



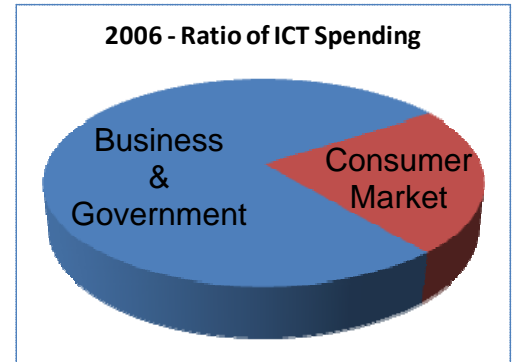
# FAST FACTS 2007



## INFORMATION TECHNOLOGY (IT)

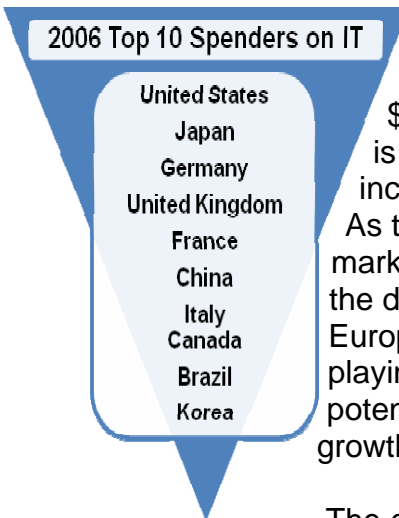
### DEFINITION

Information and communication technology (ICT) refers to the collection of products and services that turns data into accessible and useful information. The ICT industry has four major categories: 1) computer hardware, 2) software, 3) services, and 4) communications which has its own forms of hardware, software, and services. Given the convergence of these technologies, including the Internet, optical cable, recognition software, hand-held devices, intelligent machines, Smartphones, cameras, and other real-time equipment, distinctions between “information technology” and “telecommunications” are becoming blurred.



### WORLDWIDE ICT SPENDING TRENDS

In 2006, global ICT revenues exceeded \$3.1 trillion and are expected to reach \$3.9 trillion by 2009. Telecommunications spending grew 4.3% to \$1.57 trillion—by far the largest segment. Software sales reached \$317.5 billion growing 9.9% and computer hardware spending grew 8.9% followed by information services at 7.9%.



The U.S. ICT market, accounting for 40% of all spending, grew about 5% in 2006, the same rate as Germany and France. Japan, spending \$349 billion, is a distant second behind the U.S. in ICT spending. China is predicted to be the world’s largest growing ICT spending nation, increasing about 14% from 2003 to 2007. As the benefits and efficiencies of ICT spread across the globe, mature markets such as the U.S. can only become less dominant. This implies that the developing world holds the future for ICT—particularly Asia and Eastern Europe. China, India, Poland and other developing countries are already playing an increasing role in the global ICT marketplace, showing the positive potential for ICT revenues. Political action is also driven by the spending growth in the developing world, i.e., \$100 laptops for children in Brazil.

The growth and depth of the global ICT marketplaces are as follows:

- The Asia region is projected to have the most volume growth at a pace of 9.3%. In China, ICT spending grew 21% in 2006 and is predicted to surpass France in 2007 & the UK by 2008. India is expected to bump Korea out of the Top Ten list of ICT spending nations.
- Eastern Europe is expected to see the fastest ICT spending growth, followed in order by Asia, Africa, Western Europe, Middle East, Latin America, and North America.
- Switzerland will surpass the U.S. on ICT per capita at US\$ 4,282 per person in 2007. Businesses worldwide will likely increase the amount of spending substantially per employee currently estimated at \$1277 in 2006 and projected to be over \$1500 by 2010.
- In 2005, total Internet usage exceeded 1 billion users worldwide. The U.S. ranks first with 200 million, twice as many as China but not for long, followed by Japan, India, and Germany.



