by NAICS-Based Product Code Groupings, Not Seasonally Adjusted: 2023” https://www.census.gov/foreign-trade/statistics/state/origin_movement/exh2s_2012.pdf. Also see <https://www.trade.gov/data-visualization/state-economy-and-trade-factsheets>. For an explanation of the limitations in Origin of Movement data, see <https://www.census.gov/foreign-trade/aip/elom.html>. For example, shipments of consolidated commodities are reported as exported from the consolidation point rather than the origin of movement. Also see International Trade Administration, “U.S. Jobs Supported by Exports, 2022.” <https://www.trade.gov/data-visualization/jobs-supported-us-exports>.

¹⁷ U.S. Bureau of Economic Analysis estimated that in 2023, Florida’s GDP was \$1,600,810,600,000. <https://fred.stlouisfed.org/series/FLNGSP>.

¹⁸ See: <https://selectflorida.org/wp-content/uploads/Annual-FL-Merchandise-Trade-Top-50-Rankings.pdf>.

¹⁹ See: <https://selectflorida.org/wp-content/uploads/Annual-FL-Origin-Exports-and-Destination-Imports-Top-50-Rankings.pdf>.

²⁰ U.S. Census Bureau, “U.S. Exports by Metropolitan Area.” [Top 50 Metropolitan Area Export Tool](https://www.census.gov/foreign-trade/top-50-metropolitan-area-export-tool)

²¹ International Trade Administration, “U.S. Jobs Supported by Exports of All Goods, 2023.” <https://www.trade.gov/data-visualization/jobs-supported-state-exports> Also see “State Economy And Trade Factsheets,” <https://www.trade.gov/data-visualization/state-economy-and-trade-factsheets>.

jobs.²² Moreover, wages in export-intensive industries tend to be higher than their non-exporting counterparts. In the manufacturing sector, it has been estimated that exports contribute an additional 18% to workers' earnings.²³ This export-premium is seen predominately in the manufacture of computers, machinery, electrical equipment, and transportation equipment.

International trade directly benefits other sectors of the economy as well. Florida's agricultural industry exported over \$3.4 billion in 2023—although this was a 6.8 percent decline in value since 2013.²⁴ Service exports are also of major importance to Florida's economy. While the exact export values are not reported by the International Trade Administration²⁵, estimates from the Coalition of Services Industries suggest that in 2023, Florida services exports supported 341,170 jobs, including 137,230 from Digitally Tradable Services.²⁶ Most of the jobs were in the Business, Professional & Technical Services sector, but this was followed closely by Travel Services.

The benefits also spillover to the non-exporting sectors. For example, Florida's transportation sector gains because international trade requires trucks, distribution centers, and ports. One study estimated a significant employment impact on Florida's transportation sector from the state's exports, helping offset a general decline in the industry between 2003 and 2010.²⁷

These benefits to Florida's transportation sector and Florida as a whole, are evident in EDR's analysis of the Florida Department of Transportation's Work Program.²⁸ This report found ROIs greater than 1.0 for both the Seaports and Aviation programs during the review period running from FY 2013-14 to FY 2015-16 (1.76 and 1.37, respectively) and the forecasted Work Program for FY 2016-17 to FY 2020-21 (2.71 and 1.72, respectively). While the state's robust tourism sector helped the ROI for these programs, they both directly and indirectly benefit from Florida exports as well.

Florida has 16 public seaports.²⁹ In a 2023 ranking of the nation's top 30 ports based on cargo volume, Miami, Port Everglades, Jacksonville, Tampa, Port Manatee, and West Palm Beach made the list (#10, 14, 16, 22, 25 and 30, respectively).³⁰ That same year, Florida seaports handled over 114 million tons of

[visualization/state-economy-and-trade-factsheets](#). These estimates represent jobs supported by exports from the state, not just supported directly within the state.

²² *Ibid.*

²³ David Riker, "Do Jobs in Export Industries Still Pay More? And Why?" *International Trade Administration Manufacturing and Services Economics Brief*, No. 2 July 2010: v. https://www.trade.gov/sites/default/files/2020-12/Do%20Jobs%20In%20Export%20Industries%20Still%20Pay%20More_0.pdf.

²⁴ U.S. Agricultural Exports, Commodity Detail by State, USDA Economic Research Service. See <https://ers.usda.gov/data-products/state-agricultural-trade-data/>.

²⁵ While the International Trade Administration estimates the jobs supported by the service industry across the U.S., it does not publish the information by state. Nationally, it indicates that 41.4 percent of all jobs (an estimated 4,043,589 million of the 9,778,284 million jobs) supported by exports are in the service sector. International Trade Administration, "Jobs Supported by Exports by Commodity, National 2023." <https://www.trade.gov/data-visualization/jobs-supported-us-exports>.

²⁶ U.S. Service Exports, Coalition of Services Industries. See: https://uscsi.org/wp-content/uploads/2025/06/CSI_2025_State_Report_FL.pdf.

²⁷ David Riker, "International Trade and Local Transportation Employment" *International Trade Administration Manufacturing and Services Economics Brief*, No. 6, March 2012:3. <https://www.trade.gov/sites/default/files/2020-12/International%20Trade%20and%20Local%20Transportation%20Employment.pdf>

²⁸ The report can be found: http://edr.state.fl.us/Content/returnoninvestment/ROI_Transportation.pdf

²⁹ [Seaports - Florida Ports Council](#)

³⁰ [Top 30 U.S. Ports: U.S. Seaports Persevere - Logistics Management](#)

cargo, of which exports were valued at \$41 billion.³¹ In 2023, 240,921 jobs in Florida were directly related to the ports.³² In addition, Florida's seaports also benefit related industries, such as rail and trucking.

Florida's public-use airport system includes over 125 public-use airports. Collectively, the system generates a significant amount of output and employs large numbers of people on airport grounds. In 2022, a Florida Department of Transportation (FDOT) economic impact study reported that Florida's airports directly employed over 18,000 people and were home to over 5,000 on-airport businesses employing an additional 164,000 people.³³ Overall, the Florida Aviation Impact Study estimated on-airport impacts of 398,611 jobs and off-airport cargo impacts of 700,700 jobs.³⁴

Overview of State Export Promotion Programs

Almost all states have export promotion programs. Each state's program offers a unique array of services, but most of the programs focus on assisting small to mid-sized businesses (SMBs) to make exporting a central part of growing their businesses.³⁵ These programs focus on SMBs because they are less likely to be regular exporters than large-sized firms, which dominate the export market. While large-sized firms (500 or employees) accounted for only one-third of one percent of all business firms in the United States in 2022,³⁶ these firms handled 67.0 percent of the total export value in 2023.³⁷

There are numerous reasons why SMBs do not export or export less frequently. SMBs may be unaware of the market opportunities outside the United States or do not know how to market themselves outside the country.³⁸ International sales also introduce new business risks, such as foreign exchange fluctuations, tariffs, import quotas, and dealing with a foreign legal system.³⁹ As a general rule, managers at SMBs have less experience dealing with the complexities of exporting than managers at large-sized firms.⁴⁰ All of these issues can be successfully overcome, but an inexperienced firm may think the opposite and exaggerate the obstacles.

