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Utah Economy

Part 2: Exports

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Introduction

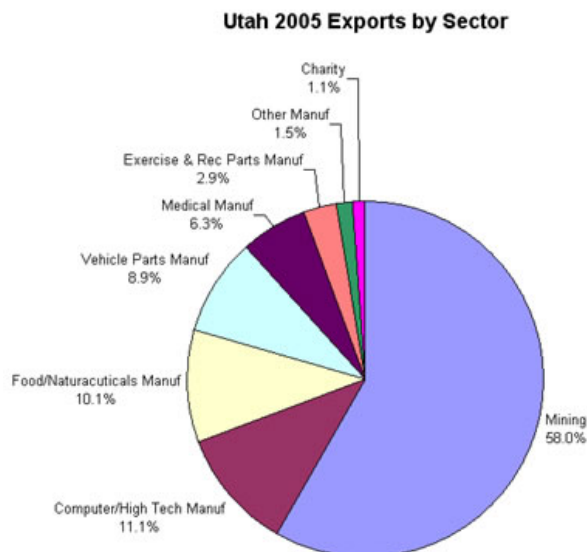
Exports are a key component of any economy. Items that are exported from an economy are usually the “best” that economy has to offer. Exports compete in a global marketplace and provide an outside source of revenue. This article examines Utah and US exports during 2005, comparing goods produced and trading partners. Exports were worth \$6 billion to Utah’s economy in 2005, roughly 6.7 percent of the state’s share of GDP (gross domestic product). For the United States as a whole, exports totaled \$854 billion or 6.9 percent of GDP, so any discussion of an economy must include a discussion of exports.



Utah Exports

As **Figure 1** shows, Utah’s extractive industries accounted for the largest percentage of Utah’s exports in 2005. Gold was Utah’s primary export, accounting for nearly \$2 billion. Other metals and minerals accounted for \$600 million worth of exports. The next largest category of exports includes the products of Utah’s high-tech manufacturing sector. Digital circuit boards, transistors, and other parts for electronic devices as well as advanced carbon fiber manufacturing comprised this sector and accounted for approximately \$500 million in 2005. Digital circuitry was also the most common United States export in 2005, with almost \$26 billion in exports. Following high tech manufacturing is a category unique to Utah—food and “naturaceutical” manufacturing. Naturaceuticals include products like vitamins, skin care and proprietary juice blends such as Tahitian Noni and Xango. The sector accounted for \$441 million in exports during 2005. Parts for motor vehicles, medical device manufacturing and exercise/sports equipment manufacturing round out the largest groupings of Utah’s exports, along with a category titled “charity.” This category includes all of the relief aid that funnels through the global welfare system of The Church of Jesus Christ of Latter-day Saints. Utah is the only state that has such a category. It accounted for approximately \$49 million in 2005. Given the increase in need during 2006, it is anticipated that number will be higher in the future.

Figure 1



Utah’s largest trading partner in 2005 was the United Kingdom with \$1.1 billion in Utah goods being sent to the UK. Switzerland was second with \$777 million in Utah exports. Although there is no data connecting goods exported to buyer country, it can be safely assumed that both countries are buying large quantities of Utah gold. Canada, the United State’s overall largest trading partner ranks as Utah’s third largest export buyer. Japan and Belgium round out Utah’s top five. **Figure 2** compares the US’s top fifteen export buying countries with Utah’s top fifteen. What is interesting is how different the state’s trading partners are from the US as a whole. Despite the proximity and ease of shipping to Mexico, Utah does very little trade with the southern neighbor while our ties to Western Europe are much stronger. In the east, Japan remains Utah’s largest trading partner while China is becoming a larger market for Utah goods. South Korea, Taiwan and Singapore are all buyers of Utah goods but are less important to the state than they are to US exports as a whole. Much of this has to do with the mix of goods offered by Utah in comparison to other states. Overall, as is shown in the last column of Figure 2, Utah’s strongest exporting markets are Switzerland, the UK, Belgium and the UAE (United Arab Emirates). This is a key piece of information because downturns in the economic situation in those countries and/or in the price of gold on the commodities market could impact Utah to a greater degree than the US in general.

Figure 2

US Rank	Country (Utah Ranking)	Exports (\$millions)	Percent of Total	Utah Exports	Percent of Total	Utah LQ
---	Total, All Countries	904,300	100.00%	6,056	100.00%	
---	Total, Top 15 Countries	686,700	75.90%	5,033	83.11%	1.09
1	Canada (3)	211,300	23.40%	709	11.71%	0.50
2	Mexico (10)	120,000	13.30%	128	2.11%	0.16
3	Japan (4)	55,400	6.10%	589	9.73%	1.59
4	China (6)	41,800	4.60%	321	5.30%	1.15
5	United Kingdom (1)	38,600	4.30%	1,105	18.25%	4.24
6	Germany (7)	34,100	3.80%	208	3.43%	0.90
7	South Korea (12)	27,700	3.10%	125	2.06%	0.67
8	Netherlands (13)	26,500	2.90%	119	1.96%	0.68
9	France (14)	22,400	2.50%	113	1.87%	0.75
10	Taiwan (17)	22,000	2.40%	97	1.60%	0.67
11	Singapore (11)	20,600	2.30%	127	2.10%	0.91
12	Belgium (5)	18,600	2.10%	428	7.07%	3.37
13	Hong Kong (8)	16,300	1.80%	146	2.41%	1.34
14	Australia (16)	15,800	1.70%	109	1.80%	1.06
15	Brazil (24)	15,300	1.70%	31	0.51%	0.30
	Switzerland (2)	10,740	1.19%	777	12.83%	10.80
	United Arab Emirates (9)	8,477	0.94%	138	2.28%	2.43

