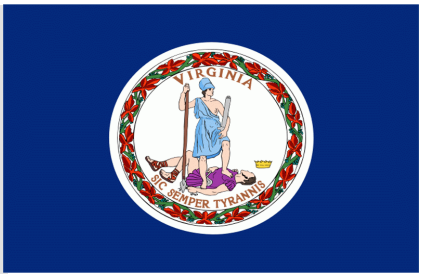
Business Roundtable

How Virginia'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 Virginia 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 Virginia.

Why is International Trade & Investment Important to Virginia?

- **International trade, including exports and imports, supports 1,135,500 Virginia jobs – nearly 1 in 4**. These trade-related jobs grew 3.9 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 Virginia's globally engaged firms. *(See Virginia Jobs Depend On Two-Way Trade)*

- **Virginia exported $17.4 billion in goods and $16.8 billion in services in 2014**, including resins & synthetic fibers, semiconductors & components, pulp & paperboard mill products and travel services. Of Virginia's 7,678 exporters, 86 percent are small- and medium-sized companies with less than 500 workers. (*See Virginia Businesses Grow With Exports)*

- **Customers in 216 countries and territories buy Virginia-made goods and services,** including billions of dollars in annual exports to top markets like Canada, China and Mexico. Virginia's goods exports have grown more than 50 percent faster than state GDP since 2004. *(See Virginia Companies Export Throughout The World)*

- **Imports lower prices and increase choices for Virginia companies and families.** Lower raw material and input costs help Virginia 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 Virginia Companies And Workers Use Imports To Compete)*

- **Free trade agreements (FTAs) have helped fuel rapid export growth from Virginia to partner countries.** In 2014, $7.0 billion of Virginia's goods exports, or 40 percent, went to FTA partners. This represents a 79 percent increase since 2004. *(See Virginia Needs Trade Agreements To Grow)*

- **Foreign-owned companies invest and build facilities and employ 169,200 workers in Virginia.** *(See Foreign Investment In Virginia Creates Jobs)*

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

Business Roundtable

Virginia 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 Virginia

- Export growth increases jobs by generating new business for Virginia's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Virginia businesses compete and saving Virginia families real dollars at the cash register.
- Nearly one in four Virginia jobs depends upon international trade.
- Virginia's trade-related employment grew 3.9 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.

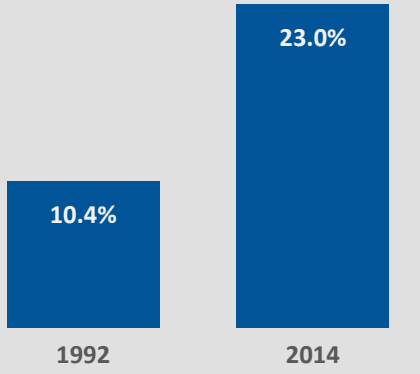
By the Numbers

1,135,500

Number of Jobs in Virginia Supported by Trade

Share of Jobs Tied to Trade

Increased 121 percent from 1992 to 2014



Jobs Tied to Trade

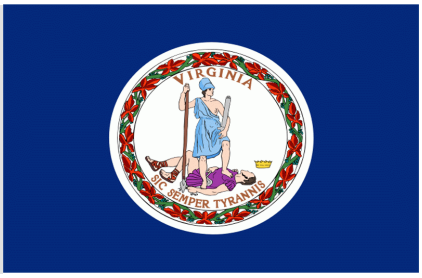
Top Sectors, 2014

Retail	116,300
Professional, Scientific, Tech. Services	113,200
Management, Administrative Services	80,200
Real Estate, Rental Services	46,500
Finance, Insurance	45,100

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

Business Roundtable

Virginia Businesses Grow with Exports



Overview

Virginia exported an estimated $17.4 billion in goods and $16.8 billion in services in 2014. Between 2009 and 2014, Virginia goods exports have increased by 28 percent and services exports by 35 percent. Large companies now account for 72 percent of the value of Virginia'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 Virginia Exports

