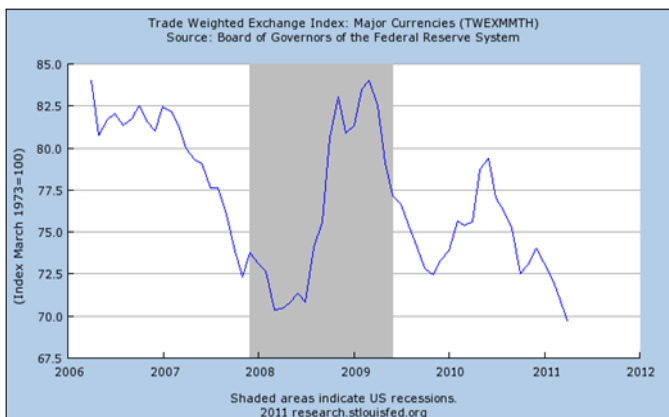


 The Florida TaxWatch Center for Competitive Florida Resolving issues vital to Florida's global economic competitiveness.

U.S. Dollar Index at 3-Year Low

The U.S. Trade-Weighted Exchange Index broke through a 3-year low earlier this month. This index shows the value of the U.S. dollar against the currencies of our major trading partners, weighted by their volume of international trade with the U.S. This index is high when the U.S. dollar is strong, indicating a high level of purchasing power. When the index is low, it indicates the U.S. dollar has dropped in value relative to the currencies of trading partners. The chart below shows the U.S. Trade-Weighted Exchange Index for the U.S. Dollar for the past 5 years.

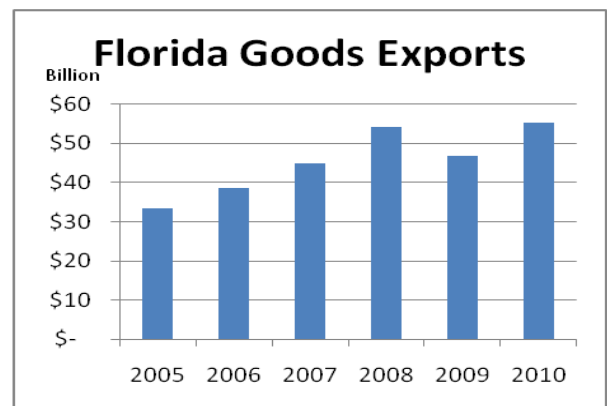


Although the weak U.S. dollar is not good for Florida companies that import products and not good for fuel prices for Florida businesses and consumers, it does have a positive impact on the international portion of Florida tourism demand, foreign direct investment in Florida, and Florida exporters.

According to a March 2011 Enterprise Florida report, Florida is the 4th-largest exporter following Texas, California, and New York. In high-tech goods Florida is third, following California and Texas.

Over the last five years, the dollar value of Florida's exports has risen by more than 43 percent. It was not a steady increase, given the effects of the recession in 2008 and 2009.

The chart below shows that there was a significant dip in Florida exports in 2009. However, 2010 was a record year, with more than \$55 billion in exports of goods that were shipped from Florida.



Data from U.S. Dept. of Commerce, Office of Trade and Industry Information (OTII)

Florida is positioned for further growth in international trade, with the expected completion of the widening of the Panama Canal in 2014. This project should significantly increase the amount of freight coming to east-coast ports and the Port of Miami should receive a substantial share of the benefits. The state has committed to spend \$77 million to dredge the Port of Miami to get ready for larger ships. The Port of New York has committed to dredge to the 50-foot depth required, as well. The only port in the eastern

U.S. that can currently handle the largest ships is the Port of Virginia.

Over the past five years, Florida’s number one export has changed significantly. The top foreign destination has also shifted from being 49th just five years ago to number one today — Switzerland. Long-time trading partner Brazil is no longer the top importer of Florida exports by dollar value.

2010 Rank	Country	2005 Rank	2010 Exports in \$ Billion
1	Switzerland	49	\$ 5.01
2	Brazil	1	\$ 4.72
3	Canada	2	\$ 3.85
4	Venezuela	3	\$ 3.46
5	Colombia	5	\$ 2.52
6	Mexico	4	\$ 2.18
7	Chile	8	\$ 1.72
8	Dominican Republic	6	\$ 1.71
9	Paraguay	14	\$ 1.44
10	Peru	19	\$ 1.35
11	Argentina	9	\$ 1.34
12	Ecuador	18	\$ 1.26
13	Panama	22	\$ 1.25
14	India	29	\$ 1.22
15	Germany	13	\$ 1.15

Data from U.S. Dept. of Commerce, International Trade Administration, Office of Trade and Industry Information (OTII).

It is important to mention that 10 of the top 15 countries in 2005 are the same. Notable upward changes came from Switzerland (49th to 1st), India (29th to 14th), and Panama (22nd to 13th). There were significant dropouts from the top 15, such as the U.K. (7th to 17th) and Japan (10th to 20th).

Typical top exports for Florida have been: civilian aircraft and aircraft parts; motor vehicles; computers and electrical

machines and parts; fertilizer; medical instruments; and printing machinery. However, the fastest-growing Florida-origin export (up 59.4% between 2009 and 2010) is now precious metal waste and scrap, with the majority of it exported to Switzerland (\$4.9 billion). Precious metal scrap was Florida’s number one export in terms of dollar value in 2010.

Putting this amount of precious metal scrap into perspective, if you divide the dollar amount by the current price of gold (\$1,500/ troy ounce) and convert those troy ounces to pounds and then tons, Florida exports more than 3.26 million ounces of gold, if it were pure gold. Converting to tons makes it a minimum of 112 tons of precious metal scrap, if it were exclusively gold.

The recovery of gold and other precious metals has become big business in Florida with at least one very large private company refining precious metals, much of it coming from the recycling of jewelry sold by individuals taking advantage of opportunities to sell at record prices for gold and recent high prices for silver. The company’s website indicates that it has produced a 775 percent growth rate within the last three years.

Florida companies continue to expand exports of goods to the world, with both long-term trading relationships and new opportunities. Looking to the near-term future for Florida exports, this year we are likely to see the final approval of pending trade pacts with Panama, Colombia, and South Korea. If approved, this should increase the amount of trade with the U.S., with Florida a likely beneficiary of more trade with Colombia (currently 5th in Florida exports), Panama (13th), and South Korea (31st).

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Florida TaxWatch Research Institute, Inc.

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Florida TaxWatch acknowledges the expanded partnership and support of
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