

# Recession Takes a Bite Out of Exports

*Minnesota's manufactured exports dropped 15.5 percent in the midst of last year's global recession.*

**M**anufactured exports are critical to the Minnesota economy, accounting for an estimated 145,800 jobs, according to a 2008 estimate by the U.S. Department of Commerce. That total breaks down to 64,800 jobs in manufacturing and another 81,000 in other fields such as transportation and logistics—key sectors for delivering products to export markets.

Minnesota, which has the 16th largest state economy based on its gross domestic product of \$263 billion (2008), ranks 20th among states for manufactured exports and seventh for agricultural exports. (See the accompanying sidebar for a breakdown of exports in the state's agricultural and services sectors.)

Both nationally and in the state, the recession had a major impact on manufactured exports last year. Minnesota's exports were valued at \$14.6 billion in 2009, a decline of 15.5 percent (or \$2.7 billion) from the previous year (see Figure 1).

U.S. exports, meanwhile, dropped 18.3 percent last year, driven by declining exports from the top three states—Texas (down 14 percent), California (down 17 percent) and New York (down 30 percent). Only Utah (up 4.8 percent to \$9.9 billion) and the District of Columbia (up 3.4 percent to \$1 billion) increased exports in 2009.

FIGURE 1



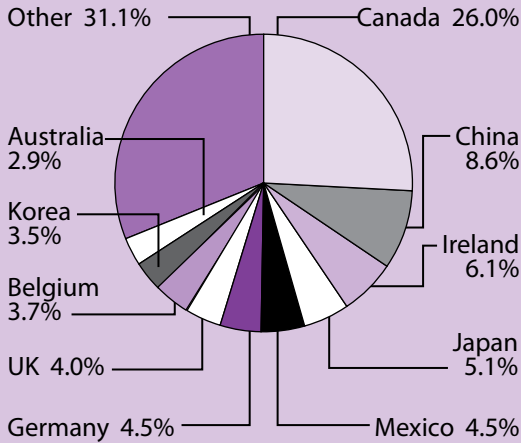
## Services and Agricultural Exports

Preliminary estimates show that Minnesota services exports were valued at \$9.1 billion in 2009, down 9 percent from 2008.

State export estimates of agricultural commodities are not yet available for 2009, but preliminary data show that national exports of agricultural commodities were down 14 percent between 2008 and 2009. In 2008, Minnesota exported \$5.5 billion in agricultural commodities.

Total exports from Minnesota across manufacturing, agricultural and services sectors would thus be roughly estimated at around \$28 billion for 2009. **T**

**Minnesota's Top 10  
Manufactured Export Markets, 2009**



Minnesota's export declines were widespread, with sales falling in most major regions around the world. The exceptions were the Australia-Pacific region (up 1.8 percent to \$464 million) and the Middle East (up 2.4 percent to \$342 million, primarily due to strong growth in sales to Saudi Arabia).

Minnesota's top five trading partners in manufactured goods (see Figure 2) were Canada (\$3.8 billion), China (\$1.3 billion), Ireland (\$897 million), Japan (\$738 million) and Mexico (\$663 million). The largest declines in exports were to Canada (down \$991 million or 21 percent) and the Philippines (\$327 million, down \$416 million or 56 percent).

The Philippines dropped from Minnesota's sixth-largest trade partner in 2008 to 13th in 2009, primarily because of plummeting exports of computer and electronics products. In contrast, declining sales in many industries were responsible for

FIGURE 2

the drop in exports to Canada.

Still, exports to a few of the state's major partners grew last year. The largest export gains were in Malaysia (\$285 million, up \$120 million or 72 percent, ranked 14th), Saudi Arabia (\$98 million, up \$33 million or 50 percent, ranked 23rd) and Australia (\$423 million, up \$19 million or 5 percent, ranked 10th). A surge in demand for computers and electronics drove export growth to Malaysia and Saudi Arabia, while an upswing in sales of machinery also contributed to growth in Saudi Arabia as well as Australia.

Minnesota's top four manufactured export categories are computers and electronics; machinery; transportation equipment; and miscellaneous (including medical) products. Together these four industries account for 60 percent of the state's manufactured exports. International demand for the first three of those industries plummeted at least 16 percent last year, while miscellaneous products fell only slightly—by 1 percent—during the period.

The state's exports of computers and electronics were valued at \$3.4 billion and accounted for almost one-quarter of total manufactured exports. This industry suffered the largest drop in export value among all industries, falling \$817 million (or 19 percent) last year. ■

PHOTOS COURTESY OF DIGI-KEY CORP.



*Digi-Key plans to hire 400 employees in the next few months to keep up with surging customer orders.*