



The Role of Nebraska In U.S. Exports

OVERVIEW: Nebraska, like other states, is interested in promoting economic development in order to increase its wealth. One way to expand Nebraska markets is to increase the number of products exported abroad by Nebraska businesses. This activity will look at what role Nebraska has played in international trade. Students will also find out what types of businesses are engaged in exporting abroad, what kinds of products are shipped overseas and to what countries.

ECONOMIC CONCEPTS: The students will learn:

1. international trade

OBJECTIVES: The students will be able to:

1. describe how international firms can add to the state's economic wealth by increasing its exports.
2. describe how exporting can add to the state's economy and create jobs.
3. describe the many assets Nebraska has to compete internationally.
4. identify the overseas countries involved in trade with Nebraska businesses.
5. list the major products exported by Nebraska firms.

NEBRASKA STANDARDS: 8.3.5, 8.3.6, 12.3.12, 12.3.13

MATERIALS:

1. Nebraska's Top Exports by Industry Student Handout and Graph
2. Nebraska's Top Export Countries Student Handout and Graph
3. Nebraska Assets Student Handout
4. Nebraska Export Facts Student Handout
5. U.S. Export Facts Student Handout
6. Export Resource Guide Handout

PROCEDURE:

1. Preview Nebraska's Top Exports by Industry and Nebraska's Top Exports by Country. Have students review the Nebraska Assets handout. Ask students the following:
 - What role do exports play in promoting economic development in Nebraska?
 - Give an example of how an international firm could benefit by setting up a food processing plant in Nebraska.
 - How have technological advances in transportation resulted in Nebraska having a disadvantage in terms of its location?
 - Is Nebraska able to compete with the rest of the world in terms of labor-intensive industries?
 - In what areas does Nebraska possess an advantage in terms of attracting business investment? (Example: land-intensive production and specialized machinery.)

Looking at the table, list the types of products exported by Nebraska firms. Students should note the number of firms involved in exporting machinery vs. agriculture.

2. Ask students if they know the top three nations that trade with Nebraska and what industry exports the most products. List their responses on the whiteboard or overhead. Distribute the handouts entitled, Nebraska's Top Exports by Industry and Nebraska's Top Export Countries. Discuss the following questions:
 - What countries does Nebraska trade with the most? (Nebraska's top trading partners are Canada, Mexico and Japan.)
 - How does the list compare with your responses on the board? (Answers will vary.)
 - The Governor recently traveled to Japan and Australia on trade missions. Where do these two countries appear on the list? (In the top ten.)
 - What is the number one industry exported by Nebraska? (Processed Foods.)
 - How does the Nebraska export industry list compare with the class responses? (Answers will vary.)
3. Discuss the role of exports, both for the United States and Nebraska, using the U.S. Export Facts and Nebraska Exports Facts information. This information can be overviewed either as a handout or by using them as overheads. Ask students the following questions as part of the discussion:

