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Trade has suffered dramatically in this recession. G7 merchandise trade volumes experienced a precipitous drop in the fourth quarter of 2008 and fell even more dramatically in the first quarter of 2009. Second quarter 2009 data is expected to be similar to first quarter. See table below.

California exports, measured by dollar value, started to show weakness as early as first quarter 2008. They then deteriorated, with declines exceeding twenty-percent as the financial crises and recession evolved. The chart shown below reveals that through 2007, California's value of exports was still strong. It is interesting that the California export dollar value declines led the G7 volume declines by about three quarters. A check into the industrial composition shows that California's export dollar value decline was driven by manufacturing. Perhaps this could have given some hint to the recession that was coming.

Los Angeles Port and Long Beach Port container volumes (imports combined with exports) show a pattern more like G7 trade volumes. 2008 volumes were barely slowing until fourth quarter of 2008 when they declined by fourteen percent. Thus far in 2009 the declines have been serious, more than 23 percent in quarter 1 and at 20 percent in quarter 2.

The trade declines had an economic impact. Los Angeles County's transportation sector job declines are nine percent, Riverside-San Bernardino transportation sector job declines are seven percent, and California transportation sector job declines are also seven percent. Drilling down into the support sectors for California transportation we see that Support Activities for Water Transportation are down 32 percent from the prior year. This represents 8,200 jobs. California Specialized Freight Trucking jobs are down 4,200 jobs or ten percent over the prior year.

Trade: Various Measures

2008 Quarter 1 - 2009 quarter 2

	2008				2009	
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
<u>G7</u>						
Exports	6.5	5.1	2.0	-8.3	-22.8	n/a
Imports	1.5	0.4	-1.3	-6.5	-16.8	n/a
<u>California</u>						
Export dollar value: total	-9.6	-5.9	-7.2	-22.4	-20.7	-7.6
<u>Los Angeles & Long Beach</u>						
Total container volume	0.5	-1.4	-2.2	-14.1	-23.4	-19.9

Units: year-over-year growth rates

Sources: OECD U.S. Bureau of Census, Port of Long Beach, Port of Los Angeles

CERF: Center for Economic Research & Forecasting, CLU

California Export Dollar Value: Total (y-o-y percent change)