³¹ The Florida Department of Transportation, "Economic Impacts of Florida's Seaports". [florida seaports economic impact](#). These figures represent exports of goods produced in Florida, as well as goods originating outside the state and exported through Florida ports.

³² The Florida Department of Transportation, "Statewide Economic Impact Analysis of Florida Public Seaports." See: https://fdotwww.blob.core.windows.net/sitefinity/docs/default-source/seaport/pdfs/eia_statewide_report_jan_25_final.pdf?sfvrsn=983629ed_1/.

³³ Florida Department of Transportation Aviation Office. "2022 FDOT Florida Aviation Economic Impact Study." See: <https://www.fdot.gov/aviation/economicimpact22.shtm>.

³⁴ *Ibid.*

³⁵ The definition of small or mid-sized business varies by government program, considering the number of employees, average annual receipts and industry classification. As defined by the U.S. Census Bureau, any business with fewer than 500 employees falls into the small to mid-sized category. See Footnote (4) at <https://www.census.gov/foreign-trade/Press-Release/edb/2017/tab6a.pdf>.

³⁶ U.S. Census Bureau's 2022 SUSB Annual Data Tables by Establishment Industry: Number of Firms and Establishments, Employment, Annual Payroll, and Receipts by Industry and Enterprise Employment Size. See: <https://www.census.gov/data/tables/2022/econ/susb/2022-susb-annual.html>.

³⁷ International Trade Administration, U.S. Department of Commerce, "2023 Profile of U.S. Goods Exporting Companies." <https://www.trade.gov/ita-us-exporters-database>.

³⁸ A. Diamantopoulos, B.B. Schlegelmich and Ky. Katy Tse "Understanding the Role of Export Marketing Assistance: Empirical Evidence and Research Needs" *European Journal of Marketing*, Vol. 27 Iss. 4 (1993): 5-18.

³⁹ Stuart Cooper and Inke Nyborg, "The Financing and Information Needs of Smaller Exporters" *Bank of England Quarterly Bulletin (1998): 166-172*.

⁴⁰ June N.P. Francis and Colleen Marie Collins, "The Impact of Firms' Export Orientation on the Export Performance of High-Tech Small and Medium-Sized Enterprises" *Journal of International Marketing*, Vol. 21 Iss: 4 (2004): 474-495.

Export promotion programs typically provide services to SMBs at all stages of the export process. At the early stage, SMBs may require assistance with finding relevant trade statistics, establishing a marketing plan for its product, and identifying attractive foreign markets. Additionally, early-stage SMBs may need to reorient the manager's mindset or improve the manager's confidence about participating in the export market. At the later stages, once the SMBs have decided to export and are likely to know where they want to export, the firms may need assistance with finding customers. For this problem, export promotion programs assist the SMBs by sponsoring trade missions and trade shows in foreign countries.

Research has modeled how an export promotion program can be successful.⁴¹ Much less research has studied its real world effectiveness, with Seringhaus concluding that export-measured success may be too challenging to measure.⁴² Instead, Seringhaus advocated non-tangible performance measures, with a focus on the knowledge and competency gains from users of the programs.⁴³ The research into non-tangible performance measures has generally shown that firms become more knowledgeable and confident about exporting after accessing promotion programs.⁴⁴ Whether this leads to additional exporting is open to debate.⁴⁵

Actual empirical research on export promotion programs' impact on export sales has been mixed. Bernard and Jenson found no relationship between a state's expenditures on export promotion and the amount manufacturing exports from the state.⁴⁶ A study of Argentina's export promotion programs found a relationship between the programs and exports by SMBs.⁴⁷ A similar paper on Colombia's export subsidy program also found an increase in exports from SMBs.⁴⁸

Studies of Canadian export promotion programs have found contradictory results. One study examined the export outcomes of 500 technology firms in Canada. They found no correlation between the use of an export promotion program with either an increase in total export sales or the firm's export intensity (export sales/total sales)⁴⁹ although the researchers did find a correlation between SMB usage and non-tangible markers of export success.⁵⁰ In another study, researchers found that Canadian firms that

⁴¹ F.H. Rolf Seringhaus, "Trade Missions in Exporting: State of the Art" *Management International Review*, Vol. 29 No. 2 (2nd Quarter 1989): 5-16.

⁴² *Ibid.* See also: June N.P. Francis and Colleen Marie Collins, "The Impact of Firms' Export Orientation on the Export Performance of High-Tech Small and Medium-Sized Enterprises" *Journal of International Marketing*, Vol. 21 Iss: 4 (2004): 474-495. Francis asserts that export promotion programs are one of several factors that affect exporting behavior.

⁴³ *Ibid.*

⁴⁴ See C.N. Wheeler, "Stimulating Scottish and United Kingdom Economics Through Export Promotion Programs" *International Perspectives on Trade Promotion and Assistance*, Quorum, New York, NY (1990): 102-111. See also: H.W. Vanderleest, "What New Exporters Think About US Government-sponsored Export Promotion Services and Publications", *Multinational Business Review*, Vol. 4 No. 2 (1996): 21-29.

⁴⁵ E.E. Marandu, "Impact of Export Promotion on Export Performance: A Tanzanian Study" *Journal of Global Marketing* Vol. 9 No. ½ (1995): 9-39. See also: D. Crick and M.R. Czinkota, "Export Assistance: Another Look at Whether We are Supporting the Best Programs", *International Marketing Review* Vol. 12 No. 3 (1995): 61-72. See also: Jim Blythe, "The Evaluation of Non-Selling Activities at British Trade Exhibitions: An Exploratory Study", *Marketing Intelligence & Planning*, Vol. 14 Iss. 5 (1996): 20-24.

⁴⁶ Andrew B. Bernard and J. Bradford Jenson, "Why Some Firms Export", *The Review of Economics and Statistics*, Vol. 86, No. 2 (May 2004): 561-569.

⁴⁷ Christian V. Martincus, Jeronimo Carballo, and Pablo Garcia, "Firm Size and the Impact of Export Promotion Programs", *Trade Policy Research*. (2010): 191-244.

