

News Release

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IMMEDIATE RELEASE

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LAEDC Says New Study on Foreign Direct Investment in LA County Reveals a Major Economic Impact

FDI Report finds 4,384 foreign firms operating in L.A. Modest growth in international trade activity in SoCal is expected this year, but the local customs district will stay number one in the United States.

Los Angeles – International trade activity in the Los Angeles area will record modest growth in 2008 after a disappointing year in 2007, according to the Los Angeles County Economic Development Corporation (LAEDC).

“The total number of containers handled at the ports of Los Angeles and Long Beach should move up by 1.0 percent to 15.83 million TEUs after a decline of -0.6 percent in 2007,” said Chief Economist Jack Kyser, senior vice president, LAEDC. “The boom in export activity should remain in place in 2008 as the U.S. dollar continues to weaken. “However, import volumes will continue to be lackluster.”

Highlights from the LAEDC’s annual overview of activity “International Trade Trends & Impacts” include:

- ▶ The Los Angeles Customs District retained its first place ranking in total value of two-way trade in 2007 with an increase of 6.1 percent to \$349.4 billion. However, number two New York saw a more robust gain of 9.8 percent to \$323.9 billion.
- ▶ The port of Los Angeles remained number one in the nation as measured by number of loaded containers handled, but saw a -0.1 percent slippage to 5.74 million TEUs. Number two Long Beach posted a 4.1 percent increase to 4.99 million TEUs, while number three New York recorded a healthy 7.0 percent gain to 3.93 million TEUs.
- ▶ Combined, the ports of Los Angeles and Long Beach remained in fifth place among the world’s major container ports.
- ▶ China remained firmly in first place as the Los Angeles Customs District’s top trading partner in 2007, with a two-way trade value of \$183.3 billion. Japan was a distant number two with a value of \$60.5 billion, followed by South Korea at \$24.6 billion.
- ▶ The top import commodity into Los Angeles in 2007 was electrical equipment, TVs, and electronic parts with a value of \$58.32 billion.
- ▶ The top export commodity out of the Los Angeles District in 2007 was electrical equipment, TVs, and electronic parts, with a value of \$17.4 billion. This was followed closely by computers, peripherals, machinery, appliances and parts with a value of \$17.2 billion. This contradicts the common knowledge that all Los Angeles exports are low valued commodities.
- ▶ 1,900 international trade jobs should be added in 2008.

Int'l Trade Trends and FDI Report 2-2-2

Kyser observed that “The days of 10 percent growth in container volumes at the local ports could be gone. There are many daunting challenges.”

One such challenge is the environmental community’s vigorous opposition to steamship terminal expansions and goods movement infrastructure improvements. Another is growing competition for business from other ports both on the West Coast, the East Coast, and in British Columbia and Mexico. Kyser pointed out that looming in the future is the expansion of the Panama Canal which would allow service by water all the way from Asia to the East Coast in large ships.

“The important question for the international trade industry in Southern California is: can its varied constituents reach a consensus on how to maintain and grow this important industry and the high paying jobs it creates?” noted Kyser.

Foreign Direct Investment in Los Angeles County Significant

“Foreign direct investment is another important part of Los Angeles’ international economic engagement,” said Vance Baugham, president, World Trade Center Association – Los Angeles/Long Beach (WTCA). “The LAEDC is in the process of completing the final report on foreign direct investment (FDI) in Los Angeles County, and the preliminary results are being released today.”

Some of the findings include:

- ▶ There are 4,384 foreign-owned and -affiliated business establishments currently in the LAEDC’s FDI database.
- ▶ The top five sources of FDI in Los Angeles are: Japan (1,436 establishments); United Kingdom (809 establishments); France (365 establishments); Germany (338 establishments); and Canada (278 establishments).
- ▶ The top industries that are foreign owned include: retail trade (967 establishments); wholesale trade (859 establishments); manufacturing (615 establishments); finance and insurance (493 establishments); and transportation and warehousing (297 establishments).
- ▶ The top cities attracting FDI in Los Angeles County are: Los Angeles (1,633 establishments); Torrance (309 establishments); Long Beach (211 establishments); Santa Monica (125 establishments); and Pasadena (120 establishments).
- ▶ FDI is spread around the County from Valencia on the north to Long Beach on the south; from Pomona on the east to Santa Monica on the west.
- ▶ Countries from which manufacturing was their number one activity in L.A. County include: France, Canada and Mexico with 192 establishments between them.

Baugham pointed out that the final FDI report for the County will be issued in July and will include update number on foreign-owned businesses, estimates of employees working for these firms, and results of a survey of firms that will provide insights as to why they chose to locate facilities in Los Angeles County and whether, when and where they plan to expand in the future.

About the LAEDC: The LAEDC, the region’s premier business leadership organization, is a private, non-profit organization established in 1981 under section 501(C) (3). Its mission is to attract, retain, and grow business and jobs for the regions of Los Angeles County. Since 1996, the LAEDC has helped retain or attract more than 144,000 jobs, providing \$6.1 billion in direct economic impact from salaries and \$104 million in annual tax revenue benefit to local governments and education in Los Angeles County. Visit www.laedc.org or call (888) 4-LAEDC-1.

[Editors: For media interviews please contact George McQuade, MAYO Communications, (818) 340-5300 or PR@MayoCommunications.com. Advanced copies of the Trade Trends and FDI reports are located at <http://www.laedc.org/reports/Trade-2008.pdf> and <http://www.laedc.org/reports/FDI-2008-Preliminary.pdf>.