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Ultimately, ICT helps eliminate economic barriers and enables developing countries to enter the world market. One sign is that global GDP is nearly \$45 trillion, increasing 50% since 2001 while there has only been a population gain of 5% overall. This seems to reflect productivity gains and efficiencies in the labor market due to ICT. Even governments have accepted the digital revolution as the greatest vehicle to increase jobs and wages and business opportunities.

### THE CHINESE ICT MARKET

Access to China's growing market is vital to the U.S. maintaining its global leadership position in ICT. Overall, China's ICT equipment (hardware) market is estimated to be growing at 20-30% annually. China has the fastest growing communications market in the world.

American computer manufacturers currently pay tariffs of up to 13% when exporting to China. China has pledged to eliminate tariffs on many products and remove non-tariff barriers to trade. Under the WTO agreement, American companies are allowed for the first time to invest in China's telecommunications services, allowing for participation in building the IT infrastructure of the largest potential market in the world. U.S. companies are permitted to form joint ventures and provide domestic and international telecom-related services. (Harris Miller)

### 2006 WORLDWIDE

#### Largest Groups Spending on ICT

	(Billions of \$US)
Government	\$ 541.8
Finance	\$ 512.8
Manufacturing	\$ 472.3
Wholesale/Retail	\$ 299.2

### THE IMPORTANCE OF ICT TO THE U.S. ECONOMY

The U.S. leads the world in the use of information and communications technology products and services. U.S. spending on ICT increased 21% from 2000, to almost US\$1.13 trillion in 2004. Between 2000 and 2004, ICT in the U.S. achieved a compound annual growth rate of 3.97%, compared to 5.45% for the global economy. (Digital Planet)

Information technology has been an incredibly powerful source of American employment and job growth. Approximately 10.5 million people earn their living from information technology jobs. However in 2006, domestic U.S. shipments in the computer industry (NAICS 3341: computers, storage, & peripherals) dropped 2.4% to \$76.6 billion resulting in a further decrease of jobs, dropping to under 200,000 workers. (BLS)

Ironically, U.S. exports rebounded 4% to \$29.8 billion in 2006 with the top destinations: Canada (\$3.8 billion), Mexico (\$2.7 billion), UK (\$2.1 billion), and Japan (\$1.9 billion). If exports were ranked by region, Asia Pacific would be first followed by the EU-25 and Latin America. As for imports of computer products, China was the primary supplier to the U.S. amounting to \$40 billion with Malaysia second, supplying \$11 billion. The zigzag shipment of components shows the interdependence nations have on delivering new and improved ICT products to market. The U.S. ICT services industry remains strong with 1.6 million workers, 127 thousand establishments, and \$288 billion in revenue in 2005. (BLS)



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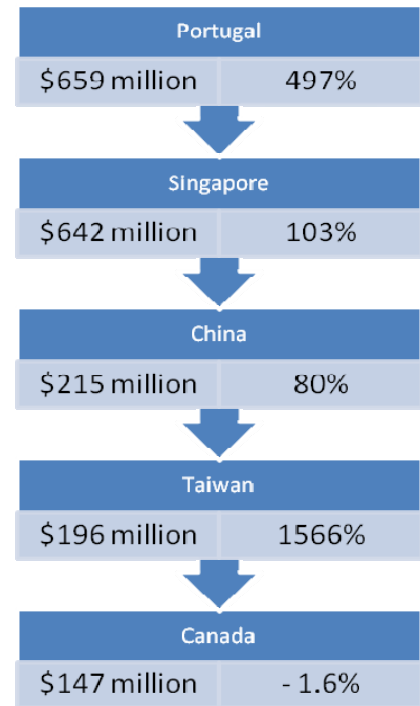
### Virginia Exports January to September 2007

