

State's exports rise, but trade forecast dims

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Rising sales of electronics equipment and farm goods pushed California's May exports 25 percent above the same time last year, new trade figures indicated Tuesday.

But shippers will see growth slow in coming months as industrial nations curb stimulus spending in favor of reducing deficits, said Jock O'Connell, Beacon Economics international trade adviser.

"We'll continue heading in the right direction, but instead of running we're going to start walking," he said.

Led by electronics, medical equipment and edible fruits and nuts, California exported \$11.9 billion in goods to other nations in May, according to a Beacon analysis of U.S. Commerce Department figures. Beacon is a consulting firm with offices in the Bay Area and Los Angeles.

Each of California's largest global customers – Mexico, Canada, Japan and China – imported more than \$1 billion of state products in May.

By comparison, California unloaded \$26.8 billion in imported goods in May, some moving on to other states.

May's export numbers represented a seventh month of year-over-year gains for California traders, manufacturers and farmers. The trend has solidly reversed nearly a year of declines that followed Wall Street's late 2008 meltdown.

But state trade levels "are still lagging behind two years ago at this time," said O'Connell.

San Francisco International Airport registered the state's biggest individual rise in shipping. Crews there handled 49 percent more cargo than in May 2009, Beacon reported. That was more than twice the cargo growth reported at Los Angeles International Airport.

O'Connell credited the faster pace at SFO to rising Silicon Valley exports of partially finished electronics.

"They're not finished products," he said. "They're ingredients shipped off to the Far East, to Singapore, Malaysia, China and Japan, for incorporation into more sophisticated equipment to be sold in the Far East or here."

O'Connell said it indicates that companies, even if not hiring, "are upgrading their information technology."

Loaded cargo containers shipped from the Ports of Los Angeles and Long Beach rose by 9.4 percent from the same time last year, Beacon reported. The number of departing containers rose 4.5 percent at the Port of Oakland, linked by water to the Port of Stockton and Port of West Sacramento.

California's fastest-rising exports in May were eggs, honey and dairy products, according to the Beacon analysis. Said O'Connell: "Those contented cows are not just feeding Americans."

Nationally, May exports rose to \$152.3 billion, the largest number since September 2008, the Commerce Department reported. Leading the rise were heavy machinery, medical equipment, power generators and commercial airplanes, the government agency reported.

But imports totaling \$194.5 billion and led by foreign-made cars, clothes and electronics raised the nation's trade deficit to \$42.3 billion. That was the largest trade gap since November 2008, the Commerce Department reported.

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