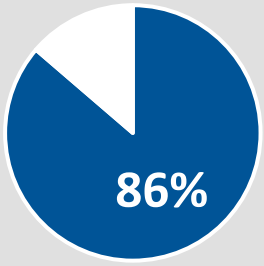
- Virginia ranks among the top 10 state exporters in 18 industries, including first in furniture-related products ($26 million), second in crowns, closures & seals ($115 million), and fourth in coal & petroleum gases ($509 million) and fabrics ($408 million).
- Virginia is America's 34th largest exporter of agricultural products. It is the second largest exporter of horses and other equine, the fourth largest exporter of tobacco, the sixth largest exporter of apples, and the 11th largest exporter of poultry and eggs.
- One of Virginia's fastest growing export categories is animal foods, which have increased by 31 percent per year since 2004. In 2014, exports of these products reached $119 million.

By the Numbers

7,678

Number of Virginia Businesses that Exported in 2013

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



Top Virginia Exports, 2014

Goods

Resins & Synthetic Fibers	$1.2 billion
Semiconductors & Components	$999 million
Pulp & Paperboard Mill Products	$759 million
Motor Vehicles	$752 million
Computer Equipment	$626 million

Services

Travel	$3.2 billion
Management & Consulting Services	$2.3 billion
Passenger Fares	$1.7 billion

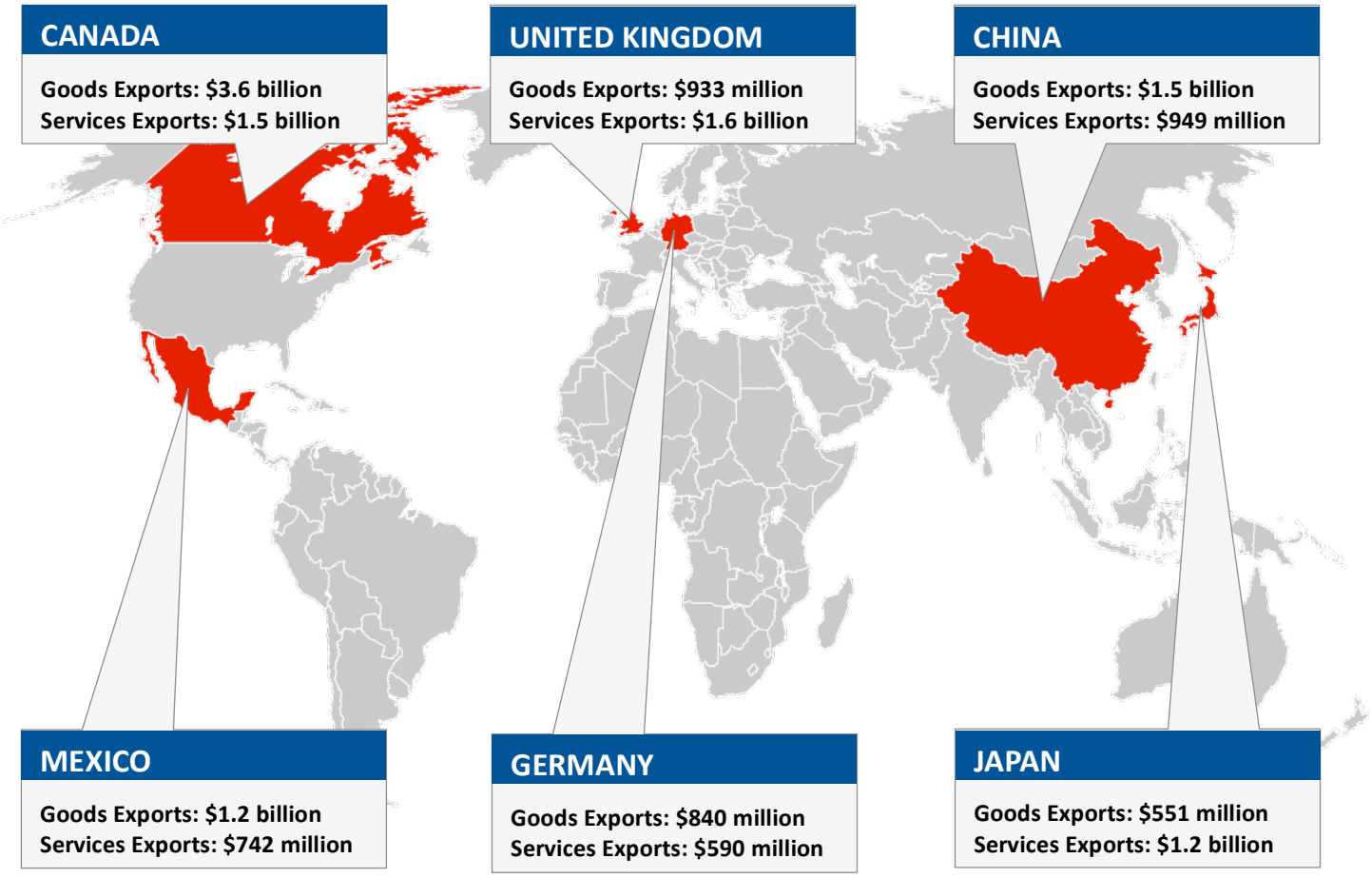
Contact: David Thomas, Business Roundtable, 202-496-3262, dthomas@brt.org
www.brt.org/trade