⁴⁸ Christian Helmers and Natalia Trofimenko, "Export Subsidies in a Heterogeneous Firm Framework", *Working Paper No. 147* (September 2010).

⁴⁹ June P. Francis and Colleen Marie Collins, "Impact of Export Promotion Programs on Firm Competencies, Strategies and Performance: The Case of Canadian High-Technology SMEs", *International Marketing Review*.

⁵⁰ Non-tangible markers can include: better export strategies, improved knowledge of the export market, and greater managerial experience regarding exports.

accessed export promotion programs were, on average, exporting 17.9 percent more than a typical Canadian firm. This benefit tends to continue years after the initial assistance.⁵¹

Research looking specifically at trade missions has also found mixed results. A 2001 study of U.K. trade missions found that trade sales were up in the years following a trade mission.⁵² The study found that the business leads developed during the trade mission led to later sales. However, the researchers cautioned that the firms needed to stay active overseas (e.g., hire an overseas agent, attend trade shows, contact leads often) to be successful.⁵³ Two earlier studies did not find a relationship between trade missions and export sales. Seringhaus found no relationship between export sales and trade missions' attendance.⁵⁴ Wilkinson found a negative relationship between U.S. state trade missions and state export sales. The study concluded that trade missions might not be a productive activity for generating more export sales; instead, they were better suited for attracting foreign direct investment.⁵⁵

Regarding trade shows, research shows that they generally pay off for participants. Seringhaus' 2000 study of trade shows found a positive correlation between attendance and export sales, although the correlation was lower for companies that received a grant to attend the trade show.⁵⁶ A case study of a single trade show participant found an increase in both sales and profits after trade show attendance; however, this case study might be less relevant to this analysis since the studied firm was an experienced exporter. Wilkinson saw a positive relationship between a state's total export sales and the number of trade shows sponsored by the state's export promotion department. His study estimated that for every trade show sponsored by a U.S. state, the state saw an additional \$189 million in export sales.⁵⁷

With respect to the presence of international offices, very little research has been done into the effectiveness of state international offices in attracting foreign direct investment. The first reason is the limited availability of data. State international offices did not begin to proliferate until the early 1980s. Most studies exclude data prior to the 1980s and limit the analysis to a narrow subset of foreign countries where foreign offices are common (notably Japan and Germany).

The second reason is that researchers tend to bundle the operation of international offices with other export promotion expenditures. While some studies show a positive relationship between a state's export promotion expenditures and foreign direct investment within the state, this research does not separate the impact between international offices and other export promotion expenditures.⁵⁸

⁵¹ Johannes Van Biesebroeck, Emily Yu and Shenji Chen, "The Impact of Trade Promotion Services on Canadian Exporter Performance", *Center for Economic Studies-Discussion Papers* (April 2010): 1-46.

⁵² Martine M Spence, "Evaluating Export Promotion Programmes: U.K. Overseas Trade Missions and Export Performance" *Small Business Economics*. Vol.20 No.1 (February 2003): 96

⁵³ *Ibid.*

⁵⁴ F.H. Rolf Seringhaus, "The Use of Trade Missions in Foreign Market Entry of Industrial Firms", *Industrial Marketing Purchasing*, Vol. 2 No. 1, (1987): 43-60.

⁵⁵ Timothy Wilkinson and Lance E Brouters, "An Evaluation of State Sponsored Promotion Programs", *Journal of Business Research*, Vol. 47 (March 2000): 229-236.

⁵⁶ F.H. Rolf Seringhaus and Philip J. Rosson, "Exhibitors at International Trade Fairs: The Influence of Export Support" *Nordic Journal of Business*. Vol. 4 (2000): 505-516.

⁵⁷ Timothy Wilkinson and Lance E. Brouters, "An Evaluation of State Sponsored Promotion Programs", *Journal of Business Research*, Vol. 47 (March 2000): 229-236.

⁵⁸ See: Cletus C. Coughlin, Joseph T Terza and Vachira Arromdee, "State Characteristics and the Location of Foreign Direct Investment within the United States" *The Review of Economics and Statistics*, Vol. 4. (November 1991): 675-683. See also, Joseph Friedman, Daniel Gerlowski and Johnathan Silberman, "What Attracts Foreign Multinational Corporations? Evidence from Branch Plant Location in the United States" *Journal of Regional Science*, Vol. 32, No. 4 (1992): 403-418. See also, Joseph Friedman, Hung-

The final reason is that research on foreign direct investment tends to focus on other state economic variables such as tax structure, labor dynamics, and geographical metrics. Labor variables can include the percentage of workers in a union, educational attainment, the unemployment rate, and measures of labor productivity. Geographical variables can include relative proximity to large markets, proximity to major interstates or ports, and proximity to similar industries.⁵⁹ Tax variables can include the presence of a state corporate income tax and the state's relative tax burden compared to other states. The bulk of the analysis related to foreign direct investment in the United States focuses on these other variables, with little discussion about state international offices.

There are three studies that directly measured the impact of international offices on foreign direct investment. Two of the three studies found a positive, significant relationship. Woodward studied Japanese-affiliated manufacturing investments in the U.S. between 1980 and 1989.⁶⁰ Specifically, he looked at whether the establishment of a foreign office before 1984 was associated with higher foreign investment in a later period and found a strong positive relationship.

Bobonis looked at a larger dataset (eight foreign countries) and also found a strong, positive relationship. Bobonis' study included additional state incentive variables (labor and capital subsidies), but only the presence of international offices was significant.⁶¹ The paper estimated that for every 1 percent increase in the number of years a foreign office is open, the state sees an additional 0.27 percent increase in foreign direct investment in the state.

In contrast, Coughlin (2000) did not find a positive relationship. Instead, the study found a negative, but not significant, relationship between foreign direct investment and international offices.⁶² His study was based on newly-built, foreign-owned manufacturing plants in the United States from 1989 to 1995.

Gay Fung, Daniel Gerlowski and Johnathan Silberman, "A Note on State Characteristics and the Location of Foreign Direct Investment within the United States" *The Review of Economics and Statistics*, Vol. 78, No. 2 (May 1996): 367-368.

⁵⁹ Also called Industrial Clustering. This is a geographic area where a large concentration of similar firms operate. Additional firms will relocate there, because the area will already contain the skilled workforce and suppliers needed by the firm.

⁶⁰ Douglas P. Woodward, "Determinants of Japanese Manufacturing Start-Ups in the United States" *Southern Economic Journal*, Vol. 58, No. 3 (January 1992): 609-708.

⁶¹ Gustavo J. Bobonis and Howard J. Shatz, "Agglomeration, Adjustment, and State Policies in the Location of Foreign Direct Investment in the United States" *The Review of Economics and Statistics*, Vol. 89, No. 1 (Feb 2007): 30-43.

