



# Washington

## Benefits From Exports

Washington's export sales of merchandise in the year 2000 totaled \$33.4 billion, up by more than five percent from 1997 and about 22 percent higher than the state's 1993 total of \$27.4 billion. In 2000, Washington posted the fifth largest export total of any state. On a per capita basis, Washington in 2000 ranked second nationally, recording exports of \$5,659 for every person residing in the state.

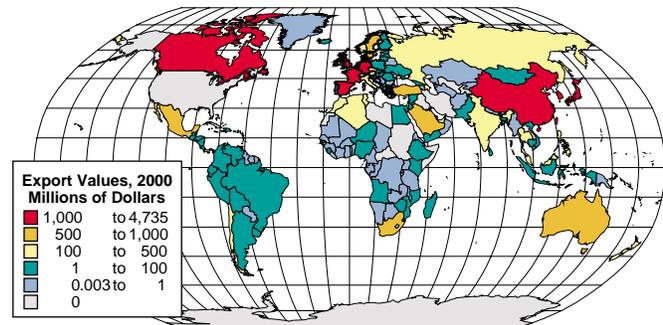
Washington exported globally to 199 foreign destinations in 2000, selling more than \$1 billion of goods to ten different foreign nations. The state's leading markets were Japan (14 percent of exports), the United Kingdom (10 percent), and Canada (8 percent). Other top markets were Germany, South Korea, China, the Netherlands, and Taiwan.

Washington's leading growth markets, in dollar terms, are Spain, Germany, Sweden, Turkey, and France. Exports to each of these markets grew by more than \$700 million from 1997 to 2000.

Transportation equipment is by far the state's leading export category, accounting for more than 60 percent of Washington's total merchandise exports in 2000. Other

### WASHINGTON EXPORTED GOODS WORTH \$33.4 BILLION TO 199 FOREIGN MARKETS IN 2000

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

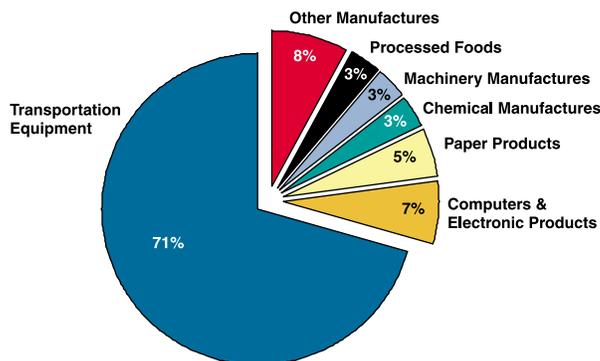


Source: U.S. Department of Commerce, Exporter Location Series.

major export sectors—each with more than \$1 billion in 2000 sales—include computers and electronic products; paper products; fishing, hunting and trapping products; and chemical manufactures.

The Seattle-Bellevue-Everett region was the nation's top exporting metropolitan area in 1999, posting foreign sales of \$32.4 billion—nearly all of Washington's exports. The Tacoma area registered \$1.23 billion in merchandise exports, while four other Washington metro areas (Spokane, Richland-Kennewick-Pasco, Bellingham and Yakima) each posted exports of \$250 million or more.

### WASHINGTON EXPORTED \$29.8 BILLION IN MANUFACTURES 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), Washington depended on manufactured exports for 254,600 jobs—the ninth highest total among the states. Export-supported jobs accounted for an estimated 11.7 percent of the state's total private sector employment

(almost one of every eight jobs) which placed Washington third among all states in terms of reliance on exports.

