North Carolina’s International Trade Division: Increasing Business Opportunities with Exporting

The North Carolina Department of Commerce’s International Trade Division (ITD) plays a pivotal role in helping North Carolina businesses capitalize on global market opportunities. Trade specialists in Raleigh and High Point leverage resources and programs to help North Carolina businesses grow through exports. Trade representatives in Canada, Mexico, Germany, China (Shanghai and Hong Kong), and Japan locate distribution channels and partners for North Carolina companies looking to enter the foreign markets and assist them with on-the-ground services in these countries.

Exports are a key component of the state’s economy and are crucial for continued vitality. This report summarizes the economic contributions of exporting, provides an overview of the state exports, and outlines the International Trade Division’s recent achievements.

Highlights of North Carolina’s Export Activities:
- Exports support 347,000 jobs in North Carolina and contribute $30.5 billion to the state’s economy.
- The International Trade Division assisted 265 North Carolina companies with more than 470 business requests for export assistance in 2009.
- The total value of all goods exported by firms in North Carolina in 2009 was $22 billion, ranking 16th among the 50 states.
- With support from the General Assembly, the North Carolina Department of Commerce opened a new foreign office in Shanghai, China, in 2009. Governor Beverly Perdue, Department of Commerce Secretary Keith Crisco, and other economic development professionals participated in a successful trip to Asia (China and Japan) to develop long-term business partnerships.
- In early 2010, the Department of Commerce organized business recruitment trips to Brazil and Germany, and is currently planning an economic development trip to India.

The Division of Policy, Research and Strategic Planning at the North Carolina Department of Commerce prepared this report for the International Trade Division. For a full ITD report or this brochure, please visit www.nccommerce.com/en/BusinessServices/InternationalBusiness/. If you have questions or are interested in learning more about North Carolina’s international trade assistance programs, please contact Jean Davis, Director of the International Trade Division.
**Economic Contribution of Exports**

An economic contribution analysis performed by the North Carolina Department of Commerce found exports support approximately 347,000 jobs, or nearly one out of every ten jobs in the state. The analysis found exports generate almost $19 billion in labor income for North Carolinians each year and help contribute $73.7 billion to North Carolina’s total output and $30.5 billion to total value added. Further, export activity provides the state and local governments with almost $2.8 billion in tax revenue each year. These economic contributions are comprised of direct, indirect, and induced effects. More than 134,000 jobs are directly involved in producing goods and services for exports. Exporting companies purchase supplies and services from other North Carolina firms, stimulating additional spending throughout the economy. These indirect impacts support approximately 103,000 jobs with more than $5.3 billion in labor income. Economic activity is a result of consumer spending on goods and services by those directly or indirectly employed through foreign exports. More than 110,000 jobs are the result of these induced effects.

**Contributions of Foreign Exports to North Carolina’s Economy**

<table>
<thead>
<tr>
<th>Contribution Type</th>
<th>Employment</th>
<th>Labor Income</th>
<th>Output</th>
<th>Value Added</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Effect</td>
<td>134,000</td>
<td>$9,621</td>
<td>$44,692</td>
<td>$14,884</td>
</tr>
<tr>
<td>Indirect Effect</td>
<td>103,000</td>
<td>$5,321</td>
<td>$16,405</td>
<td>$8,330</td>
</tr>
<tr>
<td>Total Effect</td>
<td>347,000</td>
<td>$18,885</td>
<td>$73,650</td>
<td>$30,475</td>
</tr>
</tbody>
</table>

Source: MIG IMPLAN 3.0, Model Created March 2010. Employment figures rounded to the nearest thousand and dollar figures are rounded to the nearest million.

**Overview of State Exports**

North Carolina was the 16th largest exporter among the 50 states in 2009. The total value of goods exported by firms in the state was $22 billion, representing 2.1 percent of U.S. exports. North Carolina exports have grown steadily between 1999 and 2009. During this 10-year period, the state exports rose from $20 billion to $22 billion, increasing by 13 percent.

1 The research team used IMPLAN 3.0 software and 2008 data to estimate economic contributions. IMPLAN provides estimates of total output, value-added, employment, labor income, and tax revenue associated with export activities. Since data is not available at the state level, IMPLAN derives foreign exports from the national proportion of output associated with each industry. IMPLAN measures exports by their place of production, which is different from the methodology used by the U.S. Census Bureau.

2 Breakdown of the tax revenues: state and local government revenue from employee compensation ($31.0 billion), indirect business taxes, and corporations based on the modeled impact from foreign exports.

**North Carolina Exports by Country**

North Carolina companies exported goods to more than 200 countries in 2009. The top 10 countries accounted for two thirds of the state’s total exports. Five countries each purchased more than $1 billion of North Carolina’s goods. Canada has long been North Carolina’s leading export market totaling $4.6 billion in 2009, followed by China ($1.8 billion). The following chart illustrates North Carolina’s top 10 export destinations with respect to their share of the state’s exports.

**North Carolina Exports by Industry**

In 2009, more than a quarter of North Carolina exports were chemicals, including pharmaceutical products, plastics, and fertilizers.1 Chemicals have been North Carolina’s leading export industry since 2003. Other major exports include computers and electronics, transportation equipment, machinery and textiles. The figure below illustrates the top 10 export industries and their respective dollar values.

1 Thanks to the International Trade Division and the fast growth of our industry, iContact has achieved significant growth in international markets. 20% of our sales are now from international markets as part of our annual sales. We expect to hire approximately 75 new employees for our technology firm by the end of 2010 to add to our 190 current employees in North Carolina.

Chuck Hester,
Communication Director
iContact, Durham, North Carolina