



Maryland

Benefits From Exports

Maryland export sales of merchandise for the year 2000 totaled \$5.0 billion, up by more than 29 percent from 1997 and more than 84 percent higher than the state's 1993 total of \$2.71 billion.

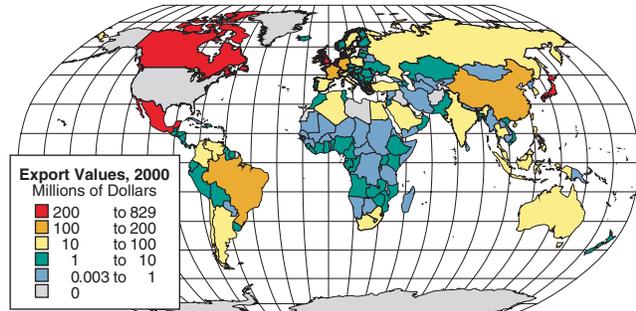
The growing importance of foreign markets to Maryland's economy is also reflected in per capita export figures. In 2000, the state recorded per capita export sales of \$943, up from \$548 for every person residing in the state in 1993. This represents a gain of 72 percent, well above the 57 percent increase in U.S. per capita merchandise exports over the 1993–2000 period.

Maryland exported globally to 198 foreign destinations in 2000, up from 193 destinations in 1997. Buoyed by the North American Free Trade Agreement, the state's leading markets, by far, are the NAFTA countries of Canada (17 percent of 2000 exports) and Mexico (11 percent). Other major markets include the United Kingdom, Belgium, Japan, the Netherlands, Germany, China, and France.

Maryland's biggest growth markets, in dollar terms, are Mexico and Canada. From 1997 to 2000 the state's exports to Mexico grew from \$199 million to \$526 million—a gain of 164 percent. Over the same period,

MARYLAND EXPORTED GOODS WORTH \$5 BILLION TO 198 FOREIGN MARKETS IN 2000

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

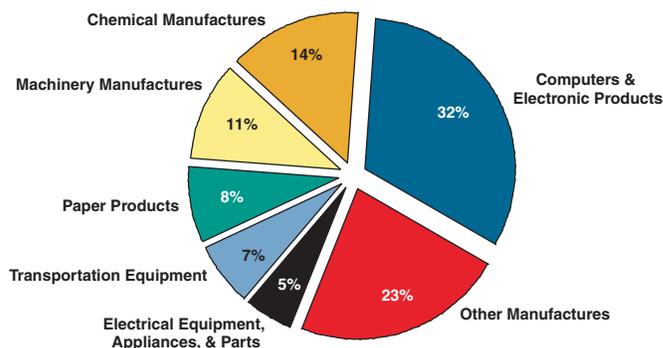


Source: U.S. Department of Commerce, Exporter Location Series.

exports to Canada rose 27 percent, from \$653 million to nearly \$829 million. Maryland also recorded large dollar increases in exports to Belgium, Japan, Switzerland, Algeria, the United Kingdom, and China.

The state's leading export category, by far, is computers and electronic products. These goods accounted for \$1.49 billion, or nearly one-third, of Maryland's total merchandise exports in 2000. Other major export sectors—each with more than \$250 million in 2000 export sales—include chemicals, machinery, paper products, and transportation equipment.

MARYLAND EXPORTS A WIDE RANGE OF MANUFACTURES: \$4.63 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.

Within Maryland, the Baltimore metropolitan area posted 1999 merchandise exports of \$2.33 billion—over half the state total and the 55th largest export figure among the 253 U.S. metro areas for which data are available. Baltimore's exports grew by more than 30 percent from 1993 to 1999. The Washington, D.C., metro area, whose boundaries include large areas of Maryland, recorded export sales of \$7.2 billion in 1999. A sizable but indeterminate portion of these exports was generated by Maryland businesses.

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.

