



Trade Creates Jobs for Virginia

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

MORE THAN 1 IN 5 VIRGINIA JOBS DEPENDS ON TRADE

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

- Today, 1.1 million jobs in Virginia depend on trade.
- In 2008, 22.1 percent of jobs in Virginia depended on trade, up from 10.4 percent in 1992.
- Virginia's trade-related employment grew **more than three times faster** than total employment from 2004 to 2008.

Virginia Jobs Tied to Trade, 2008

Wholesale & Retail Trade	147,900
Prof., Sci., & Tech. Services	78,700
Finance & Insurance	38,600
Transp. & Warehousing	36,100
Information	30,000
Manufacturing	16,000

Small and Large Employers Partner to Export

Small and medium-sized enterprises (SME) and workers in Virginia 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.

Trade coming through the **Port of Virginia** supports **343,000 jobs** which pay **\$13.5 billion in wages** and generates **\$41.1 billion in revenues** and **\$21.7 billion in state taxes**.

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

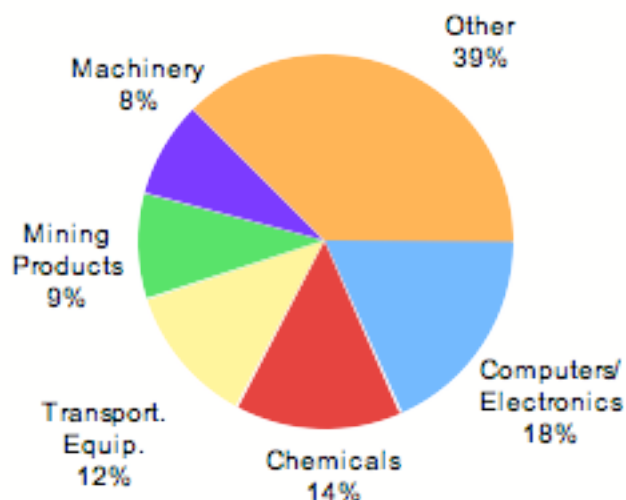
Newly **exporting firms** increase employment almost four times faster than non-exporting firms.

VIRGINIA'S INDUSTRIES, SMALL BUSINESSES AND FARMERS GROW WITH EXPORTS

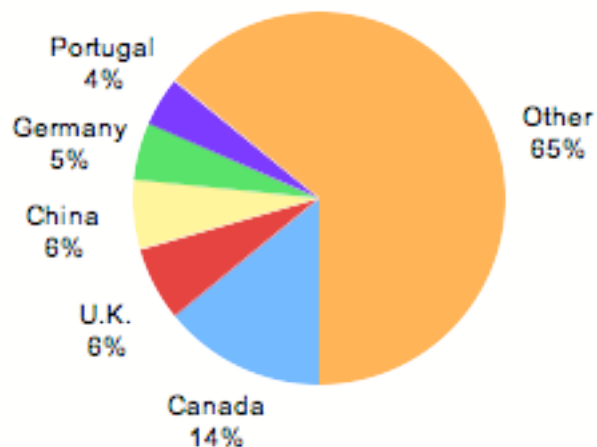
According to the U.S. Department of Commerce, Virginia ranked 23rd in the United States with **total exports** valued at **\$18.9 billion** in 2008.

- **Computers and electronics** was Virginia's leading export category in 2008 accounting for 18.3 percent of total exports.
- One of the fastest growing export categories for Virginia is **mining products** increasing at an average annual rate of 24.7 percent since 2002.
- In 2008, Virginia companies sold their products in **over 210 foreign markets**.
- The top export market is **Canada** (\$2.7 billion). Other leading markets include the **United Kingdom** (\$1.2 billion) and **China** (\$1.2 billion).
- **Portugal** is one of Virginia's fastest growing trading partners. In 2008, Virginia companies exported **\$791.1 million** worth of goods to Portugal, an increase of 2,186 percent since 2002.
- In 2008, exports accounted for approximately **4.8 percent of Virginia's state gross domestic product** (state GDP).
- Since 2002, exports have increased **nearly twice as fast** as state GDP.

Leading Export Products



Leading Export Markets



Services exports are also important to Virginia, including port services, education of foreign students at Virginia colleges and universities, and spending by foreign visitors to tourist destinations in Virginia, including **Virginia Beach, Colonial Williamsburg, and numerous historical presidential estates**. Services companies employ 3.4 million workers in Virginia. In 2008, 758,700 Virginia services jobs depended on trade.

Virginia is a leading exporter of **agricultural products**. The State is the third largest exporter of **tobacco** in the United States. Virginia's other important export products include, **wheat, live animals and meat, poultry products, soybeans, and peanuts**. Key markets are the European Union, Egypt, Switzerland, and Turkey. These exports directly benefit Virginia's farmers, especially in counties like Rockingham, which accounts for over 18 percent of Virginia's agricultural production.

VIRGINIA'S SMALL AND MEDIUM BUSINESSES PARTNER WITH LARGE BUSINESSES TO EXPORT

Exports particularly benefit workers at Virginia's **small- and mid-size companies**. In 2007, 4,241 – 83.8 percent – of Virginia's exporting companies were small- or mid-sized companies.

