



# Mississippi

## Benefits From Exports

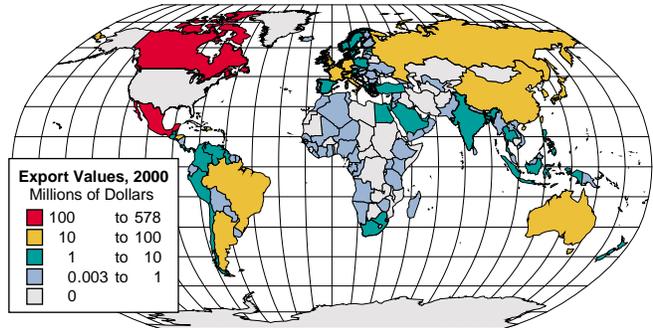
Mississippi's export sales of merchandise expanded from \$803 million in 1993 to \$1.78 billion in 2000, a strong 121 percent increase that was the eighth largest among the states and well above the 68 percent rise in total U.S. merchandise exports over this period.

Mississippi exported to 144 foreign markets in 2000, up from 140 markets in 1997. Buoyed by the North American Free Trade Agreement (NAFTA), more than 60 percent of Mississippi's exports in 2000 went to Mexico and Canada. Mexico, with \$578 million in sales, was the state's largest foreign market, followed closely by Canada's \$496 million. Other major markets in 2000 were the United Kingdom, Italy, Honduras, Belgium, the Dominican Republic, Japan, and China.

The NAFTA nations of Mexico and Canada are also Mississippi's biggest growth markets, in terms of dollar gains in exports. Sales to Mexico surged from \$127 million in 1997 to \$578 million in 2000—an increase of \$451 million that moved Mexico from third to first place among the state's markets. Over the same period, Mississippi's exports to Canada grew by \$65.4 million, from \$430 million to \$496 million. The state also posted sizable dollar increases in exports to Australia,

### MISSISSIPPI EXPORTED GOODS WORTH \$1.8 BILLION TO 144 FOREIGN MARKETS IN 2000

Dollar Value of Mississippi's Merchandise Exports to Foreign Markets, 2000



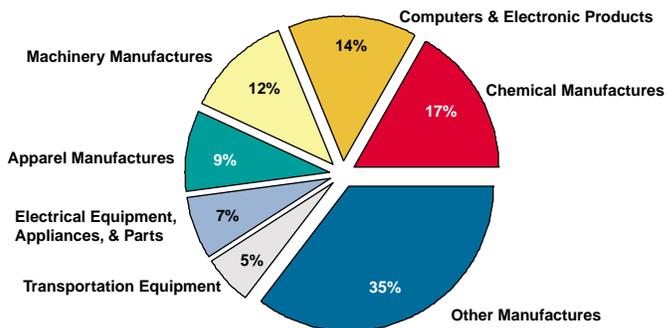
Source: U.S. Department of Commerce, Exporter Location Series.

Switzerland, the Bahamas, China, Italy, the Dominican Republic, and Hong Kong.

The state's leading export categories are chemical manufactures (\$275 million in 2000 export sales), and computers and electronic products (\$237 million). Other major export categories—each with more than \$100 million in 2000 sales—are machinery manufactures, apparel manufactures, and electrical equipment, appliances, and parts.

Within Mississippi, businesses in the Biloxi-Gulfport-Pascagoula metropolitan area recorded 1999 merchandise export sales of \$196 million—up 81 percent from the \$108 million in exports registered in 1993. Elsewhere in Mississippi, businesses in the Jackson metro area posted exports of \$160 million in 1999.

### MISSISSIPPI EXPORTS A WIDE RANGE OF MANUFACTURES: \$1.64 BILLION IN 2000



Note: Manufactures are a subcategory of total merchandise exports, which also include mining commodities and unprocessed agricultural products.

Source: U.S. Department of Commerce, Exporter Location Series.

## 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-supported jobs are also more secure: Exporting plants are 9 percent less likely to shut down than comparable nonexporting plants.

In 1997 (latest available data), Mississippi depended on manufactured exports for some 63,800 jobs. Export-supported jobs accounted for an estimated 6.9 percent of Mississippi's total private sector employment.

