



Missouri

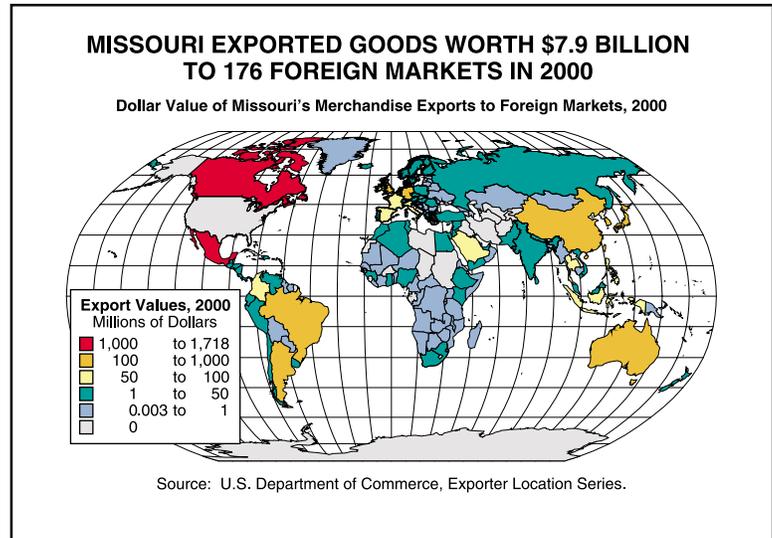
Benefits From Exports

Missouri's export sales of merchandise in 2000 totaled \$7.9 billion, up 13 percent from 1997 and 68 percent above the 1993 total of \$4.7 billion. On a per capita basis, Missouri businesses in 2000 recorded exports of \$1,417 for every state resident, up 57 percent from \$904 in 1993.

Missouri exports goods globally to 176 foreign destinations. Buoyed by the North American Free Trade Agreement (NAFTA), the state's leading markets, by far, are Canada (22 percent of 2000 exports) and Mexico (17 percent). Other top markets include Singapore, the United Kingdom, Belgium, and Japan.

Missouri's biggest growth market, in dollar terms, is Singapore. From 1997 to 2000, export sales to Singapore increased from \$102 million to \$751 million—a jump of nearly \$650 million. Over this period, the state also posted big dollar gains in sales to the NAFTA nations of Mexico (up \$270 million) and Canada (up \$227 million), as well as to the United Kingdom (up \$130 million).

Among Missouri's top 25 export destinations the fastest-growing markets, in percentage terms, are Singapore, Saudi Arabia, Thailand, Argentina, the United Kingdom, and the Philippines.



Missouri's leading merchandise export category is chemicals. These products alone accounted for \$1.9 billion of Missouri's total exports in 2000. Other top manufactured exports are computers and electronic products (\$1.1 billion in 2000 exports), machinery manufactures (\$721 million), electrical equipment, appliances, and parts (\$462 million), and transportation equipment (\$418 million).

In addition to manufactured goods, Missouri directly exported \$982 million of agricultural and livestock products in 2000. Farm products were also indirectly exported through vendors located in other states, although these indirect sales are not captured in federal export statistics. The U.S. Department of Agriculture estimates that in 1999 Missouri's exports of farm products, both direct and indirect, accounted for about one-fourth of the state's farm cash receipts.



Within Missouri, the St. Louis metropolitan area (a small part of which lies in Illinois) posted 1999 export sales of \$4.9 billion—the most of any Missouri metro area and the 28th largest total among the 253 U.S. metropolitan areas for which export statistics are available. Another major exporting area in Missouri is Kansas City (partly located in Kansas), which posted exports of \$3.3 billion in 1999. Missouri metro areas

that posted the fastest export growth during the 1993–99 period were Columbia, Springfield, St. Joseph, and Joplin.

