Rolando Pablos – Secretary of State of Texas, USA



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Rolando Pablos, Secretary of State of Texas, discusses Texas's unique business-friendly environment, the significance of the life sciences sector to the state's economy (which would be the tenth largest in the world were Texas a country), innovation, and internationalization.

Could you please start by introducing yourself to our international audience?

I come from the private sector – I am an economic developer as well as an attorney who has been involved in international trade for many years. I used to be the Honorary Consulate to Spain. Many of my clients were foreign companies looking to move to the US, so I developed an expertise in economic development. Since I arrived in my current position in January, I have made it my goal to promote Texas, because as Secretary of State I am the Chief Protocol Officer which makes me the ambassador for Texas.

Texas constitutes the world's tenth largest economy, we are bigger than many countries, and the governor has asked me to take an interest in economic development for the State. My job is, therefore, to promote two-way-trade and investment. We look for companies to come invest in the Texas economy and then we work with Texas companies looking to invest elsewhere.

Does this mean that you prefer some industries over others?

Not at all. Across the board we are industry agnostic meaning that whatever industry comes to us looking for support, we are happy to help. I have travelled a lot within Texas and abroad and we are trying to spread the message of the Texas miracle because, as I mentioned earlier, our state is a business platform unlike any other – we are very business friendly. We have designed policies in a way that CEOs like. Plus, we are number one in foreign direct investment – we have a lot of foreign companies coming to Texas, such as Toyota, which has recently opened up its North American headquarters in Dallas. We also met with Italy, France, Belgium, Japan, which are all countries who already have investments in Texas and are looking to have even more.

How would you describe the state of the life sciences industry in Texas?

We, in Texas, are developing a strong reputation in the life sciences industry. We are proud to host the number one medical center in the country here in Houston. It is almost as big as the city's downtown – it includes two medical schools, a cancer center, which is the best in the world, we have world-renowned cardiac surgeons, as well as the children's hospital.

How did this come about?

Primarily, it was born out of a need, but also because we have a highly-developed tech environment. Austin is known as the Silicon Hills (because we don't have a Valley, but we have hills) and we have developed a tremendous IT presence. As a matter of fact, we have the best engineers and software designers in the US. 20 years ago, Samsung invested USD 17 billion in Austin, which is the biggest foreign direct investment in the history of the United States. So, if you take that skillset and the need for us to develop our own medical delivery and research components, and you bring in the research universities that we have, the result is a recipe that begs for even more development. Governor Abbott has invested USD 34 million in matching funds as part of his university research initiative that was designed to bring in top researchers from all over the world. The ones we brought in are all National Academy members. We also have the Cancer Prevention Research Institute of Texas (CPRIT) that issued almost USD two billion in grants for cancer research. Our government, our people, our community have all invested in it. We also have the Texas Enterprise Fund, which is about a USD 400 million fund and aims to attract companies to land in Texas. We have all these tools in our toolbox, we have an environment that is extremely business friendly.

How exactly are you defining “business friendly”?

We have a very responsible and friendly fiscal environment – we have a USD nine billion savings account just sitting there for the future in case it is ever needed. Plus, employees in Texas don’t pay income tax, nor any corporate tax. This is why CEO magazine has continued, for 14 years in a row, to give Texas the number one spot in the ‘Places to do Business’ rankings. It is worth noting that we are very conservative when it comes to fiscal management – we stick to our budget and we don’t overspend.

Our regulatory environment is also very business-friendly. Our rules are very transparent and predictable, meaning that if you come to invest in Texas we are not going to change the rules in the middle of the game. We involve the industries whenever we do rulemaking through public comment.

Political stability is very important and plays an important role in Texas’s prosperity. We have had a stable and conservative political environment that allowed us to design our current business-friendly environment. However, it required a lot of work – we had to bring a lot of the issues to the table for the election for the public to decide. Also, we got rid of frivolous lawsuits in the 2000s and this is something that companies like because they know that our judicial system is an honorable system.

The best part of Texas, however, is the qualified workforce. Whoever comes to Texas, whether it is for the life sciences or the oil & gas industry, know they find qualified labor in the long term. We have an excellent quality of life.

Let me challenge you a bit on innovation. What makes Texas superior to other states?

Let’s talk about high tech for instance. Everybody knows that the Silicon Valley is the world leader, there is no question about it. But we also recognize that it was born 60 years ago. In the trajectory of high-tech, Silicon Valley has been at the cutting-edge but one cannot deny the fact that Texas has been able to develop its own. For example, in the energy arena Texas is the leader but Louisiana has been able to develop its own industry.

With respect to competition with other American states – yes, there is competition, but the real competition is global. We seek to work with our partners in the US, Mexico and Canada in order to

compete as a region with other regions of the world. Texas is doing its part in providing economic prosperity for the nation and for the continent. For example, there are more petroleum and chemical engineers in Houston than anywhere else in the world, and they're innovating and contributing to the competitiveness of our state and our nation

In Texas, we have a fiercely independent spirit. We favour entrepreneurs and start-ups, while acknowledging that the big companies will also be around. We believe that if we support our entrepreneurs and our start-up ecosystem, we will end up more successful in the long run.

Looking at the international level, what kind of geographies are you targeting? What would you say to those CEOs who are considering coming to the US?

Firstly, we are focused on attracting top talent. I have seen talent come from every corner of the world to Texas. Right now, Houston is the most diversified city in the country. A vast majority of people living here are coming to start up their business and the fact that we are geographically significant (we are right in the middle of America, we call it the 'third coast') makes coming to Texas more attractive.

From Texas, you can enter the North-American market. We have non-stop flights to practically all the big cities around the world. We boast a premier maritime environment as well.

Our geography is key, our business environment is key and Texas as a State is generally well known– you don't have to explain to people where Texas is when you are abroad. That gives me a lot of pride. But at the end of the day, the proof is in the pudding – one simply has to look at what Texas has accomplished over the past 25 years: we have turned into a powerhouse at a global level and life sciences and healthcare are part of that.

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