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## California's exports increase, but trade forecast turns dismal

Sacramento Business Journal - by [Kelly Johnson](#) Staff writer

California's merchandise export trade shot up 25.7 percent in May compared to a year earlier, marking the seventh consecutive month of year-over-year increases, according to an analysis of international trade data released Tuesday morning.

While the gains are positive, Californians shouldn't be too encouraged. The May levels are still well below the export levels recorded two years ago, and the outlook isn't as good as it was earlier this year, [Beacon Economics](#) reported Tuesday in an analysis of [U.S. Commerce Department](#) data.

The Golden State shipped abroad \$11.9 billion in goods in May, compared to \$9.5 billion in May 2009.

"While we should definitely celebrate a \$2.4 billion increase in exports over last May, we still have a ways to go before reaching the levels of trade seen before the onset of the global economic and financial crisis," Jock O'Connell, Beacon's international trade adviser said in a news release.

Adjusted for inflation, California's export trade in May was 7.3 percent lower than the value of goods reported for May 2008, he said.

In a breakdown for individual categories, California's exports of manufactured products in May jumped 25.5 percent from a year ago; shipments of agricultural goods and other non-manufactured products were up by 16.5 percent; and re-exports of previously imported items climbed 32.2 percent, O'Connell reported.

The gains weren't as impressive at some of California's major ports. The number of outbound, loaded shipping containers through the Port of Oakland increased just 4.5 percent from May 2009, while exports through the ports of Los Angeles and Long Beach were up by 9.4 percent over last year, O'Connell said.

The increases were more striking at California's two primary international airports. Export tonnage in May jumped by 48.7 percent at [San Francisco International](#) and rose by 20 percent at [Los Angeles International](#). Historically, the two airports have accounted for just over half of the value of California's exports, the release said.

"That huge jump in exports through SFO was primarily indicative of a sharp increase in shipments of high-value electronics products by Silicon Valley firms," O'Connell said.

The Golden State made up 11.3 percent of the nation's merchandise exports in May, and 17.2 percent of all U.S. merchandise imports.

California's merchandise import trade totaled \$26.8 billion in May, a boost of 29.9 percent over the \$20.6 billion a year ago, O'Connell said. California's international trade deficit in May was \$14.8 billion.

O'Connell cautioned that despite all the increases, the outlook for sustained strong growth in trade is less encouraging now than it had been earlier in the year. Decisions made at the recent G-20 summit in Toronto to shrink public-sector spending will dampen overseas demand for California products through the rest of this year, he said.

"The deficit hawks have been gaining the upper-hand in charting fiscal policy in almost every major world economy," he said in the release. "As a result, no one is forecasting robust economic growth. Instead, there is a general sense that the tide is going out as we move into a period of

slackening demand with the timidity of the private sector now being matched by the austerity of governments worldwide.”

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