⁶² Cletus C. Coughlin and Eran Segev, "Location Determinants of New Foreign-Owned Manufacturing Plants" *Journal of Regional Science*, Vol. 40, No. 2 (2000): 323-351.

OVERVIEW OF PROGRAMS

For the purposes of EDR’s analysis, the services previously offered by the international trade and development operation within Enterprise Florida, Inc. (EFI) were grouped into two distinct program areas addressing outgoing exports and incoming investments. This treatment was chosen despite the Legislature’s passage of House Bill 5 in 2023, which consolidated the responsibilities and resources of EFI into the Department of Economic Opportunity (DEO) and a new international direct support organization, SelectFlorida. This legislation also renamed DEO as the Florida Department of Commerce. EDR’s evaluation continues the previous EFI references since this is how the program operated during the review period; however, the department’s annual report for 2023 indicates: “SelectFlorida provides assistance and promotional support for international offices, trade and promotion, development and planning related to foreign investment, international partnerships, and other international business and trade development in conjunction with FloridaCommerce.”

During the review period, EFI’s International Trade & Development division offered export assistance to Florida businesses and operated Florida’s international offices. The Business Development division developed foreign direct investment projects recruited and referred by the international offices. Because the Business Development division is not included in the statutory review directive, its economic benefit is not evaluated in this report. The report focuses solely on the services provided by the International Trade & Development division.

The International Trade & Development division had two principal programs: the Export Diversification and Expansion program and the International Offices program. The Florida Legislature appropriated an average of \$2.5 million in annual funding for the division, for a total of \$14.95 million in the review period (FY 2020-21, FY 2021-22 and FY 2022-23). Of the total, \$9.4 million was designated for the Export Diversification and Expansion program, with the remaining \$5.5 million designated for the International Offices program. The division also received \$4.4 million in event revenue and other income during the review period.

In general, the **Export Diversification and Expansion Program** provided the following services:

- Florida’s Export Directory: a directory that connected international buyers with Florida-based suppliers. Each listing contained a short description and contact information for the registered supplier.
- International Trade Statistics: a database of Florida’s trading partners; export destinations and commodities; state-of-origin exports; and a summary of U.S. trade statistics.
- International Trade Shows & Trade Missions: a variety of events to accommodate business development delegations comprised of private and public sector leaders who visit target markets of high opportunity.
- Trade Grant Programs and Export Marketing Plan Scholarships.
- Miscellaneous Services: a variety of technical assistance to Florida exporters such as helping a company find a distributor or sales representative, assisting with regulatory issues and licensing, and preparing Certificates of Free Sale and Good Manufacturing for exporting firms.

Certificates of Free Sale are documents indicating that the exporting products are legally sold or distributed in the open market and approved by the regulatory authorities in the country of origin.

Some countries require such documents as a condition of importing goods into their country. Types of imports that would require a Certificate of Free Sale include, among others, biologics, food, drugs, medical devices, and veterinary medicine. In 2018, EFI assumed primary responsibility for issuing Certificates of Free Sale for the State of Florida.⁶³ Previously, the Florida Department of Agriculture and Consumer Services, the Florida Department of Health, private entities, and EFI all issued Certificates to requesting businesses.

The available grants and scholarships from EFI to small or medium-sized Florida companies included the following:⁶⁴

- Target Sector Trade Show Grants provided financial assistance to help Florida businesses in target sectors attend qualified trade shows or exhibitions around the world. Eligible companies could receive a reimbursable grant of up to \$7,500 to help reduce the cost of exhibiting, including select participation fees and trade show booth costs.
- Gold Key/Matchmaker Grants served as a market development tool for businesses in target sectors that were new or infrequent exporters by subsidizing the cost of meeting with pre-screened and pre-qualified buyers, agents, importers, and representatives with an interest in their products or services.
- Export Marketing Plan Scholarships provided near-full funding for the cost of a customized export marketing plan for eligible companies. The export marketing plan provided the company with an in-depth strategic assessment of the firm's export opportunities. Eligible companies received a \$4,500 grant to cover most of the cost (\$5,000) of a customized export marketing plan developed by a Small Business Development International Trade Specialist.
- Virtual Trade Grants included Virtual Business Matchmaking and Virtual Shows services. Virtual Business Matchmaking included introductions via teleconference or video conference of up to five pre-screened and pre-qualified agents, distributors, or partners in target markets offering venues in 20 countries through the international office network. The Virtual Trade Show Grants provided businesses in target sectors reimbursable trade grants of up to \$2,500 to cover the cost of participating in virtual trade shows.
- Website Localization Grants provided up to \$8,000 of the cost to create a localized website that helped Florida new or infrequent exporters establish or expand their overseas presence.
- International Registration Grants provided 50 percent of the international registration/certification application fee, up to a maximum of \$10,000, to medium-sized manufacturers to offset the costs of obtaining international product registrations, certifications or markings that may be required to do business overseas.

The **International Offices Program** included services provided through Florida's network of international trade offices.⁶⁵ The international offices provided local assistance to Florida firms in foreign countries; provided international market information; and assisted with and coordinated EFI-sponsored trade shows and trade missions. These services supported efforts to increase state exports into the host country. In EDR's assessment, the most important economic function of Florida's International Offices is

⁶³ See Appendix for details.

⁶⁴ See SelectFL's Annual Report, 2021-22, p. 47. [SelectFL - Annual Report 2022](#)

⁶⁵ See: <https://selectflorida.org/for-international-companies/international-offices/>. Currently, the network has 17 international locations. Shortly before the handover (January 2023) to SelectFlorida, EFI indicated it had "19 trade & investment promotion offices outside the US."

to promote and develop opportunities for foreign direct investment, with potential investment opportunities referred to the Business Development division.

Foreign direct investment in the United States is defined as full or partial ownership by a foreign investor of a business operating in this country.⁶⁶ Foreign direct investment can involve either a new business or an established company whose shares are bought by a foreign company. In 2023, total direct investment in the United States reached \$5.38 trillion.⁶⁷ The U.S. Bureau of Economic Analysis (BEA) reports that first-year expenditures in 2023 by foreign direct investors to acquire, establish or expand businesses in the United States totaled \$175.97 billion. By type of investment, expenditures for acquisitions were \$158.65 billion, expenditures to establish new U.S. businesses were \$9.00 billion, and expenditures to expand existing foreign-owned businesses were \$8.31 billion.⁶⁸

Foreign direct investment in Florida accounted for 2.3 percent (\$3.98 billion) of the national total in 2023.⁶⁹ The state’s strongest percentage share of the national total was in expenditures to establish new U.S. businesses.

