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In March...

Nonfarm Employment

Connecticut 1,617,800
Change over month -0.37%
Change over year +1.3%

United States 130,738,000
Change over month +0.17%
Change over year +1.0%

Unemployment Rate

Connecticut 9.1%
United States 8.8%

Consumer Price Index

United States 223.5
Change over year 2.7%

Connecticut Exports: 2010 in Review

By Laura Jaworski, Office of International and Domestic Affairs, DECD

In a climate of fiscal and budgetary challenges, it is imperative to recognize that export growth is a vehicle to achieve the twin goals of job creation and economic recovery. Exports are an engine of growth and an important contributor to gross domestic product. In Connecticut, commodity exports represent approximately 7% of the gross state product (state GDP). Exports sustain and create jobs and have a multiplier effect on the economy. Given the fact that 95% of the world's consumers live outside the U.S., it makes sense to pursue foreign market opportunities and reach those consumers, generate new business, create jobs and spur economic growth and recovery. Exports are critical for business and economic success.

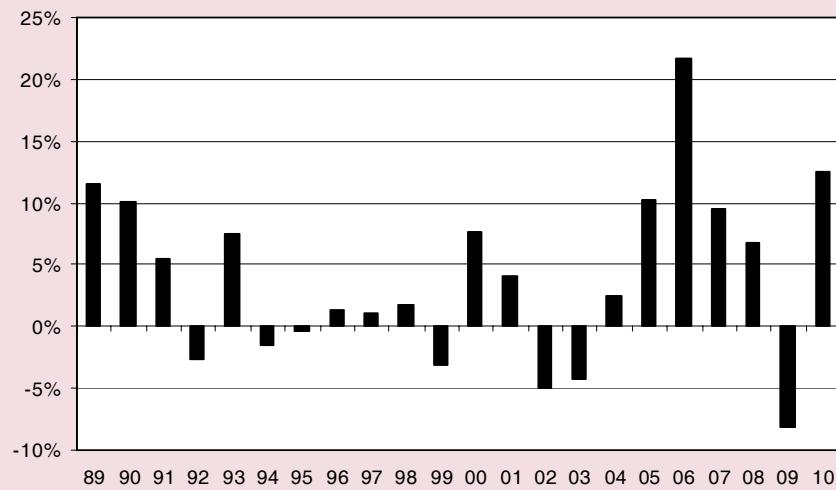
Annual Export Figures

Connecticut's exports, in current dollars, grew to an all time high

since 1988. In 2010, Connecticut's export commodities (excluding services), increased 14.69%, from \$13.98 billion in 2009 to \$16.03 billion in 2010.¹ This increase follows a 9.13% decrease between 2008 and 2009, a decrease that was due in large part to the economic forces of the global recession.

As the chart below shows, when adjusted for inflation (in 1982-84 dollars), exports rose the fastest in 2006 (+22%), and fell the deepest in 2009 (-8%). Prior to 2009, Connecticut experienced several years of double-digit percentage export growth. It is important to note, however, that the data paints a conservative picture of Connecticut's export story as it omits exported services, as the collection of such data is inexact. All U.S. states face this data gap. With a significant concentration of insurance and financial services, Connecticut's commodity exports may significantly

Connecticut Exports (1982-84\$) Percent Changes



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Table A: Connecticut Exports by Commodity

Rank	Description	2009	2010	%2009-10
	TOTAL ALL COMMODITIES	13,978,898,792	16,032,949,086	14.69
1	Aircraft, Spacecraft, And Parts Thereof	6,118,814,718	6,707,818,677	9.63
2	Industrial Machinery, Including Computers	1,411,201,050	1,623,822,709	15.07
3	Electric Machinery Etc; Sound Equip; Tv Equip; Pts	1,204,784,241	1,217,323,306	1.04
4	Optic, Photo Etc, Medic Or Surgical Instruments Etc	927,644,587	1,115,617,950	20.26
5	Cereals	541,274,248	777,711,323	43.68
6	Special Classification Provisions, Nesoi	447,244,028	559,890,929	25.19
7	Plastics And Articles Thereof	504,784,509	534,526,457	5.89
8	Copper And Articles Thereof	110,114,480	314,174,724	185.32
9	Oil Seeds Etc.; Misc Grain, Seed, Fruit, Plant Etc	393,630,319	245,381,677	-37.66
10	Iron And Steel	170,159,463	245,379,632	44.21

underrepresent Connecticut's true overall export value.