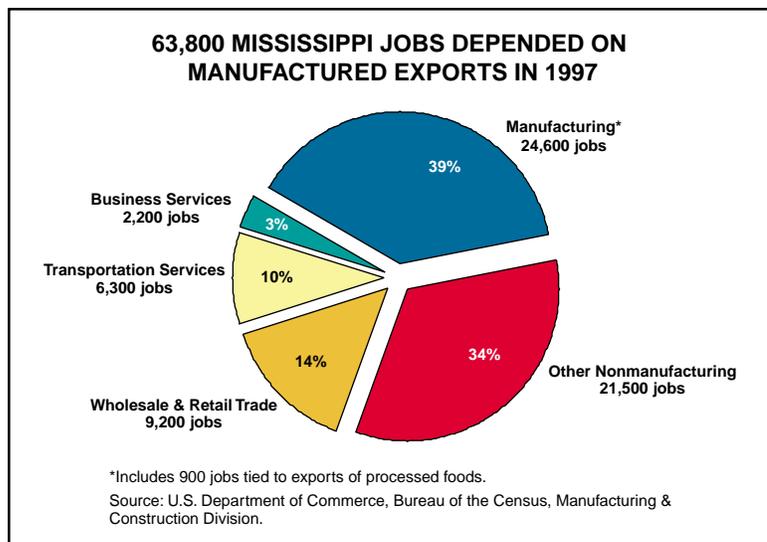
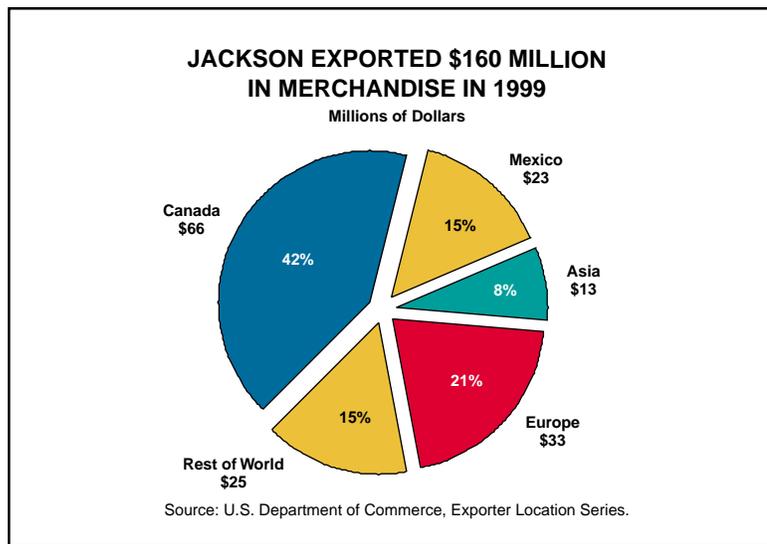
Manufactured exports supported about 24,600 jobs in Mississippi's manufacturing industries. This was 10.8 percent of the state's manufacturing work force—more than one of every ten manufacturing jobs.

Manufacturing industries with the largest numbers of export-related jobs were machinery manufactures, chemical manufactures, and transportation equipment.

Exports of manufactured goods also indirectly supported 39,200 jobs in the state's nonmanufacturing industries. These industries supply manufacturers with a wide variety of inputs needed to produce goods for export, including transportation services, banking and insurance, and other business services.

## Exports Help Small Business

Exports have broadly benefited Mississippi businesses, both large and small. A total of 1,363 companies exported from Mississippi locations in 1998. Some 70 percent of these companies were small and medium-sized firms that had fewer than 500 employees. In fact, more than 55 percent of all Mississippi exporters were small firms with fewer than 100 workers.



Small and medium-sized companies were responsible for 37 percent of Mississippi's total 1998 merchandise exports. This is well above the national average of 29 percent.

