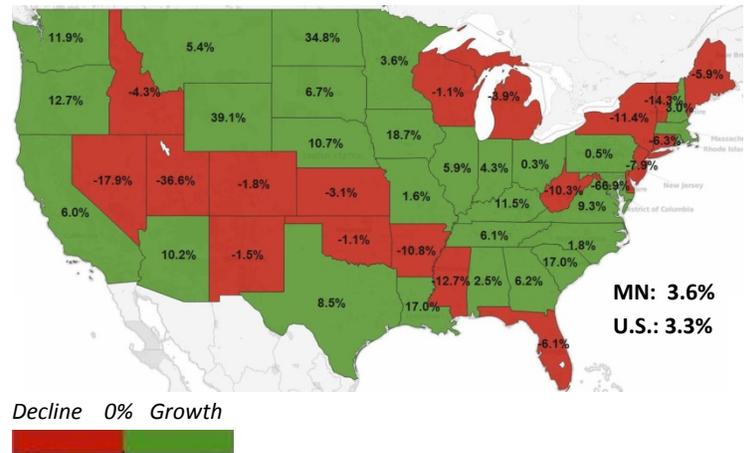


Second Quarter State Exports Gain Almost 4 Percent to \$5.4 Billion

- Minnesota exports, including agricultural, mining and manufactured products, were valued at \$5.4 billion in the second quarter of 2014, representing a gain of 3.6 percent (or about \$188 million) since the second quarter of 2013. Nationally, exports grew 3.3 percent.
- Exports grew by 15 percent or more to five of the state’s top 10 country markets, and to five of the state’s top 10 product groups.
- Among all states, Minnesota ranked 20th largest in exports. Exports grew for about 60 percent of the states during this period.
- Minnesota manufactured exports grew about 1 percent to \$5 billion in the second quarter of 2014, the same growth as U.S. manufactured exports.

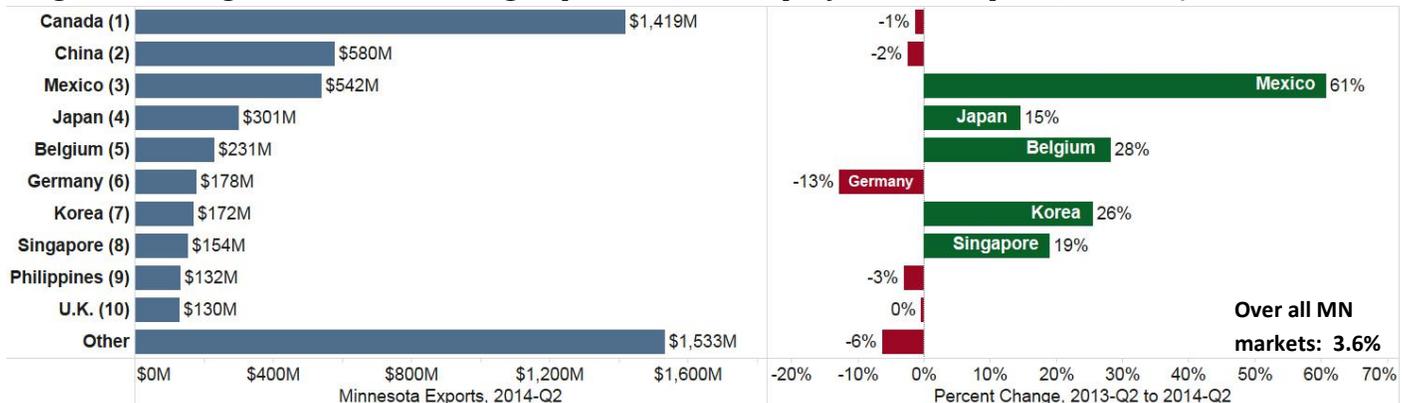
Figure 1. Exports of Goods Grow for 30 States



Strong Performance in Asia and North America Cushions Steep Losses in Europe

- The state’s regional export growth rates ranged widely from a drop of 18 percent (non-European Union countries in Europe) to a gain of 13 percent (Australia-Pacific). Exports to **North America** and **Asia** grew strongly between the second quarters of 2013 and 2014. Minnesota’s exports **North America** jumped 11 percent to \$2 billion (largely fueled by the 61 percent gain in sales to **Mexico**) while those to **Asia** gained 8 percent to \$1.7 billion (led by gains in **Japan, India, Korea** and **Singapore**).
- Minnesota exports to **Europe** fell 10 percent to \$1.1 billion, primarily due to the \$103 million (or 9 percent) plunge in exports to \$1 billion to the **European Union**. Major contributing markets were **the Netherlands** (down 52 percent), **Luxembourg** (down 98 percent), **Germany** (down 13 percent) and **France** (down 21 percent). Soft demand in **Switzerland** (down 25 percent to \$50 million) mainly drove the drop outside the EU.
- Although Minnesota sales expanded to the **Australia-Pacific region** (up 13 percent to \$156 million), they dropped to the **Middle East** (down 14 percent to \$87 million) and to **Africa** (down 15 percent to \$51 million).
- In contrast, U.S. exports grew steadily to most major regions, ranging from flat growth (**Asia**) to 9 percent growth (**EU**). European markets outside the EU were the exception, to where U.S. exports fell 20 percent.

