

Minnesota Manufactured Exports

	Total Exports 2009 (millions of dollars)	Annual Percent Change 2008–2009
Top Five Destinations		
Europe	4,224.8	-18.4
Canada	3,805.2	-20.7
Asian NIEs*	1,478.3	-2.3
Southeast Asia	1,037.5	-23.3
China	955.4	4.9
Total Manufactured Exports	14,613.7	-15.5
Top Five Industries		
Computer and Electronic Products	3,378.3	-19.5
Machinery, Except Electrical	2,445.3	-16.4
Miscellaneous Manufactured Commodities	1,935.3	-1.2
Transportation Equipment	1,652.9	-18.5
Food and Kindred Products	1,231.2	-13.3
Total Manufactured Exports	14,613.7	-15.5

Montana Manufactured Exports

	Total Exports 2009 (millions of dollars)	Annual Percent Change 2008–2009
Top Five Destinations		
Canada	335.8	-28.6
Europe	136.7	-13.8
Asian NIEs*	135.7	-20.7
Japan	129.2	-1.2
China	59.2	-2.7
Total Manufactured Exports	875.9	-19.7
Top Five Industries		
Chemicals	303.0	-14.2
Machinery, Except Electrical	156.6	-15.2
Primary Metal Manufacturing	121.5	5.7
Transportation Equipment	76.7	-48.8
Nonmetallic Mineral Products	39.2	-10.1
Total Manufactured Exports	875.9	-19.7

North Dakota Manufactured Exports

	Total Exports 2009 (millions of dollars)	Annual Percent Change 2008–2009
Top Five Destinations		
Canada	825.7	-6.8
Europe	170.0	-45.4
Mexico	145.8	59.6
Pacific Islands	103.4	13.6
Former Soviet Republics	84.7	-68.8
Total Manufactured Exports	1,474.8	-22.2

*Asian NIEs (newly industrialized economies) include Hong Kong, Singapore, South Korea and Taiwan.

Manufacturers turn the page on poor 2009 exports

Exports slump across states and sectors

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A global recession and small appreciation of the U.S. dollar led to the largest annual decrease in exports at both the district and the national level since export data first became available in 1997.

Last year, district and U.S. manufactured exports dropped 18 percent to \$33.7 billion and \$916.7 billion, respectively (see Chart 1). The bloodletting was widespread, affecting virtually all export destinations and product sectors.

For example, all district states saw decreases in exports to Canada and Europe, the district's largest export destinations, which account for over half of all manufactured exports. While GDP growth was still positive during 2009 in some developing countries, including China and India, district exports decreased to almost all of these destinations as well.

There were a few bright spots. Minnesota exports to China rose by 5 percent, and North Dakota saw a 60 percent increase in exports to Mexico, primarily from shipments of food and kindred products. Exports to South America also increased slightly from

Wisconsin due to relatively hefty increases in machinery sent to Chile and Peru.

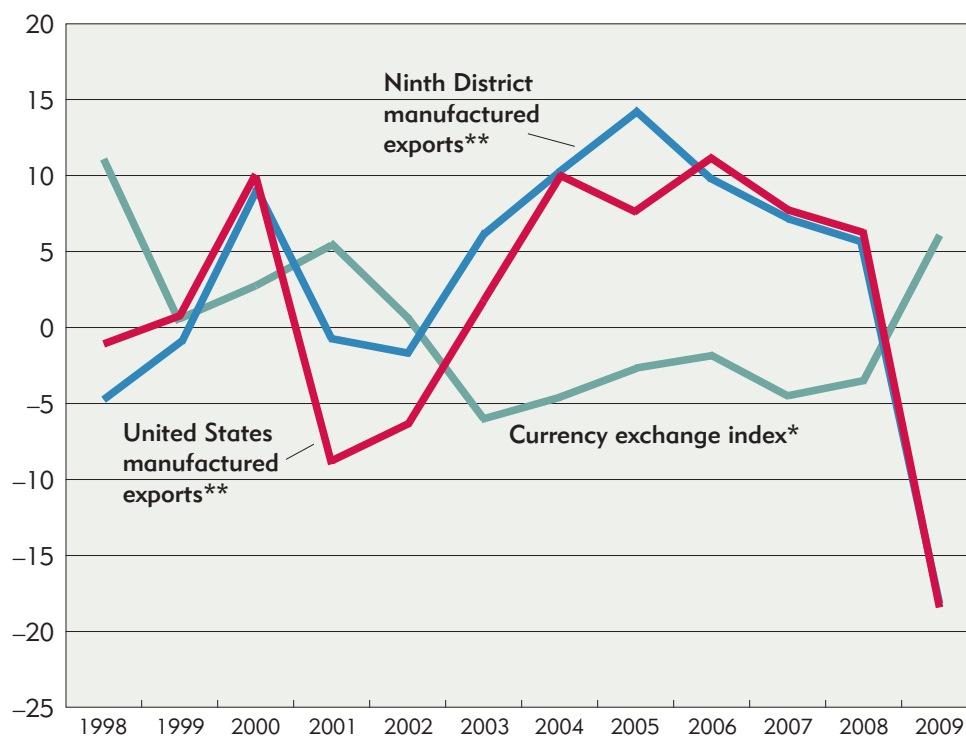
However, steep declines were more the rule. Exports to Canada decreased by 20 percent or more from all district states, except North Dakota, where exports dropped by a more modest 7 percent. Exports to Europe were down across the board, but off the most from North Dakota, at 45 percent. South Dakota, which had the steepest overall export decline of 38 percent, posted a combined decrease of more than 70 percent to Hong Kong, Singapore, South Korea and Taiwan.

