



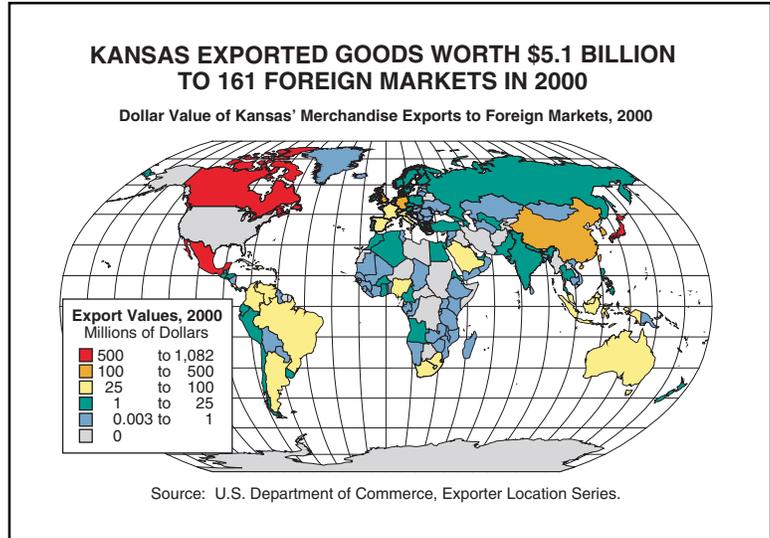
# Kansas

## Benefits From Exports

Kansas directly exported merchandise worth \$5.05 billion in 2000, up four percent from 1999 and 62 percent higher than the state's 1993 total of \$3.11 billion.

Kansas exported globally to 161 foreign destinations in 2000, up from 155 destinations in 1997. The state's leading markets, by far, are Japan (21 percent of 2000 exports) and the North American Free Trade Agreement (NAFTA) countries of Canada (18 percent) and Mexico (14 percent). Together, these three markets accounted for over half of Kansas' merchandise export sales in 2000. Other top markets are South Korea, the United Kingdom, Germany, Taiwan, China, Brazil, and Colombia.

The NAFTA nations of Mexico and Canada are also among Kansas' three top growth markets, viewed in terms of dollar gains recorded during 1997–2000. Over this period, Mexico was the state's biggest growth market, with sales increasing from \$449 million to nearly \$703 million—a rise of 56 percent. Japan was Kansas' second-ranked growth market (sales up from \$922 million to \$1.1 billion), followed by Canada (up from \$834 million to \$922 million). Other markets to which Kansas registered sizable dollar gains were Hong Kong, China, South Korea, Indonesia, and Nigeria.

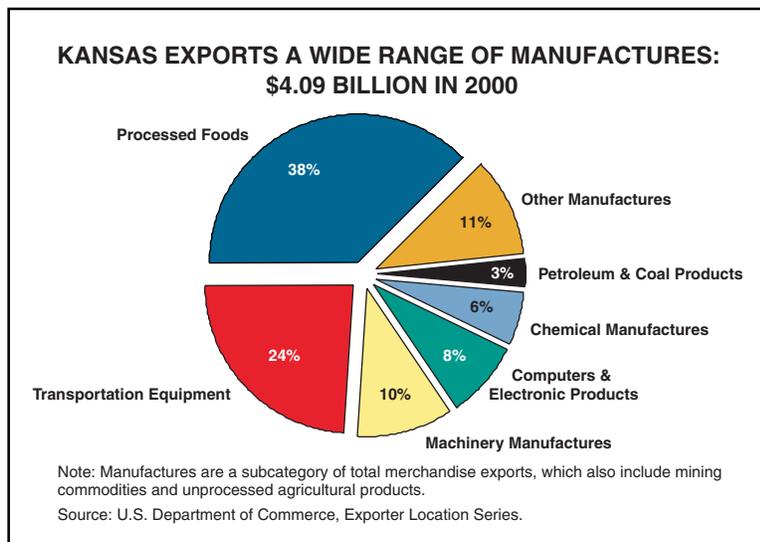


The state's leading manufactured export category, by far, is processed foods. Export sales of these products were \$1.54 billion in 2000. Other top manufactured exports were transportation equipment (\$979 million), machinery (\$424 million), computers and electronic products (\$347 million), and chemicals (\$238 million).