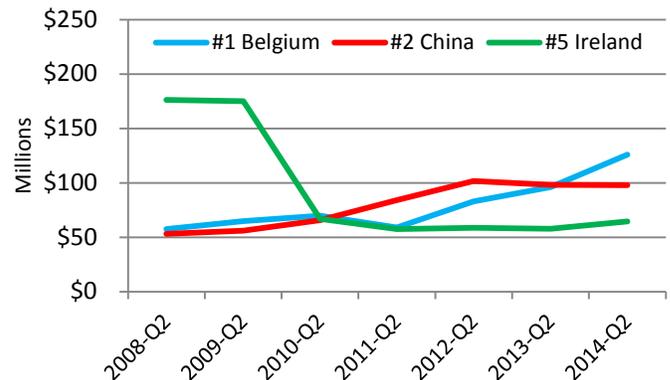
Figure 2. Strong Growth Rates Among Top 10 Markets Help Lift Overall Exports, Second Quarter 2014



Ores, Medical Products, Woodpulp and Plastic Products Lead Export Gains

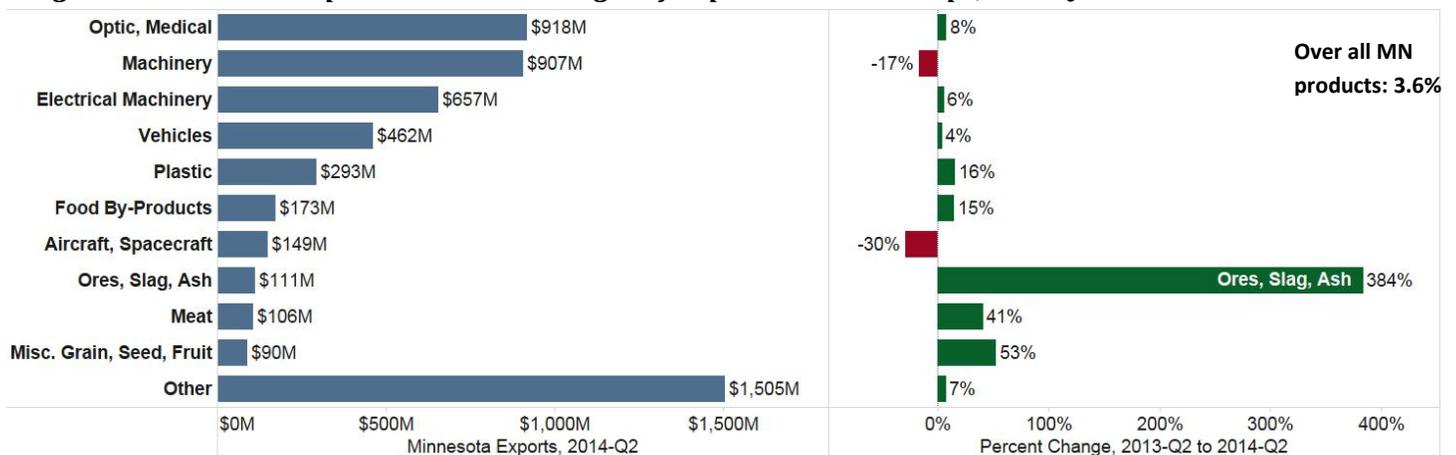
- Between the second quarters of 2013 and 2014, **ores/slag/ash** (up \$88 million), **optics/medical** (up \$68 million), **wood pulp** (up \$64 million) and **plastics** (up \$40 million) showed the strongest gains in value.
- The two largest markets for **ores/slag/ash** (almost entirely iron ores) – **Canada** (up 315 percent to \$95 million) and **Mexico** (\$16 million, up from none in the second quarter of 2013) – fueled the export gains.
- Since dropping 10 percent in 2010, exports of **optic/medical products** have grown steadily. Between the second quarters of 2013 and 2014, the largest gains were among the top three markets: **Belgium** (up 31 percent to \$126 million), **China** (up 9 percent to \$123 million) and **Japan** (up 27 percent to \$105 million). Leading growth segments included **optic fiber** (up 37 percent to \$82 million, especially to **China, Japan and Korea**), **other optic/medical products** (up 35 percent to \$88 million, particularly to **China and Korea**) and **medical and surgical instruments** (up 8 percent to \$326 million, especially to **Belgium**).
- State sales of **plastics** were up 16 percent to \$293 million, particularly to **Canada** (up 38 percent to \$45 million), **Korea** (up 29 percent to \$28 million) and **Mexico** (up 25 percent to \$27 million).
- Wood pulp** sales were up 383 percent to \$81 million. Exports of these products surged to **India** (up \$51 million from \$266,000), **Taiwan** (up \$14 million from none) and **Belgium** (up \$6 million from none).
- Aircraft** sales fell 30 percent to \$149 million, largely due to the **Netherlands** (down 97 percent, or \$89 million, to \$2 million). However, **New Zealand** (up 215 percent to \$22 million) and **Singapore** (up 228 percent to \$36 million), **Mexico** (up 1,320 percent to \$4 million) and **Brazil** (up 42 percent to \$11 million) grew strongly.
- Machinery** were down 17 percent to \$907 million, as **China, Canada, Brazil** and European markets such as **Switzerland, France, Italy** and **Germany** sharply reduced their demand. Exports of **computers and computer components, harvesting machinery, and office machine parts** decreased the most, although exports **centrifuges and filters, rubber-molding machinery and engine parts** grew strongly.

Figure 3. Belgium and China Emerge as Top Markets for Minnesota's Medical* Goods



*Proxy for medical goods consisting of HS9018-HS9031 accounts for 89 percent of HS90.

Figure 4. Minnesota Exports Increased to Eight of Top 10 Product Groups, First Quarter 2014



Minnesota Quarterly Export Statistics is the most current resource available for tracking the state's manufactured export trends and is prepared for the Minnesota Trade Office (MTO) by the Department of Employment and Economic Development's (DEED) Economic Analysis Unit (Thu-Mai Ho-Kim, 651-259-7180). Since 2011, the quarterly and annual statistics 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/>).