U.S. DEPARTMENT OF COMMERCE
International Trade Administration
August 2001

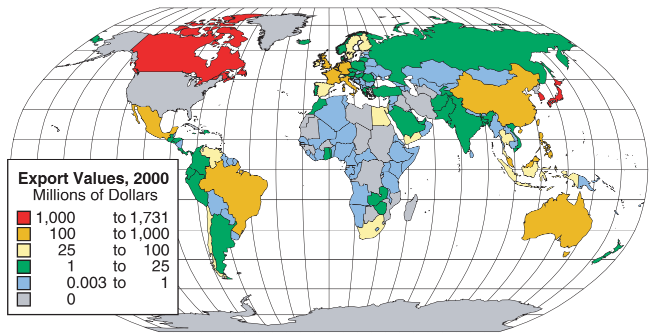
Oregon

Benefits From Exports

Oregon's export sales of merchandise in 2000 totaled $9.4 billion, up 13 percent from 1997 and 52 percent above the 1993 total of $6.2 billion. On a per capita basis, Oregon in 2000 ranked 14th among the states, registering export sales of $2,757 for every state resident. This was 35 percent higher than the per capita export figure of $2,044 recorded in 1993.

OREGON EXPORTED GOODS WORTH $9.4 BILLION TO 180 FOREIGN MARKETS IN 2000

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



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

Oregon exports goods globally to 180 foreign destinations. The state's leading markets are Japan (18 percent of 2000 exports), Canada (18 percent), South Korea (11 percent), and Mexico (6 percent). Other leading markets include Taiwan, the United Kingdom, Singapore, and Germany.

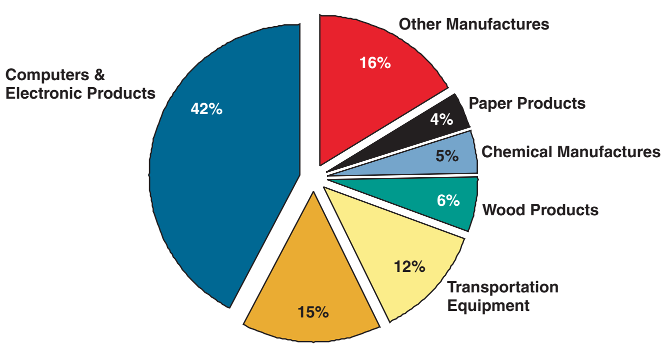
Oregon's biggest growth markets, in dollar terms, are the North American Free Trade Agreement (NAFTA) countries of Canada and Mexico. From 1997 to 2000, export sales to Canada grew from $1.1 billion to $1.7 billion. Exports to Mexico jumped from $89 million to $563 million. Oregon also posted big dollar gains in sales to Japan, Brazil, the United Kingdom and China.

Among Oregon's top 25 export destinations, the fastest-growing markets—in percentage terms—are Brazil, Mexico, Finland, Belgium, Egypt, Venezuela, China, and France. Export sales to each of these markets grew by more than 100 percent over the 1997–2000 period.

The state's leading export category is computers and electronic products, which alone accounted for 35 percent—more than one-third—of Oregon's total exports in 2000. Other top manufactured exports are machinery manufactures, transportation equipment, wood products, chemicals, and paper products.

Within Oregon, the Portland-Vancouver metropolitan area (a small part of which lies in Washington) posted 1999 export sales of $9.4 billion—the most of any Oregon metro area and the 11th largest export total among the 253 U.S. metropolitan areas for which statistics are available. Another significant exporting area in Oregon is Eugene-Springfield, which recorded 1999 exports of $693 million. Between 1993 and 1999, Eugene-Springfield's exports expanded 339 percent—the biggest percentage increase of any Oregon metro area.

OREGON EXPORTS A WIDE RANGE OF MANUFACTURES: $7.9 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

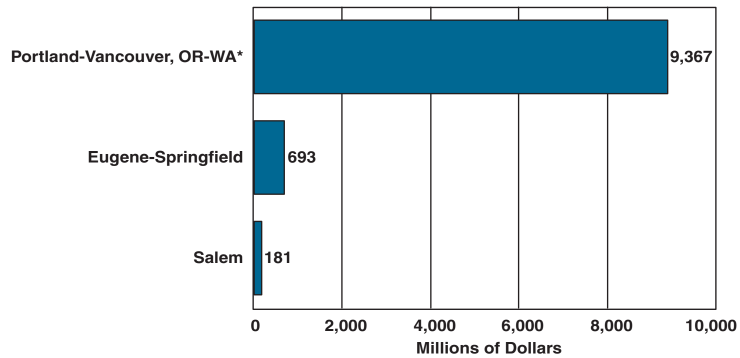
Export-related jobs tend to be good, high-paying jobs. Wages of workers in jobs supported by merchandise exports range 13–18 percent higher than the national average. Export-related jobs are also more secure: Exporting plants are 9 percent less likely to shut down than comparable nonexporting plants.

