



UNITED STATES DEPARTMENT OF COMMERCE
The Secretary of Commerce
Washington, D.C. 20230

February 27, 2015

The Honorable Nikki R. Haley
Governor of South Carolina
Columbia, SC 29201

Dear Governor Haley:

Exports are critical to economic growth and job creation in communities across the country and across South Carolina. With this in mind, I want to make sure you saw the Department of Commerce data we have released on South Carolina exports. With 95 percent of the world's consumers living outside the United States, opening more markets to "Made in America" goods and services is fundamental to our Nation's competitiveness, job creation, and the economic security of our families.

The data found in the attached fact sheet demonstrates the important role that trade and exports have played in America's and South Carolina's economic recovery. In order to build on that momentum, Congress must pass bipartisan trade promotion legislation, which will allow the Administration to negotiate new trade agreements that increase accountability and high standards, uphold our values, and open new markets to American goods and services.

For the past 40 years, Congress has enacted Trade Promotion Authority (TPA) type laws to set high-standard objectives and priorities for U.S. trade negotiators and establish a process for consulting with Congress and the public. In so doing, Congress has guided both Democratic and Republican Presidents in pursuing trade agreements that support U.S. jobs, eliminate barriers to U.S. exports, and set rules to level the playing field for U.S. companies, farmers, ranchers, and workers.

The regional trade agreements under negotiation now, the Trans-Pacific Partnership and Transatlantic Trade and Investment Partnership, cover markets that accounted for 62 percent of U.S. goods exports in 2014, supporting an estimated 4.2 million U.S. jobs in 2013. TPA will allow these agreements to become a reality, encouraging even greater U.S. exports to these markets, as well as the higher-paying jobs associated with such exports, by helping reduce trade barriers and red tape with our trading partners.

I recognize that states are driving export growth and that you are an important partner in promoting trade. I encourage you to lend your voice to the importance of trade in South Carolina and across the country as we continue growing our economy and creating jobs. For questions, please contact William A. Ramos, Director of Intergovernmental Affairs, at wramos@doc.gov and (202) 482-2749.

Sincerely,

A handwritten signature in black ink that reads "Penny Pritzker".

Penny Pritzker



South Carolina: Expanding Exports and Supporting Jobs through Trade Agreements

For almost 40 years, Congress has enacted Trade Promotion Authority (TPA) type laws to help guide both Democratic and Republican Presidents in pursuing trade agreements that support U.S. jobs, eliminate barriers to U.S. exports, and set rules to level the playing field for U.S. companies, farmers, and workers. In these laws, Congress has set high-standard objectives and priorities for U.S. trade negotiators and established a process for consulting with Congress and the public.

The United States currently has free trade agreements with 20 partners which support 47 percent of total goods exports. The regional trade agreements currently under negotiation – Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) – accounted for 62 percent of U.S. goods exports in 2014, and supported an estimated 4.2 million U.S. jobs in 2013. Over fifty countries are negotiating a separate agreement focused on opening markets to trade in services, which would create significant new opportunities for U.S. services firms. TPA will allow these agreements to become a reality, spurring economic growth in the United States and our trading partners.

Exports Support Jobs for American Workers

Total exports from South Carolina helped contribute to the record-setting value of U.S. goods and services exports in 2014, which reached \$2.35 trillion. Nationally, U.S. jobs supported by exports reached an estimated 11.3 million in 2013, up 1.6 million since 2009. U.S. goods exports to current FTA partners supported an estimated 3.2 million jobs nationally. In 2013, goods exports from the state of South Carolina supported an estimated 138 thousand U.S. jobs.

Exports Sustain Thousands of South Carolina Businesses

A total of 5,966 companies exported from South Carolina locations in 2012. Of those, 5,091 (85.3 percent) were small and medium-sized enterprises with fewer than 500 employees. Small and medium-sized firms generated nearly one-sixth (16.1 percent) of South Carolina's total exports of merchandise in 2012.

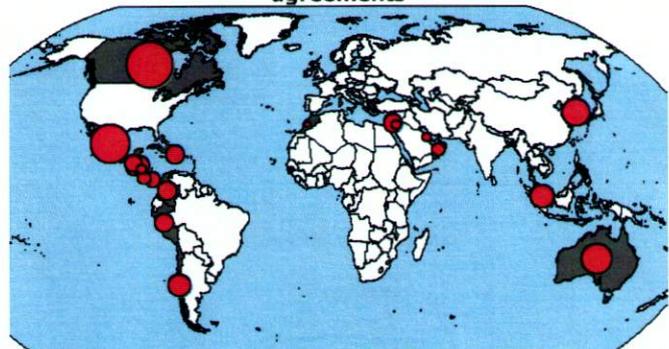
Trade Agreements

The United States currently has free trade agreements in force with 20 countries, which accounted for \$9.2 billion (31 percent) of South Carolina's exports in 2014. During the past 10 years (2005-2014), exports from South Carolina to these markets grew by 63 percent, with NAFTA, Australia, Korea, Chile, and CAFTA-DR showing the largest dollar growth during this period.

South Carolina Depends on World Markets

South Carolina's exports of merchandise in 2014 totaled \$29.7 billion. The state's largest market was China. South Carolina posted merchandise exports of \$4.2 billion to China in 2014, representing 14.2 percent of the state's total merchandise exports. China was followed by Germany (\$3.9 billion), Canada (\$3.6 billion), Mexico (\$2.1 billion), and the United Kingdom (\$1.9 billion).

