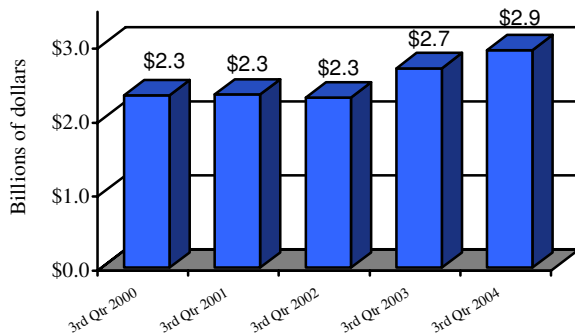




## Export Sales Continue to Bustle in Third Quarter

State exports from manufacturing industries surpassed \$2.9 billion for the second consecutive quarter and grew by 9.0 percent (or \$241 million) between the third quarters of 2003 and 2004. This sales level set another record high, helping Minnesota's quarterly exports to grow over the past five consecutive quarters. It was also a strong quarter nationally, as U.S. exports grew by 14.5 percent during this period.

Minnesota's Quarterly Manufactured Exports



Minnesota businesses were particularly successful in increasing export sales to North American and some Asian and European markets between the third quarters of 2003 and 2004. Key growth areas among manufactured export industries were machinery, food products and miscellaneous goods (mostly medical products).

The calendar year-to-date growth rate for state exports is 13.2 percent between the first nine months of 2003 and 2004, compared to national export growth of 13.4 percent for the same period.

## Neighboring Markets Lead Growth

Sales to North American markets, which accounted for 28 percent of Minnesota's manufactured exports, grew by 19.5 percent between the third quarter of 2003 and 2004. Canada and Mexico contributed the largest gains by individual markets and increased their imports from the state by \$84 million and \$51 million, respectively.

Canada is the state's largest export market, valued at \$696 million in the third quarter of 2004, up 13.7 percent since the third quarter of 2003. Exports of food, machinery and transportation equipment to Canada were among the strongest growing segments, among all export market-industry segments during this time period.

Mexico, Minnesota's eighth-ranked market, purchased \$128 million in goods in the third quarter of 2004. Exports to this market grew by 65 percent during this period, the highest growth rate among Minnesota's top 25 markets. Growth was driven by food products, which accounted for 38 percent of the state's exports to Mexico.

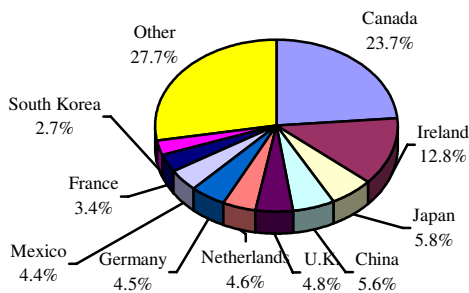
*Minnesota Quarterly Export Statistics* is the most current resource available for tracking the state's manufactured export trends and is prepared for the Minnesota Trade Office (MTO) by the Department of Employment and Economic Development's (DEED) Analysis and Evaluation Office (Thu-Mai Ho-Kim, 651-296-8285). Please see the "Facts and Figures" section on the Department's web site ([www.deed.state.mn.us](http://www.deed.state.mn.us)) for past issues.

Exports by state (and by North American Industry Classification System industries) are collected by the U.S. Department of Commerce (USDOC) and distributed by the Massachusetts Institute of Social and Economic Research (MISER) at the University of Massachusetts at Amherst. Other export data from the Harmonized Tariff System (Schedule B) are collected by the USDOC and distributed by the Global Trade Information Services. The Origin of Movement series used above show where goods originate and where the most economic impact occurs.