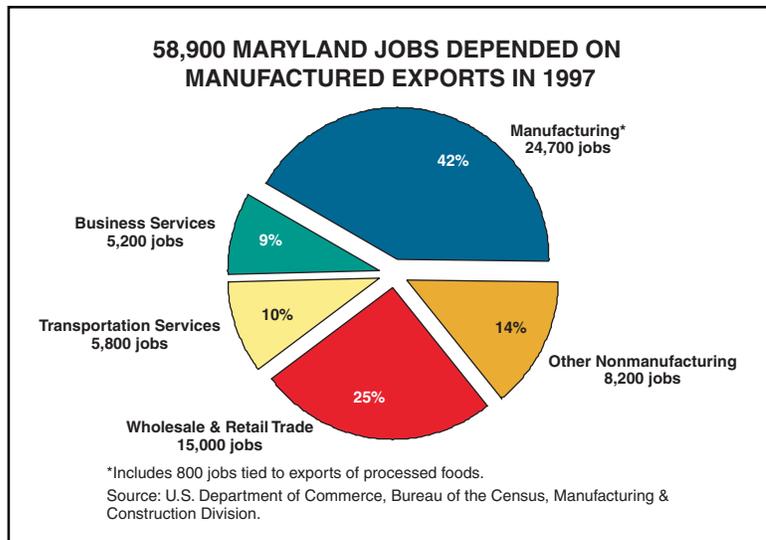
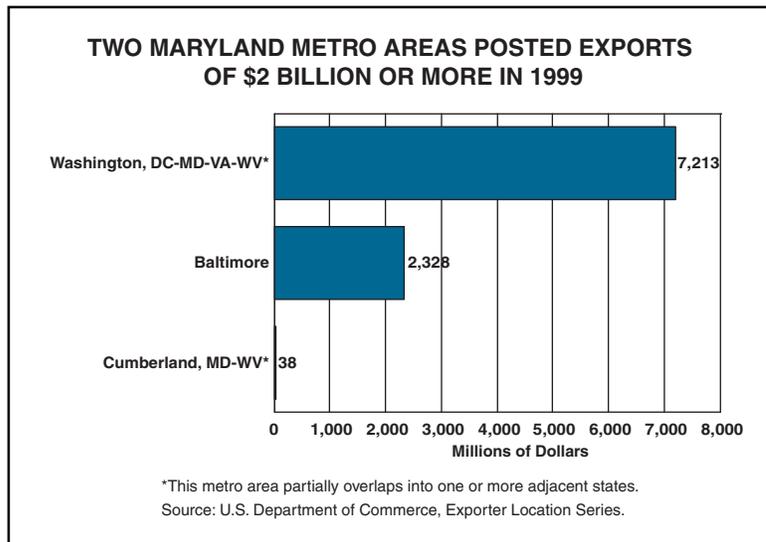
In 1997 (latest available data), Maryland depended on manufactured exports for 58,900 jobs. Export-supported jobs accounted for an estimated 3.1 percent of Maryland’s total private sector employment.

Manufactured exports supported about 24,700 jobs—more than one of every seven workers—in Maryland’s manufacturing industries. Over half the state’s export-related manufacturing jobs were located in three industries: computers and electronic products (8,800 export-supported jobs), machinery (3,000 jobs), and fabricated metal products (2,300 jobs).

Exports of manufactured goods also indirectly supported 34,200 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 Maryland’s businesses, both large and small. A total of 3,472 companies exported from Maryland locations in 1998. More than 81 percent of these companies, accounting for 39 percent of the state’s total exports, were small and medium-sized



firms that had fewer than 500 employees. In fact, more than 69 percent of all Maryland 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.

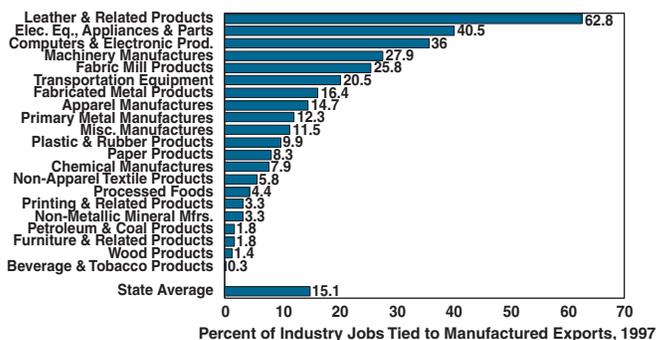
Under TPA, the President involves Congress in trade negotiations from the start; Congress, in exchange, agrees to vote yes or no on any resulting agreement in its entirety, without amendments. The two branches set negotiating objectives and consult during trade talks while inviting public comment. This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