U.S. dollar stronger in 2009

The average value of the U.S. dollar relative to the Canadian dollar and the euro increased by 7 percent and 6 percent, respectively, during 2009 compared with the previous year, which increased the cost of district exports abroad. A broader measure of the value of the U.S. dollar relative to the currencies of 26 major trading partners increased 6 percent (see Chart 1).

In contrast, the value of the U.S. dollar relative to the Japanese yen decreased by 9 percent during 2009, making district goods relatively less expensive in Japan and a likely reason

CHART 1 **Manufactured exports tumbled in 2009**
Percent change from a year earlier

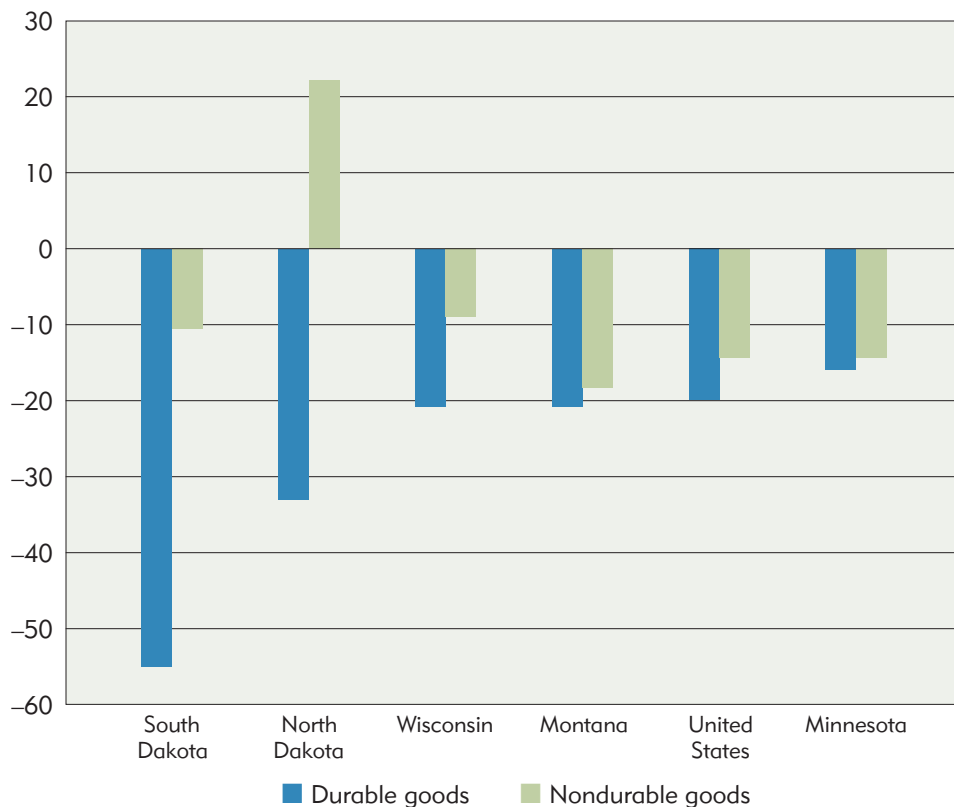


*Trade Weighted Exchange Index: Broad. A weighted average of the foreign exchange value of the U.S. dollar against the currencies of a broad group of major U.S. trading partners.

