



Idaho

Benefits From Exports

Idaho's export sales of merchandise in 2000 totaled \$2.8 billion, up by roughly one-third from 1999. From 1993 to 2000, the state's exports grew by 126 percent—nearly double the 68 percent increase in total U.S. exports of goods. Idaho's export growth, in percentage terms, ranked sixth among all states during 1993–2000.

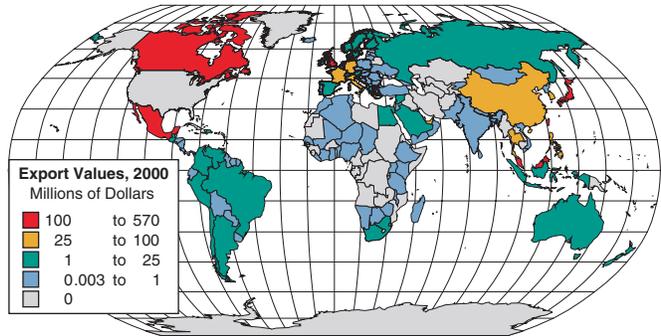
The state's exports have also grown rapidly on a per capita basis—the value of export sales for every state resident. Exports per capita rose from \$1,123 in 1993 to \$2,162 in 2000, a 93 percent increase in seven years and the 12th largest percentage gain among the states.

Idaho exported globally to 139 foreign destinations in 2000. The state's leading market, by far, is the United Kingdom (20 percent of 2000 exports). Following the United Kingdom are Canada (14 percent), Japan (13 percent), Singapore (13 percent), and Mexico (five percent). Other leading markets include Taiwan, Malaysia, Hong Kong, and South Korea.

Idaho's biggest growth market, in dollar terms, is the United Kingdom. From 1997 to 2000, export sales to the United Kingdom increased from \$170 million to \$570

IDAHO EXPORTED GOODS WORTH \$2.8 BILLION TO 139 FOREIGN MARKETS IN 2000

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



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

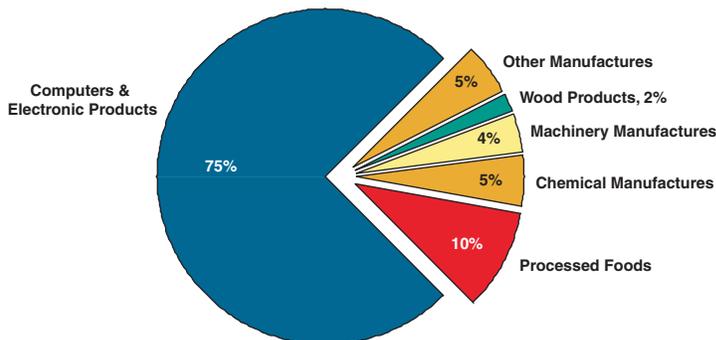
million. Idaho also posted big dollar gains in sales to Singapore, Canada, Mexico, Malaysia, and Japan.

Among Idaho's top 25 export destinations the fastest-growing markets, in percentage terms, are the United Arab Emirates, Thailand, Israel, Belgium, Egypt, China, the United Kingdom, and Singapore. Exports to each of these markets more than tripled from 1997 to 2000.

The state's leading export category is computers and electronic products, which alone accounted for 71 percent of Idaho's total exports in 2000. Other important exports are processed foods (10 percent of the total), chemicals (5 percent), machinery (4 percent), and wood products (2 percent). Idaho also exports significant quantities of unprocessed agricultural commodities.

Within Idaho, Boise led all metropolitan areas with 1999 export sales of \$1.73 billion—the most of any Idaho metro area and 82 percent of the state total. Boise's merchandise exports grew 70 percent from 1993 to 1999.

IDAHO EXPORTED \$2.64 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-related jobs are also more secure: Exporting plants are 9 percent less likely to shut down than comparable nonexporting plants.