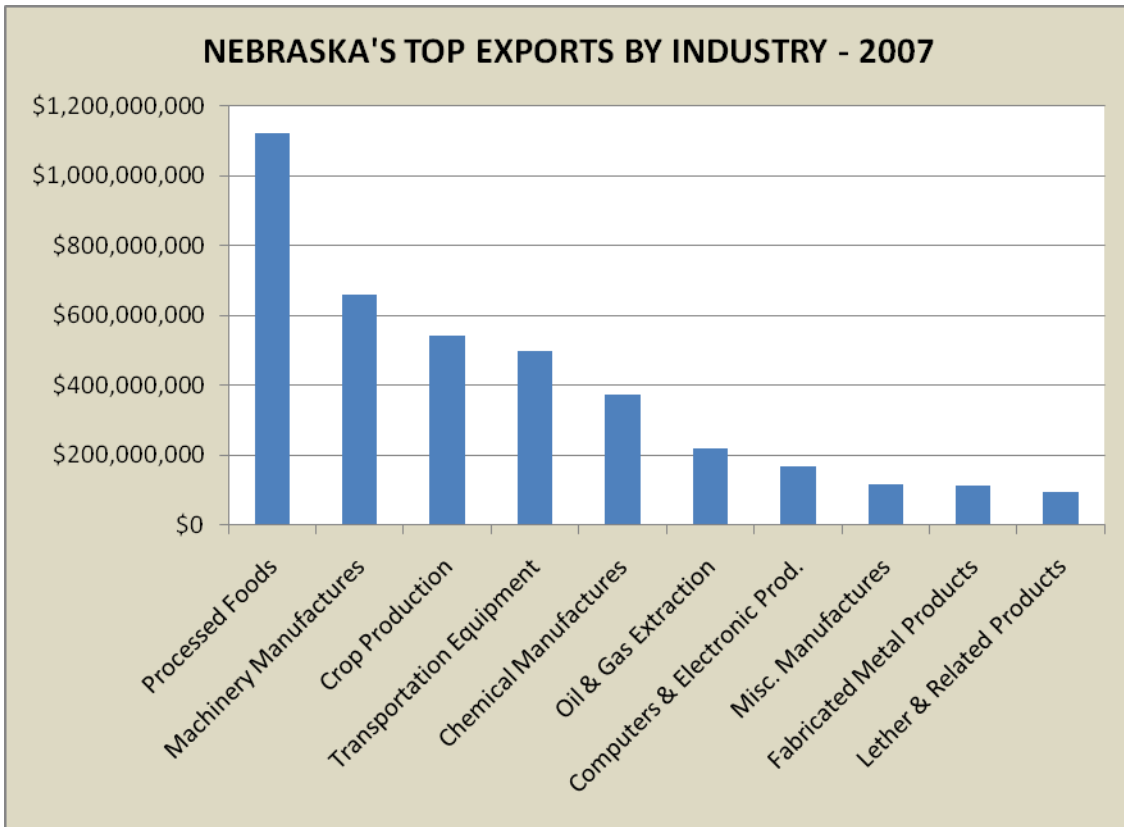
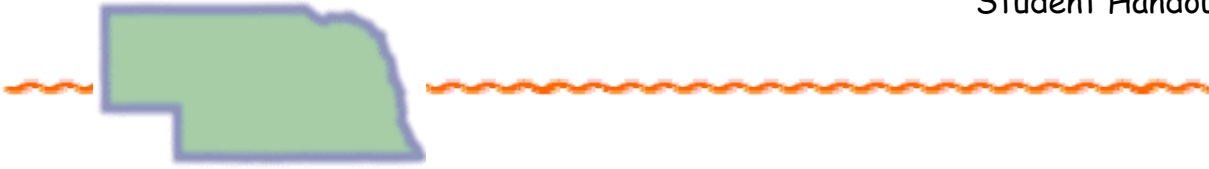
- What percentage do exports represent out of all goods and services produced in the United States? (Approximately 11% of GDP)
 - Who are the major trading partners of the United States? (Canada, Mexico and Japan) How do they compare with Nebraska's top trading partners? (same trading partners)
 - How many countries does the United States trade with? (approx. 245)
How many countries does Nebraska trade with? (approx. 180)
4. Discuss the fact that the average exporters in Nebraska are small businesses that usually do not have the resources to locate and expand into new international markets without some form of state or federal aid. As a means for discussion or guest speaker, have students talk to a Nebraska exporter to discuss this situation. What role should the state and/or federal government play to assist them in promoting Nebraska exports? What programs already exist?

