



Delaware

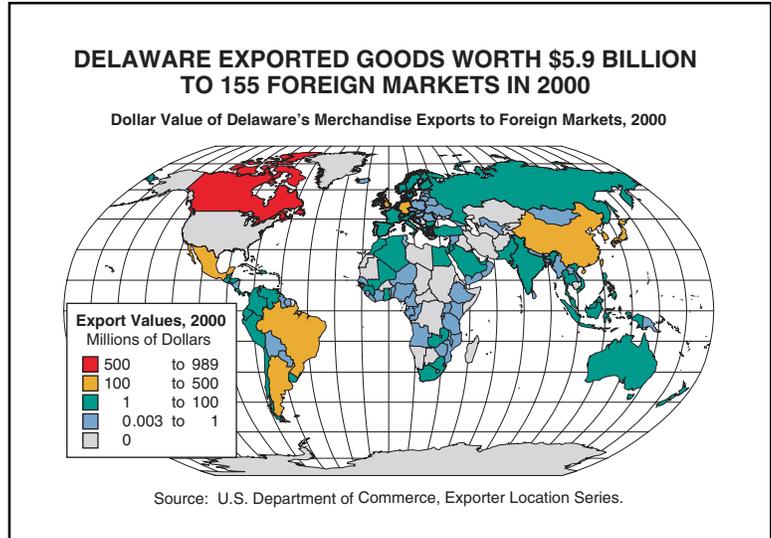
Benefits From Exports

Delaware's export sales of merchandise in 2000 totaled \$5.9 billion, up 22 percent from 1999 and well above the 12.6 percent rise in total U.S. exports over the same period. Over the 1993–2000 period, Delaware's exports grew by 70 percent, roughly in line with growth in total U.S. exports of goods.

The growing importance of foreign markets to the state is also reflected in per capita export figures. In 2000, Delaware recorded export sales of \$7,514 for every person residing in the state. This was the highest per capita export value of any state and 52 percent above the 1993 per capita amount of \$4,942.

Delaware exports goods globally to 155 foreign destinations. The state's leading market, by far, is the North American Free Trade Agreement (NAFTA) nation of Canada (17 percent of 2000 exports). Following Canada are Belgium (13 percent), Japan (8 percent), Mexico (7 percent) and the Netherlands (6 percent). Other leading markets include the United Kingdom, Brazil, Taiwan, and Germany.

Delaware's biggest growth market, in dollar terms, is Canada. From 1997 to 2000, export sales to Canada

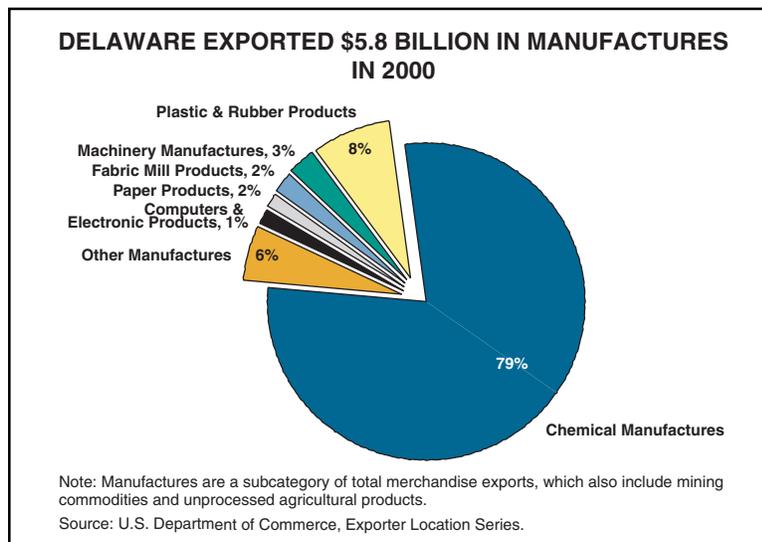


increased by more than \$200 million, rising from \$788 million to \$989 million. Delaware also posted gains of more than \$100 million to the United Kingdom, Belgium, and Mexico.

Among Delaware's top 25 export destinations the fastest-growing markets, in percentage terms, are Ireland, China, Luxembourg, the United Kingdom, and Germany. Exports to each of these markets grew by more than 50 percent from 1997 to 2000.

The state's leading export category is chemical products, which alone accounted for \$4.5 billion, or more than three-quarters, of Delaware's total exports in 2000. Other significant exports are plastic and rubber products (\$461 million in 2000 exports), machinery (\$160 million), fabric mill products (\$120 million), paper products (\$87 million), and computers and electronic products (\$86 million).

