

How Vermont's Economy Benefits from International Trade & Investment



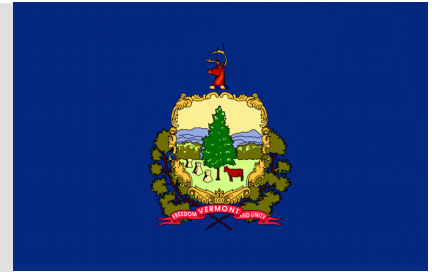
Overview

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 Vermont 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 Vermont.

Why is International Trade & Investment Important to Vermont?

- **International trade, including exports and imports, supports 95,300 Vermont jobs – more than 1 in 5.** These trade-related jobs grew 5.3 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 Vermont's globally engaged firms. *(See Vermont Jobs Depend On Two-Way Trade)*
- **Vermont exported \$3.6 billion in goods and \$984 million in services in 2014,** including semiconductors & components, dairy products, navigational & meas. instruments and travel services. Of Vermont's 1,270 exporters, 86 percent are small- and medium-sized companies with less than 500 workers. *(See Vermont Businesses Grow With Exports)*
- **Customers in 157 countries and territories buy Vermont-made goods and services,** including hundreds of millions of dollars in annual exports to top markets like Canada, Hong Kong and China. Vermont's goods exports have grown at an average annual rate of 2.3 percent since 2004. *(See Vermont Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Vermont companies and families.** Lower raw material and input costs help Vermont 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 Vermont Companies And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Vermont to partner countries.** In 2014, \$2.1 billion of Vermont's goods exports, or 57 percent, went to FTA partners. *(See Vermont Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 11,500 workers in Vermont.** *(See Foreign Investment In Vermont Creates Jobs)*



Vermont Jobs Depend on Two-Way 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 Vermont

- Export growth increases jobs by generating new business for Vermont's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Vermont businesses compete and saving Vermont families real dollars at the cash register.
- More than one in five Vermont jobs depends upon international trade.
- Vermont's trade-related employment grew 5.3 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.

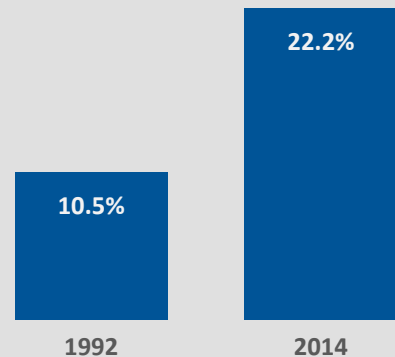
By the Numbers

95,300

Number of Jobs in Vermont Supported by Trade

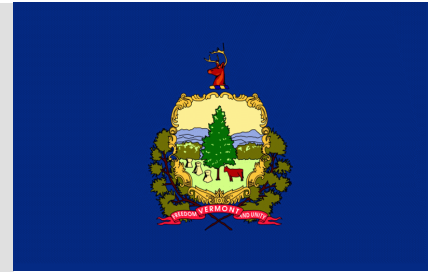
Share of Jobs Tied to Trade

Increased 111 percent from 1992 to 2014



Jobs Tied to Trade Top Sectors, 2014

Retail	10,900
Professional, Scientific, Tech. Services	5,800
Management, Administrative Services	4,400
Finance, Insurance	3,100
Real Estate, Rental Services	3,100



Vermont Businesses Grow with Exports

Overview

Vermont exported an estimated \$3.6 billion in goods and \$984 million in services in 2014. Between 2009 and 2014, Vermont goods exports have increased by 13 percent and services exports by 46 percent. Large companies now account for 84 percent of the value of Vermont'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 Vermont Exports

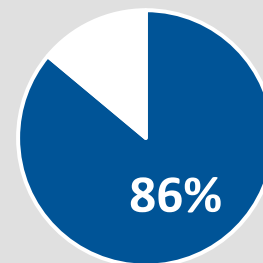
- Vermont ranks among the top half of state exporters in 11 industries, including sixth in semiconductors & components (\$2.3 billion), 14th in sugar & confectionery products (\$56 million), 15th in dairy products (\$111 million), and 22nd in timber & logs (\$16 million).
- Vermont is America's 47th largest exporter of agricultural products. It is the 10th largest exporter of apples, the 14th largest exporter of berries (excluding strawberries), and the 18th largest exporter of misc. agricultural products.
- One of Vermont's fastest growing export categories is apparel, which has increased by 19 percent per year since 2004. In 2014, exports of these products reached \$10 million.