Data on new foreign direct investment in the United States				
Investment Expenditures				
Bureau of Economic Analysis				
U.S. State by Type of Investment (Millions of dollars)				
	Total	First-year expenditures		
		By type of investment		
		U.S. businesses acquired	U.S. businesses established	U.S. businesses expanded
2023				
Total States and Areas[1]	175,973	158,654	9,005	8,314
Florida	3,975	3,478	492	5
FL Share of National Total	2.3%	2.2%	5.5%	0.1%

The BEA also reports that 151,400 jobs were associated with foreign direct investment nationally in 2023, with Florida accounting for 8,700 of these new jobs (5.7 percent).⁷⁰ Altogether, there were 455,100 Florida employees of majority-owned U.S. affiliates in 2023, out of an estimated 8.66 million nationwide.⁷¹ This led to a Florida share of 5.3 percent.

Besides direct employment benefits, a state can benefit from foreign direct investment through a spillover effect from new technology inputs and the human capital training required to operate the new technology.⁷² Technology spillover occurs through competing domestic businesses adopting the new technology. These spillovers tend to make the economy more efficient and competitive in the long run. Additionally, advances in human capital occur through employee training and worker turnover that is

⁶⁶ The direct or indirect ownership of 10% or more of the voting power of an enterprise resident in one economy by an investor resident in another economy is evidence of a foreign direct investment. *OECD Benchmark Definition of Foreign Direct Investment*, 4th Edition (2008), Glossary of FDI Terms and Definitions, p. 7. <https://www.oecd.org/daf/inv/investment-policy/2487495.pdf> and <https://www.bea.gov/sites/default/files/2021-06/fdi0721.pdf>

⁶⁷ Bureau of Economic Analysis, <https://www.bea.gov/news/2025/direct-investment-country-and-industry-2024>, as well as associated interactive tables.

⁶⁸ *Ibid.* See particularly the interactive tables.

⁶⁹ *Ibid.*

⁷⁰ *Ibid.*

⁷¹ Employment of Majority-Owned U.S. Affiliates, State by Country of UBO, 2023. [mousa-all-employ-state-ctry.xls](#)

⁷² E. Borensztein, J. De Gregorio and J.W. Lee, “How Does Foreign Direct Investment Affect Economic Growth?” *Journal of International Economics*, Vol. 45 (1998): 115-135.

spread to subsequent employers. Academic research has shown that this benefit is especially true in the manufacturing sector.⁷³

Another knowledge transfer avenue comes from the local linkages established by businesses benefiting from foreign direct investment. When the foreign firm is a new entrant into the domestic market, the company will frequently establish ties with both upstream suppliers of raw and intermediate goods and downstream buyers of the firm's product. Besides increasing overall demand, foreign firms may share technology knowledge with both upstream and downstream associates.⁷⁴ This can improve general business practices, lower costs, and increase profits. In the long run, these benefits may foster a stronger, more robust local economy.⁷⁵

⁷³ Laura Alfaro, "Foreign Direct Investment and Growth: Does the Sector Matter?" *Harvard University, Harvard Business School*, (2003).

⁷⁴ Ronald Findlay, "Relative Backwardness, Direct Foreign Investment and the Transfer of Technology: A Simple Dynamic Model", *Quarterly Journal of Economics*, Vol. 92, (1978): 1-16.

⁷⁵ *Ibid.* Also, research on the benefit of FDI spillover is mixed. See: H. Gorg and D. Greenaway, "Much Ado About Nothing? Do Domestic Firms Really Benefit from Foreign Direct Investment?" *IZA Discussion Paper*, No. 944, (November 2003): 1-38.

DESCRIPTION OF THE DATA

The analysis relies on data relating to EFI's Division of International Trade & Development for the 2020-21, 2021-22 and 2022-23 fiscal years, much of which SelectFlorida provided. This includes state appropriations and other division revenue, as well as division expenditures.

For the Export Diversification and Expansion Program, SelectFlorida provided identification of and contact information for firms that received export assistance during the review period; the services, grants and scholarships provided to the firms; and the reported actual and expected sales resulting from the assistance provided in trade shows or trade missions during the review period. The sales information is collected from a report that businesses submit to SelectFlorida representatives immediately following each trade event. When comparing this year's study dataset with previous datasets, there were anomalies. The number of observations and total value of sales were both much larger than prior years. For this reason, actual sales for FY 2020-21 through 2022-2023 were estimated using the share of actual sales to total exports from previous studies. The resulting share was then applied to US Census Bureau's exports data. This gave an estimate of likely sales attributable to the Export Diversification and Expansion Program.

SelectFlorida also identified projected foreign direct investments, the dollar amount of any capital investments, total employment (retained and new), and average wages associated with projects in Florida facilitated by the international offices during the review period.

METHODOLOGY

Statewide Model

EDR used the Statewide Model to evaluate the economic impact of the programs under review. The Statewide Model is a dynamic computable general equilibrium (CGE) model that simulates Florida's economy and government finances.⁷⁶ The Statewide Model is enhanced and adjusted each year to reliably and accurately model Florida's economy. These enhancements include updating the base year the model uses, as well as adjustments to how the model estimates tax collections and distributions.⁷⁷

Among other things, the Statewide Model captures the indirect and induced economic activity resulting from the direct program effects. This is accomplished by using large amounts of data specific to the Florida economy and fiscal structure. Mathematical equations⁷⁸ are used to account for the relationships (linkages and interactions) between the various economic agents, as well as likely responses by businesses and households to changes in the economy.⁷⁹ The model also has the ability to estimate the impact of economic changes on state revenue collections and state expenditures in order to maintain a balanced budget by fiscal year.

When using the Statewide Model to evaluate programs like the ones under review in this report, the model is shocked⁸⁰ using static analysis to develop the initial or direct effects attributable to the projects funded by the program. In this report, the annual direct effects are different for each program.

The Export Diversification and Expansion Program's direct effects ("shocks") are:

- Removal of the costs from the state budget.
- Increase in demand for Florida goods ("exports") from outside the state.

The International Offices Program direct effects ("shocks") are:

- Removal of the costs from the state budget.
- Capital investment by foreign firms.
- Increase in output based on jobs and payroll associated with foreign firms.⁸¹

After the direct effects are developed and estimated, the model is then used to estimate the additional—indirect and induced—economic effects generated by the program. This includes the supply-side responses to the new activity, where the supply-side responses are changes in investment and the demand for labor arising from the new activity. Indirect effects are the changes in employment,

⁷⁶ The statewide economic model was developed using GEMPACK software with the assistance of the Centre of Policy Studies (CoPS) at Monash University (Melbourne, Australia).

