



# The case for state export programs

BY CHRIS WHATLEY

**T**ough times call for tough choices. In state capitols across the country, legislators are faced with the difficult task of cutting programs to meet budget shortfalls. In times like these, it is tempting to question the wisdom of spending precious dollars on international trade and investment programs.

However, CSG recently had an opportunity to discuss the value of international trade programs with senior state officials from across the country. Their observations provide a compelling case for the value of these programs in preserving state jobs and bolstering state budgets.

According to Massachusetts State Rep. Dan Bosley, “Export promotion programs are a revenue generator. As a legislator you are always faced with difficult trade-offs, but cutting your export programs is a false economy. You lose tax dollars when you stop helping state employers succeed in the global marketplace.”

Kevin Chambers, director of international trade for the Oklahoma Department of Commerce, agreed. “Every \$100,000 in exports can mean one more job created, and the typical export-related job pays an average of 17 percent more than jobs in non-exporting industries. Every job can mean \$1,000 in the state tax coffer. The average \$1 million state trade development program in a small or medium-sized state can easily facilitate more than \$100 million in exports. A good export development program can easily do much more than pay for itself in tax revenue.”

State trade programs also help stabilize a region’s employment. According to Mary Regel, director of international trade for the Wisconsin Department of Commerce, “Studies by the U.S. Department of Commerce have shown that exporting plants are 9 percent less likely to shut down than comparable non-exporting plants. In addition, successful exporters often support a wide network of suppliers within their state. For example, when the Wisconsin agricultural

machinery manufacturer, CASE, exports a tractor, that export helps sustain a network of over 33 suppliers with 7,000 employees throughout the state.”

Exports are even more vital for farming communities. According to Elaine Bliss, deputy commissioner of the Minnesota Department of Economic Development, “Much

of what you need to know about the importance of exports to an agricultural state like Minnesota can be learned in a quick glance at a corn or soybean field. See all those rows that seem to go on forever? Well, we need to export every third or fourth row just to use our surplus production. ... Without foreign markets (and new food and industrial uses) for such commodities, we would have to scale back production by roughly 25 to 35 percent.”

State export programs are particularly important during an economic slowdown. According to John Pastor, director of international trade for the Delaware Department of Economic Development, “Our companies count on

access to the global marketplace during times of domestic economic trouble.”

Elaine Bliss echoed these concerns, noting, “During this recession, we’ve seen firsthand how exports have helped soften the blow of our slumping domestic economy. In most cases, Minnesota’s exports have outperformed the nation as a whole and our setbacks haven’t been as severe. Because they preserve and create jobs and broaden the tax base – both pocketbook issues that resonate with voters, particularly in times of budget crisis – state-sponsored export promotion and development programs make good political sense.”

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**—Rep. Dan Bosley**

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