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

Leading Virginia Exporters

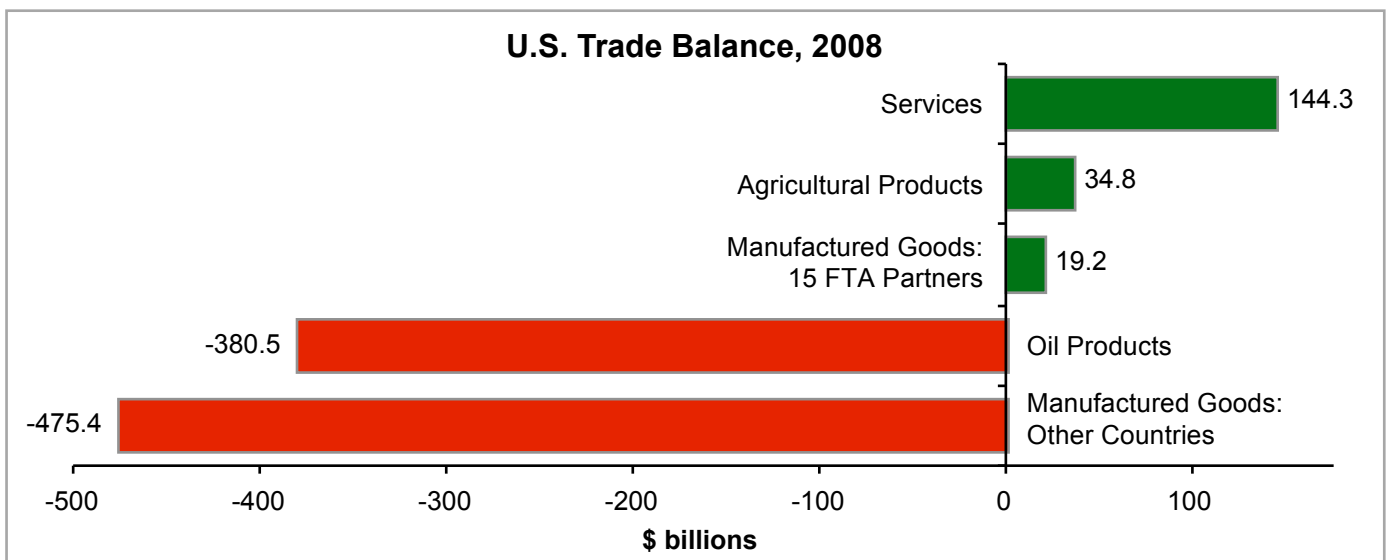
<u>Company</u>	<u>Products</u>	<u>Foreign Markets</u>
Alpha Coal Sales Co. LLC (Abingdon)	Coal	India
Carolina By-Products (Winchester)	Poultry meat	Ecuador, Korea, Indonesia
Exxon Chemical (Fairfax)	Lubricating oil, paraffin wax	Mexico, Colombia, Chile
Honeywell Intl Inc. (Hopewell)	Sulfates, inorganic chemicals	China, Taiwan, Mexico
Massey Coal Export (Richmond)	Coal	Brazil, Turkey, Korea
Meadwestvaco (Glen Allen)	Bleached paperboard	China, Japan, Belgium
Perdue Grain & Oilseed (Chesapeake)	Seed grains	Indonesia, Vietnam, Algeria
United Coal Co. (Bristol)	Coal	Russia, Netherlands
Universal Leaf Tobacco (Richmond)	Unmanufactured tobacco	Belgium, Germany, Denmark
Wolverine Advanced Mat. (Blacksburg)	Gaskets	Belgium, Germany

MORE OF A GOOD THING FOR VIRGINIA – 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. Virginia has increased its exports to partner countries following the implementation of the U.S. bilateral and regional free trade agreements (FTAs).

- Exports to **Singapore** experienced the strongest growth, increasing 486 percent since the FTA's implementation.
- Virginia's exports to **Morocco** have increased at an annual average of **70.9 percent** after the implementation of the **U.S. – Morocco Free Trade Agreement**, almost five times faster than Virginia's exports to the world.
- Since the **North American Free Trade Agreement** went into effect in 1994, Virginia's exports to Canada have increased \$1.6 billion (157 percent), while exports to Mexico have increased \$509 million (289 percent).
- Since 2002, exports of **computers and electronics**, Virginia's top export category, to FTA partners have increased by 251 percent, **more than 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 Virginia

FOREIGN INVESTMENT IN VIRGINIA CREATES JOBS

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

These companies employ **150,800 workers**, nearly 5 percent of all Virginia employees in the private sector.

- Foreign-owned **manufacturing** accounts for **35,200 jobs**, representing over 12 percent of all manufacturing jobs in Virginia.
- 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 Virginia

<u>Company</u>	<u>Industry</u>	<u>Country</u>
Airbus North America	Aircraft Manufacturing	France
Akzo Nobel	Pharmaceuticals	Netherlands
BAE Systems	Aerospace/Defense	United Kingdom
France Telecom	Telecommunications	France
HSBC	Financial Services	United Kingdom
Lafarge North America	Building Materials	France
Nestle USA	Food Products	Switzerland
Maersk Inc.	Container Shipping	Denmark
Panasonic	Electronics	Japan
Siemens	Electronics	Germany

VIRGINIA 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 Virginia.
- **Services**, especially transportation from Virginia's ports, 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 Virginia's growth, and account for 43.8 percent of state GDP, more than five times as much as manufacturing.

EXPORTS AND IMPORTS HELP VIRGINIA 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 Virginia 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 Virginia family of four.

Imports Keep Inflation Low (1999-2008)

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

SOURCES

JOBS

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Virginia Port Authority, Economic Impact Study (<http://www.portofvirginia.com/media/16804/finalvaeconimpactstudywithcover.pdf>)
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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