

## DALLAS MORNING NEWS

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### Texas exports spike higher on energy goods

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**WASHINGTON** — Texas exports of fuels, computers and other goods soared by \$43 billion last year to reach \$249.9 billion, far ahead of exports from any other state, the U.S. Commerce Department's International Trade Administration announced Thursday.

California, the second-largest exporter, sold \$159.4 billion worth of goods abroad last year.

"Literally about one-sixth of the country's exports now come from Texas. This is awesome," said Mike Peng, a professor at the University of Texas at Dallas' Jindal School of Management. "The regional advantage of manufacturing and producing in Texas is now stronger than other states."

Diesel and other refined petroleum products accounted for much of the surge. With U.S. oil consumption down, Texas petroleum exports were up \$18.2 billion last year, reaching \$51.3 billion.

For several years, U.S. refiners have faced sluggish demand and a loss of market share to bio-fuels such as corn-based ethanol. Meanwhile, the demand for diesel has gone up worldwide much faster than the demand for other oil products, according to the U.S. Energy Information Administration.

U.S. refineries, particularly on the Gulf Coast, have shifted some of their output from gasoline to diesel to take advantage of higher overseas prices. The Energy Information Administration reports that more than 20 percent of diesel produced at U.S. refineries is now exported, along with more than 4 percent of gasoline.

Oil industry representatives say these exports are not behind current gasoline price increases.

"By far the single greatest factor in the price at the pump is the price of crude oil," said Kyle Isakower, the American Petroleum Institute's vice president of regulatory and economic policy.

"The small amount of ... on-road motor fuels that we have exported over the last couple of years developed because United States demand is dropping. Those exports have virtually no effect on the price at the pump because they cannot modify the price of crude as traded on the world market."

## **Natural gas advantage**

Chemicals, another energy-related category of exported Texas goods, — shot up last year, to \$46.6 billion from \$38.8 billion in 2010. Cheap natural gas, a primary feedstock of petrochemicals, has given Texas producers a competitive advantage over worldwide rivals who still use oil-based raw materials.

“Most people don’t realize that we export a lot of petrochemicals and refined products,” said economist Bernard Weinstein of Southern Methodist University’s Cox School of Business.

The leading destination of Texas exports last year was Mexico, which bought \$86.6 billion. Large volumes of products move back and forth across the border under the North American Free Trade Agreement to take advantage of lower wages in Mexico. But Mexico has also become a leading buyer of U.S. diesel and gasoline, the Energy Information Administration says.

Texas’ second-largest foreign customer last year was Canada, which imported \$22 billion. China was third, buying \$10.9 billion.

Brazil and the Netherlands, both major importers of U.S. diesel, were the state’s fourth- and fifth-largest customers.

Other major export categories were computers and electronic products (\$42 billion), machinery (\$27.6 billion) and transportation equipment (\$21.6 billion).

## **Beating California**

Texas has held the export crown among the states since 2002, when its \$95.43 billion total eclipsed California exports for the first time. In subsequent years, Texas exports have gone up by \$154.5 billion.

Weinstein said the Panama Canal expansion that is under way would lead to another surge in Texas exports as Asian buyers look to bypass congestion at California ports.

“We’re going to steal business from Los Angeles/Long Beach, which is a logistical nightmare,” he said.

Nationally, exports of goods and services reached \$1.48 trillion last year. Included in that total was \$111 billion of refined petroleum products, an increase of \$60 billion from 2010, according to the Census Bureau’s trade data.

U.S. exports of services, a category that includes tourism and airfares, hit \$605 billion last year. The Commerce Department does not break those numbers down by state.

U.S. imports are still much higher than exports. Last year’s trade deficit was \$558 billion.