## 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.

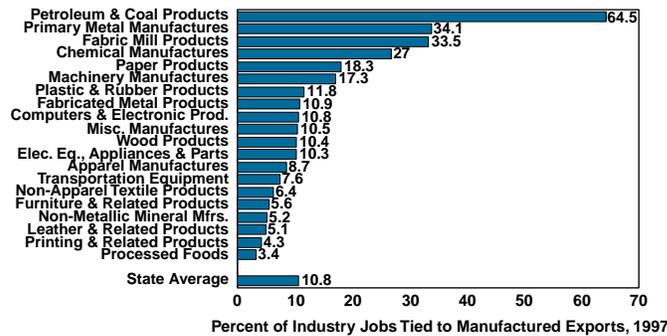
### TRADE PROMOTION AUTHORITY— KEY TO OPENING WORLD MARKETS

*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.*

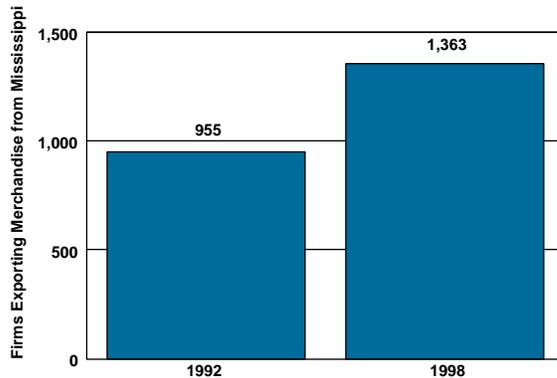
*TPA preserves the ability of the United States to protect public health, safety, and the environment.*

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



Note: In 1997, 10.8 percent of the 227,800 manufacturing jobs in Mississippi were tied to manufactured exports—some 24,600 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 MISSISSIPPI ROSE 43 PERCENT FROM 1992 TO 1998



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

## Mississippi Industries Can Gain From Trade Negotiations

Mississippi'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 Mississippi's businesses across many industrial sectors.

**Chemicals.** 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 coun-

tries 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.** Mississippi'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 Mississippi, would likely see sales rise if remaining barriers on IT products were eliminated.

**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, excessive customs valuations, cumbersome customs procedures, burden-

some labeling and marking requirements, inadequate intellectual property rights, and lack of transparent

### MISSISSIPPI: WHY TRADE PROMOTION AUTHORITY?

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

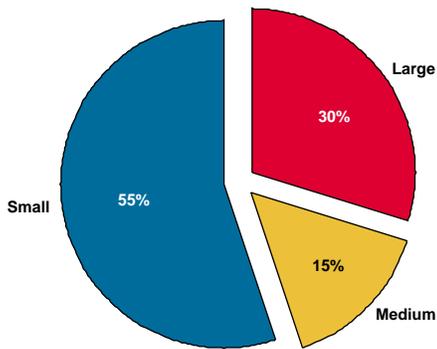
*Mississippi exporters still face major trade barriers in such sectors as chemicals, information technology, textiles and apparel, and paper and paper products.*

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

*Nearly 64,000 Mississippi jobs depend on exports of manufactured goods.*

*1,363 companies—including 957 small and medium-sized businesses—export from Mississippi.*

**70 PERCENT OF MISSISSIPPI'S 1,363 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.

government policies. Tariff and nontariff barriers are particularly onerous in Latin American markets.

**Paper and paper products.** As a result of the Uruguay Round, U.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, Mississippi's agricultural exports totaled \$542 million in 1999 (including processed foods). Since 1991, the state's reliance on agricultural exports has ranged from 17 percent to 28 percent as measured by export's share of farm cash receipts. Mississippi's top agricultural exports are poultry and products, cotton, soybeans and products, rice, and live animals and red meat. Mississippi already benefits from past trade agreements. Under NAFTA, Mexico converted its import licensing regime for chilled and frozen poultry to a transitional tariff-rate quota that will be phased out by 2003. Under the Uruguay Round, Japan opened its market to 375,000 tons of imported rice in 1995, which expanded to a 682,200-ton tariff-rate quota by 2000. Under NAFTA, Mexico's 10 percent tariffs on cotton will be eliminated by

2003. However, U.S. agricultural exports still face high tariffs and nontariff barriers worldwide.

**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

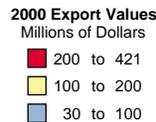
these barriers.

## Imports Also Important to Mississippi

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

### EXPORTS ARE SOLD FROM ALL OVER MISSISSIPPI

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



Note: Mississippi's total merchandise exports in 2000 were \$1.8 billion. Unshaded areas represent national forests and parks, federal and military reservations, localities without exports, and areas where export data are suppressed due to federal disclosure regulations.  
Source: U.S. Department of Commerce, Exporter Location Series.