



## INTERNATIONAL TRADE

### Using state assets to maximize global opportunities

Recognizing the importance of trade as one of every three jobs in Washington is trade-related, Governor Gregoire worked steadily during her two terms in office to open new export opportunities for Washington businesses. As a gateway to Asia, Washington is one of the nation's leading export states. The results of this preeminence are impressive. Since 2004, the export of Washington goods has grown 119 percent from \$29.6 billion to \$64.8 billion in 2011, which puts it sixth among all the states.



Governor Gregoire and Vietnam Prime Minister Nguyen Tan Dung, 2010

Leading our state's exports are aerospace and mineral fuel such as oil. Wheat and industrial and electrical machinery round out the top five list. China is our leading market, followed in order by Canada, Japan, South Korea and the United Arab Emirates. Washington is the third largest exporter of food and agricultural products in the United States. We ship such commodities as fresh fruit and vegetables, and processed food, such as frozen french fries, around the world.

The Governor took advantage of Washington's export assets to position the state to emerge more competitive than ever from the Great Recession. She advanced a number of initiatives to increase the number of exporting companies and assist companies in entering new markets. These efforts boosted the number of export-related jobs in our state.

The following sections highlight Governor Gregoire's major accomplishments in keeping Washington a prime trade partner.

### EXPORTS

In a nutshell, increasing Washington exports means more jobs and tax revenue. The high quality of Washington products is recognized and in demand around the globe. Think Boeing's airplanes, Starbuck's coffee and Microsoft's software. To promote these companies and assist others, Governor Gregoire took a number of export-related actions during her terms.

With respect to **agriculture**, she provided new funding to improve growing techniques and harvests for hops, a key ingredient in beer. She also launched a new branding campaign for Washington wines to keep them competitive with other domestic products. She assisted small farmers, too, by helping them to directly market their products through farmers markets to boost sales. The Governor

addressed farm-product trade barriers to keep markets open as well as promoted farm products to increase the diversity of Washington-grown offerings sold around the world.

**Aerospace** is one of the state’s signature industries. In 2012, this sector accounted for almost 740 companies and 94,200 jobs, with an average salary of more than \$90,000. Governor Gregoire has worked closely with the state’s aerospace companies to ensure this vital industry remains competitive. In 2012, she hosted the first Aerospace & Defense Supplier Summit convened in the United States, which brings together industry leaders to meet with potential partners; nearly 800 companies from 25 countries were represented. Within four months, export sales of \$1 million were reported as directly attributable to the event. The state Department of Commerce forecasts \$3.2 million in attributable export sales in 2013 and \$13.2 million over the next 20 years. Due to the summit’s success, the next one will take place in Washington in March 2014, and every other year thereafter.

The **Export-Import Bank** is the official export-credit agency of the United States. This independent federal organization helps to create and preserve American jobs by financing the sales of U.S. exports and by providing loan guarantees, export-credit insurance and direct loans. In many cases, an export transaction would not have been viable but for Export-Import Bank financing. Governor Gregoire wrote a succession of letters to Congress urging its reauthorization, which happened in 2012. During the summer of 2012, the bank opened its first office in Washington, which is co-located with the Department of Commerce in Seattle.

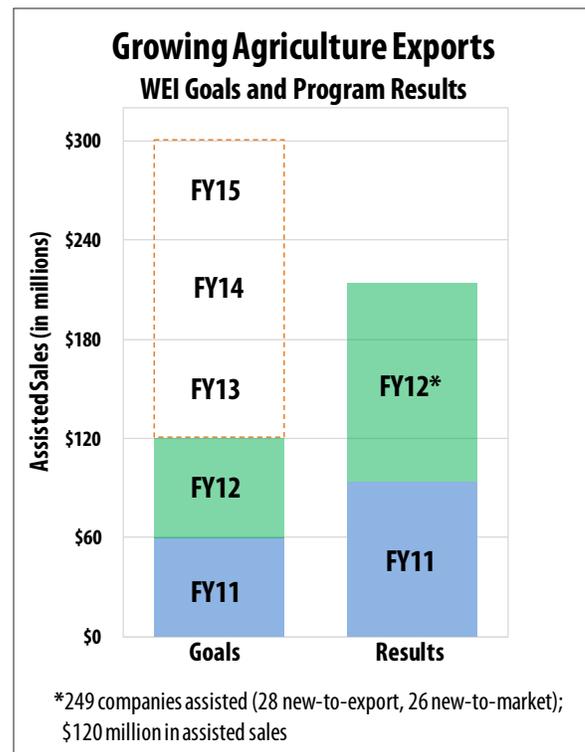
Throughout her terms, the Governor personally interceded with foreign officials to **eliminate barriers** to Washington exports. Her efforts made a significant contribution to keeping foreign markets open to such Washington products as

fresh potatoes (Japan, Mexico and Vietnam), apples (Taiwan) and kraft-linerboard (China).