Apart from directly exporting a wide range of manufactures, Kansas is also a major exporter of unprocessed agricultural products. This fact is not apparent from official U.S. export statistics because Kansas' agricultural exports are often sold indirectly, through wholesalers and other vendors located outside the state.

The U.S. Department of Agriculture estimates that exports of all farm products contributed, both directly and indirectly, about \$2.8 billion to the state's farm cash receipts in 1999 (roughly 37 percent of total farm income).

Within Kansas, the Wichita metropolitan area posted 1999 export sales of \$2.29 billion, ranking Wichita as the 57th largest exporter of merchandise among the 253 U.S. metro areas for which statistics are available. The Kansas City metro area (which includes parts of both Kansas and Missouri) recorded export sales of \$3.31 billion, of which a sizable but indeterminate portion was generated by Kansas businesses. Kansas City ranked 40th among U.S. cities in terms of export sales.



## 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), Kansas depended on manufactured exports for 68,100 jobs. Export-supported jobs accounted for an estimated 6.2 percent of Kansas' total private sector employment.

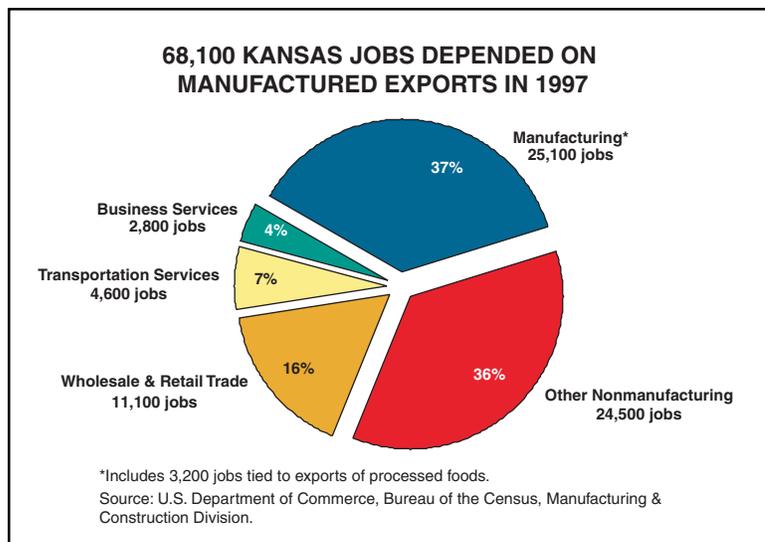
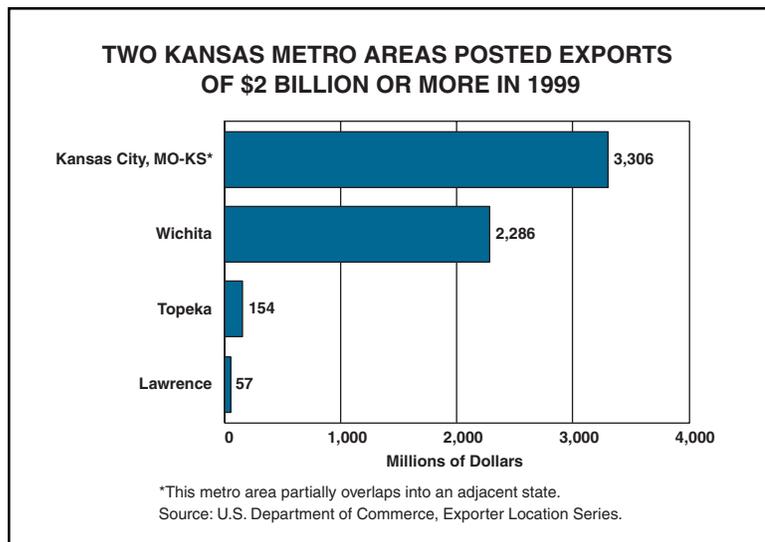
Manufactured exports supported about 25,100 jobs in Kansas' manufacturing industries. This represented 13 percent of the state's manufacturing work force—more than one of every eight manufacturing jobs.