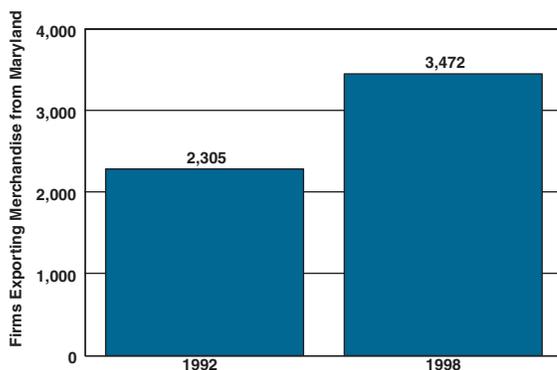
While previous rounds of trade negotiations were highly successful in reducing trade barriers, much work remains to be done to level the playing field for U.S. businesses. In fact, the United States has fallen behind our trading partners in combating market barriers through free trade agreements. The 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-SEVENTH OF MANUFACTURING JOBS IN MARYLAND WERE TIED TO EXPORTS IN 1997



Note: In 1997, 15.1 percent of the 164,000 manufacturing jobs in Maryland were tied to manufactured exports—some 24,700 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 MARYLAND ROSE 51 PERCENT FROM 1992 TO 1998



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

Maryland Industries Can Gain From Trade Negotiations

Maryland 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 Maryland's businesses across many industrial sectors.

Information technology. Maryland'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. suppli-

ers, including those in Maryland, would likely see sales rise if remaining barriers on IT products were eliminated.

Chemicals. Maryland 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.

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 Maryland. 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 Brazil, Colombia, Indonesia, Malaysia, Thailand, and Venezuela. For example, tariffs in

MARYLAND: WHY TRADE PROMOTION AUTHORITY?

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

Maryland exporters still face major trade barriers in sectors like information technology, chemicals, paper, and industrial machinery.

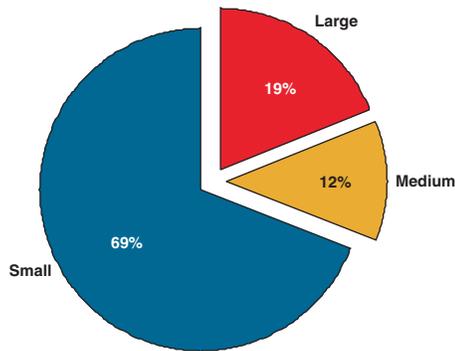
With the United States on the sidelines, foreign competitors are forging ahead and pursuing their own market-opening agreements.

Maryland's economy is export-dependent, with export sales of \$943 for every state resident.

Nearly 59,000 Maryland jobs depend on exports of manufactured goods.

3,472 companies—including 2,816 small and medium-sized businesses—export from Maryland.

81 PERCENT OF MARYLAND'S 3,472 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.

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.

Industrial machinery. Further reductions in tariff and nontariff barriers through new negotiations would greatly expand opportunities for Maryland'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, 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. Maryland produces and exports agricultural products. According to the U.S. Department of Agriculture, Maryland's agricultural exports totaled \$200 million in 1999. Since 1991, the state's reliance on agricultural exports has ranged from 12 percent to 20 percent as measured by export's share of farm cash receipts. Maryland's top agricultural exports are poultry and products, soybeans and products, feed grains and products, wheat and products, and vegetables and products. Maryland 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

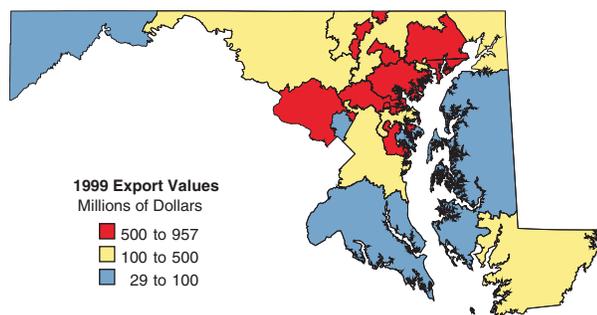
under way to dismantle these barriers.

Imports Also Important to Maryland

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

EXPORTS ARE SOLD FROM ALL OVER MARYLAND

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



Note: Maryland's total merchandise exports in 1999 were \$4.1 billion.
Source: U.S. Department of Commerce, Exporter Location Series.