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State's high-tech exports rose in '08
Massachusetts ranks fourth-highest in US

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Massachusetts' high-tech exports totaled \$9.5 billion in 2008, up nearly 1 percent from \$9.4 billion in 2007, making the state the fourth-highest in the country for high-tech exports, according to a report released today by the TechAmerica Foundation.

The report, "Trade in the Cyberstates 2009: A State-by-State Overview of High-Tech International Trade," indicated that U.S. high-tech goods exports rose by 1 percent in 2008, reaching \$223 billion, representing 17 percent of all U.S. exports to other countries.

High-tech imports were down by less than 1 percent, totaling \$336 billion in 2008, resulting in a slight improvement in the high-tech trade deficit, which stands at \$114 billion, the report said. High-tech exports supported 1,158,000 jobs in the U.S.

In Massachusetts, high-tech exports support about 40,800 jobs, and were up \$81 million in 2008, according to Anne Doherty Johnson, executive director of TechAmerica's New England Council.

"High-tech is integral to the state's economy, with technology goods accounting for one-third of total exports," she said. "The United States needs to continue to open foreign markets to grow the number of American jobs created as a result of trade. We strongly support passage of the Free Trade Agreements pending with South Korea, Colombia and Panama. These would provide new markets for Massachusetts technology exports."

According to TechAmerica's report, Massachusetts' leading tech export sectors were industrial electronics at \$2.1 billion, electro-medical equipment at \$1.5 billion and semiconductor manufacturing at \$2.8 billion.

Besides Massachusetts, 35 other states saw high-tech export growth in 2008. The largest gains were in Oregon, Florida, Utah, New Hampshire and Pennsylvania, the report shows. The largest decrease in high-tech exports were in California, Arizona and Colorado.

Companies surveyed in the report said Massachusetts has an educated work force, a wealth of technological colleges and institutions to partner with and draw talent from.

Some shortcomings were the high cost of doing business in the state, taxes and lack of public transportation.

“We have good schools and an innovation economy,” said Jack Healy, director of the Worcester-based Massachusetts Manufacturing Extension Partnership. “The state and the administration support high-tech.

“... The high cost of business has driven innovation in this state. You can’t have business in this state and not have economic value added,” he said, using the term for how manufacturers measure their efficiency. “It’s the same with health care. It drives innovation. The up side is that the cost forces you to be innovative.”

Intel Corp., which operates a chip-making plant in Hudson, sponsors research with a number of state institutions, including Worcester Polytechnic Institute and the Massachusetts Institute of Technology, said Ann Hurd, company spokeswoman.

“When we look at what drives our presence here, part of it is a mature and stable work force,” she said.

“The state has a business environment that, as long as it remains predictable, is worth the higher cost of doing business. The higher cost of utilities causes us some pause, but we’ve been successful here and want to remain so. Taxes have some effect on our prospects here.”

She said that manufacturers do not pay a personal property tax in Hudson, which, along with a research and development tax credit, is a large consideration.

TechAmerica’s data shows that despite the gains in 2008, high-tech exports nationally had begun to decline in the fourth quarter, and continued to decline in the first half of 2009.

The drop steepened with a 22 percent decline in the first quarter of 2009 and a 23 percent decline in the second quarter, compared to their respective quarters in 2008.

This tracks closely with the overall decline in U.S. merchandise exports in the first half of 2009, the report said.

Patrick J. Scannell Jr., chief financial officer of Netezza Corp. in Marlboro, said about 20 percent of the company’s business is international. Netezza, which makes data warehousing equipment, saw a dip in exports at the end of 2008 because of the global recession, Mr. Scannell said.

“We did see some shift and decline in fourth quarter,” he said. “We’ve seen stabilization this year. Stability is good. ... We continue to add employees. The market opportunities are significant for us.”