Manufacturing industries with the largest number of export-related jobs were transportation equipment, machinery manufactures, and processed foods.

Exports of manufactured goods also indirectly supported 43,000 jobs in the state's nonmanufacturing industries. These industries supply manufacturers with a wide variety of inputs needed to produce goods for export.

## Exports Help Small Business

Exports have broadly benefited Kansas businesses—both large and small. A total of 2,224 companies



exported from Kansas locations in 1998. About 77 percent of these companies were small and medium-sized firms that had fewer than 500 employees. In fact, nearly 62 percent of all Kansas exporters were small firms with fewer than 100 workers.

In 1998, small and medium-sized companies accounted for 44 percent of Kansas' total exports. This was well above the U.S. 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.

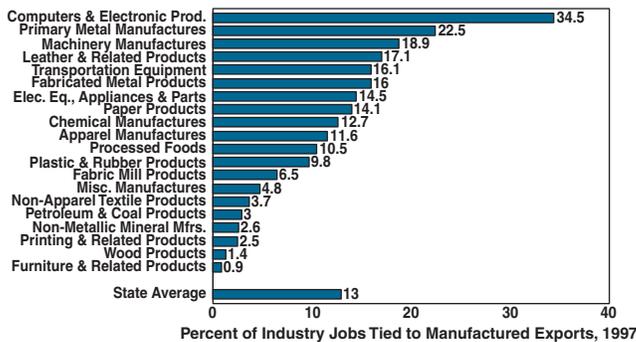
### TRADE PROMOTION AUTHORITY— KEY TO OPENING WORLD MARKETS

*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.*

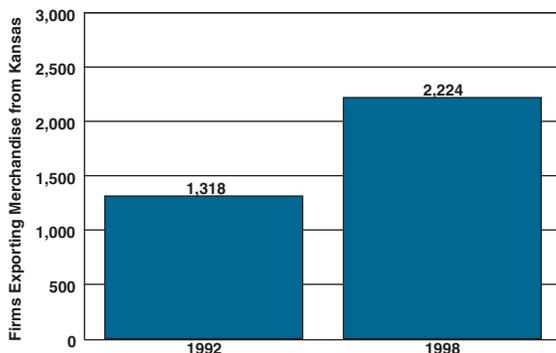
*TPA preserves the ability of the United States to protect public health, safety, and the environment.*

### MORE THAN ONE-EIGHTH OF MANUFACTURING JOBS IN KANSAS WERE TIED TO EXPORTS IN 1997



Note: In 1997, 13 percent of the 193,700 manufacturing jobs in Kansas were tied to manufactured exports—some 25,100 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 KANSAS ROSE 69 PERCENT FROM 1992 TO 1998



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

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.

## Kansas Industries Can Gain From Trade Negotiations

Kansas' 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 Kansas' businesses across many industrial sectors.

**Civil aircraft and parts.** The U.S. civil aircraft industry is the largest in the world. 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 (WTO) 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 nonsignatory countries remain as high as 30 percent. Also, a number of nontariff barriers impede Kansas' 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.

**Agricultural machinery.** Kansas exporters of agricultural machinery have reaped benefits and increased foreign sales as a result of tariff reductions agreed in past trade negotiations. Expanded markets in Asia and Latin America have contributed significantly to U.S. exports. However, high tariffs still constitute significant barriers in many countries that did not participate in the Uruguay Round "zero-for-zero" tariff agreement on agricultural machinery. For example, tariffs on agricultural machinery are as high as 21 percent in Argentina and 30 percent in India. Restrictive government procurement practices and discriminatory licensing and inspection requirements also hinder agricultural machinery exports.