⁷⁷ Reports prior to January 1, 2017 have used 2009 as the base year. Reports as of January 1, 2025 have used FY 2018-19 as the base year.

⁷⁸ These equations represent the behavioral responses to economic stimuli – to changes in economic variables.

⁷⁹ The business reactions simulate the supply-side responses to the new activity (e.g., changes in investment and labor demand).

⁸⁰ In economics, a shock typically refers to an unexpected or unpredictable event that affects the economy, either positively or negatively. In this regard, a shock refers to some action that affects the current equilibrium or baseline path of the economy. It can be something that affects demand, such as a shift in the export demand equation; or, it could be something that affects the price of a commodity or factor of production, such as a change in tax rates.

⁸¹ Jobs are multiplied by the average wage for the project and by an "employer benefits contribution" multiplier to determine the total wage bill for each year. IMPLAN output-to-compensation ratios are then used to estimate the annual output from the total wage bill.

income, and output by local supplier industries that provide goods and services to support the direct economic activity. Induced effects are the changes in spending by households whose income is affected by the direct and indirect activity.

All of these effects can be measured by changes (relative to the baseline) in the following outcomes:

- State government revenues and expenditures
- Jobs
- Personal income
- Florida Gross Domestic Product
- Gross output
- Household consumption
- Investment
- Population

EDR's calculation of the Return on Investment (ROI) used the model's estimate of net state revenues and expenditures. Other required measures for this report include the number of jobs created, the increase or decrease in personal income, and the impact on gross domestic product, all of which are included in the model results.⁸²

Evaluation Considerations

EDR is charged with evaluating the International Trade and Business Development programs in the same way it evaluates other state economic development programs. To enable this evaluation, SelectFlorida provided related state program expenditures, projected export sales and foreign direct investments associated with the programs.

EDR's approach to the calculation of ROI is based on the net economic impact rather than the gross economic activity generated by or attributed to program projects. The impact is due to new economic activity induced by a state subsidy after taking account of what would have occurred in the absence of this particular investment. EDR employs a number of approaches to isolate the new economic activity, including an assessment of the "but-for" assertion⁸³ and culling "Market and Resource Dependent" projects.⁸⁴ The resulting net economic benefit may then be proportionately attributed to all project contributors. Culling "Market and Resource Dependent" projects and proportionally attributing the economic benefit are strategies used to derive a credible estimate of a program's ROI. To the extent it

⁸² For an overview of Issues that shape EDR's Analysis of Economic Development Incentive Programs and Calculation of Return on Investment, See Appendix One, "Economic Evaluation for Select State Economic Development Incentive Programs," Office of Economic & Demographic Research, 2022 Analysis.

http://edr.state.fl.us/Content/returnoninvestment/ROISELECTPROGRAMS2020final_Revised%2011-29-21.pdf

⁸³ This is the claim that "but for" the program subsidy, the initiation of economic activity would not have otherwise occurred – the incentive is the primary, or at least the determining factor, in business decisions. To some extent, culling "Market and Resource Dependent" projects addresses the "but-for" assertion.

⁸⁴ Culling refers to removing the economic benefit of a particular project if it is determined to rely on Florida's markets or resources and would have existed in Florida in the absence of the incentive. These are projects where the business' clients are predominantly based in Florida, or the business is dependent on Florida's resources to produce its products or services. [General examples of market dependent projects include retail establishments and distribution centers.] Any new activity induced by the incentives simply displaces other employment and economic activity that would have occurred in the absence of the incentive. There is no net economic expansion, as one of two events occurs: (1) existing businesses shed jobs as their market share decreases; or (2) a competitor that would have filled the same vacuum without receiving an incentive is displaced. In these cases, neither economic benefits nor a return to the state should be assigned to the projects.

exists, the new economic activity generated by or attributed to programs under review includes wage growth of trained employees, job creation, and business capital investment associated with construction, renovation and purchase of equipment or buildings.

As with previous evaluations, this analysis assumes “but for” the Export Diversification and Expansion Program, the Florida firms would not have completed the export sale(s). For the International Offices Program, the analysis assumes “but for” the services of the international offices, the foreign firm would have chosen a different state or country in which to invest.

Twenty-five of the 121 firms recruited by the international offices during the review period have been determined to be Florida market and resource dependent. The businesses cannot claim that “but for” the program benefit, they would not have undertaken the business activity. Consequently, no economic benefit is attributed to these projects.

The international offices are the initial contact points for international businesses that are interested in investing in Florida. The international office meets with the foreign company and provides the company with preliminary information. If the foreign firm decides to pursue Florida as an option for investment, the international office forwards the lead to the Business Development division, which then develops the potential project. Because of this shared responsibility, this analysis evenly apportions the economic benefits of the foreign direct investment—attributing one-half of the economic benefit to the International Offices Program.

While the international offices do assist at the trade shows and trade missions, the analysis fully attributes the sales arising from those events to the Export Diversification and Expansion Program. There are several reasons for this treatment. First, most of the sales (94.5%) are tied to Florida firms that received an Export Marketing Plan or a Trade Grant in the past. Both the scholarship and the grants are administered by the Export Diversification and Expansion Program. Second, the international offices do provide support, but the Export Diversification and Expansion Program is the main organizer of the trade shows and trade missions.

KEY ASSUMPTIONS

The following general assumptions are used in the Statewide Model to determine the outcomes of the programs under review. Some of the assumptions are used to resolve ambiguities in the literature, while others conform to the protocols and procedures adopted for the Statewide Model.

1. The analysis assumes all data provided by SelectFlorida, Inc., and other entities is complete and accurate. The data was not independently audited or verified by EDR.
2. The analysis assumes, given the time span under review, applying discount rates would not prove material to the outcome.
3. The analysis assumes the state's budgetary allocation for the programs is a redirection from the general market basket of goods and services purchased by the state. Similarly, any revenue gains from increased business activities are fully spent by the state.
4. The analysis assumes the relevant geographic region is the whole state, not individual counties or regions. The Statewide Model does not recognize that any economic benefit arises from intrastate relocation. However, the model accounts and makes adjustments for the fact that industries within the state cannot supply all of the goods, services, capital, and labor needed to produce the state's output.
5. The analysis assumes businesses treated the assistance as subsidies that lowered the cost of operation for each individual firm.
6. The analysis assumes distribution of capital purchases by each business is the same as the industry in which it operates. This assumption is made because data is not available regarding the specific capital purchases associated with each project. It is also assumed that the businesses within a program are not large enough to affect the rate of return on capital within the industries in which the businesses operated.
7. The analysis assumes the output from projects does not displace the market for goods and services of existing Florida businesses. To do this, output associated with the businesses is assumed to be exported to the rest of the world. The "rest of the world" is defined as other states or the international market.
8. The analysis assumes the export assistance to the firms was the determining factor in businesses' combined decisions to export.
9. The analysis assumes the assistance given to the international firms by the international offices was the determining factor in the decision to invest in Florida and not a competing state.