Governor Gregoire vigorously enlisted congressional support for **free trade agreements** with Panama, Korea and Colombia. A free trade agreement reached with Korea in 2012 has resulted in an 84 percent increase in the export of cherries over the previous year.

## INITIATIVES

The **Washington Export Initiative**, or WEI, was launched as a key part of the state’s commitment to the **National Export Initiative**, President Obama’s plan to double the nation’s exports by 2015. WEI targets innovative, high-leverage projects that can measurably increase Washington state exports in the short term and over a five-year period. WEI delivered \$3 million in grants to local governments as well as public institutions of higher education. Funding moved through the state’s Community Economic Revitalization Board set up training programs for companies seeking to export for the first time.



Washington is on target to meet state-specific goals to:

- » Increase the number of exporters by 30 percent to 10,500 firms within five years.
- » Deliver \$600 million in directly assisted export sales over the next five years.
- » Grow statewide exports by approximately 35 percent.

One component of WEI and a priority of the Governor's was elevating Washington's standing as a destination for international students. These learners invest in our economy through paying tuition, lodging and entertainment expenses. To strengthen these bonds, the Governor also encouraged Washington students to study abroad. In the 2004–05 academic year, the number of international students pursuing higher education in the state was 10,674, with an economic impact of \$230 million. In the 2010–11 academic year, those numbers had swelled to 17,811, with an economic impact of \$464 million. Beyond the numbers, education offers unparalleled opportunity for building relationships and shaping the future.

**The State Trade and Export Promotion Program**, or STEP, is a three-year pilot initiative authorized by the Small Business Jobs Act of 2010. Funded by federal grants and matching funds from the state, STEP aims to expand the number of small businesses that are exporting and raise the value of those exports.

Washington was successful in obtaining \$3 million under the program in grant years 2011–13 to design and carry out new activities to increase exports, with a focus on new-to-market opportunities. Funding targets help to rural small businesses and supports small business participation — including women, veteran and minority-owned small businesses — in trade shows and missions, translation of marketing materials and international certification for

products. Company-reported results from all STEP programs in the first year included more than \$4.5 million in sales and 87 newly signed export agents, distributors or partners in overseas markets. Based on the first year of activity, companies forecast \$54.8 million in sales resulting from STEP assistance.

## EXPANDING TRADE HORIZONS

During her terms, Governor Gregoire led 15 **trade missions** to such destinations as Germany, India, Korea, Taiwan, Japan, Vietnam and China, among others. These markets offer enormous potential. In China alone, exports have grown at an average rate of 19 percent per year since 2000, increasing even during the global economic slowdown. Vietnam has emerged as a growing market for a variety of Washington products, including software, electronics, aerospace, clean energy technologies and agriculture products. As a direct outcome, the Governor's 2010 trade mission to Asia resulted in \$10 million in immediate new sales and investments.

During her tenure, the Governor made two stops at the Paris Air Show, where Washington reported \$12.2 million in export sales and six new aerospace investments from Europe after the first visit in 2005.

As the result of the Governor's participation in many foreign market promotion events, Washington agricultural and food product companies received extensive media coverage and expanded their sales. The Governor's trade missions also provided opportunities to raise critical trade barrier issues with high-level foreign officials, helping pave the way to their resolution.

**Foreign direct investment**, or FDI, refers to an investment directly into production in a country by a company located in another country. The United States is the world's largest recipient of FDI, which enlarges workforces and in many cases, increases wages. Governor Gregoire has

aggressively pursued FDI, which has directly created thousands of high-paying jobs in Washington. These include investments by such international companies as HCL, a leading Indian IT and technology company; Dassault Systems, a French aerospace software firm; SGL/BMW, a German composites company in partnership with the German automaker BMW; and Taiwan-based mobile telecommunications company HTC. The SGL investment is notable as an anchor investment to our advanced manufacturing industry cluster. The Moses Lake plant has the potential to become the largest carbon fiber manufacturing facility in the world.

**Airlines** connect communities and cities around the world. States that attract international airline routes to their airports enjoy immediate competitive advantages as they welcome thousands of tourists and the revenue they generate. Governor Gregoire was instrumental in securing a Seattle-to-Frankfurt route on Lufthansa and a Seattle-to-Paris route on Air France, subsequently flown by Delta. She also helped with a Tokyo-to-Seattle route on All Nippon. In addition, the Governor oversaw efforts to help domestic carriers with new international flights, including those to Beijing and Osaka by Delta.