U.S. METRO ECONOMIES | FEBRUARY 2012
EXPORTS IN THE NEXT DECADE

Key Findings

U.S. Metro Exports and International Markets

• Cities and their metros dominate the US export market, accounting for 88% of merchandise value and housing all the nation’s major ports. Our largest metros are also our top exporters, with the 20 biggest metro economies comprising 50% of the total US share.

• Over the last few years foreign trade has grown tremendously in metros. From 2005-2008, export merchandise value increased in 300 metros, expanded by over 50% in 168 of them, and doubled in 70.

• Using various forecasts, the report estimates the export level over the current decade for the top 150 metros. Forty-one metros have the potential to achieve 70% or more growth in exports this decade (2011-2020), including Philadelphia, Houston, Indianapolis-Carmel, Chicago, and Davenport-Moline-Rockford (See Appendix Table 7).

• For many small metros, the impact of exports on their local economies is enormous. In the Kingsport-Bristol metro, exports are nearly 60% as large as GMP, followed by Peoria with 51.6%.

• The nation’s 50 largest trading partners comprise 94% of all exports. The world’s fastest growing economies are generally the US’s fastest growing export destinations, led by Qatar, Vietnam, India, China, and Panama (Figure 1 in text).

• Canada, Mexico, and China are the largest US export destinations and contribute 19.5%, 12.8%, and 7.2% of total merchandise value, respectively.

• International markets are expanding at a much greater rate than the US. Over the next decade, US Gross Domestic Product will grow by about 50%, ranking 46th among our top 50 trading partners. GDP in 15 of these countries will more than double from 2011-2020. Conversely, Canada and Japan, our current largest and fourth largest trading partners, respectively, will experience growth that will trail the US.

• The fastest growing countries represent the greatest potential for metro export growth. For example, India’s GDP will grow nearly 269% by 2020, but represents only 1.5% of US exports in 2010. China’s GDP will grow 255%, and represents 7.2% of US exports in 2010 (Figure 2 in text).

• For the top 50 largest metro exporters, Canada is the dominant destination, representing the top trading spot for 28 of them and accounting for over 20% of total exports within their metro economies (See Appendix Table 5).

• Mexico is the top spot for eight metros (including Houston and Los Angeles), which all average shares well over the US percentage of 12.8% (Appendix Table 4).

• China is the top spot for four metros (Seattle, Portland, Greenville, and Bridgeport) and those places all have concentrations well above the US average of 7.2% (Appendix Table 4).
Over the previous decade, the merchandise value of commoditized manufactured goods, such as petroleum and coal and agricultural products, were most in demand by a significant margin. In the next 10 years, the merchandise value growth of manufactured exports will decelerate, and much of this will occur in the commoditized segment (Figure 6 in text).

Growth in the major US durable goods exports, however, will accelerate. Machinery exports will be the top growing durable goods export from 2011-2020, with a 76% expansion over the period (Figure 6 in text). Davenport, IA; Peoria, IL; and Racine, WI specialize in machinery exports, with that segment currently accounting for over 70% of total merchandise value of their exports (Appendix Table 6).

Transportation equipment manufacturing exports will rise by 68% in this decade (Figure 6 in text). With high concentrations of automobile manufacturing, Kokomo and Elkhart, IN and Lansing and Detroit, MI currently rely on this segment for over 65% of their total exports. Meanwhile aircraft manufacturing dominates in Seattle, WA and Hartford, CT, where transportation equipment comprises over 60% of merchandise value (Appendix Table 6).

Chemical exports, the fastest growing non-durable segment, will expand 80% over the decade (Figure 6 in text). Mobile, AL, and Baton Rouge, LA, currently rely on chemicals for over half of their export merchandise value.

Metros highly leveraged in trade with the fastest growing countries and in the most promising sectors are poised to reap the greatest benefits from global commerce.

**National Export Numbers and Projections**

- Export values increased 13.5% in 2011, while imports grew by 13.1%, on the heels of double-digit growth in 2010.
- Trade is expected to soften in 2012, with export values increasing only 4.8% while import values rise 5.8%, largely the result of the Eurozone’s sovereign debt crisis.
- Over the long run, U.S. export growth will be strong, averaging 8% annually over the next 10 years, outpacing imports, which will advance by 4.8% annually.
- The trade deficit will continue to improve in the coming years, eventually settling at $473 billion by 2020, down from $860 billion in 2006.
- Over the coming decade (2011-2020), the report projects that exports will account for nearly 40% (39.7%) of real US GDP growth, a dramatic increase over the last decade, when exports accounted for 26.5% of real GDP growth. The economy is expected to grow to $16.8 trillion by 2020.