Digital Electronic Circuitry (Chip) Manufacturing

As mentioned above, digital chips were the most common export from the US in 2005. The industry accounted for \$26 billion or 3.3 percent of total exports. Digital chips were listed in the exports list for twenty-one of the fifty states and chips were the largest export for most of the states listed. **Figure 3** compares these twenty-one states and the value of chip exports during 2005. It also breaks out the percentage each state contributes to total exports of chips from the United States. As the chart shows, exports of chips are the number one export from both California and Texas and these states account for almost half the total chip exports nationally. Surprisingly, Oregon, Vermont and New Mexico are also large exporters of chips. These states are often thought of as producing goods that have nothing in common with computer chips, yet in reality, all three have production facilities for large chip manufacturers. Intel, for example, has plants in Hillsboro, Oregon and Rio Rancho, New Mexico that manufacture products for both foreign and domestic markets.

Figure 3

Chips for Microprocessors and Other Electronic Devices (State Rank)	2005 Exports (\$millions)	Percent of Total Chip Exports
Arizona (1)	2,649	9.0
California (1)	5,954	20.2
Colorado (2)	455	1.5
Florida (7)	493	1.7
Idaho (1)	1,128	3.8
Illinois (15)	295	1.0
Maine (2)	167	0.6
Massachusetts (4)	1,018	3.4

Minnesota (7)	249	0.8
Mississippi (9)	66	0.2
Nevada (3)	236	0.8
New Hampshire (11)	35	0.1
New Mexico (1)	1,703	5.8
New York (8)	590	2.0
North Carolina (9)	252	0.9
Oregon (1)	2,611	8.8
Texas (1)	7,231	24.5
Utah (3)	291	1.0
Vermont (1)	3,059	10.4
Virginia (2)	646	2.2
Washington (8)	420	1.4
Total	29,548	

Utah exported approximately \$291 million in chips during 2005 or 1.1% of total chip exports. As the joint Intel/Micron venture in Lehi continues to expand, we can expect Utah's share of this sector to increase.

Regional Comparison

Utah and its regional neighbors have very little in common when it comes to exports. In fact, there are only four commodities that the majority of the Intermountain states all produce. They are digital chips, parts for airplanes and/or helicopters, parts and accessories for computers, and analog chips. Most of the region has at least one export that is related to agriculture. Idaho, Montana and Wyoming have the largest share of agriculture commodities while Arizona has none. Mining also provides a large share of exports from all the states except Colorado. Finally, there is a large variance in how much each state exports relative to the size of their economy. **Figure 4** compares the size of exports of each state to the size of that state's GDP.

Figure 4

2005 Exports Comparison	Utah	Arizona	Colorado	Idaho	Montana	Nevada	New Mexico	Wyoming	Regional Total
GDP by State (\$million)	\$90,778	\$216,528	\$216,537	\$47,189	\$29,885	\$111,342	\$68,870	\$27,269	\$808,398
State as a Percent of Region	11.2%	26.8%	26.8%	5.8%	3.7%	13.8%	8.5%	3.4%	100.0%
Total Exports (\$million)	\$6,056	\$14,950	\$6,784	\$3,260	\$711	\$3,937	\$2,540	\$669	\$38,907
State as a Percent of Region	15.6%	38.4%	17.4%	8.4%	1.8%	10.1%	6.5%	1.7%	100.0%
Exports as a Percent of State GDP	6.7%	6.9%	3.1%	6.9%	2.4%	3.5%	3.7%	2.5%	4.8%
Exports LQ	1.39	1.43	0.65	1.44	0.49	0.73	0.77	0.51	

As the last line in the chart shows, exports from Arizona and Idaho comprise a larger percentage of the region's exports than those states' economies do—1.43 and 1.44 times, respectively. Utah exports are also greater than the size of the state's economy warrants—1.39 times. Montana and Wyoming are at the other end. The real surprise is Colorado. Colorado is one of the two largest economies in the region, accounting for roughly 26.8 percent of the region's GDP. Additionally, Colorado has been a leader in the high-tech economy since the beginning. Despite this, exports from the state are slightly larger than Utah's at \$6.7 billion while Colorado's economy is roughly twice the size of Utah's—\$216 billion vs. \$91 billion.

The key to the discrepancy may be in the types of products exported from Colorado compared to other regional neighbors. With the exception of beef and related products from the cattle industry, all of Colorado's exports are high-tech manufactured goods. As manufacturing becomes more feasible elsewhere in the nation and around the world, businesses may find it less expensive to move large production facilities out of the state. Colorado may retain corporate offices and research and development for such companies as IBM and Ball Aerospace but the actual production is done elsewhere and credited elsewhere.

This observation reveals a limiting factor of the export series, it only focuses on goods produced and cannot account for services exported. As the US economy continues its shift from a goods-base to a services base, the export series fails to

capture the value of such a shift. The value of these data is they show that Utah and its neighbors are still reliant on traditional extractive and manufacturing industries to compete in the global marketplace. There are only so many places that have gold deposits and the fact that Utah is one of them is the base on which we have built our exports.

Conclusion

Utah's exports represent a broad spectrum of our goods-producing companies. The state has some unique exporters such as the naturaceuticals industry as well as more traditional sectors, such as mining. Utah also has some unique trading partners and niche markets. Additionally, the joint venture between Micron and Intel at the Lehi facility should also bring Utah a larger portion of the most critical export—digital chips. From the perspective of public policy, state and local officials need to continue to be responsive to the needs of these businesses. The vision of the state's World Trade Center as well as projects such as USTAR and others can all assist Utah in creating goods and services the international market needs.

[See *Utah Economy: Part 1 An Overview of GDP, Jobs and Wages*](#)

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