By the Numbers

1,270

Number of Vermont Businesses that Exported in 2013

Share of Vermont Exporters that are Small- & Medium-Sized Businesses



Top Vermont Exports, 2014

Goods

Semiconductors & Components	\$2.3 billion
Dairy Products	\$111 million
Navigational & Meas. Instruments	\$103 million
Computer Equipment	\$87 million
Misc. Manufactured Commodities	\$78 million

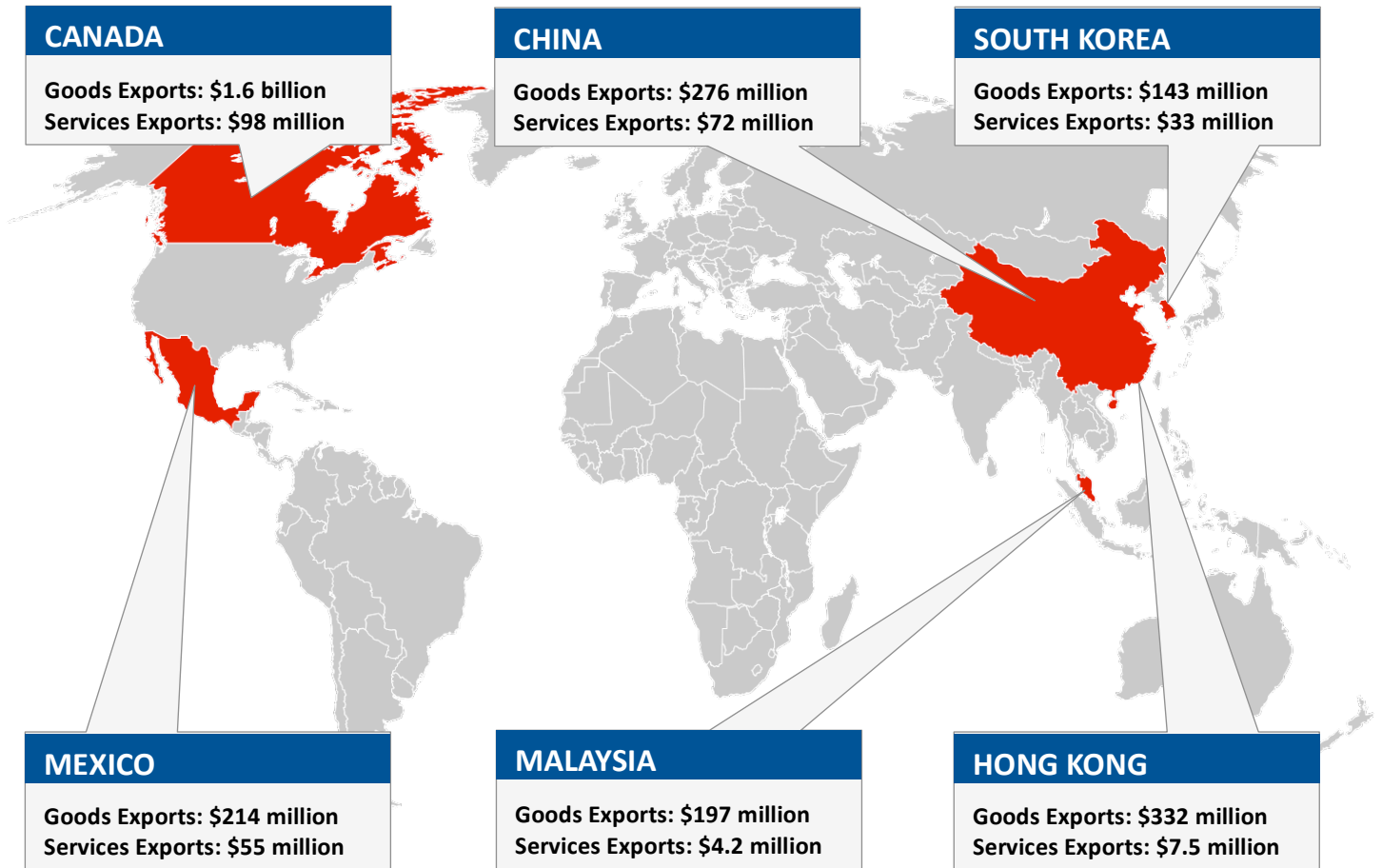
Services

Travel	\$404 million
Management & Consulting Services	\$88 million
Industrial Processes Royalties	\$72 million



Vermont Companies Export throughout the World

In 2014, Vermont companies sold their products in 157 countries and territories.
Top export markets include:



Fast Facts: How Exports Help the Vermont Economy Grow

- Goods exports accounted for 12.4 percent of Vermont's state GDP in 2014.
- Vermont's goods exports have grown at an average annual rate of 2.3 percent since 2004.
- Vermont's top export markets for goods are Canada, Hong Kong, and China. Vermont's top export market for services is Canada.
- Vermont's goods exports to Mexico have grown by 23 percent per year since 2004. Exports to France grew by 14 percent per year, while exports to Malaysia grew by 10 percent per year.



Vermont Companies & Workers Use Imports to Make Products and Compete in International Markets

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 Vermont.