**2009 dollars

Source: WISERTrade International Trade Database, Holyoke Community College

CHART 2 **Durable goods fell harder than nondurables**
Percent change in manufactured exports 2008 to 2009



Source: WISERTrade International Trade Database, Holyoke Community College

that district exports there saw a smaller overall decrease (6 percent).

A silver lining in the data is that while the level of manufactured exports was down substantially last year, quarterly data show gradual improvement over the course of the year. By the fourth quarter 2009, exports were down only 9 percent from a year earlier, compared with a decline of more than 20 percent for the first three quarters. If modest improvement continues through this year, 2010 will likely pull ahead of 2009's dismal performance. However, it may take longer to top 2008's level of \$41.1 billion in total exports.

Durable goods lead decline in export products

Exports of durable manufactured goods (products with a useful life of more than three years) make up the three largest export categories in the district: machinery, computer and electronic products, and transportation equipment. Their steep declines were a central factor in the overall drop in manufactured exports as global demand for durable goods fell sharply during the recession (see Chart 2). Nondurable goods tended to decrease at a more modest pace, such as the district's fourth-largest export industry, food and kindred products, which decreased by 8 percent.

Trends by particular industry include a drop in transportation equipment by more than 40 percent from Wisconsin and Montana and a

decrease in chemicals by 49 percent from North Dakota. Steep declines were also noted in South Dakota, where machinery decreased 41 percent and computer and electronic products decreased 74 percent. Exceptions include a 6 percent increase in exports of primary metal products from Montana, which were largely sent to Japan. Meanwhile, exports of food and kindred products were up 49 percent from North Dakota.

Exports to Iraq and Afghanistan increase

The presence of U.S. military operations coincided with increases in district manufactured exports to Iraq and Afghanistan from practically zero early in the decade to over \$20 million to each country in 2009. Nevertheless, these levels represent only a tiny fraction of total district exports.

Iraq received \$24 million in district exports in 2009, an 8 percent increase from a year earlier. About 85 percent of the exports included machinery and transportation equipment.

Exports to Afghanistan increased 73 percent in 2009 to \$20 million. Over half of these exports were transportation equipment, with machinery, food and kindred products, and electrical equipment, appliances, and components making up most of the remainder. **f**

North Dakota (continued)

	Total Exports 2009 (millions of dollars)	Annual Percent Change 2008-2009
Top Five Industries		
Machinery, Except Electrical	801.8	-32.2
Food and Kindred Products	322.1	48.5
Transportation Equipment	144.1	-37.5
Chemicals	43.6	-49.0
Beverages and Tobacco Products	32.9	34.5
Total Manufactured Exports	1,474.8	-22.2

South Dakota Manufactured Exports

	Total Exports 2009 (millions of dollars)	Annual Percent Change 2008-2009
Top Five Destinations		
Canada	322.6	-33.2
Mexico	232.8	-17.9
Europe	135.2	-29.1
Southeast Asia	63.3	-70.6
Asian NIEs*	51.8	-71.4
Total Manufactured Exports	927.1	-38.4

	Total Exports 2009 (millions of dollars)	Annual Percent Change 2008-2009
Top Five Industries		
Food and Kindred Products	312.3	-9.9
Machinery, Except Electrical	151.9	-41.4
Computer and Electronic Products	131.2	-74.2
Beverages and Tobacco Products	85.8	-27.8
Transportation Equipment	66.9	-29.3
Total Manufactured Exports	927.1	-38.4

Wisconsin Manufactured Exports

	Total Exports 2009 (millions of dollars)	Annual Percent Change 2008-2009
Top Five Destinations		
Canada	4,516.2	-25.0
Europe	3,282.6	-19.3
Mexico	1,481.8	-1.8
South America	1,186.5	0.7
China	1,009.0	-8.6
Total Manufactured Exports	15,777.1	-18.2

	Total Exports 2009 (millions of dollars)	Annual Percent Change 2008-2009
Top Five Industries		
Machinery, Except Electrical	4,889.6	-21.6
Computer and Electronic Products	2,895.1	-7.0
Transportation Equipment	1,475.4	-43.2
Food and Kindred Products	1,092.7	-10.2
Electrical Equipment, Appliances and Components	977.5	-12.4
Total Manufactured Exports	15,777.1	-18.2

*Asian NIEs (newly industrialized economies) include Hong Kong, Singapore, South Korea and Taiwan.

Source: WISERTrade International Trade Database, Holyoke Community College