



# Alabama

## Benefits From Exports

Alabama's export sales of merchandise in 2000 totaled \$5.6 billion, up 15 percent from 1999 and 125 percent above the 1993 total of \$2.5 billion. Over the 1993–2000 period, Alabama ranked seventh among the fifty states in terms of percentage growth in exports.

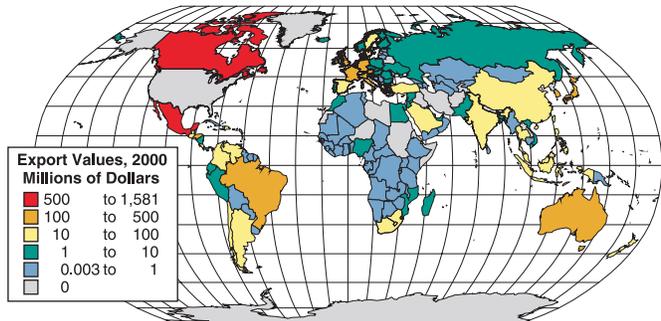
Alabama exports goods globally to 178 foreign destinations. The state's leading markets, by far, are the North American Free Trade Agreement (NAFTA) nations of Canada (28 percent of 2000 exports) and Mexico (13 percent). Other top markets are Austria (8 percent), Germany (7 percent), and Japan (5 percent).

Alabama's biggest growth market, in both dollar and percentage terms, is Austria. Between 1997 and 2000, export sales to Austria soared from \$3 million to \$463 million. Alabama also posted big dollar gains in sales to Canada, Germany, and Honduras. Markets where the state registered large percentage increases, apart from Austria, were Switzerland, Honduras, Germany, Ireland, India, Turkey, and the Dominican Republic.

Alabama's leading export category is transportation equipment. These products alone accounted for \$1.5

### ALABAMA EXPORTED GOODS WORTH \$5.6 BILLION TO 178 FOREIGN MARKETS IN 2000

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

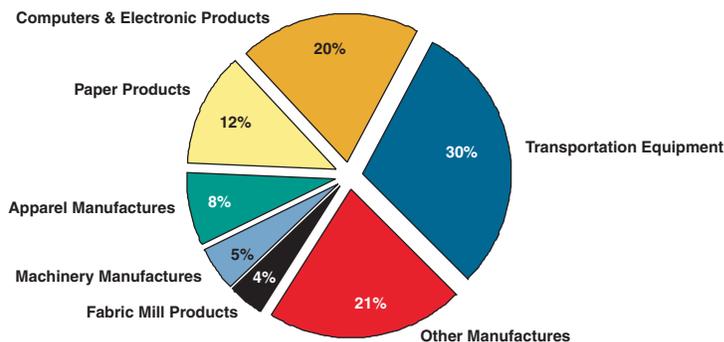


Source: U.S. Department of Commerce, Exporter Location Series.

billion of Alabama's total exports in 2000. Other major exports are computers and electronic products, paper products, apparel, and machinery.

Within Alabama, four metropolitan areas generated 48 percent of the state's merchandise exports in 1999. The leader was Huntsville, which posted export sales of \$1.1 billion—more than one-fifth the state total. The other top exporting metro areas were Mobile, Birmingham, and Columbus (a part of which lies in Georgia). Alabama metro areas that recorded the fastest export growth during the 1993–99 period were Florence, Decatur, Huntsville, and Mobile.

### ALABAMA EXPORTS A WIDE RANGE OF MANUFACTURES: \$5.2 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), Alabama depended on manufactured exports for 115,000 jobs. Export-supported jobs accounted for an estimated 7.3 percent of Alabama's total private sector employment.

Manufactured exports supported 52,300 jobs—roughly one of every seven workers—in Alabama’s manufacturing industries. Manufacturing sectors with the most export-related jobs were transportation equipment, computers and electronic products, primary metals, and chemicals.

