How Pennsylvania's Economy Benefits from International Trade & Investment

Overview

With more than 95 percent of the world’s population and 80 percent of the world’s purchasing power outside the United States, future economic growth and jobs for Pennsylvania and America increasingly depend on expanding U.S. trade and investment opportunities in the global marketplace.

The following pages feature key facts and figures drawn from new Business Roundtable research, U.S. government data, and other data sources that demonstrate the benefits of international trade and investment to economic growth and jobs in Pennsylvania.

Why is International Trade & Investment Important to Pennsylvania?

• **International trade, including exports and imports, supports 1,658,100 Pennsylvania jobs – more than 1 in 5.** These trade-related jobs grew 4.3 times faster than total employment from 2004 to 2014 and are at large and small companies, on farms, in factories, and at the headquarters of Pennsylvania's globally engaged firms.  
  *(See Pennsylvania Jobs Depend On Two-Way Trade)*

• **Pennsylvania exported $39.9 billion in goods and $19.8 billion in services in 2014,** including pharmaceuticals & medicines, basic chemicals, petroleum & coal products and travel services. Of Pennsylvania's 15,644 exporters, 89 percent are small- and medium-sized companies with less than 500 workers.  
  *(See Pennsylvania Businesses Grow With Exports)*

• **Customers in 210 countries and territories buy Pennsylvania-made goods and services,** including billions of dollars in annual exports to top markets like Canada, Mexico and China. Pennsylvania’s goods exports have grown nearly three times faster than state GDP since 2004.  
  *(See Pennsylvania Companies Export Throughout The World)*

• **Imports lower prices and increase choices for Pennsylvania companies and families.** Lower raw material and input costs help Pennsylvania companies stay competitive in global markets, while families can stretch paychecks further as trade agreements reduce the cost of products by eliminating costly barriers to trade.  
  *(See Pennsylvania Companies And Workers Use Imports To Compete)*

• **Free trade agreements (FTAs) have helped fuel rapid export growth from Pennsylvania to partner countries.** In 2014, $19.6 billion of Pennsylvania's goods exports, or 49 percent, went to FTA partners. This represents a 111 percent increase since 2004.  
  *(See Pennsylvania Needs Trade Agreements To Grow)*

• **Foreign-owned companies invest and build facilities and employ 287,500 workers in Pennsylvania.**  
  *(See Foreign Investment In Pennsylvania Creates Jobs)*

Contact: David Thomas, Business Roundtable, 202-496-3262, dthomas@brt.org
www.brt.org/trade
Overview

Creating and preserving quality U.S. jobs is a goal shared by all Americans. With more than 95 percent of the world’s population and 80 percent of the world’s purchasing power outside of the United States, future American economic growth and job creation depend on open markets abroad.

Trade Creates & Supports Jobs in Pennsylvania

- Export growth increases jobs by generating new business for Pennsylvania's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Pennsylvania businesses compete and saving Pennsylvania families real dollars at the cash register.
- More than one in five Pennsylvania jobs depends upon international trade.
- Pennsylvania's trade-related employment grew 4.3 times faster than total employment from 2004 to 2014.
- Jobs in more export-intensive industries pay about 16 percent more than jobs in less export-intensive industries.
- U.S. exporting plants increase employment 2 to 4 percent faster annually than plants that do not export. Exporting plants also are less likely to go out of business.
- Trade-supported jobs are not just at companies that export and import. Trade supports higher wages for workers and lower costs for companies and consumers, providing them with more money to spend on other things. This spending supports additional jobs throughout the U.S. economy in sectors like entertainment, education and construction.

By the Numbers

1,658,100
Number of Jobs in Pennsylvania Supported by Trade

<table>
<thead>
<tr>
<th>Share of Jobs Tied to Trade</th>
<th>Increased 120 percent from 1992 to 2014</th>
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</thead>
<tbody>
<tr>
<td>22.3%</td>
<td></td>
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<tr>
<td>10.1%</td>
<td></td>
</tr>
<tr>
<td>1992</td>
<td>2014</td>
</tr>
</tbody>
</table>

Jobs Tied to Trade
Top Sectors, 2014

- Retail: 182,900
- Management, Administrative Services: 115,500
- Professional, Scientific, Tech. Services: 107,800
- Finance, Insurance: 97,300
- Manufacturing: 82,400

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Pennsylvania Businesses Grow with Exports

Overview

Pennsylvania exported an estimated $39.9 billion in goods and $19.8 billion in services in 2014. Between 2009 and 2014, Pennsylvania goods exports have increased by 44 percent and services exports by 32 percent. Large companies now account for 64 percent of the value of Pennsylvania's goods exports, with the rest provided by small- and medium-sized enterprises (SMEs).