Within Delaware, the Wilmington-Newark metro area (a small part of which lies in Maryland) posted 1999 export sales of \$4.9 billion—the 27th largest total among the 253 U.S. metro areas for which export statistics are available. Over the 1993–99 period, the Wilmington-Newark area increased its exports by 43 percent.



Exports Support Good Jobs

Export-related jobs tend to be good, high-paying jobs. Wages of workers in jobs supported by merchandise exports range 13–18 percent higher than the national average. Export-related jobs are also more secure: Exporting plants are 9 percent less likely to shut down than comparable nonexporting plants.

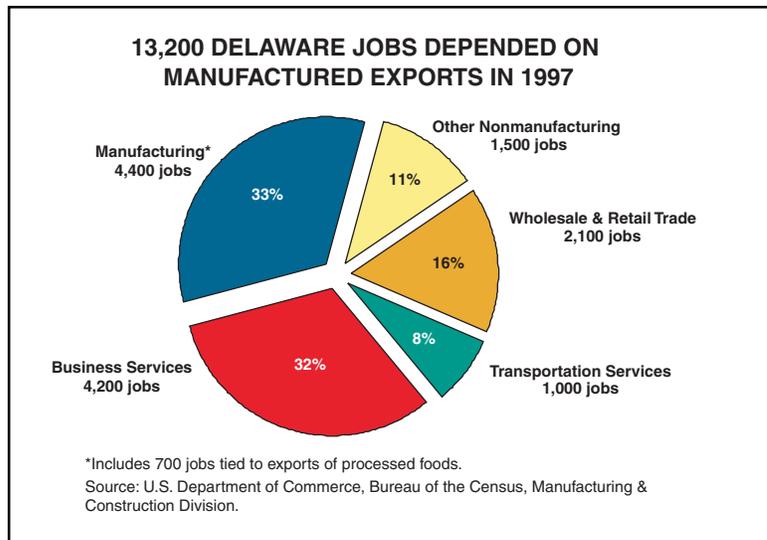
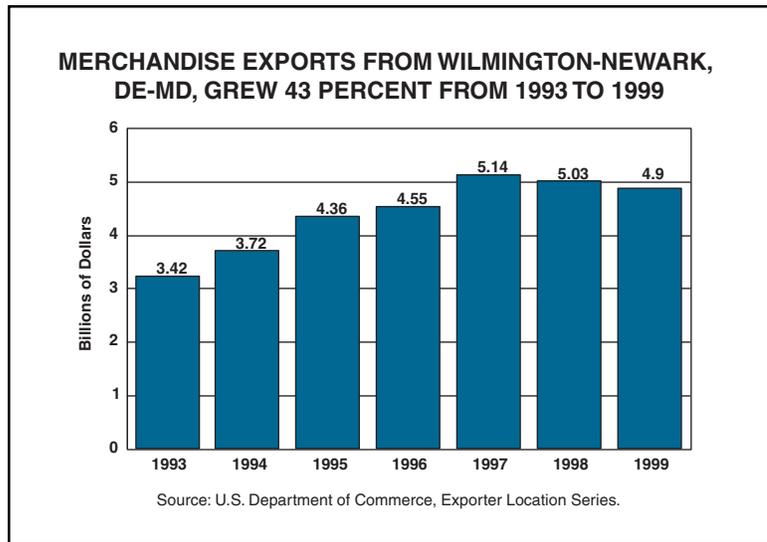
In 1997 (latest available data), Delaware depended on manufactured exports for 13,200 jobs. Export-supported jobs accounted for an estimated 3.9 percent of Delaware’s total private sector employment.

Manufactured exports supported 4,400 jobs—roughly one of every nine workers—in Delaware’s manufacturing industries. Manufacturing sectors with the most export-related jobs were chemicals, processed foods, computers and electronic products, and plastic and rubber products.

Exports of manufactured goods also indirectly supported 8,800 jobs in the state’s nonmanufacturing industries. These industries supply manufacturers with a wide range of inputs needed to produce goods for export.

Exports Help Small Business

Exports have broadly benefited Delaware businesses, both large and small. A total of 795 companies exported from Delaware locations in 1998. Just over 71 percent of these companies, accounting for six percent of the state’s total



exports, were small and medium-sized firms that had fewer than 500 employees. In fact, 61 percent of all Delaware exporters were small firms with fewer than 100 workers.

TRADE PROMOTION AUTHORITY— KEY TO OPENING WORLD MARKETS

U.S. Trade Promotion Authority (also known as TPA or “fast track”) is essentially an agreement between the President and Congress on how market-opening trade negotiations will be conducted and agreements approved.

