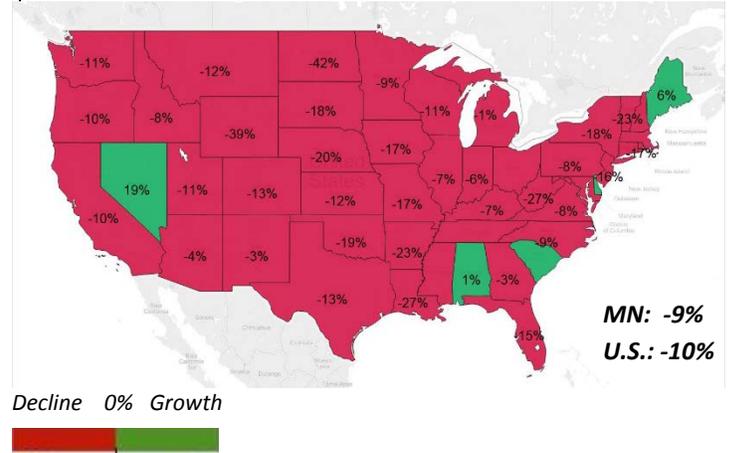


State Exports Drop 9 Percent to \$5 Billion in the Fourth Quarter

- Minnesota exports of goods (covering agricultural, mining and manufactured products) were valued at \$5.0 billion and were down 9 percent between the fourth quarters of 2014 and 2015. U.S. exports fell 10 percent during this period.
- Minnesota exported more than 930 different detailed products (4-digit HS codes) to 184 different countries in the fourth quarter of 2015.
- Between 2014 and 2015, Minnesota exports overall fell 6.6 percent to \$20 billion. U.S. exports fell 7.2 percent during this period.
- For only manufacturing, Minnesota manufactured exports were valued at \$4.7 billion in the fourth quarter of 2015, representing a decline of 7 percent. U.S. manufactured exports fell 9 percent.

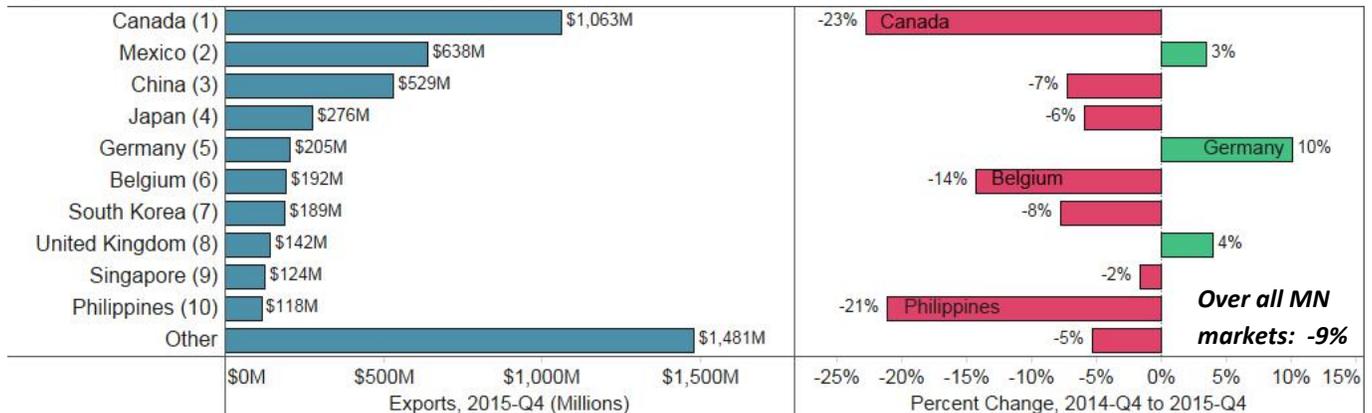
Figure 1. U.S. Exports Decline 10 Percent



Decreased Exports to Most Regions, But Gains to Central and South America Markets

- Exports fell 15 percent to **North America**, to \$1.7 billion. **Canada** largely contributed to this trend, with an export decline of 23 percent. However, exports increased modestly to **Mexico** by 3 percent.
- In **Asia**, exports were down 8 percent to \$1.6 billion. Export growth to **Taiwan** (up 12 percent) and **Indonesia** (up 7 percent) helped soften the impact of steep declines to **China** (down 7 percent), the **Philippines** (down 21 percent), **India** (down 35 percent) and **Japan** (down 6 percent).
- In the **European Union** (down 4 percent to \$1.0 billion), export gains to **Germany** (up 10 percent), the **Netherlands** (up 10 percent) and the **United Kingdom** (up 4 percent) buffered export declines to **Belgium** (down 14 percent), **Finland** (down 62 percent), **Sweden** (down 37 percent) and **Italy** (down 18 percent).
- With a growth trend of 17 percent, exports to **Central and South America** (valued at \$268 million) were bright spots. Cereals drove overall growth to **Chile** (up 77 percent to \$53 million), **Colombia** (up 82 percent to \$36 million), and **Guatemala** (up 188 percent to \$7 million). Food by-products also fueled growth in **Chile**.