Small & Large Employers Partner to Export

In addition to exporting directly themselves, thousands of American SMEs export indirectly when they sell goods and services to large U.S. exporters. Based on their direct and indirect export activity combined, SMEs represent more than 40 percent of the value of U.S. exports.

Top Pennsylvania Exports

- Pennsylvania ranks among the top five state exporters in 21 industries, including first in misc. transportation equipment ($692 million), sugar & confectionery products ($669 million) and products manufactured from purchased steel ($110 million), and second in iron, steel & ferroalloys ($1.7 billion).

- Pennsylvania is America’s 33rd largest exporter of agricultural products. It is the third largest exporter of misc. agricultural products, the fourth largest exporter of apples, the sixth largest exporter of other noncitrus fruits, and the seventh largest exporter of tobacco.

- One of Pennsylvania's fastest growing export categories is preserves & specialty foods, which have increased by 18 percent per year since 2004. In 2014, exports of these products reached $151 million.

By the Numbers

15,644
Number of Pennsylvania Businesses that Exported in 2013

89%
Share of Pennsylvania Exporters that are Small- & Medium-Sized Businesses

Top Pennsylvania Exports, 2014

<table>
<thead>
<tr>
<th>Goods</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceuticals &amp; Medicines</td>
<td>$2.5 billion</td>
</tr>
<tr>
<td>Basic Chemicals</td>
<td>$2.1 billion</td>
</tr>
<tr>
<td>Petroleum &amp; Coal Products</td>
<td>$1.7 billion</td>
</tr>
<tr>
<td>Iron, Steel &amp; Ferroalloys</td>
<td>$1.7 billion</td>
</tr>
<tr>
<td>Coal &amp; Petroleum Gases</td>
<td>$1.6 billion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>$4.8 billion</td>
</tr>
<tr>
<td>Financial Mgmt. &amp; Advisory Services</td>
<td>$1.8 billion</td>
</tr>
<tr>
<td>Education</td>
<td>$1.6 billion</td>
</tr>
</tbody>
</table>

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In 2014, Pennsylvania companies sold their products in 210 countries and territories. Top export markets include:

- **CANADA**
  - Goods Exports: $11.9 billion
  - Services Exports: $1.9 billion

- **UNITED KINGDOM**
  - Goods Exports: $1.9 billion
  - Services Exports: $1.7 billion

- **CHINA**
  - Goods Exports: $2.4 billion
  - Services Exports: $1.4 billion

- **MEXICO**
  - Goods Exports: $3.7 billion
  - Services Exports: $885 million

- **NETHERLANDS**
  - Goods Exports: $1.9 billion
  - Services Exports: $402 million

- **JAPAN**
  - Goods Exports: $1.6 billion
  - Services Exports: $1.2 billion

**Fast Facts: How Exports Help the Pennsylvania Economy Grow**

- Pennsylvania's goods exports have grown nearly three times faster than state GDP since 2004. The average annual export growth during this period was 9.0 percent, while the average annual state GDP growth was 3.2 percent.
- Pennsylvania's top export markets for goods are Canada, Mexico, and China. Its top market for services is Canada.
- Pennsylvania's goods exports to the United Arab Emirates have grown by 31 percent per year since 2004. Exports to India grew by 19 percent per year, while exports to Mexico grew by 13 percent per year.

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Overview

In 2014, 60 percent ($1.3 trillion) of the products imported into the United States were inputs and components used by American producers. Lower cost inputs keep U.S. manufacturing competitive in international markets. Imports frequently contain components (like cotton or semiconductors) and services inputs (like design) provided by U.S. companies and farmers, including companies and farmers in Pennsylvania.

- Services, especially transportation from Pennsylvania’s ports, finance and insurance, marketing and legal services are needed to bring imported goods to American manufacturers and households.
- In 2013, about 75 percent of identified U.S. importers were very small businesses with less than 20 employees.
- Trade and investment liberalization policies save the average Pennsylvania family of four more than $10,000 per year.
- Imports help keep prices down for Pennsylvania families while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.

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Pennsylvania Needs Trade Agreements to Grow

Overview

The United States has some of the lowest trade barriers in the world. Overall U.S. trade with our free trade agreement (FTA) partner countries supports more than 17.7 million American jobs. Trade agreements level the playing field by lowering other nations’ trade barriers, opening up foreign markets to U.S. exports and setting strong, enforceable rules for trade between the United States and those other countries. Pennsylvania has increased its exports to FTA partners following implementation of the U.S. FTAs with those countries.

- In 2014, $19.6 billion of Pennsylvania's goods exports, or 49 percent, went to FTA partners.

- Since 2004 Pennsylvania's goods exports to countries with FTAs in effect with the United States in 2014 have increased by 111 percent.

- Pennsylvania's exports to Canada and Mexico have increased by $11.4 billion (269 percent) since NAFTA went into effect in 1994.