In 1997 (latest available data), Oregon depended on manufactured exports for 128,800 jobs. Export-supported jobs accounted for an estimated 9.5 percent of Oregon's total private sector employment, slightly less than one of every ten jobs. This is well above the national average of 7.2 percent, or one in every 14 jobs.

Manufactured exports supported 46,000 jobs—more than one of every five workers—in Oregon's manufacturing industries. Manufacturing sectors with the most export-related jobs were computers and electronic products (12,600 export-sustained jobs), fabricated metal products (6,100 jobs), machinery (5,700 jobs), primary metal manufactures (4,100 jobs), and wood products (3,500 jobs).

Exports of manufactured goods also indirectly supported 82,800 jobs in the state's nonmanufacturing industries. These industries supply manufacturers with a wide range of inputs needed to produce goods for export, including transportation services, banking and insurance, and other business services.

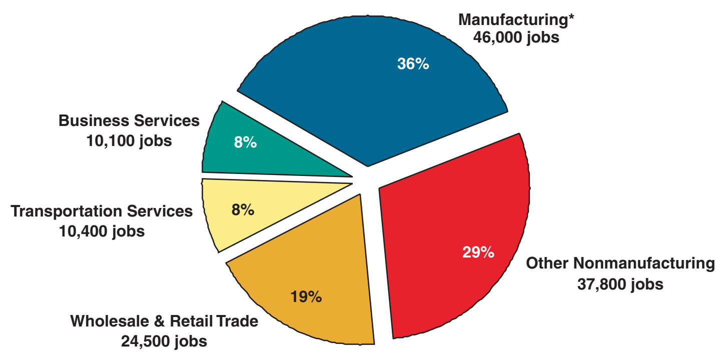
THE PORTLAND-VANCOUVER METRO AREA POSTED EXPORTS OF $9.4 BILLION IN 1999



*This metro area partially overlaps into an adjacent state.

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

128,800 OREGON JOBS DEPENDED ON MANUFACTURED EXPORTS IN 1997



*Includes 3,000 jobs tied to exports of processed foods.

Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

Exports Help Small Business

Exports have broadly benefited Oregon businesses, both large and small. A total of 3,438 companies exported from Oregon locations in 1998. Just under 85 percent of these companies, accounting for 25 percent of the state's total exports, were small and medium-sized firms that had fewer than 500 employees. In fact, 72 percent of all Oregon 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.

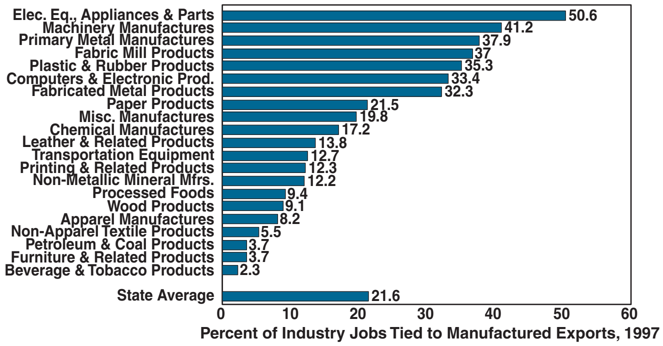
Under TPA, the President involves Congress in trade negotiations from the start; Congress, in exchange, agrees to vote yes or no on any resulting agreement in its entirety, without amendments. The two branches set negotiating objectives and consult during trade talks while inviting public comment. This 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

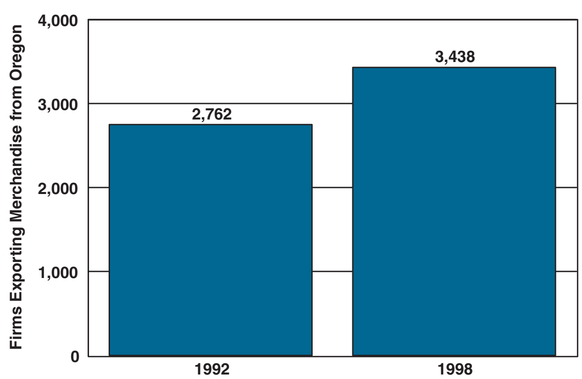
MORE THAN ONE-FIFTH OF MANUFACTURING JOBS IN OREGON WERE TIED TO EXPORTS IN 1997



Note: In 1997, 21.6 percent of the 213,100 manufacturing jobs in Oregon were tied to manufactured exports—some 46,000 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 OREGON ROSE 24 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.