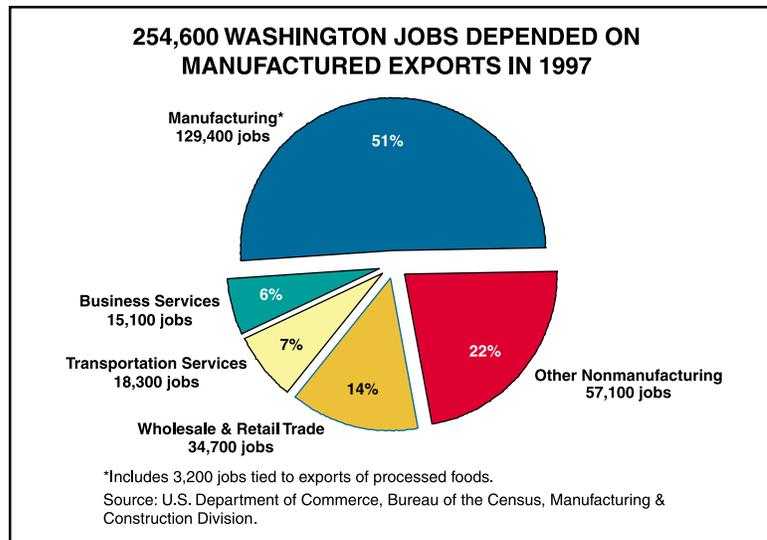
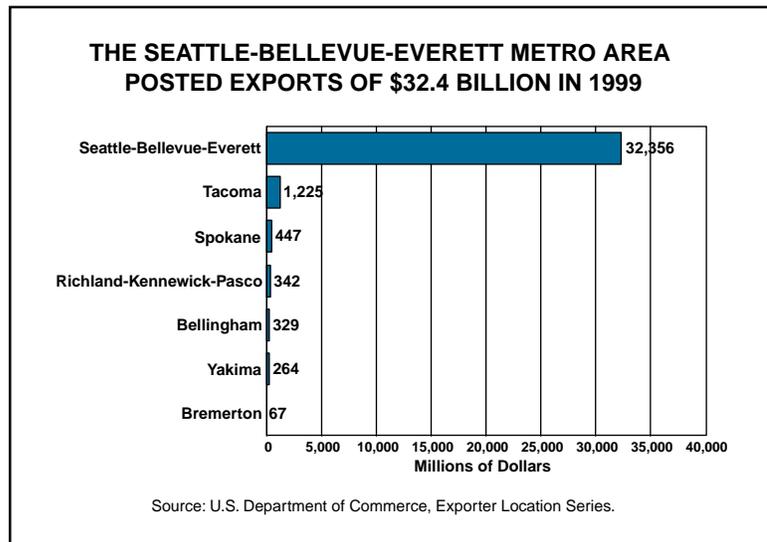
Within manufacturing, Washington's factories are the most export-dependent of any state and twice as reliant on exports as the overall U.S. manufacturing sector. In 1997, manufacturing workers in Washington that were supported by exports totaled about 129,400—roughly two of every five manufacturing jobs, or 39.4 percent of the state's total manufacturing workforce.

More than 76 percent of Washington's export-related manufacturing jobs in 1997 were located in four industries: transportation equipment, computers and electronic products, fabricated metal products, and primary metal products.

Outside manufacturing, exports of manufactured goods also indirectly supported 125,200 jobs in the state's non-manufacturing industries. These categories supply manufacturers with a wide variety of inputs needed to product goods for export.

## Exports Help Small Business

Exports have broadly benefited Washington businesses—both large and small. A total of 7,897 companies exported from Washington locations in 1998. Nearly 89 percent of these companies, accounting for 11.5 percent of the state's total exports, were small and medium-sized firms that had fewer than



500 employees. In fact, nearly 78 percent of all Washington 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.*

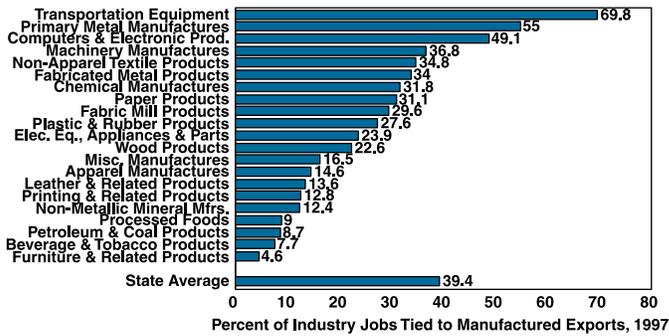
*Under TPA, the President involves Congress in trade negotiations from the start; Congress, in exchange, agrees to vote yes or no on any resulting agreement in its entirety, without amendments. The two branches set negotiating objectives and consult during trade talks while inviting public comment. This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

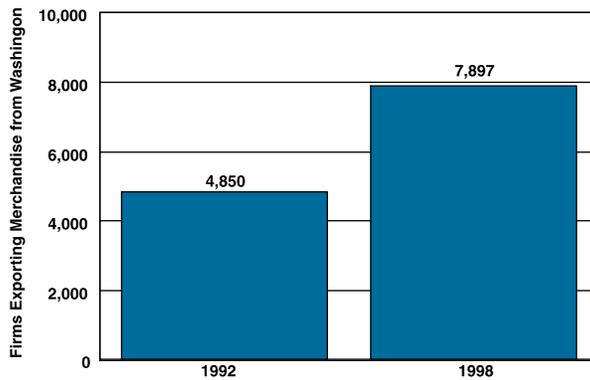
While previous rounds of trade negotiations were highly successful in reducing trade barriers, much work remains to be done to level the playing field for U.S. businesses. In fact, the United States has fallen behind our trading partners in combating market barriers through free trade agreements. The 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.