- Services such as transportation, finance and insurance, marketing, and legal services, are needed to bring imported goods to Vermont's 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 Vermont family of four more than \$10,000 per year.
- Imports help keep prices down for Vermont families while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.

In 2013, about 184,000 U.S. companies (including 1,058 in Vermont) imported products...

And roughly three-quarters of U.S. importers were very small businesses with less than 20 employees.

Imports Decrease Prices for Goods & Services



-87.0%

Decrease in the Price of Televisions Between 2004 and 2014.



-69.2%

Decrease in the Price of Computers Between 2004 and 2014.



-42.9%

Decrease in the Price of Toys Between 2004 and 2014.

Imports Increase Choices for Goods & Services



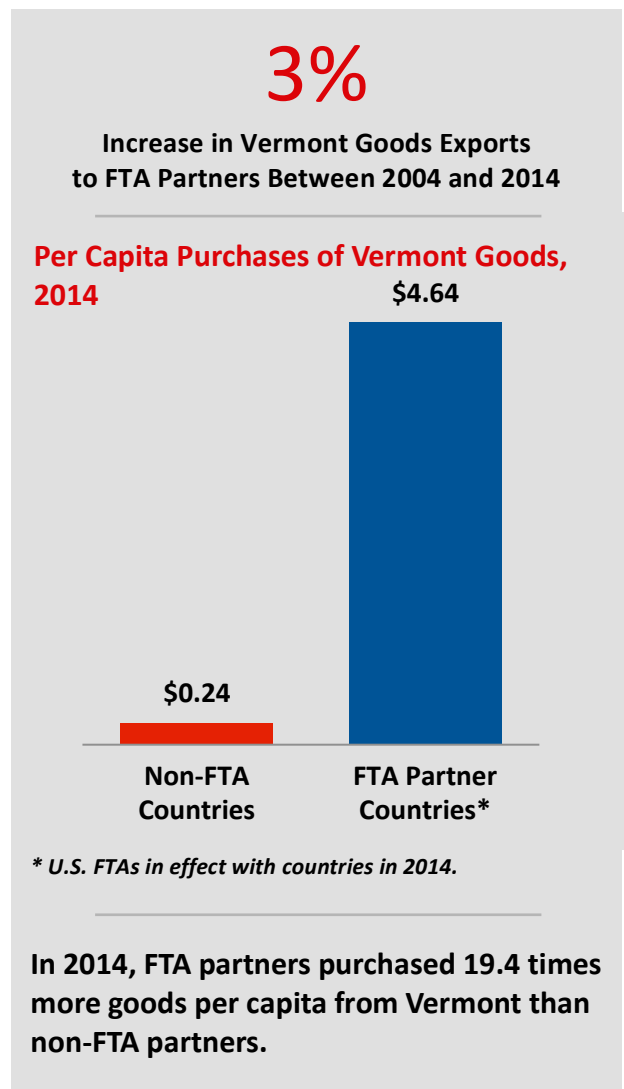
Vermont Needs Trade Agreements to Grow

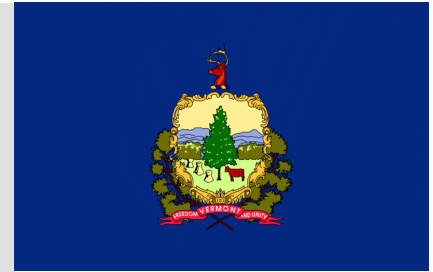
Overview

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. Vermont has increased its exports to FTA partners following implementation of the U.S. FTAs with those countries.

- In 2014, \$2.1 billion of Vermont's goods exports, or 57 percent, went to FTA partners.
- In 2014, FTA partners purchased nearly 20 times more good per capita from Vermont than non-FTA partner countries.
- The NAFTA countries are key markets, particularly for Vermont’s food exports. In 2014, Canada and Mexico bought more than 99 percent of Vermont’s exports of sugar & confectionery products, 94 percent of Vermont’s misc. foods exports, and 59 percent of Vermont’s dairy exports.
- Vermont's exports to Costa Rica have increased by 191 percent since the U.S.-Costa Rica FTA took effect in 2009.
- Vermont's exports to Singapore of aerospace products & parts have increased from \$216,000 to \$7.5 million since the FTA with Singapore went into effect in 2004.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased \$2.6 billion, or 72 percent, of Vermont's goods exports in 2014.

