

Governor's Statement on International Trade

Governor Gary Locke

In today's global economy, international trade is increasingly becoming the engine of growth for economic development around the world. In the United States, international trade's share of the country's total gross domestic product (GDP) has grown from 11 percent in 1970 to nearly 30 percent today. In view of this dramatic shift at the national level, it comes as no surprise that international trade also has become more and more important to the economic well-being of Washington State during the last three decades.

In fact, the state of Washington is the most trade-oriented state in America. Our state contains only 2 percent of the United States' population but accounts for 7 percent of the country's exports. In 1995, per capita exports in Washington reached \$5,182 per year, compared to \$3,063 for the rest of the nation and \$3,164 for Japan. According to a recent study, exports constituted approximately 19 percent of the state's GDP in 1995, an increase from only 6 percent in 1963.

Exports also have a profound impact on employment in our state. In addition to accounting for thousands of manufacturing jobs, international trade indirectly provides thousands of jobs in banking, insurance, law, accounting, transportation, and distribution. Export-related jobs pay up to 18 percent more on average than jobs geared solely to the domestic economy. Between 1963 and 1995, export-related jobs increased yearly by 5 percent each year, more than twice as fast as the rate of job creation in the rest of the economy. In 1995, one out of every four jobs in Washington was export-related. By comparison, in 1963, exports accounted for one out of every nine jobs. It is estimated that by the year 2005, one out of every three jobs will be export-related. In the future, international trade will continue to grow in importance as worldwide demand among developing countries grows and market barriers fall as a result of bilateral, multilateral and regional trade agreements.

International trade positively influences our state's economy in other ways. Exporting opens up a whole new world of commercial opportunities, increases company revenue and protects companies from economic downswings at home by reducing exposure to business cycles in the domestic market. Exporting opens up new global opportunities for Washington companies and cushions them from downturns in the domestic economy.

Less than 5 percent of the world's population lives within the borders of the United States. We cannot afford to overlook the fact that 5 billion people, or 95 percent of the potential customers for Washington companies, live abroad -- 85 percent of them in developing countries that imported more than \$1 trillion in manufactured goods last year to meet their development needs. To improve wages and maintain our standard of living, it is essential that we have access to overseas markets.

The state of Washington is ideally positioned to take advantage of the globalization and growing interdependence of the world economy. For the third year in a row, the World Economic Forum found the United States to be the most competitive economy in the world, and our state is home to a wide variety of the most advanced high-technology companies that produce cutting-edge aerospace, software, biomedical, telecommunications, and environmental goods and services. These high-technology products, as well as the products our natural resource-based industries, such as agricultural, food processing, and timber industries, are in great demand to fuel economic development among the emerging markets of the Pacific Rim.

The Asia Pacific region contains the fastest growing economies in the world. Over the past 30 years, Asia's portion of the world's GDP has grown from 8 percent to almost 30 percent, and the dynamic economies of the region continue to grow at nearly three times the rate of established industrial countries. Furthermore, Asia's population is already approaching 3 billion people and is growing quickly. For example, every two years, the population in China, already the largest population in the world, increases by the total current population of Canada. Asia's rapid economic development and growing number of consumers will lead to even greater demand for the full range of our state's manufactured goods, services, and agricultural products in the future.

Our advantageous geographical location and modern infrastructure system allow Washington to serve as one of the most important U.S. gateways to the booming economies of the Pacific Rim. Together the ports of Seattle and Tacoma are the second largest container load center in the United States and the ninth largest in the world. Our ports are a full day closer to Asia than are other West Coast ports. However, we must make sure that we make the necessary infrastructure investment in order to maintain our competitiveness.

The resources of the state of Washington should be employed to help our companies take advantage of overseas trading opportunities. Although the part of state government in the arena of international trade is limited, it can be critical in several areas. Washington has a substantial number of export-ready companies who are not exporting to their full potential because they find that selling their products and services overseas is difficult and time-consuming. State agencies can help companies overcome these obstacles by increasing public awareness about export opportunities, opening markets, and providing assistance and counseling. Our overseas trade offices in targeted markets have provided invaluable assistance to Washington companies in forwarding trade leads and helping them foster business relationships with foreign partners. State agencies can provide assistance targeted directly to the specific needs of our companies within our state -- assistance not available from federal trade promotion programs.

In particular state agencies can play a pivotal role in helping small- and medium-sized companies export. It is these small- and medium-sized companies that are increasingly important to the country's economy, as they generate more than half the country's GDP and are generating more than half of the jobs in the United States. Here in Washington, we can help these companies create jobs and additional revenue by helping them export their products and services overseas. It is essential to project benefits to the state's trade promotion programs to all regions of the state, not just in the Puget Sound area.

As Governor, I have now introduced myself to the leaders of three of our most important trading partners, Japan, China, and Hong Kong. It is meetings like those of my recent International Mission that help me actively seek to establish high-level relationships in important markets and help to eliminate barriers to Washington state exports. Together with the relevant state agencies, I will work with the federal government in Washington, D.C. to open markets to Washington products abroad and ensure that trade-related issues of importance to the state of Washington are addressed. It is essential that the state play a role in changing debates and ensuring that our interests are heard by the Administration, Congress, and federal agencies. Our efforts will help open foreign markets, provide export opportunities and create jobs that are necessary for the economic health of our state.