



Trade Makes Oregon Strong

Oregon gains from global trade. Trade (export and import) growth increases jobs by advancing Oregon’s manufacturers, services providers and farmers. Imports also keep costs low, helping Oregon businesses compete and saving Oregon families real dollars at the cash register. Foreign investment in Oregon creates good jobs across a range of sectors.

TRADE CREATES JOBS FOR OREGONIANS

Trade with the world – both exports and imports of goods and services – creates jobs in Oregon.

- Today, trade supports **381,507 jobs** in Oregon.
- **17.7 percent of jobs** in Oregon are supported by trade, up from 10.5 percent in 1992.

Oregon’s Three Most Export-Intensive Industries

<u>Industry</u>	<u>% Export-Related</u>
Electrical Equipment	40.0%
Computers	33.2
Machinery	33.0

Trade through Oregon’s international **ports** has a significant impact on the State economy.

- The **Port of Portland’s** distribution centers alone create more than **17,000 jobs**, **\$810 million** in personal income and **\$2.8 billion** in business revenues, **\$347 million** in local purchases, and **\$89 million** in local and state taxes.

Trade particularly benefits employees of Oregon’s small- and mid-size companies.

- In 2004, more than **4,700 Oregon companies** sold their products abroad. 4,131 exporters – **86.9 percent** -- were **small- or mid-sized companies**.
- **Jobs in exporting plants pay on average up to 18 percent more** than similar jobs in non-exporting plants.

<http://trade.businessroundtable.org>

TEN WAYS TRADE MAKES OREGON STRONG

Trade supports nearly one in five jobs in Oregon.

Jobs at exporting plants pay 18% more than at non-exporting plants.

8.6% of Oregon’s 2005 GDP was from exports.

Ports create thousands of jobs and generate billions of dollars for Oregon’s economy.

Foreign-owned companies employ 47,600 Oregonians.

Foreign-owned firms pay workers 32% more.

Half of imports are raw materials and other items needed for manufacturing.

Marketing imports demands services, which account for 13.4% of Oregon’s GDP.

Import prices grow much slower than overall consumer prices saving money for Oregon consumers.

NAFTA worked for Oregon. In 2005, Oregon exports to Canada and Mexico were \$2.3 billion and \$811 million.

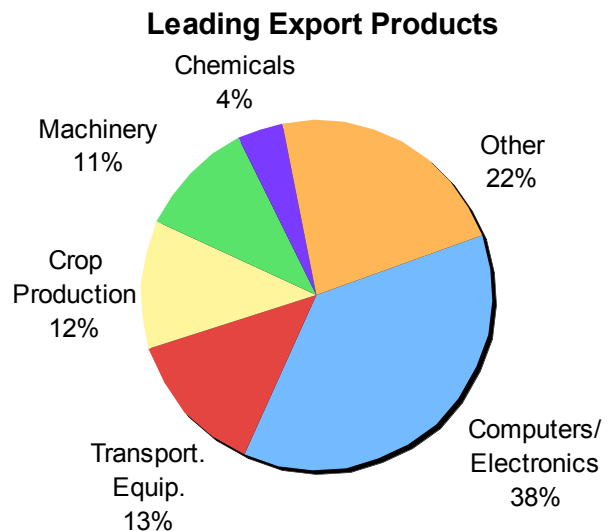
OREGON'S FARMERS AND KEY INDUSTRIES GROW WITH EXPORTS

Oregon farmers are strong exporters. The state exported **\$816 million** worth of **agricultural products** in 2005.

- Oregon ranks among the top 10 U.S. exporters of **tree nuts** (2nd), **fruit** (4th), and **vegetables** (9th).

According to the U.S. Department of Commerce, Oregon ranked 22nd in the United States with **total exports valued at \$12.4 billion** in 2005.

- **Computers and electronics** were Oregon's leading export product in 2005 accounting for 38 percent of total exports.
- One of the **fastest growing exports** for Oregon is **transportation equipment**, which grew at an annual rate of **42 percent** between 2001 and 2005.
- In 2005, Oregon companies sold their products in **183 foreign markets**.
- The top export market is **Canada** (\$2.3 billion). Other leading markets include **Korea** (\$1.3 billion) and **Japan** (\$1.2 billion).
- **China** is one of Oregon's fastest growing trading partners. In 2005, Oregon companies **exported \$805 million** worth of goods to China, an increase of **165 percent** since 2000.
- In 2005, exports represented **8.6 percent of Oregon's state GDP**.
- Oregon's share of exports to state GDP **ranked 10th** among all states in 2005.