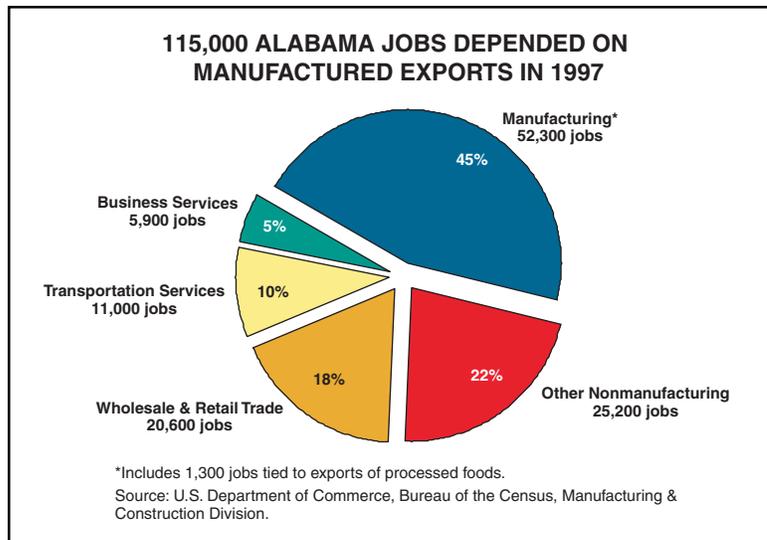
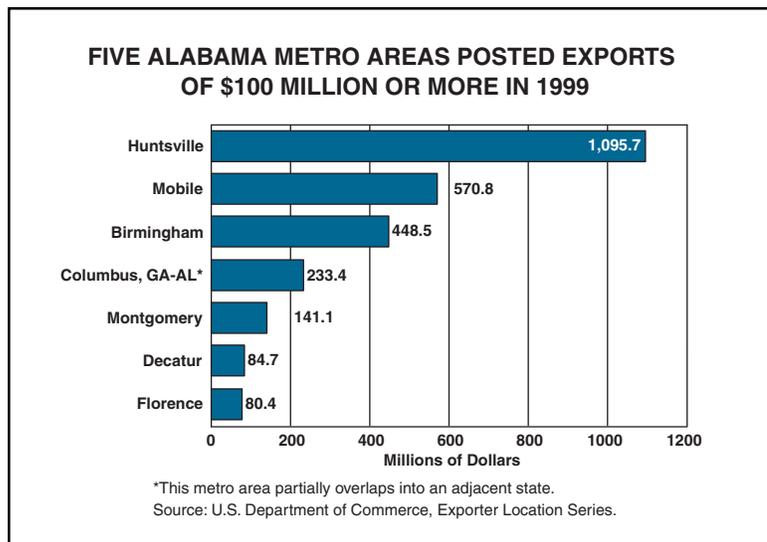
Exports of manufactured goods also indirectly supported 62,700 jobs in Alabama’s nonmanufacturing industries. These industries supply manufacturers with a wide range of inputs needed to produce goods for export.

## Exports Help Small Business

Exports have broadly benefited Alabama businesses, both large and small. A total of 2,564 companies exported from Alabama locations in 1998. Just under 73 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, 60 percent of all Alabama 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 deal to gain from future negotiations aimed at prying open foreign markets.

## Alabama Industries Can Gain From Trade Negotiations

Alabama’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 Alabama’s businesses across many industrial sectors.

**Automotive products.** The automotive industry is the world’s largest manufacturing sector, and the United

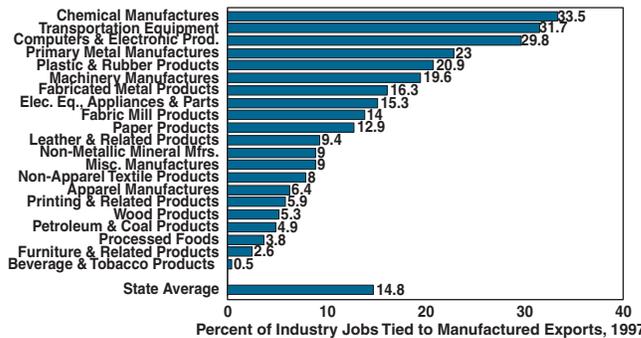
### TRADE PROMOTION AUTHORITY— KEY TO OPENING WORLD MARKETS

*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.*

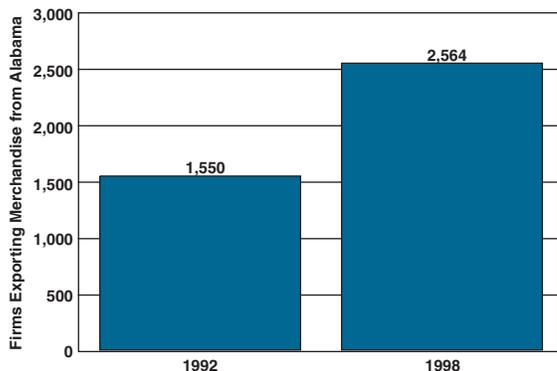
*TPA preserves the ability of the United States to protect public health, safety, and the environment.*