Exports Support Good Jobs

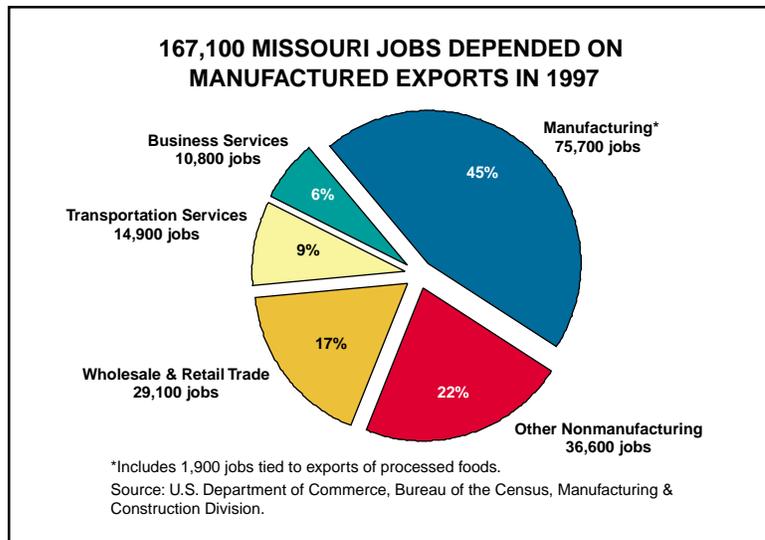
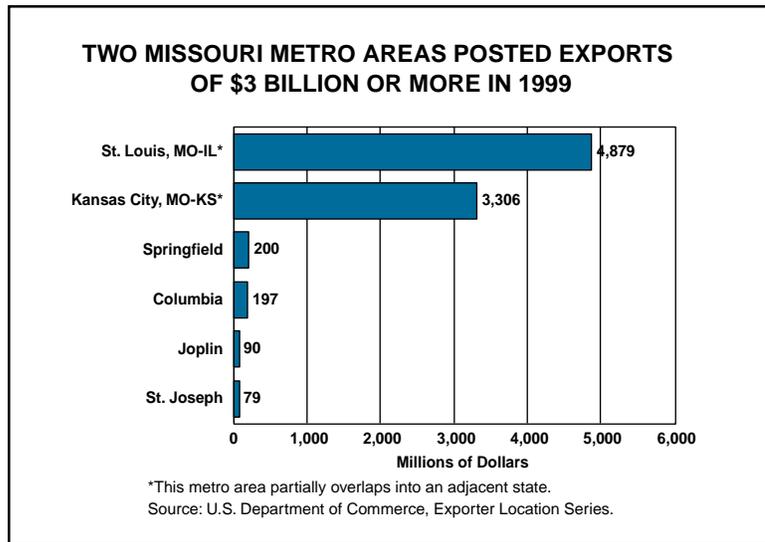
Export-related jobs tend to be high-paying jobs. Wages of workers in jobs supported by merchandise exports range 13–18 percent higher than the national average. Export-related jobs are also more secure: Exporting plants are 9 percent less likely to shut down than comparable nonexporting plants.

In 1997 (latest available data), Missouri depended on manufactured exports for 167,100 jobs—the 14th highest total of any state. Export-supported jobs accounted for an estimated 7.1 percent of Missouri’s total private sector employment. Manufactured exports supported 75,700 jobs—roughly one of every five workers—in Missouri’s manufacturing industries. Manufacturing sectors with the most export-related jobs were transportation equipment, fabricated metal products, machinery, computers and electronic products, and chemicals.

Exports of manufactured goods also indirectly supported 91,400 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 Missouri businesses, both large and small. A total of 4,456 companies



exported from Missouri locations in 1998. Just over 78 percent of these companies, accounting for 21 percent of the state’s total exports, were small and medium-sized firms that had fewer than 500 employees. In fact, 64 percent of all Missouri exporters were small firms with fewer than 100 workers.

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

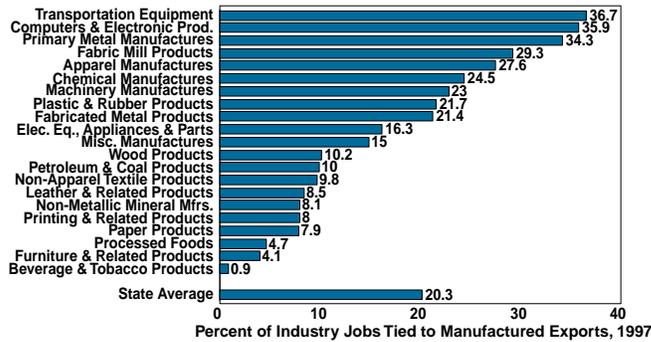
TRADE PROMOTION AUTHORITY— KEY TO OPENING WORLD MARKETS

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.

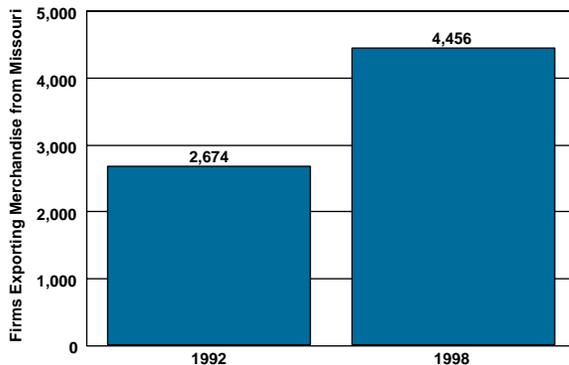
TPA preserves the ability of the United States to protect public health, safety, and the environment.