- Pennsylvania's exports to Singapore have increased by 139 percent since the U.S.-Singapore FTA took effect in 2004.

- Pennsylvania's exports to Australia of engines & turbines have increased from $3.8 million to $38 million since the FTA with Australia went into effect in 2005.

- Canada bought 47 percent of Pennsylvania's exports of computer equipment in 2014.

- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased $28.5 billion, or 72 percent, of Pennsylvania's goods exports in 2014.

By the Numbers

111%

Increase in Pennsylvania Goods Exports to FTA Partners Between 2004 and 2014

Per Capita Purchases of Pennsylvania Goods, 2014

<table>
<thead>
<tr>
<th></th>
<th>Non-FTA Countries</th>
<th>FTA Partner Countries*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Capita</td>
<td>$3.13</td>
<td>$43.92</td>
</tr>
</tbody>
</table>

* U.S. FTAs in effect with countries in 2014.

In 2014, FTA partners purchased 14.0 times more goods per capita from Pennsylvania than non-FTA partners.
Foreign Investment in Pennsylvania Creates Jobs

Overview

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Pennsylvania every year. Foreign-owned companies from around the world employ hundreds of thousands of workers in Pennsylvania, including:

- 59,200 workers employed by companies based in the United Kingdom;
- 43,300 workers employed by companies based in the Netherlands;
- 37,700 workers employed by companies based in Germany;
- 25,100 workers employed by companies based in Japan;
- 21,400 workers employed by companies based in France.

Selected Foreign-Owned Companies Employing Workers in Pennsylvania

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABB Inc.</td>
<td>Power Distribution Services</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Akzo Nobel Coatings Inc.</td>
<td>Chemicals Manufacturing</td>
<td>Netherlands</td>
</tr>
<tr>
<td>ArcelorMittal USA</td>
<td>Steel Manufacturing</td>
<td>Luxembourg</td>
</tr>
<tr>
<td>BAE Systems Inc.</td>
<td>Defense/Security/Aerospace Services</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Domtar Paper Company LLC</td>
<td>Paper Manufacturing</td>
<td>Canada</td>
</tr>
<tr>
<td>Giant Food Stores, Inc.</td>
<td>Retailing</td>
<td>Netherlands</td>
</tr>
<tr>
<td>Lanxess Corp.</td>
<td>Plastic and Rubber Manufacturing</td>
<td>Germany</td>
</tr>
<tr>
<td>Hatch Mott MacDonald</td>
<td>Engineering Services</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>SAP America Inc.</td>
<td>Software Development</td>
<td>Germany</td>
</tr>
<tr>
<td>Siemens Energy &amp; Automation</td>
<td>Electronics and Engineering Services</td>
<td>Germany</td>
</tr>
<tr>
<td>UBS Financial Services</td>
<td>Financial Services</td>
<td>Switzerland</td>
</tr>
</tbody>
</table>

Foreign-Owned Companies Employ 287,500 Pennsylvania Workers Across Many Industries

<table>
<thead>
<tr>
<th>Industry</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>113,200</td>
</tr>
<tr>
<td>Other</td>
<td>73,100</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>40,400</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>17,800</td>
</tr>
<tr>
<td>Prof., Sci. &amp; Tech. Services</td>
<td>17,800</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>16,900</td>
</tr>
<tr>
<td>Information</td>
<td>8,300</td>
</tr>
</tbody>
</table>
PENNSYLVANIA JOBS DEPEND ON TWO-WAY TRADE


PENNSYLVANIA BUSINESSES GROW WITH EXPORTS

Small and Large Firms Partnering to Export (for 2007, the most recent year for which data were available): U.S. International Trade Commission, Small and Medium-Sized Enterprises: Characteristics and Performance, November 2010, (http://www.usitc.gov/publications/332/pub4189.pdf)


PENNSYLVANIA COMPANIES EXPORT THROUGHOUT THE WORLD


PENNSYLVANIA COMPANIES & WORKERS USE IMPORTS TO COMPETE IN INTERNATIONAL MARKETS


Imports as Components: Derived from Census end-use import data


Price Changes: Derived from BLS Consumer Price Index database (http://www.bls.gov/cpi/)

PENNSYLVANIA NEEDS TRADE AGREEMENTS TO GROW


Per Capita Purchases of Pennsylvania Goods: Derived from The Trade Partnership (http://tradepartnership.com/data/cdxports-and-cdxjobs) and World Bank population estimates


FOREIGN INVESTMENT IN PENNSYLVANIA CREATES JOBS

Employment Data: BEA “Direct Investment & Multinational Companies” database (http://bea.gov/iTable/index_MNC.cfm)

Foreign Investors: Uniworld BP database of “Foreign Firms Operating in the United States” (http://www.uniworldbp.com)

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