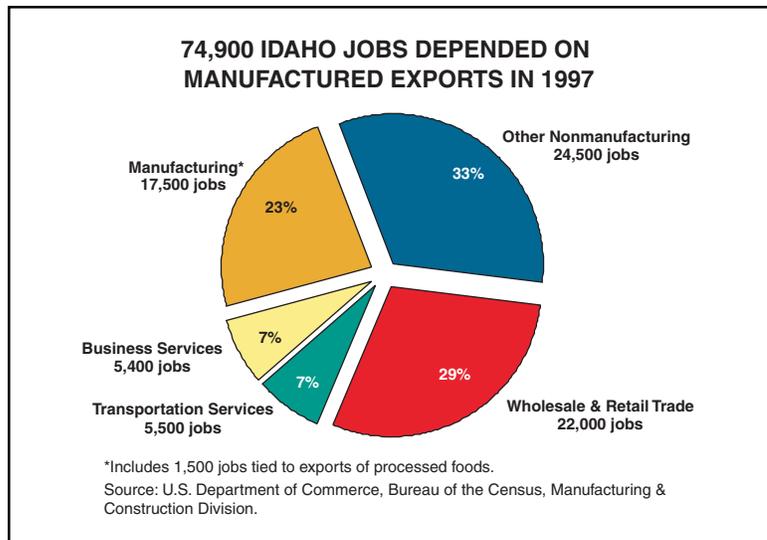
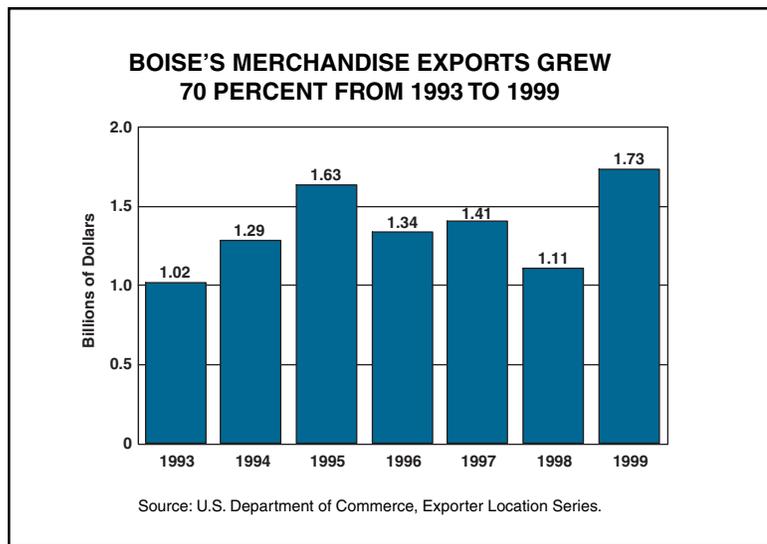
Idaho's workforce is among the most export-dependent in the nation. In 1997 (latest available data), the state relied on manufactured exports for nearly 75,000 jobs. Export-supported jobs accounted for an estimated 16.5 percent of the state's total private sector employment—roughly one of every six jobs and double the national average of 7.2 percent.

Manufactured exports supported 17,500 jobs—more than one of every four workers—in Idaho's manufacturing industries. The largest numbers of export-related manufacturing jobs were located in three sectors: computers and electronic products, fabricated metal products, and processed foods.

Exports of manufactured goods also indirectly supported 57,400 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 Idaho's businesses, both large and small. A total of 902 companies exported from Idaho locations in 1998. Nearly 83 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, nearly 70 percent of all Idaho 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.

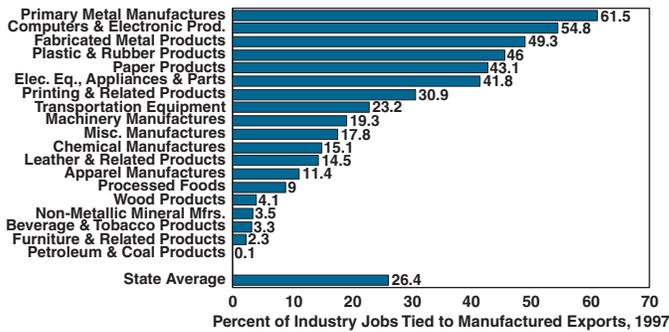
Under TPA, the President involves Congress in trade negotiations from the start; Congress, in exchange, agrees to vote yes or no on any resulting agreement in its entirety, without amendments. The two branches set negotiating objectives and consult during trade talks while inviting public comment. This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