U.S. exports experienced an increase in 2010. U.S. commodity exports totaled more than \$1.27 trillion in 2010 representing a 20.97% increase over the \$1.05 trillion recorded in 2009.

Connecticut's commodity exports as a share of total U.S. commodity exports decreased from 1.32% in 2009 to 1.25% in 2010. However, Connecticut's export ranking among the states rose from 26th in 2009 to 25th in 2010. Connecticut actually ranks 24th if Puerto Rico and various export sales attributed to "unknown state" are removed from the rankings. In the state export data series, low-value export estimates are credited to "unknown state" as export statistics are collected only for export commodity shipments over \$2,500. Texas, California, New York, Florida and Washington were the top five exporters in 2010, ranked in terms of export commodity dollars. With respect to export rankings developed on a per capita basis, Connecticut ranks 8th.

In New England in 2010, only Massachusetts' export commodities ranked higher than Connecticut's as has been the case since 2005. Six New England states experienced increased international trade in 2010, rebounding from across-the-region decreases in 2009. As a regional trading block, New England's commodity exports totaled more than \$55.88 billion in 2010, a 17.46% increase from 2009.

Composition of Connecticut's Exports

Connecticut's top export commodities mirror the state's historic strengths and there is a demonstrated consistency among the state's top export commodities. In 2010, Connecticut's top five export commodity groups were (1) aircraft,

spacecraft and parts thereof; (2) industrial machinery, including computers; (3) electric machinery, sound equipment, TV equipment, parts; (4) optic, photo, medical or surgical instruments and (5) cereals. These top five categories all experienced gains in 2010. (Please refer to Table A.) It should be noted that the cereals commodity category does not denote items like boxed breakfast cereal, but rather the wholesale and/or brokerage trade of agricultural commodities associated with corn, maize, wheat, meslin and rye. Among Connecticut's top ten export commodities, copper and articles thereof experienced the greatest growth in 2010, increasing 185.32% from \$110.11 million in 2009 to \$314.17 million in 2010.

To put these figures in context, the U.S. and New England states' top export commodities were similar to Connecticut's in 2010. The top five U.S. export commodities were (1) industrial machinery, including computers; (2) electric machinery, sound equipment, TV equipment, parts; (3) vehicles, except railway or tramway, and parts; (4) mineral fuel, oil, bitumin substances, mineral wax and (5) aircraft, spacecraft and parts thereof. In 2010, the New England region's top five export commodities were (1) electric machinery, sound equipment, TV equipment, parts; (2) industrial machinery, including computers; (3) aircraft, spacecraft and parts thereof; (4) optic, photo, medical or surgical instruments and (5) natural or cultured pearls, precious stones, precious metal clad materials, imitation jewelry and coins.

State Export Partners

In 2010, the top five U.S. export destinations were Canada, Mexico, China, Japan and the United

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Kingdom. The top export markets for the New England region were Canada, China, the United Kingdom, Germany and Mexico. For the second straight year, France and Canada were the state's top two export markets, respectively. As a whole, 13.88% of Connecticut's export commodities were destined for France in 2010.

Following France and Canada, Connecticut's top trade partners were Germany, China, Mexico, Belgium, Singapore, the United Kingdom, Netherlands and Japan, ranking 3 to 10, respectively. (Please refer to Table B.) With the exception of Germany and Japan, each of Connecticut's top ten export partners recorded growth in 2010. Remarkably, Connecticut exported over \$1 billion to each of its top four trade partners in 2010.