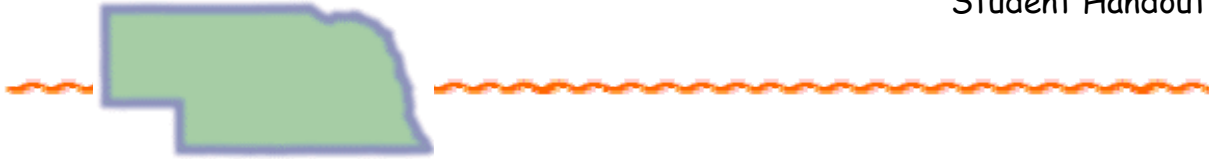


NEBRASKA'S EXPORTS BY INDUSTRY - 2007

Source: <http://www.neded.org/files/international/expcomm.htm>

<u>Commodity</u>	<u>Amount Exported</u>	<u>Percentage</u>
Processed Foods	\$1,120,832,605	26.3%
Machinery Manufactures	\$658,597,444	15.5%
Crop Production	\$542,379,443	12.7%
Transportation Equipment	\$497,515,676	11.7%
Chemical Manufactures	\$371,265,219	8.7%
Oil & Gas Extraction	\$217,032,616	5.1%
Computers & Electronic Prod.	\$168,581,354	4.0%
Misc. Manufactures	\$117,584,439	2.8%
Fabricated Metal Products	\$112,664,473	2.6%
Leather & Related Products	\$94,338,769	2.2%
Elec. Eq.: Appliances & Parts	\$80,496,220	1.9%
Plastic & Rubber Products	\$65,865,897	1.5%
Used Merchandise	\$59,059,506	1.4%
Primary Metal Manufactures	\$36,865,352	0.9%
Waste & Scrap	\$23,943,815	0.6%
Furniture & Related Products	\$15,927,844	0.4%
Paper Products	\$12,885,654	0.3%
Fabric Mill Products	\$11,864,811	0.3%
Spec. Classification Provisions	\$10,598,780	0.2%
Non-Apparel Textile Products	\$7,750,293	0.2%
Non-Metallic Mineral Mfgs.	\$7,199,586	0.2%
Printing & Related Products	\$6,318,361	0.1%
Wood Products	\$5,172,464	0.1%
Beverage & Tobacco Products	\$3,311,223	0.1%
Animal Production	\$3,291,217	0.1%
Forestry & Logging	\$2,011,569	0.0%
Other	\$2,329,200	0.1%
Total	\$4,255,683,830	100.0%