HTS	Commodity	U.S.\$	Change 2006-07
85	All Electrical Machinery	\$2.55 billion	34.35 %
8542	Integrated Circuits	1,741,465,391	48.1 %
8517	Ln Telephone/Etc El Appr	150,747,793	38.31 %
8544	Insul Cable/Wire/Etc	67,533,689	32.04 %
8529	TV/Radio/Radar App Pts	62,998,437	-0.35 %
8538	Elec App Pts (8535-7)	50,346,227	31.43 %
8537	Brd/Pn W El Sw+N/C Ap	43,097,644	-16.96 %
8536	Elec Ap F Switch=<1000V	40,399,824	41.3 %
8526	Radar/Rad Nav Aid Ap	40,290,015	501 %
8504	Adp Power Supplies; Parts	38,701,037	-38.54 %
8511	Ign/Etc Eq; Generator	38,634,428	2.02 %
8525	Trns Ap F R-Tel;Tv Cm	36,779,564	-19.38 %
8501	Elec Motor + Generators	36,697,025	0.1 %
8539	Elec Fil/ Discharge Lamp	25,831,054	99.94 %
8523	Unrecorded Media/N Film	25,255,550	30.42 %
8540	Therm/Cold/Ph Cat Tub	19,624,866	70.77 %
8546	Elec Insulator All Material	15,643,776	-2.79 %
8543	Other Elec Mach/Etc; Parts	15,566,611	-8.25 %
8534	Printed Circuits	15,053,684	12.36 %
8519	Turntable/Rec+ Cass Player	11,340,320	5,674 %
8503	El Motor/Generator Pts	10,506,316	4.53 %
8541	Semicon Dv;L-Emt Diode	8,116,269	78.74 %
8530	Elec Signal/Traffic Control Eq	5,474,712	234 %
8528	Television Receiver	5,386,694	248 %
8531	Sound/Vis Signal App	4,592,008	44.36 %
8508	Elecmch Hand Tools	3,862,190	all

### VIRGINIA ICT EXPORTS

With Northern Virginia's proximity to the nation's capital, there are many firms in the ICT field—especially software and services—taking advantage of government sales. Exports of manufactured ICT products, particularly integrated circuits which are vital components of foreign exports, are also strong as detailed in the chart to the left.

Virginia's Top 5 Export Destinations for ICT Products (2006 Revenue & Growth Over 2005)



### EXPORT CONTROLS AND INTELLECTUAL PROPERTY CONCERNS

Considering the American propensity to design and market leading edge ICT products, there are considerations to protect your company's competitive position as well as general safety. Not only is it smart business to restrict access to your proprietary knowledge, but it could also be illegal to share it with foreign nationals (actual or deemed exports). Currently, American information technology firms are prevented from selling their most advanced encryption products in foreign markets. [See VEDP Fast Facts on "Export Licensing, Regulations, and Compliance".](#)



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## INFORMATION TECHNOLOGY (IT)

### VEDP TRADE EVENTS

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The VEDP participates in many international trade events and hosts a number of trade missions. All Virginia companies are welcome to attend.

For a complete listing of the VEDP's international trade events, please visit the "Events" tab on our website: [www.ExportVirginia.org](http://www.ExportVirginia.org)

### VEDP CONTACT INFORMATION

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**Virginia Economic Development Partnership—Division of International Trade**

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Tel: (804) 545-5764 Fax: (804) 545-5751

E-mail: [clientservices@yesvirginia.org](mailto:clientservices@yesvirginia.org) Website: [www.ExportVirginia.org](http://www.ExportVirginia.org)

### ADDITIONAL RESOURCES

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- International Trade Administration. U.S. Department of Commerce. <[www.trade.gov](http://www.trade.gov)>
- Office of the U.S. Trade Representative. Executive Office of the President. <[www.ustr.gov](http://www.ustr.gov)>
- United States International Trade Commission. <[www.usitc.gov](http://www.usitc.gov)>
- Information Technology Association of America <http://www.ita.org>
- World Information Technology and Services Alliance <http://www.witsa.org/>
- Organization for Economic Co-operation and Development <http://www.oecd.org>

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