By the Numbers





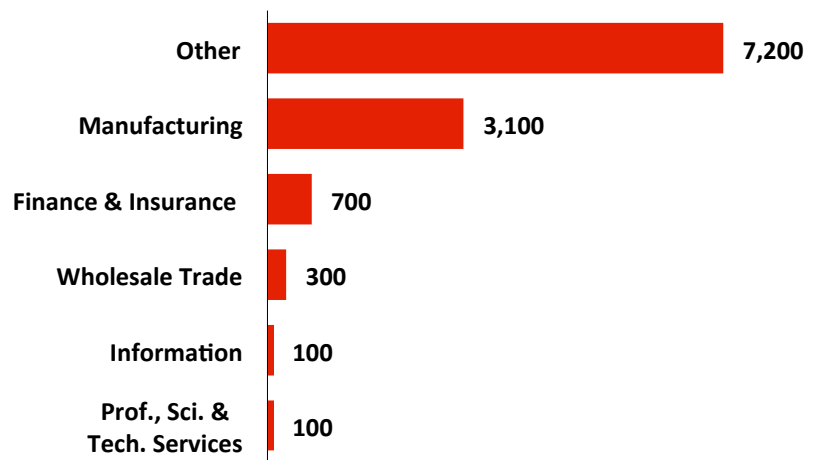
Foreign Investment in Vermont Creates Jobs

Overview

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Vermont every year. Foreign-owned companies from around the world employ more than 11,000 workers in Vermont, including:

- 2,100 workers employed by companies based in Canada;
- 1,300 workers employed by companies based in the United Kingdom;
- 1,200 workers employed by companies based in France;
- 1,200 workers employed by companies based in Switzerland;
- 1,100 workers employed by companies based in Japan.

Foreign-Owned Companies Employ 11,500 Vermont Workers Across Many Industries



Selected Foreign-Owned Companies Employing Workers in Vermont

Company	Industry	Country
Adecco Staffing	Employment Services	Switzerland
AirBoss Defense, Inc.	Rubber Products Manufacturing	Canada
Ben & Jerry's Homemade Inc.	Food Product Manufacturing	Netherlands
Citizens Bank	Financial Services	Scotland
Great-West Retirement Services	Insurance Services	Canada
Husky Injection Molding Systems	Machinery Manufacturing	Canada
KPMG LLP	Accounting Services	Netherlands
NSK Steering Systems America, Inc.	Motor Vehicle Parts Manufacturer	Japan
Omya Inc.	Mineral Manufacturer	Switzerland
Phytron Inc.	Motor Manufacturing	Germany
TD Bank	Financial Services	Canada
Velan Valve Corp.	Valve Manufacturing	Canada



Data Sources

VERMONT JOBS DEPEND ON TWO-WAY TRADE

Jobs-Tied-to-Trade: Boughman and Francois, "Trade and American Jobs, The Impact of Trade on U.S. and State-Level Employment: 2014 Update" (2016) (<http://businessroundtable.org/resources/trade-and-american-jobs-2016-update>)

Exporting Firm Wages: Riker, "Export-Intensive Industries Pay More on Average: An Update" (2015) (<https://www.usitc.gov/publications/332/ec201504a.pdf>)

Exporting Firm Growth: Bernard and Jensen, "Exporting and Productivity in the USA" (2004) (<http://faculty.tuck.dartmouth.edu/images/uploads/faculty/andrew-bernard/exprod.pdf>)

VERMONT 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>)

Exports, Rankings, and Trends: The Trade Partnership, derived from U.S. Census Bureau ("Census") data (<http://tradepartnership.com/data/cdxports-and-cdxjobs>)

Exporting Company Information: Census, "A Profile of U.S. Importing and Exporting Companies, 2012 – 2013" (<http://www.census.gov/foreign-trade/Press-Release/edb/2013>)

VERMONT COMPANIES EXPORT THROUGHOUT THE WORLD

Exports, Rankings, and Trends: The Trade Partnership (<http://tradepartnership.com/data/cdxports-and-cdxjobs>)

Export vs. GDP Growth: Derived from Census export data and U.S. Bureau of Economic Analysis (BEA) "GDP by State" database (<http://bea.gov/regional/index.htm>)

VERMONT COMPANIES & WORKERS USE IMPORTS TO COMPETE IN INTERNATIONAL MARKETS

Importing Company Information: Census, "A Profile of U.S. Importing and Exporting Companies, 2012 – 2013" (<http://www.census.gov/foreign-trade/Press-Release/edb/2013>)

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

Savings from Liberalization: Bradford, Grieco, and Hufbauer, "The Payoff to America from Global Integration" (2005) (<http://www.piie.com/publications/papers/2iie3802.pdf>)

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

VERMONT NEEDS TRADE AGREEMENTS TO GROW

Exports and Trends: The Trade Partnership (<http://tradepartnership.com/data/cdxports-and-cdxjobs>)

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

Jobs-Tied-to-FTAs: U.S. Chamber of Commerce, "Opening Markets, Creating Jobs: Estimated U.S. Employment Effects of Trade with FTA Partners" (2010) (http://tradepartnership.com/wp-content/uploads/2014/06/opening_markets_creating_jobs_USChamber.pdf)

FOREIGN INVESTMENT IN VERMONT 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>)