### Scattered Growth and Decline in Asia and the European Union

- Export growth in **Ireland** continued to build on the strength of exports of miscellaneous products (mainly medical goods), which grew by 9 percent (or a \$26 million gain) between the third quarters of 2003 and 2004.
- Export growth trends in **Germany** and **France** were due in part to increased computers and electronics goods.
- The state's exports to **Taiwan** (14<sup>th</sup> largest market) increased by 55 percent to \$66 million between the third quarters of 2003 and 2004. Strong growth areas were computers, electronics; plastics, rubber; and machinery.
- State exports to **Japan, Malaysia** and **the Philippines** declined the most in value between the third quarters of 2003 and 2004. Weaker demand for computers and electronics (Malaysia, Japan, Philippines) and transportation equipment (Malaysia) from Minnesota contributed largely to these declines.
- Minnesota exports to **China** fell by almost 3 percent. The large decline in computer and electronics exports to China (27 percent drop to \$58 million) was partially offset by gains in electrical equipment (496 percent increase to \$13 million) and machinery (16 percent increase to \$44 million).

Minnesota's Manufactured Exports  
Total, Third Quarter, 2004: \$2.9 billion



Growth in Manufactured Exports, by Market  
Between Third Quarters of 2003 and 2004

Country	Exports (Millions)	3rd Qtr 2003 to 3rd Qtr 2004		MN Year-to-Date Growth
		MN	US	
Canada	\$ 696	13.7%	15.3%	10.3%
Ireland (excl. N. Ireland)	375	6.2%	-7.3%	11.6%
Japan	171	-14.6%	3.5%	-1.3%
China (incl. Hong Kong)	164	-2.7%	24.5%	3.2%
United Kingdom	140	-5.8%	6.6%	4.3%
Netherlands	136	-9.6%	24.2%	21.3%
Germany	133	27.0%	18.0%	21.9%
Mexico	128	65.3%	15.0%	44.4%
France	99	41.5%	22.7%	26.7%
South Korea	80	31.0%	16.2%	34.6%
Rest of the World	814	8.8%	14.3%	14.6%
<b>World</b>	<b>\$ 2,937</b>	<b>9.0%</b>	<b>14.5%</b>	<b>13.2%</b>

### Machinery and Food Products Lead in Export Growth

- Sales of **machinery** expanded the most in the three largest markets between the third quarters of 2003 and 2004: Canada, China and Belgium. Sales also expanded strongly to the United Kingdom (sixth-largest market) and South Korea (fifth-largest market).
- Between the third quarters of 2003 and 2004, **food** exports grew the most to Mexico (222 percent growth to \$49 million) and Canada (26 percent growth to \$119 million), which together accounted for 73 percent of the state's food exports. Key areas were fats and oils (pig and poultry lard) to Mexico and baked goods (breakfast cereals) to Canada.
- **Miscellaneous goods** exported from Minnesota primarily consist of medical products. Export growth in medical products was driven by medical and surgical instruments, which grew by \$40 million.
- Exports of **plastics and rubber**, particularly plastic boxes and crates, grew strongly to Taiwan and Singapore.

Growth in Manufactured Exports, by Industry  
Between Third Quarters of 2003 and 2004

Industry	Exports (Millions)	3 <sup>rd</sup> Qtr 2003 to 3 <sup>rd</sup> Qtr 2004		MN Year-to-Date Growth
		MN	US	
Computers, Electronics	\$ 800	-5.9%	7.7%	5.7%
Misc. (incl. Medical)	521	9.2%	19.2%	8.3%
Machinery	448	20.3%	28.0%	26.2%
Transportation	301	-2.9%	14.0%	9.3%
Food	231	31.2%	-5.8%	18.0%
Chemicals	152	14.4%	19.7%	29.1%
Electrical Equipment	94	35.8%	17.3%	27.5%
Fabricated Metal	88	23.9%	13.2%	6.9%
Plastics, Rubber	85	39.0%	13.0%	38.3%
Paper	76	25.3%	8.6%	12.3%
Other	139	22.8%	16.2%	12.0%
<b>Total</b>	<b>\$ 2,937</b>	<b>9.0%</b>	<b>14.5%</b>	<b>13.2%</b>

Minnesota Manufactured Exports  
Total Third Quarter, 2004: \$2.9 billion