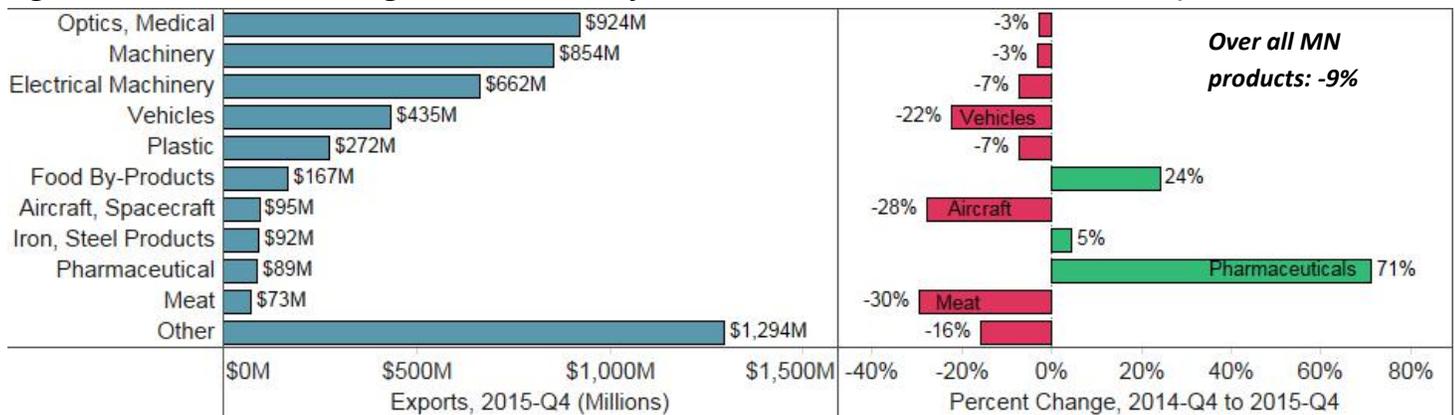
Figure 2. Widespread Decline, But Exports Increase to Mexico, Germany and U.K., Fourth Quarter 2015



Gains in Food By-Products, Pharmaceuticals and Glue, Despite Widespread Decline

- Although most products suffered export declines between the fourth quarters of 2014 and 2015, **food by-products** (up 24 percent to \$167 million), **pharmaceutical goods** (up 71 percent to \$89 million), and **albumin/modified starch/glue** (up 40 percent to \$52 million) had strong gains.
 - Leading growth markets for **food by-products** were **Mexico, Chile, China, Ireland** and **the Netherlands**.
 - Examples of **pharmaceutical goods** are **blood products** and **bandages**. Leading growth markets for these goods were **the United Kingdom, China, Germany, Japan** and **South Korea**.
 - **Glue products** drove sales of **albumin/modified starch/glue products**; export growth of these goods was highest to **Germany, Japan, South Korea** and **Brazil**.
- **Optics/medical goods**, the state's largest exported product category, dropped 3 percent to \$924 million. Among the top five markets, exports increased to **China** (up 15 percent) and **Japan** (up 8 percent), but decreased to **Belgium** (down 18 percent), **Canada** (down 20 percent) and **South Korea** (down 17 percent).
- **Machinery exports** continued to slide, falling 3 percent to \$854 million. Exports increased by more than \$10 million to **Mexico, Taiwan** and **Japan**, but fell by more than \$10 million to **the Philippines, China** and **Canada**.
 - Expanding export segments such as **machinery for manufacturing semiconductors** (up 270 percent to \$28 million), **piston engines** (up 129 percent to \$21 million) and **air/vacuum pumps** (up 50 percent to \$17 million) helped mitigate declines in **computer parts** (down 42 percent), **office machine parts** (down 13 percent) and **machinery for working with rubber/plastic** (down 27 percent).
- **Vehicles** (down \$126 million), **miscellaneous grains** (down \$76 million), **electrical machinery** (down \$50 million), **ores/slag/ash** (down \$39 million) and **aircraft/spacecraft** (down \$37 million) had the steepest export declines.
 - Demand for **vehicle products** fell the most to **Canada** (down \$59 million, or by 22 percent), **Belgium** (down 41 percent) and the **United Kingdom** (down 82 percent). Affected product segments were **passenger vehicles** (down 41 percent to \$154 million – particularly due to **Canada, Sweden, Belgium** and **Mexico**), as well as **tractors** (down 65 percent to \$12 million, particularly due to **Belgium** and the **United Kingdom**).
 - **Miscellaneous grains** dropped 57 percent to \$57 million, as demand plummeted in **China** (down from \$36 million to \$860,000), **Mexico** (down 55 percent to \$19 million), **Indonesia** (down from \$6 million to \$420,000) and **Japan** (down 40 percent to \$8 million). Products in decline were mainly **soybeans** but also **soybean meal**.
 - Weaker demand in dominant markets for **electrical machinery** products such as **integrated circuits** (down 16 percent to \$131 million, due to the **Philippines**), **unrecorded media** (down 43 percent to \$16 million, due to **Canada**) and **ADP power supplies** (down 34 percent to \$22 million, due to **Canada** and **Mexico**) largely contributed to the decline in overall exports of electrical machinery.
 - **Ores, slag, and ash** exports continued their slide, falling 40 percent to \$58 million. Sales to **Canada** plunged by half to \$43 million, but was mitigated by growth to **China** (up from \$10,000 to \$15 million).
 - Exports of **aircraft parts** fell the most to **Japan** (down 82 percent to \$3 million), **Canada** (down 51 percent to \$7 million), **New Zealand** (down 35 percent to \$11 million) and **Germany** (49 percent to \$5 million).

Figure 3. Amid Decline, Strong Growth in Food By-Products and Pharmaceuticals, Fourth Quarter 2015



The *Minnesota Annual Export Statistics* and *Minnesota Quarterly Export Statistics* are the most current resources available for tracking trends in the state's exports of goods. They are prepared by the Department of Employment and Economic Development's (DEED) Economic Analysis Unit (Thu-Mai Ho-Kim) for the Minnesota Trade Office (MTO). Since 2011, the reports have primarily covered export data based on the Harmonized Tariff System (Schedule B), collected by the U.S. Department of Commerce (USDOC) and distributed by the Global Trade Information Services. Reports are available on DEED's website at "Export and Trade Statistics" (<http://mn.gov/deed/data/export-stats/>).