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

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Manufacturing Isn’t Dead: It Doesn’t Even Look That Way!

Economic Indicators
  - of Employment ............................. 4
  - on the Overall Economy ................ 5
  - Individual Data Items .................. 6-8
Comparative Regional Data .............. 9
Economic Indicator Trends .......... 10-11
Business & Economic News .......... 15
Business and Employment Changes
  - Announced in the News Media ....... 19
Labor Market Areas:
  - Nonfarm Employment ................. 12-17
  - Sea. Adj. Nonfarm Employment ...... 14
  - Labor Force .................................. 18
  - Hours and Earnings .................... 19
Cities and Towns:
  - Labor Force .................................. 20-21
  - Housing Permits ........................ 22
Technical Notes ............................. 23
At a Glance .................................... 24

In March...

Nonfarm Employment 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%
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---Continued on page 5---
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 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.

---Continued from page 2---

Table B: Connecticut Exports by Partner Country

<table>
<thead>
<tr>
<th>Rank</th>
<th>Description</th>
<th>2009</th>
<th>2010</th>
<th>%2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>TOTAL ALL PARTNER COUNTRIES</td>
<td>13,978,898,792</td>
<td>16,032,949,086</td>
<td>14.69</td>
</tr>
<tr>
<td>1</td>
<td>France</td>
<td>2,216,544,590</td>
<td>2,225,632,690</td>
<td>0.41</td>
</tr>
<tr>
<td>2</td>
<td>Canada</td>
<td>1,444,941,663</td>
<td>1,587,890,771</td>
<td>9.89</td>
</tr>
<tr>
<td>3</td>
<td>Germany</td>
<td>1,306,282,515</td>
<td>1,268,409,887</td>
<td>-2.9</td>
</tr>
<tr>
<td>4</td>
<td>China</td>
<td>752,832,457</td>
<td>1,031,868,344</td>
<td>37.06</td>
</tr>
<tr>
<td>5</td>
<td>Mexico</td>
<td>757,021,828</td>
<td>983,623,546</td>
<td>29.93</td>
</tr>
<tr>
<td>6</td>
<td>Belgium</td>
<td>235,388,989</td>
<td>767,451,914</td>
<td>226.04</td>
</tr>
<tr>
<td>7</td>
<td>Singapore</td>
<td>507,355,114</td>
<td>688,045,129</td>
<td>35.61</td>
</tr>
<tr>
<td>8</td>
<td>United Kingdom</td>
<td>648,392,004</td>
<td>653,301,178</td>
<td>0.76</td>
</tr>
<tr>
<td>9</td>
<td>Netherlands</td>
<td>233,685,532</td>
<td>567,810,531</td>
<td>142.98</td>
</tr>
<tr>
<td>10</td>
<td>Japan</td>
<td>484,280,354</td>
<td>477,150,829</td>
<td>-1.47</td>
</tr>
</tbody>
</table>

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).

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

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