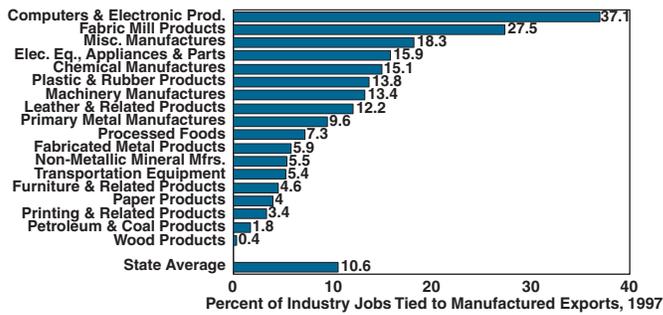
Under TPA, the President involves Congress in trade negotiations from the start; Congress, in exchange, agrees to vote yes or no on any resulting agreement in its entirety, without amendments. The two branches set negotiating objectives and consult during trade talks while inviting public comment. This open process allows problems to be identified and resolved during negotiations, when agreement is most easily achieved.

TPA preserves the ability of the United States to protect public health, safety, and the environment.

Foreign Competitors Are Not Standing Still

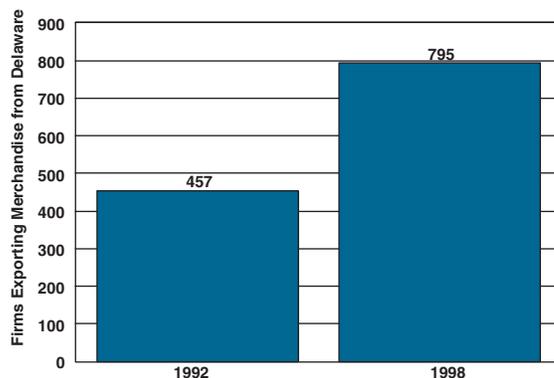
While previous rounds of trade negotiations were highly successful in reducing trade barriers, much work remains to be done to level the playing field for U.S. businesses. In fact, the United States has fallen behind our trading partners in combating market barriers through free trade agreements. The United States is a party to just two of the estimated 130 free trade agreements in force worldwide. In comparison, the European Union has FTAs with 27 countries. Since U.S. tariffs are already low compared to those of our trading partners, the United States has a great deal to gain from future negotiations aimed at prying open foreign markets.

MORE THAN ONE-TENTH OF MANUFACTURING JOBS IN DELAWARE WERE TIED TO EXPORTS IN 1997



Note: In 1997, 10.6 percent of the 41,100 manufacturing jobs in Delaware were tied to manufactured exports—some 4,400 jobs. For any given manufacturing sector, export-related employment includes all workers producing goods for export or of inputs to the export manufacturing process.
Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

THE NUMBER OF COMPANIES EXPORTING FROM DELAWARE ROSE 74 PERCENT FROM 1992 TO 1998



Source: U.S. Department of Commerce, Exporter Data Base.

Delaware Industries Can Gain From Trade Negotiations

Delaware's exporters still face many tariff and nontariff barriers abroad, especially in developing countries. While developing nations are among the most promising markets, they also tend to have high levels of import protection. Trade negotiations aimed at reducing these barriers will significantly benefit Delaware's businesses across many industrial sectors.

Chemicals. Delaware exports a variety of chemical products. TPA would allow the United States to build on duty reductions established under the Uruguay Round Chemical Tariff Harmonization Agreement (CTHA), which reduced tariffs to harmonized low levels on a range of products from fertilizers to plastics. Since the end of the Uruguay Round, more advanced developing countries, most of which do not participate in the CTHA, have become increasingly important chemical

producers. Tariffs in Asian countries outside the CTHA range up to 60 percent. New negotiations would offer the opportunity to address tariff disparities and the many nontariff barriers facing the chemical industry, including discriminatory product registration, testing/certification, and import licensing requirements.

Industrial machinery. While Delaware's industrial machinery exporters have benefited from tariff reductions in previous trade agreements, the industry continues to face barriers in many markets throughout the world. For example, tariffs on industrial machinery are as high as 30 percent in Brazil and India. This sector also suffers from the many import restrictions maintained in potentially lucrative markets, including nontransparent and preferential government procurement practices, deficiencies in intellectual property protection, investment barriers, and the increasing use of standards as nontariff barriers to trade. In addition, restrictions on the ability to provide after-sales service greatly inhibit market access for U.S. manufacturers of complex machinery.

Textiles and apparel. Substantial gains were achieved in the textiles and apparel sector during the Uruguay Round; many countries agreed to reduce tariffs and eliminate such nontariff measures as discretionary licensing systems and import bans. Although U.S. textile and apparel exports have increased by 62 percent or \$7.1 billion since the Uruguay Round,

much of the growth has been attributed to NAFTA. Significant trade barriers remain, including high tariffs,

DELAWARE: WHY TRADE PROMOTION AUTHORITY?