**Industrial machinery.** Further reductions in tariff and nontariff barriers through new negotiations would greatly expand opportunities for Kansas' machinery exports. While the state's indus

### KANSAS: WHY TRADE PROMOTION AUTHORITY?

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

*Kansas exporters still face major trade barriers in sectors like civil aircraft and parts, agricultural equipment, industrial machinery, and auto parts.*

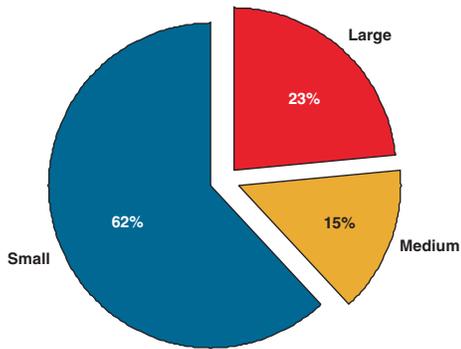
*With the United States on the sidelines, foreign competitors are forging ahead and pursuing their own market-opening agreements.*

*Kansas' economy is export-dependent, with export sales of \$1,879 for every state resident.*

*More than 68,000 Kansas jobs depend on exports of manufactured goods.*

*2,224 companies—including 1,703 small and medium-sized businesses—export from Kansas.*

**77 PERCENT OF KANSAS' 2,224 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.

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

**Agriculture.** Kansas is a major producer and exporter of agricultural products. According to the U.S. Department of Agriculture, Kansas' farm cash receipts totaled \$7.6 billion in 1999. It was the fourth largest agricultural exporter, with exports of \$2.8 billion (including processed foods). Since 1991, the state's reliance on agricultural exports has ranged from 26 percent to 37 percent as measured by export's share of farm cash receipts. Kansas' top agricultural exports are wheat and products, live animals and red meats, feed grains and products, hides and skins, and feeds and fodders. Kansas already benefits from past trade agreements. Under the Uruguay Round, limits were set on subsidized wheat exports, and Mexico eliminated import licensing for wheat and is phasing out tariffs under NAFTA. Japan reduced its tariffs on chilled and frozen beef to 38.5 percent. South Korea eliminated its chilled and frozen beef import quotas in 2001 and will reduce its tariffs to 40 percent by 2004. However, U.S. agricul-

tural exports still face high tariffs and nontariff barriers worldwide.

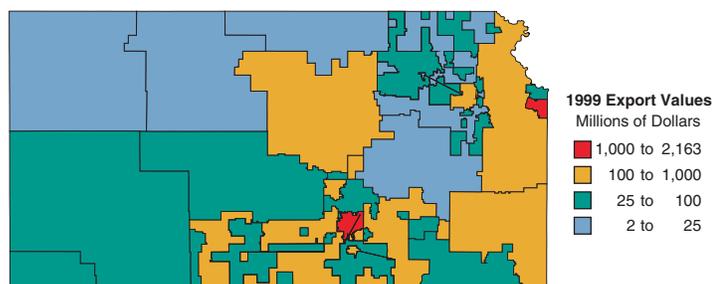
**Services.** Services are the biggest component of the U.S. economy and now account for more than one-fourth (28 percent) of U.S. exports to the world. Service exports in 2000 totaled \$296 billion; the United States ran a surplus of nearly \$80 billion in services trade with the world. Exportable services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

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

**EXPORTS ARE SOLD FROM ALL OVER KANSAS**

Kansas' Merchandise Exports by Three-Digit Zip Code, 1999



Note: Kansas' total merchandise exports in 1999 were \$4.9 billion.  
Source: U.S. Department of Commerce, Exporter Location Series.