To promote export sales, the Oregon Economic and Community Development Department (ECDD) runs the Oregon Trade Promotion Program (OTTP). The ECDD uses OTTP to reimburse companies 50 percent of the costs associated with attending international trade shows or missions, up to a maximum of \$2,500.

Oregon companies with less than 500 employees can apply the funds towards events sponsored by the ECDD, the Oregon Department of Agriculture, the U.S. Department of Commerce, or the U.S. Department of Agriculture.

OREGON WORKERS & BUSINESSES BENEFIT FROM FOREIGN INVESTMENT

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Oregon every year, infusing money into the local economy and keeping unemployment low.

- Foreign-owned companies employ **more than 47,600 workers**, nearly 4 percent of all Oregon employees.
- **Manufacturing** accounts for **47,600 “insourced” jobs**, representing 23 percent of all insourced jobs in Oregon.
- U.S. subsidiaries of **foreign companies pay** an average compensation of \$63,428 per year, **32 percent higher** than U.S. companies.

Korea-based Hynix Semiconductor announced in August 2006 that it would invest \$250 million in its Eugene manufacturing facility as part of an expansion that would create 100 new jobs.

Hynix, which was already Eugene’s largest for-profit employer, said the new investment was a direct result of Governor Ted Kulongoski’s trade mission to Korea in June.

“I’m pleased that our trade mission to South Korea helped deliver this exciting investment for our state. Hynix has been a long-term partner in our efforts to create an economy that is strong, prosperous, and competitive. Today’s announcement will mean more good jobs for Oregon workers.”

-Governor Ted Kulongoski

Selected Corporations with Operations in Oregon

<u>Company</u>	<u>Industry</u>	<u>Country</u>
Bridgestone Americas	Rubber Products	Japan
DaimlerChrysler	Transportation Equipment	Germany
GlaxoSmithKline	Pharmaceuticals	United Kingdom
HSBC	Financial Services	United Kingdom
Saint-Gobain	Glass/Structural Materials	France
Siemens	Machinery and Electrical Equipment	Germany
Smart & Final Inc.	Retailing	France
Sodexo	Food/Facilities Management	France
Toyota	Transportation Equipment	Japan

*Recognizing the importance of local contacts to promote the state, the International Trade Section of the Oregon Economic and Community Development Department (ECDD) runs overseas offices in **China, Japan, Korea, Taiwan, and the United Kingdom.***

*The ECDD has also been successful at achieving meaningful investments out of its international trade missions. In addition to the **Hynix deal** (described above), the mission led to a commitment from Japanese company **IMEX** to invest **\$5 million** in its facility in **Salem.***

OREGON MANUFACTURERS NEED IMPORTS TO BE COMPETITIVE

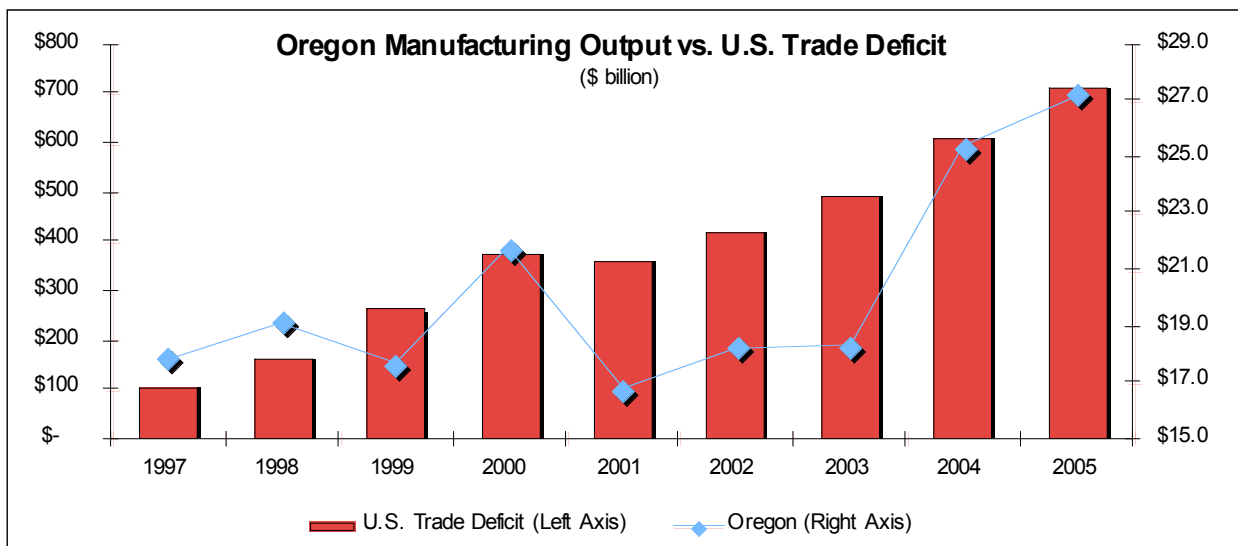
Raw materials, capital goods and industrial products used to manufacture goods in the United States account for approximately half of total U.S. merchandise imports.