MORE THAN ONE-FIFTH OF MANUFACTURING JOBS IN MISSOURI WERE TIED TO EXPORTS IN 1997



Note: In 1997, 20.3 percent of the 371,400 manufacturing jobs in Missouri were tied to manufactured exports—some 75,700 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 MISSOURI ROSE 67 PERCENT FROM 1992 TO 1998



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

deal to gain from future negotiations aimed at prying open foreign markets.

Missouri Industries Can Gain From Trade Negotiations

Missouri'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 Missouri's businesses across many industrial sectors.

Chemicals. Missouri 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.

Information technology. Missouri's high-tech businesses are beneficiaries of the Information Technology Agreement. The agreement eliminates duties on the entire IT sector in major markets throughout the world, with the exception of the larger markets of Latin America. Tariffs on IT products in key Latin American markets remain as high as 30 percent. Beyond tariffs, IT products also face such nontariff restrictions as redundant testing and certification requirements. U.S. suppliers, including those in Missouri, would likely see sales rise if remaining barriers on IT products were eliminated.

Industrial machinery. Further reductions in tariff and nontariff barriers through new negotiations would greatly expand opportunities for Missouri's machinery exports. While the state'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

MISSOURI: WHY TRADE PROMOTION AUTHORITY?

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

Missouri exporters still face major trade barriers in such sectors as chemicals, information technology, and industrial machinery.

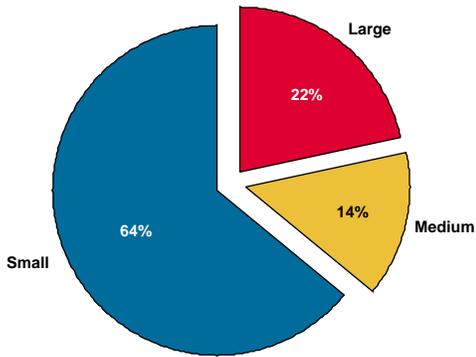
With the United States on the sidelines, foreign competitors are forging ahead and pursuing their own market-opening agreements.

Missouri's economy is export-dependent, with export sales of \$1,417 for every state resident.

Some 167,100 Missouri jobs depend on exports of manufactured goods.

4,456 companies—including 3,494 small and medium-sized businesses—export from Missouri.

78 PERCENT OF MISSOURI'S 4,456 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.

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.

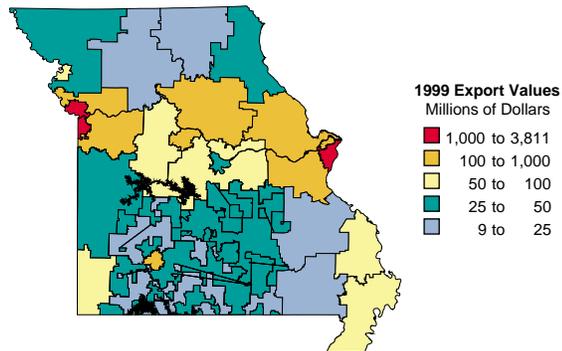
Agriculture. Missouri is a major producer and exporter of agricultural products. According to the U.S. Department of Agriculture, Missouri's farm cash receipts totaled \$4.3 billion in 1999, and it was the 15th largest agricultural exporter, with exports of \$1.1 billion (including processed foods). Since 1991, the state's reliance on agricultural exports has risen from 22 percent to 26 percent as measured by export's share of farm cash receipts. Missouri's top agricultural exports are soybeans and products, feed grains and products, wheat and products, poultry and products, and live animals and red meats. Missouri already benefits from past trade agreements. Under the Uruguay Round, South Korea is reducing its tariffs on soybean oil by 14.5 percent between 1995 and 2004, and the Philippines is reducing its tariffs on soybean meal from 10 to 3 percent. Japan reduces its duties on sunflower, corn, and cottonseed oil by 50 percent from 1995 to 2000. Under NAFTA, Mexico converted its import licensing system for corn to a transitional tariff-rate quota, and the Philippines converted its import ban on corn to tariffs as part of its Uruguay Round commitments. However, U.S. agricultural exports still face high tariffs and nontariff barriers worldwide.

Imports Also Important to Missouri

While exports generate clear benefits for the Missouri 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 Missouri, 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 Missouri with wider choice in the marketplace, thereby enhancing living standards and contributing to competitiveness.

EXPORTS ARE SOLD FROM ALL OVER MISSOURI

Missouri's Merchandise Exports by Three-Digit Zip Code, 1999



Note: Missouri's total merchandise exports in 1999 were \$7.4 billion.
Source: U.S. Department of Commerce, Exporter Location Series.