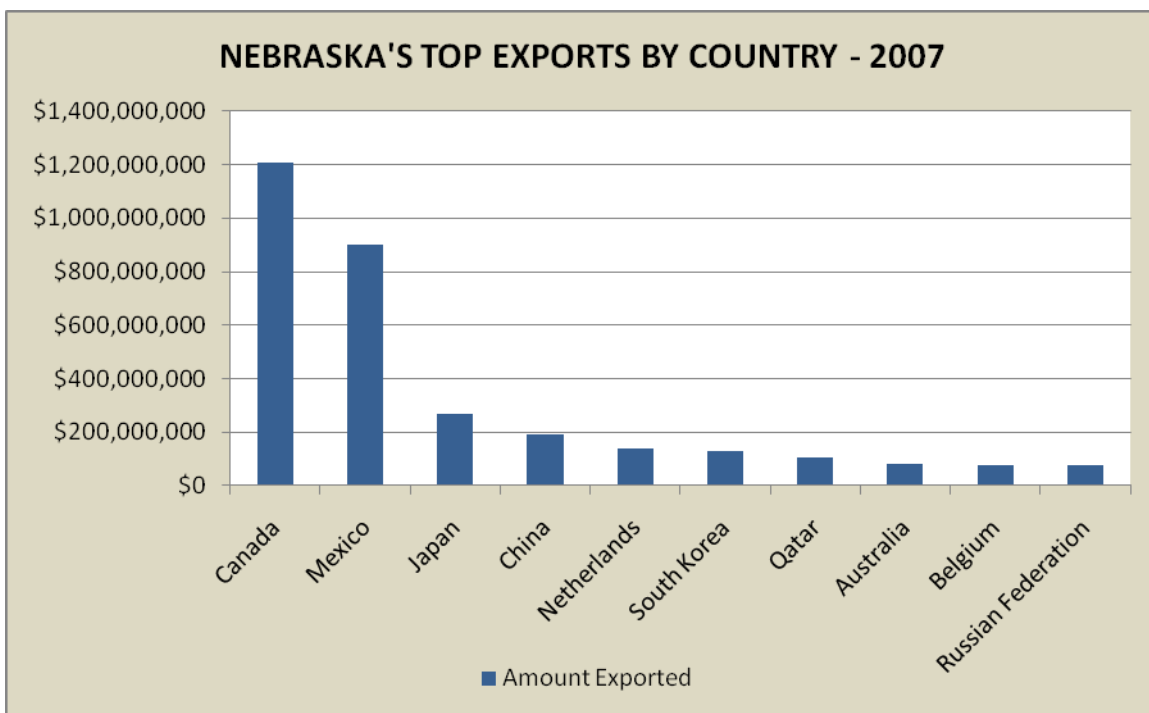




NEBRASKA'S TOP EXPORT COUNTRIES - 2007

Source: <http://www.neded.org/files/international/expcoun.htm>

<u>Country</u>	<u>Amount Exported</u>	<u>Percentage</u>
Canada	\$1,208,152,690	28.39%
Mexico	\$900,380,834	21.16%
Japan	\$269,884,383	6.34%
China	\$189,693,210	4.46%
Netherlands	\$136,413,490	3.21%
South Korea	\$127,302,774	2.99%
Qatar	\$105,562,704	2.48%
Australia	\$80,681,753	1.90%
Belgium	\$76,601,742	1.80%
Russian Federation	\$75,835,381	1.78%
Taiwan	\$72,750,874	1.71%
Germany	\$69,342,618	1.63%
United Kingdom	\$57,862,584	1.36%
Italy	\$53,068,591	1.25%
France	\$49,941,446	1.17%
Hong Kong	\$47,950,719	1.13%
Brazil	\$40,893,432	0.96%
Argentina	\$34,821,063	0.82%
Ukraine	\$34,419,241	0.81%
New Zealand	\$31,525,548	0.74%
Singapore	\$30,864,424	0.73%
South Africa	\$30,065,801	0.71%
Viet Nam	\$28,419,632	0.67%
Spain	\$27,133,216	0.64%
Dominican Republic	\$26,541,580	0.62%
Phillippines	\$26,003,706	0.61%
Other	\$423,570,394	9.95%
Total	\$4,255,683,830	100%





Nebraska Assets

OVERVIEW: In order to understand Nebraska economic development, one must not only study the business climate, but the other Nebraska assets as well.

1. **Business Climate** - Nebraska offers a combination of important facts that contribute directly to a company's profitability: good people in a great place with fair prices!
2. **Diversity** - While Nebraska is known as the "Cornhusker State", it in fact contributes many other goods and services. The largest category of Nebraska exports is processed foods (26.3% of all state exports). The second largest category is machinery manufactures (15.5%), followed by crop production (12.7%), and transportation equipment (11.7%).
3. **Markets** - Nebraska is truly located in the heart of the United States. This is an advantage to companies that serve regional, national and international markets. Nebraska's centralized location means minimized delivery times and costs.
4. **Transportation** - Nebraska has many means by which to transport people and products. Interstate highways crossing the state, railroads, and a growing air transport network allows for rapid access transportation to major markets in all directions.
5. **Education** - Nebraska has a reputation for having better educated people than the national average.

6. Tax Incentives - Nebraska's progressive tax incentive encourages companies to invest in Nebraska. Qualifying companies can earn a "tax holiday" from state corporate income taxes for up to 15 years. Also, there are no state property taxes and no sales tax on energy used in manufacturing.
7. Labor and Productivity - While Nebraska's labor costs remain fairly low, the productivity rates are near the top in the nation. Nebraskans continue to believe in the maxim about an "honest day's work for an honest day's pay."
8. Utilities - Nebraska is able to provide many natural resources such as natural gas, electricity, and water at lower costs than many other areas of the country.
9. Quality of Life - Nebraska offers many benefits to anyone who lives there including: clean air, a moderate climate, spectator sports, cultural events, and a low crime rate.

Source: Nebraska Department of Economic Development
<http://www.neded.org/content/view/61/102/>



Nebraska Export Facts

- Nebraska's exports totaled over \$4.256 billion in 2007, or 20.7 percent more than in 2005. Nebraska's 2006 exports represented a 34.2 percent increase over 2001.
- The largest category of Nebraska exports was processed foods with 2006's total of \$948.4 million representing a 19.2 percent increase from 2005.
- The second largest category of Nebraska 2006 exports was machinery manufactures at \$578.5 million, or 16.0 percent of total exports. Transportation equipment and crop production exports were the third and fourth leading export categories.
- Chemical manufactures, \$318.9 million, was the next leading category of 2006 Nebraska exports.
- Nebraska exporters sell to almost 180 countries worldwide each year, but the top 50 countries typically account for about 98 percent of all exports.
- The top three 2006 markets for Nebraska exports were, in order of value, Canada (28.3 percent of Nebraska exports); Mexico (22.2 percent); and Japan (6.2 percent). They are also the top three markets for total U.S. exports.
- Nebraska exports to Japan decreased 9.2 percent in 2006 from 2005, or from \$249.0 million to \$226.0 million.
- Nebraska exports to Canada increased 15.3 percent between 2005 and 2006.
- Nebraska exports to Mexico increased 51.8 percent between 2005 and 2006, reaching \$803.0 million.
- Estimates from the U.S. Department of Commerce show that 10,700 Nebraska manufacturing jobs were directly related to exports in 2001; an additional 4,700 manufacturing jobs were indirectly supported by manufacturing exports. In addition, Nebraska's 2001 manufacturing exports were related to 41,600 non-manufacturing jobs. Thus, export-related employment totaled 57,000 in 2001 or 5.8 percent of civilian employment.