- Numerous Oregon manufacturing sectors benefit from imports.
- Oregon's **computer and electronics manufacturers** use imported **components** to keep prices low.
- **Fabricated metal manufacturers** use imported **steel** to produce goods for the domestic market.

Capital Goods Imports Benefiting Oregon's Manufacturers

Product	Price Change, 1996-2005
All Capital Goods	-23.4%
Electric Generators and Parts	-6.4%
Non-Electrical Machinery, (excl. Computers)	-9.4%
Business Machinery (excl. Computers)	-12.4%
Computers	-50.2%

Oregon has experienced some of its strongest growth during periods when imports contributed to increasing national trade deficits. In fact, Oregon suffered its worst decline in manufacturing output from 2000 to 2001, when the national deficit *decreased*.



OREGON'S SERVICES INDUSTRIES BENEFIT FROM IMPORT-DRIVEN DEMAND

Numerous **services industries** benefit from business generated by imported goods.

- **Professional services**, including finance, insurance, marketing, and legal services, are needed to market imported products. These industries are vital to Oregon's growth, and account for **13.4 percent of state GDP**.
- Imports comprise a significant portion of Oregon **transportation and product sales** (both wholesale and retail). These industries account for 15.1 percent of state GDP.

OREGON FAMILIES ENJOY A HIGHER STANDARD OF LIVING BECAUSE OF IMPORTS

Imports help keep prices for Oregon families down while increasing their choices for goods and services.

- Trade helps **keep inflation in check**. Prices for widely traded consumer goods tend to rise less than prices for non-traded goods.
- Trade and investment liberalization policies are **worth over \$10,000 per year** to an average Oregon family of four.
- Between 1990 and 2004, U.S. import prices grew at about a quarter of the rate of growth of overall consumer prices (0.6 percent per year, vs. 2.2 percent per year).

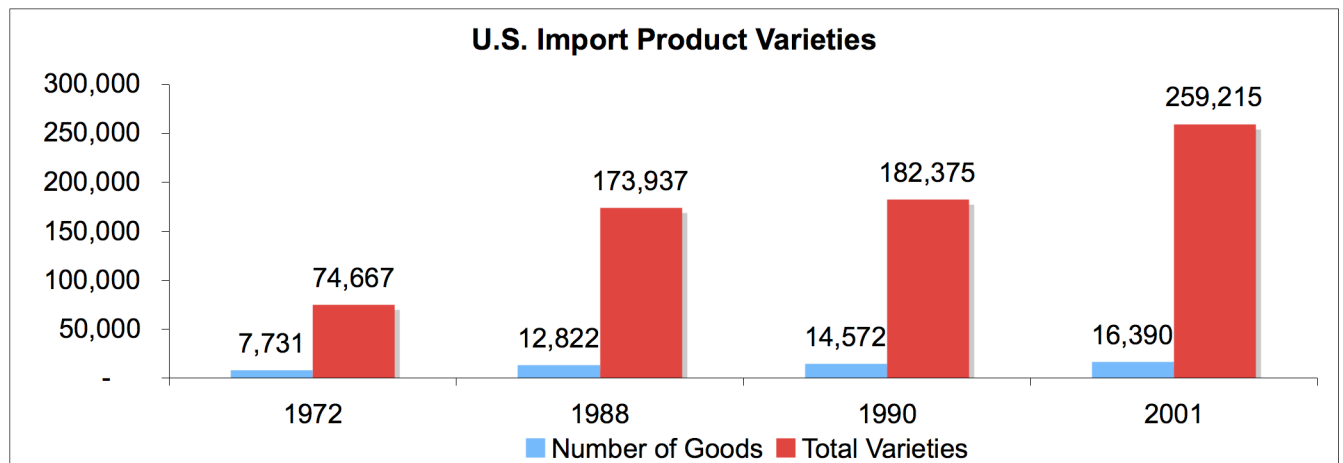
Trade and Low Inflation: Price Changes (1997-2004)	
<u>Traded Goods</u>	<u>Price Change</u>
Toys	-36%
Household Appliances	-15%
Clothing	-11%
Footwear	-6%
<u>Non-Traded Goods</u>	
Milk	24%
Margarine	22%
Ice Cream	17%
Sugar	9%

The lower costs resulting from trade mean **more purchasing power** for Oregon consumers, which is particularly important for lower income families.

