



# Trade Creates Jobs for Vermont

Creating and preserving quality U.S. jobs is a goal shared by all Americans. With 95 percent of the world's consumers living outside of the United States, it makes sense for small and large businesses to partner to build stronger trade ties with countries seeking U.S. goods and services.

Trade creates jobs for Vermont. **Export growth** increases jobs by generating new business for Vermont's manufacturers, services providers and farmers. **Imports** support jobs and keep costs low, helping Vermont businesses compete and saving Vermont families real dollars at the cash register. **Foreign investment** in Vermont creates good jobs across a range of sectors.

## MORE THAN 1 IN 5 VERMONT JOBS DEPENDS ON TRADE

Vermont workers need trade to maintain and create **jobs**.

- Today, 91,600 jobs in Vermont depend on trade.
- In 2008, 21.1 percent of jobs in Vermont depended on trade, up from 10.5 percent in 1992.
- Vermont's trade-related employment grew **nearly four times faster** than total employment from 2004 to 2008.

### Vermont Jobs Tied to Trade, 2008

Wholesale & Retail Trade	14,300
Prof., Sci., & Tech. Services	4,200
Finance & Insurance	2,800
Transp. & Warehousing	2,400
Information	2,100
Manufacturing	300

### Small and Large Employers Partner to Export

Small and medium-sized enterprises (SME) and workers in Vermont supply goods and services to large U.S. companies in and out of the State. Those bigger companies use the SME goods and services to make other products and services that they, in turn, export to customers around the world.

Jobs in **exporting plants pay** on average up to 18 percent more than similar jobs in non-exporting plants.

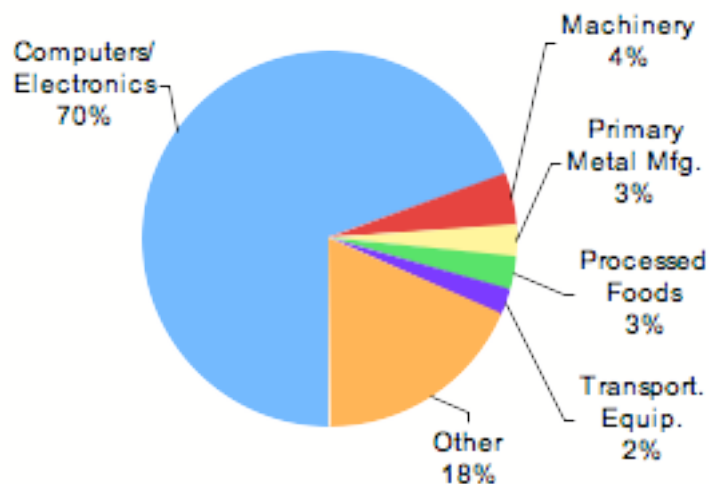
Newly **exporting firms increase employment** almost four times faster than non-exporting firms.

## VERMONT'S INDUSTRIES, SMALL BUSINESSES AND FARMERS GROW WITH EXPORTS

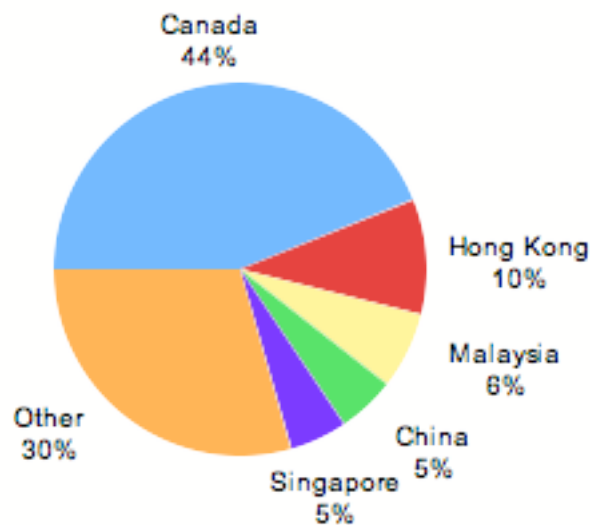
According to the U.S. Department of Commerce, Vermont ranked 41<sup>st</sup> in the United States with **total exports** valued at **\$3.7 billion** in 2008.

- **Computers and electronics** was Vermont's leading export category in 2008 accounting for 69.5 percent of total exports.
- One of the fastest growing export categories for Vermont is **primary metal manufacturing**, increasing at an average annual rate of 173 percent since 2002.
- In 2008, Vermont companies sold their products in **over 150 foreign markets**.
- The top export market is **Canada** (\$1.6 billion). Other leading markets include **Malaysia** (\$238.7 million) and **China** (\$194.1 million).
- **Hong Kong** is one of Vermont's fastest growing trading partners. In 2008, Vermont companies exported **\$369.3 million** worth of goods to Honk Kong, an increase of 896 percent since 2002.
- In 2008, exports accounted for approximately **14.5 percent of Vermont's state gross domestic product** (state GDP).
- Since 2002, exports have increased **more than 50 percent faster** than state GDP.