Oregon Industries Can Gain From Trade Negotiations

Oregon'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 Oregon's businesses across many industrial sectors.

Auto parts. The United States exported $53.7 billion in auto parts during 2000. The ability of the auto parts industry to increase exports will play an important role in its future growth. It will be critical to resolve the many market access barriers that confront this sector. In addition to high tariff barriers, several key nontariff barriers are unique to the auto parts sector. For example, Oregon parts suppliers have been denied full access to the Japanese market by restrictive regulations concerning the repair and replacement of auto parts. U.S. parts rebuilders are also unable to sell their products throughout much of South America due to import prohibitions.

Information technology. Oregon'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 Oregon, 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 Oregon'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 and India. This sector also suffers from the many import restrictions maintained in potentially lucrative markets, including nontransparent and preferential government procurement practices,

OREGON: WHY TRADE PROMOTION AUTHORITY?

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

Oregon exporters still face major trade barriers in such sectors as information technology, auto parts, industrial machinery, and lumber and wood products.

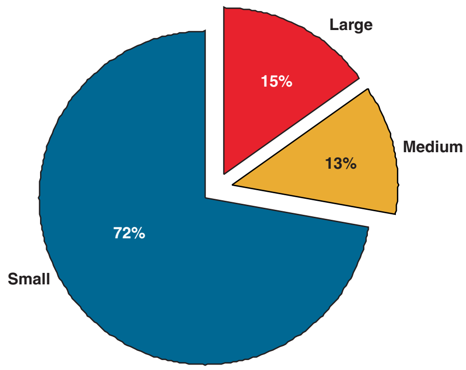
With the United States on the sidelines, foreign competitors are forging ahead and pursuing their own market-opening agreements.

Oregon's economy is export-dependent, with export sales of $2,757 for every state resident.

Nearly 129,000 Oregon jobs depend on exports of manufactured goods.

3,438 companies—including 2,916 small and medium-sized businesses—export from Oregon.

85 PERCENT OF OREGON'S 3,438 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.

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.

Lumber and wood products. The lumber and wood products industry benefited from tariff reductions negotiated in the Uruguay Round. However, tariffs in key markets remain an important problem since the industry operates on very thin profit margins. Tariffs in Japan average 4 percent on key value-added products, while high tariffs in Latin America—particularly Brazil, Argentina, and Chile—severely hamper the industry's ability to compete in that region. As other countries move ahead with preferential trade agreements, U.S. exporters may be left behind. An example is the Canada-Chile FTA. Also, establishment of an ASEAN Free Trade Area will create significant competitive advantages for Indonesia and Malaysia, two of the world's top suppliers of wood products. This will handicap the U.S. industry in such growing markets as Singapore, Thailand, and the Philippines.

Agriculture. Oregon produces and exports agricultural products. According to the U.S. Department of Agriculture, Oregon's agricultural exports totaled $681 million in 1999. Since 1999, the state's reliance on agricultural exports has risen from 19 percent to 22 percent as measured by export's share of farm cash receipts. Oregon's top agricultural exports are vegetables and products, planting seeds, fruits and products, wheat and products, and tree nuts. Oregon already benefits from past trade agreements; however, U.S. agricultural exports still face high tariffs and nontariff barriers worldwide.

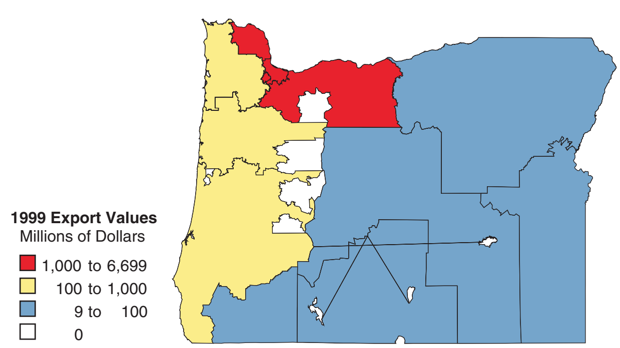
Services. Services are the biggest component of the U.S. economy and now account for more than one-fourth (28 percent) of U.S. exports to the world. Service exports in 2000 totaled $296 billion; the United States ran a surplus of nearly $80 billion in services trade with the world. Exportable services 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 Oregon

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

EXPORTS ARE SOLD FROM ALL OVER OREGON

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



Note: Oregon's total merchandise exports in 1999 were $11.2 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.