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Background Brief on...

International Trade

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Imports and Exports

International exports and imports are vital components of Oregon's economy. One in four Oregon manufacturing jobs is linked to international trade. Oregon international trade is promoted through the creation of additional foreign markets for Oregon products and attraction of foreign investment into Oregon's economy.

In 2003, Oregon had Total Exports of \$10.35 billion, placing it 23rd among the states. In 1999, international trade accounted for 10% of the Total Gross State Product, placing it 8th among U.S. states.

Top Export Partners and Products

A total of 181 foreign companies have operations in Oregon. Japan, Germany and the United Kingdom have the most companies operating in Oregon, which employ the most Oregonians.

Oregon's top five trading partners are Canada (\$1.57 billion in 2003), South Korea (\$1.36 billion), Japan (\$1.28 billion), the Philippines (\$770 million), and Taiwan (\$600 million). As Oregon's trading partners are diverse, so are the products exported. In 2003, the top five Oregon-export sectors based on dollar volume were: electrical machinery (\$3.8 billion), industrial machinery (\$1.3 billion), cereal grains (\$1.0 billion), vehicles, non-railway (\$900 million), and optical and medical instruments (\$600 million).

Role of Ports and Columbia River Channel Deepening

The 23 ports along the Columbia River and the Oregon coast are essential to Oregon's import/export economy. The Port of Portland, which operates the Portland marine terminal and the Portland International Airport (**PDX**), is by far the largest.

The Port of Portland is an important import center, especially for international companies, such as Toyota, Honda, and

Hyundai, which ship automobiles to the United States. See

http://www.portlandairportpdx.com/web_pop/marcargo.htm

Agricultural commodities, primarily wheat, are significant Oregon exports. The Columbia River comprises the world's second largest grain export system, next to the Mississippi River. More than 40 percent of the United States' wheat exports are shipped via ports on the Columbia.

The Columbia River navigation channel is 104 miles long, 600 feet wide, and 40 feet deep. To enable modern, deep-draft ships to continue transporting imports and exports on the Columbia, a coalition of six lower river ports is working to obtain federal funding and environmental approvals to deepen the navigation channel by three feet, to a total depth of 43 feet. Deepening the channel of a major river through a sensitive estuary requires many years of study and planning. For detailed information, see <http://www.portlandairportpdx.com/htmlpop/ChannelProject.htm>.

Role of State Agencies

The International Division of the Oregon Economic and Community Development Department (**OECD**) employs and contracts with marketing specialists in specific regions of the world to promote Oregon business interests. Through the division, the State of Oregon maintains trade offices in Japan and Taiwan, and has contracted representation in South Korea, the United Kingdom, Mexico, and the People's Republic of China. Funding for the South Korea office is shared with the Port of Portland.

The International Division recently outlined its Action Plan for 2003-05. The division's mission statement is to "Position Oregon as a vital international trading partner and site for foreign investment." This goal is to be achieved through two objectives: helping small/mid-size, export-ready companies grow through successful competition in the global market, and by attracting foreign investment into Oregon's: site locations, joint ventures, and investment in Oregon companies.

Additionally, the marketing division of the Oregon Department of Agriculture (**ODOA**) offers

international and domestic marketing assistance for food, agricultural, and fisheries products.

Recent Legislative Action

The 1997 Legislative Assembly created the International Trade Commission (replacing the former International Trade Advisory Committee) "to advise governmental bodies, agencies and private persons on the development and implementation of state policies and programs relating to international trade."

The 1999 and 2001 Legislative Assemblies authorized sale of lottery-backed revenue bonds for the purpose of meeting the local match requirements for the Columbia River channel deepening project. The State of Oregon's share amounts to about \$25 million.

During 2002, Oregon's House Speaker and Senate President led a trade mission to China. The mission, authorized by Senate Bill 16 (2001), included other legislators and business representatives, and demonstrated Oregon's interests in furthering trade with China.

The 2003 Legislative Assembly passed HB 2252 which altered the construct and mission of the International Trade Commission. The bill increased commission membership from 9 to 15, with two legislators serving as ex-officio members. HB 2252 also mandated specific commission membership to include representation from: the Oregon Economic and Community Development Commission, the State Board of Agriculture, the board of commissioners of the Port of Portland, and the Pacific Northwest International Trade Association. Finally, HB 2252 altered the commission's mandate to "advocate for international trade with Oregon and promote the state's international trade agenda."

Staff and Agency Contacts

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<http://www.econ.state.or.us/oregontrade/index.htm>
- Oregon Department of Agriculture 503-872-6600
<http://www.oda.state.or.us/admd/team.html>
- Port of Portland 1-800-547-8411
<http://www.portofportlandor.com/marine.htm>
- International Trade Administration, U.S. Department of Commerce http://www.export.gov/comm_svc/
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