KEY TERMS

In the pages that follow, diagnostic tables describing the composition and statistics of the analysis precede the discussion. Key terms used in the tables are described below:

State Payments Used in Analysis \$(M) – Represents the amount of state payments made to the program in each fiscal year.

Total Net State Revenues \$(M) – Represents the amount of new state revenue generated by the program in each fiscal year.

Personal Income (Nominal \$(M)) – Reflects income received by persons from all sources. It includes income received from participation in production as well as from government and business transfer payments. It is the sum of compensation of employees (received), supplements to wages and salaries, proprietors' income with inventory valuation adjustment (IVA) and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance.

Real Disposable Personal Income (Fixed 2018-19 \$(M)) – Reflects total after-tax income received by persons; it is the income available to persons for spending or saving.

Real Gross Domestic Product (Fixed 2018-19 \$(M)) – Measures the state's output; it is the sum of value added from all industries in the state. GDP by state is the state counterpart to the Nation's gross domestic product.

Consumption by Households and Government (Fixed 2018-19 \$(M)) – Reflects the goods and services purchased by persons plus expenditures by governments consisting of compensation of general government employees, consumption of fixed capital (CFC), and intermediate purchases of goods and services less sales to other sectors and own-account production of structures and software. It excludes current transactions of government enterprises, interest paid or received by government, and subsidies.

Real Output (Fixed 2018-19 \$(M)) – Consists of sales, or receipts, and other operating income, plus commodity taxes and changes in inventories.

Total Employment (Jobs) – Provides estimates of the number of jobs, full time plus part time, by place of work. Full time and part time jobs are counted at equal weight. Employees, sole proprietors, and active partners are included, but unpaid family workers and volunteers are not included.

Population (Persons) – Reflects first of year estimates of people, including survivors from the previous year, births, special populations, and three types of migrants (economic, international, and retired).

PROGRAM FINDINGS

Export Diversification and Expansion Program

The analysis of the Export Diversification and Expansion program examines the economic benefit of export assistance services, including the grant programs, the scholarship program, and other miscellaneous services. The analysis does not assign an economic benefit to the export directory or international trade statistics. While these services are useful to Florida firms, the economic benefit is ambiguous and difficult to attribute to the program since some alternatives exist.⁸⁵ Additionally, the assistance provided through the existence of the export directory and international trade statistics is relatively minor and not likely to be the determining factor in a firm's decision or ability to export.⁸⁶

Moreover, the analysis does not assign an economic benefit to the sales reported on Certificates of Free Sale for several reasons. First and most importantly, EDR's analysis is limited by statute to the services funded through the International Trade and Promotion Trust Fund. Fee revenue from Certificates of Free Sale is not included in the Trust Fund. Second, measuring the economic impact of this service would be a challenge, as access to this service was simply shifted to EFI from other public and private entities that provided the same service at different price points.

Otherwise, the analysis attributes all estimated sales to the Export Diversification and Expansion program. This amounts to \$228.57 million in export sales over the review period. Projected sales are forecast by using the share of actual sales to total state exports from previous years. Actual sales is defined as any sale recorded by companies receiving export assistance, as reported when deals are negotiated. Not all reported sales value can be counted towards this analysis for several reasons. The first of these is related to timing. The expected sales are projected to occur at an unknown point in the future, but without a detailed schedule, it cannot be determined whether some or all of the sales actually occurred within the review period. Second, attribution is problematic. It is true that the Export Diversification and Expansion Program likely facilitated the initial encounter between buyer and seller, but the research suggests that a firm's doggedness in pursuing the sale over months, if not years, is what leads to a final sale.⁸⁷ Third, whether the anticipated sales actually occur is an issue as well. Research found that only 21 percent of trade show sales leads convert to actual sales.⁸⁸

The Export Diversification and Expansion program impacts 42 out of the 77 industries in the Statewide Model, ranging from computer electronic manufacturing to textiles industries. From EDR's analysis, 28.0 percent of total sales occurred in FY 2020-21, followed by 34.2 percent and 37.8 percent in FY 2021-22 and FY 2022-23, respectively.

⁸⁵ For example, other sources of free Florida trade data include various reports from the U.S. Census Bureau and the International Trade Administration.

⁸⁶ See the "But For" Requirement discussion in the Methodology section.

⁸⁷ Martine M Spence, "Evaluating Export Promotion Programmes: U.K. Overseas Trade Missions and Export Performance" *Small Business Economics*. Vol. 20 No. 1 (February 2003): 83-103.

⁸⁸ Jim Blythe, "The Evaluation of Non-Selling Activities at British Trade Exhibitions: An Exploratory Study", *Marketing Intelligence & Planning*, Vol. 14 Issue 5 (1996): 20-24.

Funds appropriated by the Legislature for Enterprise Florida that are intended for international trade and development, excluding appropriations related to the international offices, were deemed to be the state's investment for the purposes of this calculation.⁸⁹

Statewide Economic Model Impact Projections of the Export Diversification and Expansion Program

		FY2021	FY2022	FY2023	Total
State Payments in the Window	Nominal \$ (M)	4.55	1.81	3.05	9.41
Total Net State Revenues	Nominal \$ (M)	(0.00)	3.69	2.80	6.49
Return-on-Investment by Year		(0.00)	2.04	0.92	
Return-on-Investment for the 3 year period					0.69

		FY2021	FY2022	FY2023	Total		Average per Year
Personal Income	Nominal \$ (M)	147.00	185.69	200.88	533.56		177.85
Real Disposable Personal Income	Fixed 2018-19 \$ (M)	121.77	149.90	159.29	430.96		143.65
Real Gross Domestic Product	Fixed 2018-19 \$ (M)	155.07	182.48	183.89	521.45		173.82
Consumption by Households and Government	Fixed 2018-19 \$ (M)	123.77	150.57	149.25	423.59		141.20
Real Output	Fixed 2018-19 \$ (M)	307.60	365.17	384.05	1,056.82		352.27

		FY2021	FY2022	FY2023	Minimum	Maximum	Average per Year
Total Employment	Jobs	746	653	539	539	746	646.00
Population	Persons	0	344	752	0	752	365.33

The impact of state investments for the Export Diversification and Expansion program is a positive **ROI of 0.69**. For every dollar spent on services to exporters, the state of Florida received 69 cents back in tax revenue. In addition, Florida's Real GDP increased by \$521.45 million and Real Disposable Personal Income grew by \$430.96 million during the review period. These economic benefits are attributable to the estimated \$229 million in export sales that are associated with the program.