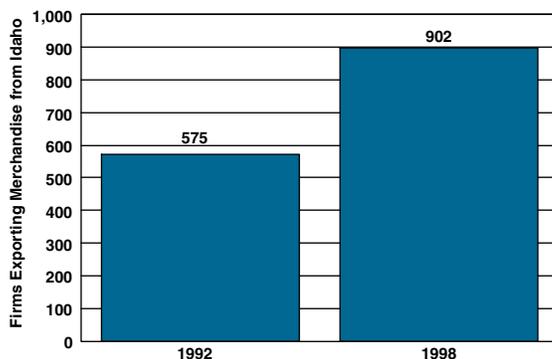
MORE THAN ONE-FOURTH OF MANUFACTURING JOBS IN IDAHO WERE TIED TO EXPORTS IN 1997



Note: In 1997, 26.4 percent of the 66,200 manufacturing jobs in Idaho were tied to manufactured exports—some 17,500 jobs. For any given manufacturing sector, export-related employment includes all workers producing goods for export or for 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 IDAHO ROSE 57 PERCENT FROM 1992 TO 1998



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

Idaho Industries Can Gain From Trade Negotiations

Idaho'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 Idaho's businesses across many industrial sectors.

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

Chemicals. Idaho 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.

Industrial machinery. While Idaho'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, deficiencies in intellectual property protection,

investment barriers, and the increasing use of standards as nontariff barriers to trade. In addition, restrictions on

IDAHO: WHY TRADE PROMOTION AUTHORITY?

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

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

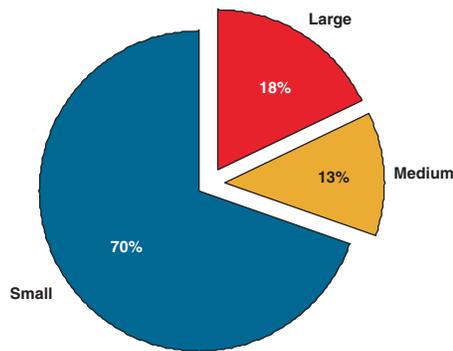
With the United States on the sidelines, foreign competitors are forging ahead and pursuing their own market-opening agreements.

Idaho's economy is export-dependent, with export sales of \$2,162 for every state resident.

Nearly 75,000 Idaho jobs depend on exports of manufactured goods.

902 companies—including 741 small and medium-sized businesses—export from Idaho.

83 PERCENT OF IDAHO'S 902 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.

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

the ability to provide after-sales service greatly inhibit market access for U.S. manufacturers of complex machinery.

way to dismantle these barriers.

Imports Also Important to Idaho

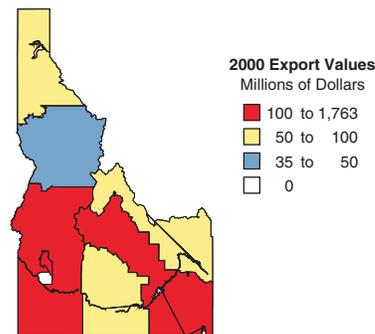
Lumber and wood products. The lumber and wood products industry benefited from tariff reductions negotiated in the Uruguay Round. However, tariffs in key markets remain an important problem since the industry operates on very thin profit margins. Tariffs in Japan average 4 percent on key value-added 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. 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, and handicap the U.S. industry in such growing markets as Singapore, Thailand, and the Philippines.

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

Agriculture. Idaho is an important producer and exporter of agricultural products. According to USDA, Idaho’s agricultural exports totaled \$789 million in 1999. Since 1991, the state’s reliance on agricultural exports has risen from 21 to 24 percent as measured by export’s share of farm cash receipts. Idaho’s top agricultural exports are vegetables, wheat and products, live animals and red meats, dairy products and feeds. Idaho already benefits from past trade agreements. Under NAFTA, Mexico is to phase out its 15 percent in-quota tariff rate on frozen potatoes by 2003, and its tariff-rate quota at a compound annual rate of 3 percent. Mexico also eliminated import licensing for wheat and is phasing

EXPORTS ARE SOLD FROM ALL OVER IDAHO

Idaho’s Merchandise Exports by Three-Digit Zip Code, 2000



Note: Idaho’s total merchandise exports in 2000 were \$2.8 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.