South Carolina exporters take advantage of U.S. trade agreements



Bubble size represents relative value of South Carolina's exports to each country

The state's largest merchandise export category was Transportation Equipment, which accounted for \$12.1 billion of South Carolina's total merchandise exports in 2014. Other top merchandise exports were Machinery, Except Electrical (\$3.9 billion); Chemicals (\$2.7 billion); Plastics & Rubber Products (\$2.6 billion); and Electrical Equipment, Appliances & Components (\$1.4 billion).

South Carolina's Metropolitan Exports

In 2013, merchandise exports from South Carolina's metropolitan areas included: Greenville-Anderson-Mauldin (\$12.2 billion), Charleston-North Charleston (\$3.5 billion), Spartanburg (\$2.3 billion), Columbia (\$1.7 billion), Florence (\$620 million), Sumter (\$187 million), Hilton Head Island-Bluffton-Beaufort (\$120 million), and Myrtle Beach-Conway-North Myrtle Beach (\$367 million, portions of this MSA are shared with one or more other states).

Future Trade Agreements will Benefit South Carolina's Exporters

Trans-Pacific Partnership (TPP)

TPP negotiations with Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam center on creating a high-standard, regional agreement that opens new markets and knits together existing U.S. trade agreements in the Asia-Pacific region by addressing new and emerging issues. The United States exported \$727.0 billion in goods to all TPP markets in 2014 (45 percent of total U.S. exports). In 2013, U.S. goods exports to all TPP markets supported an estimated 3.0 million U.S. jobs.

South Carolina exported \$8.4 billion annually in goods to all TPP markets (2012-2014 average). During this period, 31 percent of South Carolina's total goods exports went to the entire TPP region.

South Carolina's exports could benefit from new market access as a result of Brunei, Japan, Malaysia, New Zealand, and Vietnam eliminating their tariffs as part of TPP. Efforts under TPP to address unnecessary barriers to trade, increase transparency and certainty for businesses, and promote the rule of law throughout the region could also benefit South Carolina's exporters. TPP could further promote regional integration by providing companies the ability to access supply chains that span four continents and a dozen countries.

South Carolina's top industrial goods exports to Brunei, Japan, Malaysia, New Zealand, and Vietnam include:

Automotive products: Currently, tariffs on automotive products in these TPP markets range up to 83 percent.

Chemicals: The tariffs on chemical products in these TPP markets currently go as high as 35 percent.

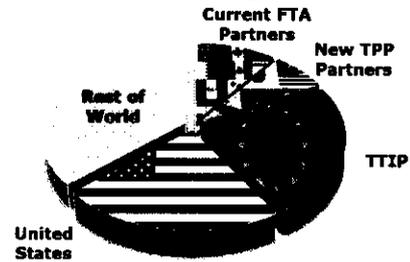
Machinery products: Currently, tariffs on machinery products in these TPP markets range up to 70 percent. Machinery exports could also benefit from TPP provisions that will address technical regulations and standards that unnecessarily restrict trade.

Transatlantic Trade and Investment Partnership (TTIP)

TTIP will be an ambitious, comprehensive, and high-standard trade and investment agreement that offers significant benefits for U.S. companies and workers through eliminating existing trade barriers and better enabling U.S. companies and workers to compete. TTIP will provide significant new opportunities for U.S. industry, as approximately one-fifth of all U.S. goods and services exports go to the European Union (EU). In 2013, U.S. goods and services exports to the EU supported an estimated 2.5 million U.S. jobs.

South Carolina exported \$7.6 billion annually in goods to the EU (2012-2014 average). South Carolina's goods exports to the EU increased by 16 percent from 2012 to 2014. During this period, 28 percent of South Carolina's total goods exports went to the EU.

With TTIP & TPP, the United States & its trade agreements partners would account for 64% of global GDP



The EU's tariff elimination as part of TTIP would provide new market access that could benefit South Carolina's exports. Exports from South Carolina could also benefit from efforts in TTIP to achieve new market access commitments in services and investment, improve the regulatory environment, and establish global best practices.

South Carolina's top industrial goods exports to the EU include:

Automotive products: Currently, the EU's tariffs on automotive products range up to 22 percent. Automotive exports could also benefit from TTIP provisions that promote regulatory efficiencies and reduce regulatory compliance costs.

Chemicals: The EU's tariffs on chemicals currently go as high as 6.5 percent.

Machinery products: Currently, the EU's tariffs on machinery products range up to 9.7 percent.

Trade in Services Agreement (TiSA)

A trade agreement focused exclusively on services, TiSA will encompass state-of-the-art trade rules aimed at promoting fair and open competition across a broad spectrum of service sectors. Presently there are more than 50 participants in the TiSA negotiations, representing 75 percent of world trade in services and a majority of the \$44 trillion global services market.

The United States is the world's largest and most competitive provider of services. U.S. services exports in 2014 were \$710 billion, accounting for about 30 percent of total U.S. exports, and generating a trade surplus of \$231.8 billion. Promoting the expansion of services trade globally will pay dividends for the United States, with every \$1 billion in services exports supporting an estimated 5,900 U.S. jobs in 2013. Service industries employ workers throughout the country, and approximately three out of every four American workers nationwide.

An ambitious, high-standard international services agreement presents a tremendous opportunity to remove a range of barriers that face U.S. service exports, and thus boost U.S. economic growth and support additional jobs.

For more information, please see www.trade.gov/fta.

Prepared by Trade Policy and Analysis, International Trade Administration, U.S. Department of Commerce.

Sources include resources from the U.S. Department of Commerce's International Trade Administration, Bureau of the Census, and Bureau of Economic Analysis, as well as the International Monetary Fund's World Economic Outlook.