Source: Nebraska Department of Economic Development, Office of International Trade & Investment - 8/7/07



U.S. Export Facts

- In 2006, U.S. exports of goods and services totaled \$1,445.7 billion, which represented almost 11 percent of total gross domestic product (\$13,194.7 billion).
- In 2006, U.S. exports of goods totaled \$1,023.1 billion and exports of services totaled \$442.6 billion. Manufactured exports accounted for \$785.6 billion of goods exports and agricultural exports for \$70.9 billion.
- In 2006, Canada had the leading market for U.S. goods exports totaling \$260.7 billion in sales, followed by Mexico (\$133.98 billion) and Japan (\$59.6 billion). Together, these three countries accounted for 44.8 percent of U.S. goods exports.
- In 2005, 239,100 U.S. companies reported exporting \$785 billion in merchandise. Manufacturers represented 28.2 percent of all exporters, wholesalers 33.4 percent, other companies, including freight forwarders and transporters, 38.4 percent (U.S. Department of Commerce, Foreign Trade Division, "A Profile of U.S. Exporting Companies, 2004-2005").
- In 2005, companies with 500 or more employees accounted for only 2.7 percent of all exporters (but accounted for 70.9 percent of export value); known companies with less than 20 employees accounted for 41.7 percent of all exporters (but for only 7.1 percent of export value).
- In 2005, 67.5 percent of all exporting companies exported to only one country. They exported 6.6 percent of the known value of exports. In 2005, 11.2 percent of companies exported to more than one country; and they exported 79.4% of the known value.
- In 2005, 61 percent of known exports were accounted for by the top 500 companies; half by the top 250; and over a third of total exports and a half of manufactures by the top 100.

- In 2005, 58.0 percent of exporting companies traded in only one foreign company; 0.4 percent shipped to 50 or more countries.
- In 2006, agricultural exports totaled \$70.993 billion, which was \$8 billion higher than the previous year.
- In 2005, each dollar of farm exports generated \$1.64 of business activity in the farm and non-farm sectors.
- In 1994, the number of U.S. jobs supported by exports totaled 10.3 million; goods exports supported 6.8 million jobs and service exports 3.5 million jobs. So, one out of every ten jobs in the U.S. business sector is supported by goods and services exports (one out of every five jobs in manufacturing depends on exports and one out of every fourteen jobs in the services industries).
- Between 1986 and 1994, exports contributed 32.0 percent of the increase in total employment.
- The productivity of workers in jobs supported by goods and services exports was 13.0 percent higher than the national average; and, over the period 1986 to 1994, their productivity grew three times faster than the national average.
- The wages of production workers in jobs supported by goods exports were 13.0 percent higher than the national average; the wages of workers directly supported by goods exports were 20.0 percent higher.
- U.S. high-technology industry exports supported 2.0 million jobs directly and indirectly in 1994.
- The number of jobs supported by goods exports to Canada and Mexico totaled 2.2 million in 1994, double the number in 1986.



Export Resource Guide

1. Basic Guide To Exporting - <http://www.unzco.com/basicguide/index.html>
2. U.S. Government Marketing Information and Other Trade Assistance -
 - a. U.S. Department of Commerce - www.commerce.gov, or www.export.gov
 - b. Dept .Commerce Trade Information Center - <http://trade.gov/index.asp>
 - c. U.S. Department of Agriculture - <http://www.fas.usda.gov>
 - d. U.S. Department of State - <http://www.state.gov>
 - e. EXIM Bank - www.exim.gov
 - f. Consumer Product Safety Commission - <http://www.cpsc.gov/businfo/businfo.html>
 - g. US Customs - Importing Guidelines - non-food items www.customs.gov/xp/cgov/sitemap.xml
 - i. US Customs - Food Items www.foodsafety.gov/
 - ii. US Customs - Tariff Data http://dataweb.usitc.gov/scripts/tariff_current.asp
3. The Federation of International Trade Associations (FITA) - Trade leads, partnerships, and link to many resources <http://www.fita.org/webindex/>
4. Nebraska Government Resources for Miscellaneous Assistance
 - a. Department of Economic Development - www.neded.org
 - i. Access to Japanese Trade Mission Assistance
 - ii. Access to Brazilian Trade Industry
 - iii. Developing Access to Chinese public and business sector
 - b. Department of Agriculture - www.agr.state.ne.us
5. International Contracts - List of International Attorneys - www.neded.org
6. Shipping or Bringing in Products - List of Transportation Companies - www.neded.org
7. Coordinate Secure Shipment of Products overseas - List of Freight Forwarders - www.neded.org
8. Getting Paid for Exports - List of Nebraska Banks with International Departments - www.neded.org
9. Thomas Registry of Businesses - manufacturers - <http://www.thomasnet.com/browsecategories>

Source: international section of www.neded.org website.