Belgium was a new addition to the state's top ten export markets and experienced the largest percentage growth in this group. Connecticut's exports to Belgium increased 226.04%, from \$235.39 million in 2009 to \$767.45 million in 2010. Aircraft, spacecraft and parts; organic chemicals and articles of iron and steel were important commodity contributors towards this increase.

Challenges

The cultivation of international markets is important, but there are

Table B: Connecticut Exports by Partner Country

Rank	Description	2009	2010	%2009-10
	TOTAL ALL PARTNER COUNTRIES	13,978,898,792	16,032,949,086	14.69
1	France	2,216,544,590	2,225,632,690	0.41
2	Canada	1,444,941,653	1,587,890,771	9.89
3	Germany	1,306,282,515	1,268,409,887	-2.9
4	China	752,832,457	1,031,868,344	37.06
5	Mexico	757,021,828	983,623,546	29.93
6	Belgium	235,388,989	767,451,914	226.04
7	Singapore	507,355,114	688,045,129	35.61
8	United Kingdom	648,392,004	653,301,178	0.76
9	Netherlands	233,685,532	567,810,531	142.98
10	Japan	484,280,354	477,150,829	-1.47

concerns and circumstances that present challenges to exporters.

Chief among them are the state of the global economy and its correlation to decreased demand and reduced consumer spending. Unpredictable international events affect markets and export growth as well. For example, will skyrocketing oil prices, unrest in the Middle East or the sad and devastating earthquake, tsunami and nuclear situation in Japan affect global supply chains? Companies are concerned about protecting themselves and their product from intellectual property rights violations. Regulatory barriers present a challenge as well, as navigating the complex issue of export compliance and licensing requires time, effort and resources.

Export Assistance

The Connecticut Department of Economic and Community Development's (DECD) Office of International and Domestic Affairs is committed to assisting local companies compete in the global marketplace, whether it is helping a company reach new markets or raising awareness of the many export opportunities that may help a business thrive and grow. For more information about DECD's international programs and services, please contact Laura Jaworski at 860-270-8068 or laura.jaworski@ct.gov. ■

¹ Data source for all figures is the World Institute for Strategic Economic Research (WISER)

GENERAL ECONOMIC INDICATORS

(Seasonally adjusted)	4Q 2010	4Q 2009	CHANGE NO. %	3Q 2010
Employment Indexes (1992=100)*				
Leading	116.3	114.3	2.0 1.8	116.2
Coincident	102.3	102.0	0.3 0.3	101.8
General Drift Indicator (1986=100)*				
Leading	105.2	103.7	1.5 1.4	104.9
Coincident	107.0	106.2	0.8 0.8	107.7
Farmington Bank Business Barometer (1992=100)**				
	124.1	123.3	0.8 0.6	123.6
Philadelphia Fed's Coincident Index (July 1992=100)***				
(Not seasonally adjusted)	MAR 2011	MAR 2010		FEB 2011
Connecticut	155.7	150.2	5.5 3.6	155.4
United States	153.1	148.8	4.3 2.9	152.6

Sources: *The Connecticut Economy, University of Connecticut **Farmington Bank ***Federal Reserve Bank of Philadelphia

The Connecticut Economy's General Drift Indicators are composite measures of the four-quarter change in three coincident (Connecticut Manufacturing Production Index, nonfarm employment, and real personal income) and four leading (housing permits, manufacturing average weekly hours, Hartford help-wanted advertising, and initial unemployment claims) economic variables, and are indexed so 1986 = 100.

The Farmington Bank Business Barometer is a measure of overall economic growth in the state of Connecticut that is derived from non-manufacturing employment, real disposable personal income, and manufacturing production.

The Philadelphia Fed's Coincident Index summarizes current economic condition by using four coincident variables: nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and wage and salary disbursements deflated by the consumer price index (U.S. city average).