Leading Export Products



Leading Export Markets



**Services exports** are also important to Vermont, including education of foreign students at Vermont colleges and universities, like the **University of Vermont**, and spending by foreign visitors to tourist destinations in Vermont, including the **Green Mountain National Forest** and **Lake Champlain**. Services companies employ 291,700 workers in Vermont. In 2008, 70,200 Vermont services jobs depended on trade.

Vermont is a leading exporter of **agricultural products**. The State's largest agricultural export category is **dairy products**, accounting for more than 70 percent of total agricultural exports. Vermont's other important export products include **seeds, feeds and fodders, fruits and fruit products**. Key markets are Canada, the European Union, Mexico, and India. These exports directly benefit Vermont's farmers, especially in Addison, Franklin, and Orleans counties, which account for more than 60 percent of Vermont's agricultural production.

## VERMONT'S SMALL AND MEDIUM BUSINESSES PARTNER WITH LARGE BUSINESSES TO EXPORT

Exports particularly benefit workers at Vermont's **small- and mid-size companies**. In 2007, 831 – 86.3 percent – of Vermont's exporting companies were small- or mid-sized companies.

Larger Vermont companies are also important exporters. For the United States generally, half of U.S. exports are generated by U.S. multinationals.

Small and medium-sized Vermont companies also indirectly export when they supply goods and services to larger Vermont exporters. Every job at a Vermont worldwide company supports nearly two others at companies that are part of its supply chain.

### Leading Vermont Exporters

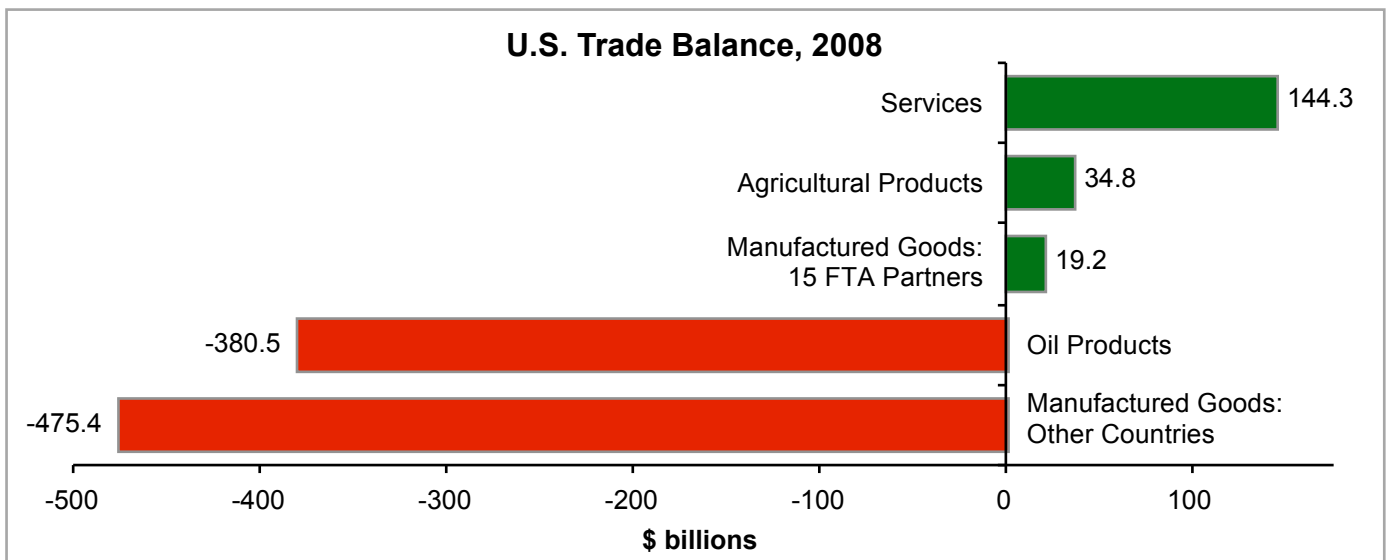
<u>Company</u>	<u>Products</u>	<u>Foreign Markets</u>
American Retroworks (Middlebury)	Computer monitors	Malaysia
Green Mountain Coffee (Waterbury)	Coffee	Bermuda
JBL Foods (Manchester Center)	Citrus fruit juices	New Zealand, Australia
Knight Kitchens (North Clarendon)	Wood cabinets	Virgin Islands
Monessen hearth Systems Co. (Bethel)	Cast iron stove	Poland
Omya Inc. (Florence)	Limestone, clay products	Chile, Costa Rica, Colombia
Plasan (Bennington)	Israel	Steel plates
Rock of Agens Corp. (Barre)	Granite	China
Vermont Castings (Bethel)	Furnaces, accessories	Latvia
VT Leeboy (Lincolnton)	Construction equipment	Brazil, Ecuador, Chile

## MORE OF A GOOD THING FOR VERMONT – TRADE AGREEMENTS LEVEL THE PLAYING FIELD

The United States has some of the lowest trade barriers in the world. **Trade agreements level the playing field** by lowering other nations' trade barriers and opening up foreign markets to U.S. exports. Vermont has increased its exports to partner countries following the implementation of the U.S. bilateral and regional free trade agreements (FTAs).