- In 2005, 88,000 families in Oregon were at or below the national poverty level (about \$20,000 per year for a family of four).
- Lower income families spend nearly three times as much on footwear and 50 percent more on apparel than upper-income families spend, both goods that are largely traded.

Consumer choice increases with trade.

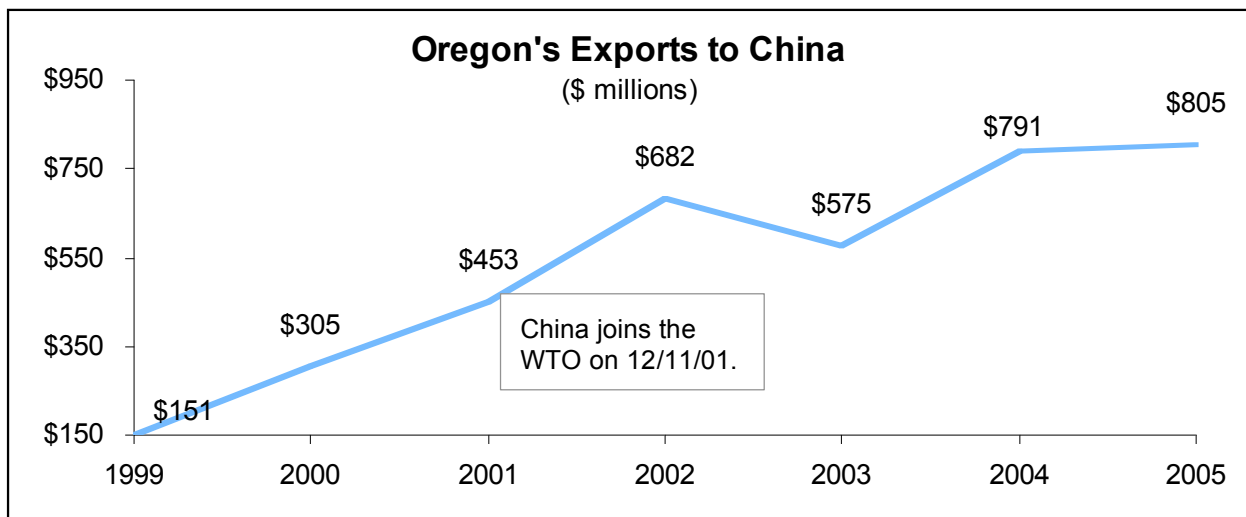
- Trade allows consumers to enjoy products with limited U.S. production (e.g., coffee) as well as out-of-season goods (e.g., strawberries in January).
- The number of product varieties imported by the United States increased fourfold over the last three decades.



MORE OF A GOOD THING FOR OREGON – LEVELING THE TRADE PLAYING FIELD

The United States has some of the lowest trade barriers in the world. Free trade agreements level the playing field by lowering other nations' trade barriers and opening up foreign markets to U.S. exports.

- Since the **North American Free Trade Agreement** went into effect in 1994, Oregon's exports to Canada have increased \$1.5 billion (165 percent), while exports to Mexico have increased \$690 million (570 percent).
- In 2001, a recession year, Oregon's total trade with **Canada** generated \$1.7 billion for Oregon's economy and supported 63,245 jobs.
- Similarly, **China's** entry into the World Trade Organization, which went into effect in 2001, has continued to fuel export growth from Oregon to China.



SOURCES

JOBS

Laura Baughman and Joseph Francois (<http://www.businessroundtable.org>)
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EXPORTS

Oregon Economic & Community Development Department
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U.S. Department of Commerce (<http://tse.export.gov>),
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FOREIGN INVESTMENT

Oregon Economic & Community Development Department
(<http://econ.oregon.gov/ECDD/overseas.shtml>)
Oregon Office of the Governor (http://www.oregon.gov/Gov/p2006/press_082906.shtml),
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Organization for International Investment (<http://www.ofii.org>)

IMPORTS

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STANDARD OF LIVING

Council of Economic Advisers (<http://www.gpoaccess.gov/eop/index.html>)
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(<http://www.bls.gov/cex/home.htm>)
U.S. Department of Commerce (<http://www.bea.gov/>)
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TRADE LIBERALIZATION

U.S. Department of Commerce (<http://tse.export.gov>)
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