

News Release

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WTCA-LAEDC Study Finds Record International Trade - China Widens the Lead as Top Trading Partner

“People classify Los Angeles as a one industry town, and that’s movies, but we have multiple big industries,” said Chief Economist Jack Kyser, senior vice president, LAEDC.

Los Angeles—Southern California’s international trade industry will chalk up new record levels of activity in 2006, but it will also face some major challenges, according to a study prepared for the World Trade Center Association Los Angeles-Long Beach (WTCA LA-LB) by the Los Angeles County Economic Development Corporation (LAEDC). In its annual review, *“International Trade Trends & Impacts,”* released in conjunction with the World Trade Week kick off, the number of containers handled at the Los Angeles/Long Beach port complex in 2006 was forecast to increase by 10.2 percent to 15.6 million TEUs, while the total value of two-way trade moving through the Los Angeles Customs District is expected to grow by 11.0 percent to \$326.1 billion.

“International trade will continue to be a reliable employment engine with 45,500 new jobs expected this year in the Los Angeles five-county area,” said Jack Kyser, Chief Economist for the LAEDC. “These are generally high wage jobs and are found in a wide variety of activities. However, many of these jobs are not captured by the official job reports published by government agencies, so people have little idea of the overall impact of this industry.”

In 2005, Southern California retained its national first place ranking for two measures of international trade. The LA Customs District was number one for value of two-way trade with \$293.9 billion, compared with second place New York’s value of \$267.5 billion. Also, the combined ports of Long Beach/Los Angeles handled more than 9.2 million loaded containers in 2005, well ahead of the nearly 3.4 million moved at the New York/New Jersey port.

“International trade activity is an economic engine that continues to drive the steady growth of the five-county region,” said WTCA LA-LB president and CEO Stephen Harper. “The ports of Los Angeles and Long Beach have become the leading gateway for trade between the US and Asia.”

“People elsewhere classify Los Angeles as a one industry town, and that’s movies,” noted Kyser. “In fact, we have multiple big industries like international trade that get overlooked. Preliminary information on World port rankings for 2005 indicates that the Long Beach/Los Angeles complex held on to their number five ranking based on total TEUs handled.”

There were changes elsewhere in this ranking last year with Singapore pushing past Hong Kong into the number one spot with 23.1 million TEUs handled. The LAEDC report also recommended watching third place Shanghai due to the recent opening of a major port facility there.

While the usual focus of international trade is on the ports, the LAEDC report noted that Los Angeles International Airport handled 1.09 million tons of international air freight in 2005, a new record level.

“All the standard reports on international trade are on goods,” said Kyser. Some data on international trade in services is available at the national level, but not at the state or local level. “However, services are a significant export for the Los Angeles area, with the best examples being the \$10.5 billion in U.S. receipts for film and television tape rentals, and the \$3.6 billion spent by international tourists to Los Angeles.”

According to the LAEDC report, China continued to widen its lead as the Los Angeles Customs District’s top trading partner in 2005, with a two-way trade value of \$102.0 billion. Japan was second with a value of \$46.4 billion. Two European nations posted robust gains in trade with Los Angeles during 2005. Germany saw a 14.9% increase to a total of \$9.0 billion, while the U.K. enjoyed a 12.8% increase to \$5.6 billion. The largest export commodity out of the Los Angeles District in 2005 was “electrical apparatus” with a value of \$10.8 billion. The top import commodity was electronic machinery, with a value of \$31.8 billion. “Fashion” exports from Los Angeles in 2005 totaled \$3.1 billion, with the largest chunk of this, \$1.9 billion, in textile products.

“Despite all this good news, the international trade industry in Southern California faces a rather daunting array of challenges,” said Bill Allen, president and CEO of the LAEDC. “Landside trade infrastructure, both road and rail, is a major concern, and the failure of the state infrastructure bond to make it on the June ballot was a major disappointment. There are efforts to get the bond on the November ballot, but there is concern that the amount devoted to trade infrastructure will get diluted. These infrastructure projects have multiple benefits,” continued Allen. “In addition to creating an extraordinary number of new jobs, they actually will reduce congestion as well as pollution.”

Among the major challenges for Southern California’s international trade industry are the environmental problems caused by its heavy use of diesel fuel to power ships, port tractors, trucks and railroad locomotives.

“While the multiple players in the industry have made efforts to mitigate the impacts of diesel, they need to continue to do so, and at the same time communicate more vigorously what they are doing,” Allen observed.

The LAEDC report also pointed to other issues that will nag international trade over the course of 2006. These include port security, the problems of the port truckers and U.S. trade relations with China. The latter are quite complicated, including the foreign exchange value of the Yuan, the trade deficit that the U.S. runs with China, and intellectual property rights, an issue near and dear to the hearts of Southern California’s entertainment community.

“Although American manufacturers are moving much of their production off shore, the American people are consuming more than ever. And 43% of all the waterborne cargo we import into America passes through our ports of Los Angeles and Long Beach. If we don’t invest in the infrastructure to handle the increased flow of goods, and mitigate the impact of more shipments, our regional quality of life will suffer,” said Allen.

About WTCA, LA-LB

The mission of the World Trade Center Association LA-Long Beach is to support the international business development of our members and the community as the leading membership trade association and international clearinghouse for the Los Angeles region. WTCA membership includes nearly 300 sister WTCs in 100 countries. Over 750,000 companies are affiliated with WTCA members worldwide. WTCA LA-Long Beach is a subsidiary of the Los Angeles County Economic Development Corporation. For more information, please visit www.wtcanet.org.

About LAEDC

The **Los Angeles County Economic Development Corporation (LAEDC)**, the region's premier business leadership organization, is a private, non-profit organization established in 1981. Our mission is to attract, retain, and grow business and jobs in Los Angeles County. Since 1995, the LAEDC has helped retain or create more than 115,000 jobs, providing \$4.7 billion in annual economic impact from salaries and \$88.2 million in annual tax revenue benefit to Los Angeles County. For more information, please visit www.laedc.org.

“International Trade Trends & Impacts” contains data for 2005 not only on the Los Angeles Customs District, but also on the San Diego and San Francisco districts.

[Editors: For media interviews please call George McQuade or Aida Mayo at MAYO Communications, 818-340-5300 or 818-618-9229. Images available upon request. The full report can be found at www.laedc.org beginning Wednesday, May 3, 2006. For embargoed copies of the report, contact Mayo Communications.]

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