The ROI is higher than the 2022 analysis (0.04) primarily because of an increase in the state's total exports and a decrease in state payments. For the previous review period, total state payments were \$13.65 million compared to \$9.41 million for the current review period. The average actual sales reported in the 2022 analysis was \$59.44 million compared to an estimated \$76.19 million in this year's analysis. This sales level is more consistent with pre-pandemic values of \$71.49 million as reported in the 2019 analysis. Based on appropriations, reported state payments are reduced from \$4.55 million in FY 2020-21 to \$1.81 million and \$3.05 million in FY 2021-22 and FY 2022-23 respectively.

⁸⁹ In previous analyses, expenditures were deemed by EDR to be the state's investment. Such expenditures included income from events and other sources. The expansion of SelectFlorida's Certificate of Free Sale service informed EDR's reevaluation of this approach. Using appropriations is consistent with the methodology used in reviews of other programs.

State Payments and Actual Sales of the Export Diversification and Expansion Program		
Fiscal Year	State Payments (Millions \$)	Actual Sales (Millions \$)
2014-15	4.09	90.17
2015-16	4.65	62.50
2016-17	4.79	61.79
Total	13.53	214.46
Annual Average	4.51	71.49
2017-18	4.55	62.36
2018-19	4.55	53.03
2019-20	4.55	62.92
Total	13.65	178.32
Annual Average	4.55	59.44
2020-21	4.55	64.13
2021-22	1.81	78.05
2022-23	3.05	86.39
Total	9.41	228.57
Annual Average	3.14	76.19

International Offices

SelectFlorida provided data that contains 117 successful foreign direct investment projects in Florida during the review period. Each project was referred to EFI’s Business Development division by one of Florida’s international offices. The data includes the amount of capital investment, total employment, and average wage for each project.

It is important to note that the data is problematic. First, employment numbers and capital purchases have not been verified by either EFI or SelectFlorida since there is no requirement that the company submit proof.⁹⁰ Second, the investment and employment numbers are forward-looking; as such, they reflect what the company expects to do in the near future but does not attribute the activity to specific years. As a result, the analysis spreads the data uniformly across the three-year review period. Any investment and employment projected outside of the review period is excluded. Third, the analysis requires NAICS codes to estimate output.⁹¹ Because NAICS codes are not included in the data, each company had to be researched in order to assign it a NAICS code.

As discussed in the Methodology section, the output from businesses determined to be dependent on Florida resources to produce or Florida markets to sell their products or services are excluded from the analysis. Twenty of the 117 firms in this review period were determined to be Florida market or

⁹⁰ In some cases, a company may have received other state incentives for the same or a similar purpose. In those instances, the Business Development division would track job creation and capital investment when that other incentive required it to do so.

⁹¹ North American Industry Classification System (NAICS) is the coding system used by the federal government for classifying business establishments.

resource dependent. There is no new state revenue resulting from these projects since the businesses are otherwise tied to Florida, meaning the state would have already been their (or a competitor's) location choice. After removing these firms from the dataset, the remaining output is evenly apportioned (1:1) between the international offices and Business Development division, meaning that only one-half of the output is attributed to the international offices.

The estimated total direct output related to the international offices over the review period is \$409.6 million. In addition, the foreign firms made capital investment purchases of \$98 million over the three-year review period. Twenty-six out of the 77 industries in the Statewide Model are impacted by the program. The industries range from manufacturing to retail.

Appropriations related to the international offices were deemed to be the state's investment in recruiting foreign direct investment for the purposes of this calculation.⁹²

Statewide Economic Model Impact Projections of the International Offices Program

		FY2021	FY2022	FY2023	Total
State Payments in the Window	Nominal \$ (M)	2.05	1.54	1.95	5.54
Total Net State Revenues	Nominal \$ (M)	2.86	9.31	16.81	28.99
Return-on-Investment by Year		1.39	6.06	8.62	
Return-on-Investment for the 3 year period					5.23

		FY2021	FY2022	FY2023	Total	Average per Year
Personal Income	Nominal \$ (M)	184.88	367.88	585.88	1,138.63	379.54
Real Disposable Personal Income	Fixed 2018-19 \$ (M)	145.48	280.63	439.05	865.15	288.38
Real Gross Domestic Product	Fixed 2018-19 \$ (M)	188.59	366.92	580.07	1,135.58	378.53
Consumption by Households and Government	Fixed 2018-19 \$ (M)	135.64	282.51	439.53	857.68	285.89
Real Output	Fixed 2018-19 \$ (M)	339.41	671.69	1,064.31	2,075.41	691.80

		FY2021	FY2022	FY2023	Minimum	Maximum	Average per Year
Total Employment	Jobs	817	1,239	1,740	817	1,740	1,265.33
Population	Persons	0	454	1,164	0	1,164	539.33

The impact of state investments for the International Offices program is a positive **ROI of 5.23**. For every dollar spent on the International Offices program area, the state of Florida received 5 dollars and 23 cents back in tax revenue. In addition, the activity induced by the state incentive led to an increase in Florida's Real GDP of \$1.14 billion, as well as increase in Real Disposable Personal Income of \$865 million over the review period.

The ROI for this program is high for two reasons. First, the international offices targeted firms with higher-than-average economic multipliers. Industries like finance and manufacturing have a greater impact on Florida's economy than traditional Florida industries, like retail and food service. In large

⁹² In previous analyses, expenditures were deemed by EDR to be the state's investment. Such expenditures included income from events and other sources. The expansion of EFI's Certificate of Free Sale service informed our reevaluation of this approach. Using appropriations is consistent with the methodology used in reviews of other programs.

part, this is because they tend to have larger input purchases, which leads to greater indirect and induced impacts within the economy. Additionally, these industries have higher wages,⁹³ which leads to a greater impact on Florida's economy.

The second reason is capital investment. Investment activity generates considerable tax revenue—directly through material purchases and indirectly through spending by construction workers. In the review period, 90 percent of all the firms had capital investments. After apportionment, their capital investments ranged from \$5,000 dollars to \$57.5 million. The aggregate capital investment level from these firms contributed to a strong ROI.

This ROI is higher than the 2020 analysis (reported as 4.4) primarily due to a significant increase in direct output attributed to the international offices. For the 2020-21 to 2022-23 fiscal years, total output reached \$409.6 million compared to \$217.6 million in the previous report.

⁹³ The average reported wage of the firms in the analysis was \$64,160. Florida's 2023 average wage was \$60,210 (Source: State Occupational and Wage Estimates - U.S. Bureau of Labor Statistics).