### MORE THAN ONE-SEVENTH OF MANUFACTURING JOBS IN ALABAMA WERE TIED TO EXPORTS IN 1997



Note: In 1997, 14.8 percent of the 352,600 manufacturing jobs in Alabama were tied to manufactured exports—some 52,300 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 ALABAMA ROSE 65 PERCENT FROM 1992 TO 1998



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

States is the industry's largest producer. In 2000, total U.S. automotive exports exceeded \$78 billion. Important progress was made during the Uruguay Round, including a commitment from Japan to lower and maintain nearly all of its automotive tariffs at zero. Other accomplishments include a reduction in nontariff measures (reduced customs processing and trade-related investment obstacles), increased intellectual property protection, and transparency in the use of import licenses.

Nevertheless, Alabama automotive exports continue to confront severe market access restrictions. Tariffs on automobiles are extremely high in most developing countries. Tariffs range from 25 percent to 300 percent in southeast Asia, 30 percent to 160 percent in Africa and the Middle East, and 8 percent to 90 percent throughout Latin America. Key industrialized nations also maintain high tariffs, such as the 10–22 percent tariffs on cars and trucks in the European Union and

tariffs of up to 43 percent in eastern Europe (to which the EU has duty-free access under bilateral trade agreements). Another obstacle to U.S. automotive exports is nontariff barriers—including local content requirements, distribution controls, and redundant standards.

**Information technology.** Alabama'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 Alabama, would likely see sales rise if remaining barriers on IT products were eliminated.

**Paper and paper products.** Export sales are critical to the future growth of the U.S. paper and paper products industry, which has operations in nearly every state, including Alabama. 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

### ALABAMA: WHY TRADE PROMOTION AUTHORITY?

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

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

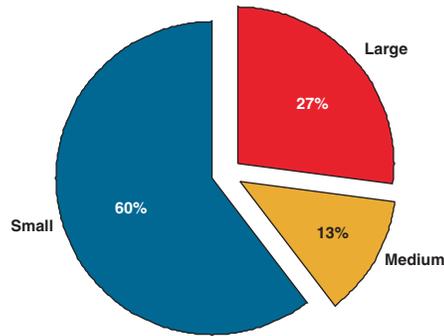
*With the United States on the sidelines, foreign competitors are forging ahead and pursuing their own market-opening agreements.*

*Alabama's economy is export-dependent, with export sales of \$1,265 for every state resident.*

*About 115,000 Alabama jobs depend on exports of manufactured goods.*

*2,564 companies—including 1,870 small and medium-sized businesses—export from Alabama.*

**73 PERCENT OF ALABAMA'S 2,564 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.

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.

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.

**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, 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.

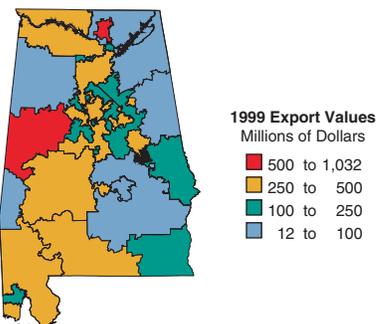
**Agriculture.** Alabama produces and exports agricultural products. According to the U.S. Department of Agriculture, Alabama's agricultural exports totaled \$366 million in 1999. Since 1991, the state's reliance on agricultural exports has risen from 9 percent to 11 percent as measured by export's share of farm cash receipts. Alabama's top agricultural exports are poultry and products, cotton, live animals and red meats, peanuts and products, and soybeans and products. Alabama already benefits from past trade agreements; however, U.S. agricultural

**Imports Also Important to Alabama**

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

**EXPORTS ARE SOLD FROM ALL OVER ALABAMA**

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



Note: Alabama's total merchandise exports in 1999 were \$4.9 billion. Due to federal disclosure regulations, shading of zip codes 364 and 367 refers to combined exports from these areas.  
Source: U.S. Department of Commerce, Exporter Location Series.