### APPROXIMATELY TWO-FIFTHS OF MANUFACTURING JOBS IN WASHINGTON WERE TIED TO EXPORTS IN 1997



Note: In 1997, 39.4 percent of the 328,500 manufacturing jobs in Washington were tied to manufactured exports—some 129,400 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 WASHINGTON ROSE 63 PERCENT FROM 1992 TO 1998



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

## Washington Industries Can Gain From Trade Negotiations

Washington exporters still face many tariff and non-tariff 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 Washington businesses across many industrial sectors.

**Civil aircraft and parts.** The U.S. civil aircraft industry, the largest in the world, is vital to Washington's economy. In 2000, total exports of U.S. civil aircraft, engines, and parts were \$45 billion. Over the last five years, three of every five large civil aircraft produced in the United States have been exported. The World Trade Organization Agreement on Trade in Civil Aircraft provides for duty-free import of civil aircraft and their components by the 26 signatories to this

agreement. However, import tariffs in non-signatory countries remain as high as 30 percent. Also, a number of non-tariff barriers impede Washington's exports of civil aircraft and parts. For example, some countries do not promptly or fully recognize the safety and international noise certification compliance of all U.S. civil aircraft.

**Information technology.** Washington is the home of many high-tech companies and benefits from 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 non-tariff restrictions as redundant testing and certification requirements.

**Fish products.** Washington is the home of many large seafood companies that export products harvested from the Pacific Northwest to the North Pacific and Alaska. Since the conclusion of the Uruguay Round, the United States has actively supported trade liberalization for fish products, including tariff elimination, subsidy reform, and the lowering of non-tariff trade barriers. As the United States maintains very low tariffs, few subsidies, and an open and transparent market, Washington's fish products industry has much to gain from renewed negotiations with its principal trade partners in Asia and the European Union.

### WASHINGTON: WHY TRADE PROMOTION AUTHORITY?

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

*Washington exporters still face major trade barriers in such sectors as civil aircraft and parts, information technology, fish products, and paper products.*

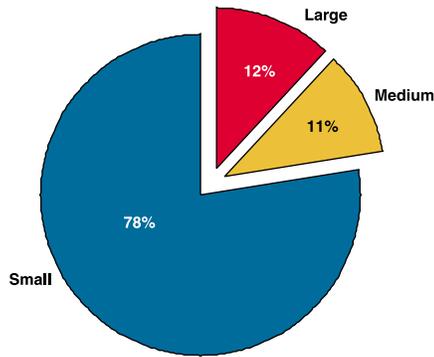
*With the United States on the sidelines, foreign competitors are forging ahead and pursuing their own market-opening agreements.*

*Washington's economy is export-dependent, with export sales of \$5,659 for every state resident.*

*Nearly 255,000 Washington jobs depend on exports of manufactured goods.*

*7,897 companies—including 6,953 small and medium-sized businesses—export from Washington.*

**89 PERCENT OF WASHINGTON'S 7,897 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.

**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 key competitor and consuming countries such 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.** Washington is a major producer and exporter of agricultural products. According to the U.S. Department of Agriculture, Washington's farm cash receipts totaled \$4.9 billion in 1999, and it was the eighth largest agricultural exporter, with exports of \$1.8 billion. Since 1991, the state's reliance on agricultural exports has ranged from 26 percent to 36 percent as measured by export's share of farm cash receipts. Washington's top agricultural exports are fruits and products, vegetables and products, wheat and products, live animals and red meats, and dairy products. Washington already benefits from past trade agreements. Under the Uruguay Round, Japan made substantial tariff cuts on a wide range of fresh and processed fruits and vegetables. Under NAFTA, Mexico will phase out its 15 percent in-quota tariff rate on frozen potatoes by 2003. Under the Uruguay Round, Japan, South Korea, and Thailand lower their tariffs on sweet corn, and limits were set on subsidized wheat exports.

Mexico eliminated import licensing for wheat and is phasing out tariffs under NAFTA. 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

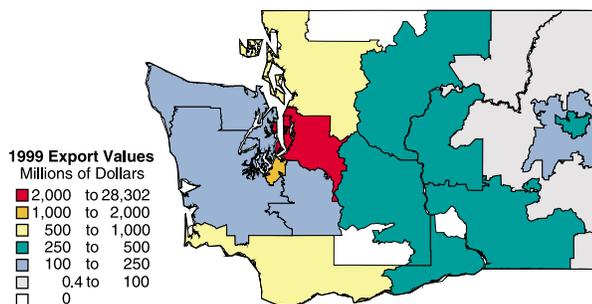
the new round of global services trade negotiations now under way to dismantle these barriers.

## Imports Also Important to Washington

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

### EXPORTS ARE SOLD FROM ALL OVER WASHINGTON

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



Note: Washington's total merchandise exports in 1999 were \$36.8 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.