- Exports to **Morocco** experienced the strongest growth, increasing by 419 percent since the FTA's implementation.
- Vermont's exports to **Australia** have increased by **73.7 percent** since the implementation of the **U.S. – Australia Free Trade Agreement**, nearly seven times faster than Vermont's exports to the world.
- Vermont's exports to FTA partners have increased by **65.5 percent** since 2002, outpacing the growth of Vermont's exports to the world by more than 40 percent.
- Since 2002, exports of **computers and electronics**, Vermont's top export category, to FTA partners have increased by 71.1 percent, **nearly twice as fast** as computers and electronics exports to the world.

The United States enjoys a trade surplus in manufactured goods with its FTA partners.\*



\* State-specific data are not available for imports, so this chart cannot be prepared for Vermont

## FOREIGN INVESTMENT IN VERMONT CREATES JOBS

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Vermont every year.

These companies employ **9,800 workers**, nearly 4 percent of all Vermont employees in the private sector.

- Foreign-owned **manufacturing** accounts for **2,400 jobs**, representing nearly 7 percent of all manufacturing jobs in Vermont.
- U.S. subsidiaries of **foreign companies pay** an average compensation of \$68,317 per year, **32 percent higher** than U.S. companies.

### Selected Multinational Corporations Employing Workers in Vermont

<b>Company</b>	<b>Industry</b>	<b>Country</b>
Hannaford Brothers Company	Grocery Stores	Belgium
Oldcastle Inc	Building Materials	Ireland
Plasan USA	Defense Materials	Israel
Qimonda	Semiconductors	Germany
Sodexo	Food/Facilities Management	France
Unilever	Foods/Consumer Products	U.K./Netherlands

## VERMONT COMPANIES AND WORKERS USE IMPORTS TO STAY COMPETITIVE

- In 2008, 58.5 percent of the products we imported were used by U.S. workers to manufacture goods in the United States. Lower cost inputs **keep U.S. manufacturing competitive** in international markets.
- Imports frequently contain **components** (like cotton or semiconductors) and services (like design) sourced from U.S. companies and farmers, including companies and farmers in Vermont.
- **Services**, especially transportation, finance and insurance, marketing and legal services, are needed to bring imported goods to American manufacturers and households. These importing-related services industries are vital to Vermont's growth, and account for 35.5 percent of state GDP, more than three times as much as manufacturing.

## EXPORTS AND IMPORTS HELP VERMONT FAMILIES ENJOY A HIGHER STANDARD OF LIVING

Exports and imports support family incomes.

- **Jobs in exporting plants pay on average up to 18 percent** more than similar jobs in non-exporting plants.
- Imports help keep prices for Vermont families down while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.
- Trade and investment liberalization policies are worth **over \$10,000 per year** to an average Vermont family of four.

### Imports Keep Inflation Low (1999-2008)

	<u>Price Change</u>
Toys	-45%
Clothing	-10%
Household Appliances	-9%
Footwear	-3%

## SOURCES

### JOBS

Laura Baughman and Joseph Francois, Trade Partnership Worldwide, LLC (<http://www.businessroundtable.org>)  
U.S. Department of Labor (<http://www.bls.gov/lau/home.htm>)  
U.S. Department of Commerce (<http://ita.doc.gov/td/industry/otea/jobs/index.html>),  
(<http://ita.doc.gov/td/industry/otea/edb/index.html>), (<http://www.bea.gov/regional/index.htm>)

### EXPORTS

U.S. Department of Agriculture (<http://www.ers.usda.gov/StateFacts/>)  
U.S. Department of Commerce (<http://tse.export.gov>), (<http://www.usatradeonline.gov>),  
(<http://ita.doc.gov/td/industry/otea/edb/index.html>), (<http://www.bea.gov/bea/regional/gsp/>)  
Andrew B. Bernard, J. Bradford Jensen, and Peter K. Schott (<http://www.iie.com/publications/wp/wp05-10.pdf>)  
PIERS Trade Intelligence database (<http://www.piers.com/>)

### FOREIGN INVESTMENT

Organization for International Investment (<http://www.ofii.org>)

### IMPORTS

U.S. Department of Labor (<http://www.bls.gov/mxp/home.htm>)  
U.S. Department of Commerce (<http://www.bea.gov/bea/regional/gsp/>)

### STANDARD OF LIVING

Council of Economic Advisers (<http://www.gpoaccess.gov/eop/index.html>)  
U.S. Department of Labor (<http://www.bls.gov/cpi/home.htm>)  
U.S. Department of Commerce (<http://www.bea.gov/>)

### TRADE LIBERALIZATION

U.S. Department of Commerce (<http://tse.export.gov>)

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