Trade Promotion Authority is critical for removing remaining barriers to exports of Delaware goods and services.

Delaware exporters still face major trade barriers in such sectors as chemicals, industrial machinery, textiles and apparel, and paper and paper products.

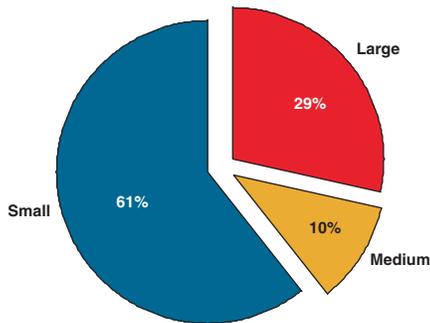
With the United States on the sidelines, foreign competitors are forging ahead and pursuing their own market-opening agreements.

Delaware's economy is export-dependent, with export sales of \$7,514 for every state resident.

Some 13,200 Delaware jobs depend on exports of manufactured goods.

795 companies—including 568 small and medium-sized businesses—export from Delaware.

71 PERCENT OF DELAWARE'S 795 EXPORTING FIRMS IN 1998 WERE SMALL AND MEDIUM-SIZED ENTERPRISES



Small = less than 100 employees; medium = 100–499 employees; large = 500 or more employees.
Source: U.S. Department of Commerce, Exporter Data Base.

Services. Services are the biggest component of the U.S. economy and now account for more than one-fourth (28 percent) of U.S. exports to the world. Service exports in 2000 totaled \$296 billion; the United States ran a surplus of nearly \$80 billion in services trade with the world. Exportable services include transportation services (e.g., air freight), financial services (e.g., banking, insurance) and business services (e.g., engineering, architecture).

Service industries confront a wide range of barriers abroad. Trade Promotion Authority will provide added impetus to the new round of global services trade negotiations now under way to dismantle these barriers.

excessive customs valuations, cumbersome customs procedures, burdensome labeling and marking requirements, inadequate intellectual property rights, and lack of transparent government policies. Tariff and nontariff barriers are particularly onerous in Latin American markets, which have good export potential due to their proximity.

Paper and paper products. As a result of the Uruguay Round, Delaware's exporters of paper products have benefited from lower tariffs in a number of foreign markets. However, the industry continues to face high tariffs on paper in countries that do not participate in the Uruguay Round duty elimination agreements. Tariffs are still high in such key competitor and consuming countries as Brazil, Colombia, Indonesia, Malaysia, Thailand, and Venezuela. For example, tariffs in Venezuela and Thailand are as high as 20 percent and 25 percent, respectively. In addition, the U.S. paper industry faces a number of nontariff barriers in key foreign markets, including import surcharges, import quotas, import permits and licenses, and subsidies.

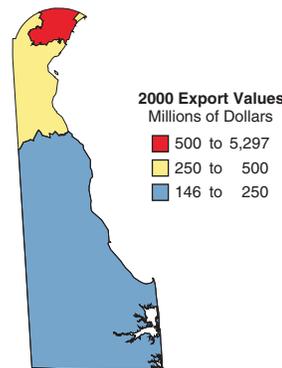
Agriculture. According to the U.S. Department of Agriculture, Delaware's agricultural exports totaled \$107 million in 1999. Since 1999, the state's reliance on agricultural exports has risen from 9 percent to 15 percent as measured by export's share of farm cash receipts. Delaware's top agricultural exports are poultry and products, vegetables and products, soybeans and products, and wheat and products. Delaware already benefits from past trade agreements; however, U.S. agricultural exports still face high tariffs and nontariff barriers worldwide.

Imports Also Important to Delaware

While exports generate clear benefits for the Delaware economy (jobs, wages, expanded tax base, etc.), the role of imports is less clear—especially since no import statistics are available for states on an end-user basis. Although many often equate imports with “lost” jobs, the reality is usually much more complex. For example, there is no doubt that imports supply critical inputs for many of the goods and services produced in Delaware, including products destined for export. Imports often play a key role in ensuring supplies of vital materials that are either scarce or simply not available domestically. More generally, imports provide consumers and businesses in Delaware with wider choice in the marketplace, thereby enhancing living standards and contributing to competitiveness.

EXPORTS ARE SOLD FROM ALL OVER DELAWARE

Delaware's Merchandise Exports by Three-Digit Zip Code, 2000



Note: Delaware's total merchandise exports in 2000 were \$5.9 billion.
Source: U.S. Department of Commerce, Exporter Location Series.