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Tacoma, WA

[South Sound companies need to look overseas](#)

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“So tonight, we set a new goal: We will double our exports over the next five years, an increase that will support 2 million jobs in America.”

– President Barack Obama, 2010 State of the Union Address Washington is the most trade dependent state in the union, with approximately one in three jobs dependent on trade. Washington runs a trade surplus, exporting more goods and services that we produce here than we import and consume.

Thus the president’s goal to double exports would perhaps have the biggest impact on Washington’s economy of any of the many policy prescriptions he outlined in his State of the Union speech last week.

Washington would also be a major beneficiary if the president’s call for Congress to quickly ratify Free Trade Agreements with South Korea, Columbia and Panama actually occurs.

In 2008 Washington and Oregon had a \$1.3 billion trade surplus with South Korea. Unfortunately trade with South Korea plummeted 38 percent through November 2009. If trade barriers are removed, the significant Korean-American community in the greater Pierce County area is well positioned to help increase trade flows between Washington and South Korea.

Without passing this FTA, it is likely that trade with South Korea will keep dropping. The South Korean-U.S. FTA has not moved forward in more than a year. In that time, the European Union and South Korea have negotiated their own FTA. It is expected to soon be ratified, putting U.S. exporters at a disadvantage in the Korean marketplace when competing with EU companies.

Increasing exports is a clear path to returning economic prosperity to the Puget Sound region. The drop in state exports in 2009 was calamitous. Through 2009’s third quarter (fourth-quarter data isn’t yet available) the year-on-year export decrease was 33 percent – or an \$18 billion drop.

While the media have focused on other economic indicators – such as last year’s projected \$9 billion shortfall in the two-year state budget – this \$18 billion drop in just nine months has had a much bigger impact on our local economy. It has been the economic “silent killer” in ratcheting up unemployment rates in companies big and small.

Major Washington companies get the vast majority of their sales from international markets. For instance, about 75 percent of Boeing and Microsoft's annual sales are international. Unfortunately not nearly enough small and medium-size Washington companies are trading at all right now. Leading trading countries, such as Germany and Sweden, have a very high percentage of their smaller companies exporting.

Export opportunities definitely exist for Puget Sound companies of all sizes, and they should be investigating their options to sell internationally. Last quarter's U.S. growth rates aside, the U.S. economy has been anemic and will likely continue to recover slowly in the coming year.

For many products and services produced in the South Sound, there are better prospects to sell into rapidly expanding economies, such as China (expected to grow more than 9 percent this year), India (7 percent) and Brazil (5 percent) – than in a flat domestic economy.

If more U.S. companies chose to engage internationally and worked to expand their marketing and markets – rather than focusing on cost-reduction and cutting their way to profitability – the U.S. economy would likely be in much better shape.

To double exports by 2015, thousands of entrepreneurs must look beyond the domestic market and start exporting. For South Sound companies that are thinking of doing this, check out some upcoming free seminars the World Trade Center is hosting on exporting (see www.wtcta.org for details).

Exporting more not only can be good for local companies, it will also help dig the country out of our “twin deficits.” For 2009, the national trade deficit was equal to about 3 percent of gross domestic product, while the budget deficit was almost 12 percent of GDP.

No country can long spend 15 percent more than it produces and expect to have a bright future. Increasing exports is one part of a responsible way out of this economic predicament.

The president's challenge of doubling U.S. exports – from \$1 trillion to \$2 trillion – by 2015 should be seen as an opportunity for local companies to themselves step forward and start exporting. Trade has brought great prosperity to the Puget Sound region in the past, and its expansion can hasten prosperity's return – to individual companies, the region and the country.

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