

NOV 1983 Export Trade Opportunity

AN industrial paradox exists in Oklahoma. Agriculture and the petroleum industry produce large amounts of raw materials. Yet much — perhaps most — of the oil and gas and nearly all of the agricultural commodities are shipped out of the state for processing.

At the same time, the principal category of exports — manufactured goods — are largely fabricated from imported metals.

Last year Oklahoma exported \$2.7 billion worth of manufactured goods and \$923 million worth of agricultural products, says Bill Maus, director of the international division of the state Department of Economic Development.

Most of the metals are brought in by barge from the East Coast, Maus said. From ports at Muskogee and Catoosa they are shipped by truck or rail to state factories for fabrication.

A large part of these products are exported, both to other states and abroad. They consist of oil exploration, drilling and pumping equipment, vehicles, road-building machines, heat exchangers and pumps of various kinds. All are "high value products" made from "low value" imported raw materials.

Because the Arkansas River waterway makes water freight rates available, a foreign trade zone has been established at Catoosa. Raw materials may be brought in without import duty,

processed or manufactured, and exported from the same zone with no export duty, a valuable competitive advantage.

Application is expected to be approved in March for a second international trading zone in the vicinity of Will Rogers World Airport in Oklahoma City, another boost for manufacturing.

Two-thirds or more of the wheat grown in Oklahoma is shipped abroad as "low value" raw commodities. The part that is made into "high value" products is processed in other states. Cotton, peanuts, soybeans and other crops also are sold by the ton, at the lowest market price.

Cattle and calves bring the largest cash receipts of any state farm products. All but a small part are shipped out "on the hoof" as "low value" products, compared to what they might sell for if the state's meat packing industry could be revitalized.

The same situation exists nationally for agriculture. A recent USDA report shows the U.S. share of the world's "low value product" trade in agriculture increased from 25 percent in the 1960s to over 50 percent, while our share of the world's "high value product" trade has stagnated at around 10 percent.

The real bucks are in the high value products, the raw materials processed, manufactured or converted into useful products. Are we missing the boat in Oklahoma with our exports?