Business Roundtable

Virginia Companies Export throughout the World

In 2014, Virginia companies sold their products in 216 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Virginia Economy Grow

- Goods exports accounted for 3.8 percent of Virginia's state GDP in 2014.
- Virginia's goods exports have grown more than 50 percent faster than state GDP since 2004. The average annual export growth during this period was 5.4 percent, while the average annual state GDP growth was 3.5 percent.
- Virginia's top export markets for goods are Canada, China, and Mexico. Its top market for services is the United Kingdom.
- Virginia's goods exports to Indonesia have grown by 34 percent per year since 2004. Exports to Taiwan grew by 33 percent per year, while exports to Thailand grew by 19 percent per year.

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

Business Roundtable

Virginia 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 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.
- 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 Virginia family of four more than $10,000 per year.
- Imports help keep prices down for Virginia 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 5,707 in Virginia) imported products…

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

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

Business Roundtable

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

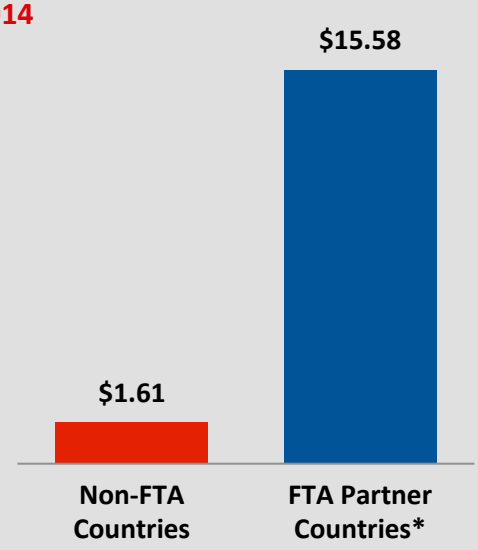
- In 2014, $7.0 billion of Virginia's goods exports, or 40 percent, went to FTA partners.
- Since 2004 Virginia's goods exports to countries with FTAs in effect with the United States in 2014 have increased by 79 percent.
- Virginia's exports to Canada and Mexico have increased by $3.6 billion (296 percent) since NAFTA went into effect in 1994.
- Virginia's exports to the Dominican Republic have increased by 132 percent since the DR-CAFTA took effect for the Dominican Republic in 2007.
- Virginia's exports to South Korea of basic chemicals have increased every year, from $4.9 million to $31 million, since the FTA with South Korea went into effect in 2012.
- Singapore bought 40 percent of Virginia's exports of semiconductors & components in 2014.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased $10.9 billion, or 62 percent, of Virginia's goods exports in 2014.

By the Numbers

79%

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

Per Capita Purchases of Virginia Goods, 2014



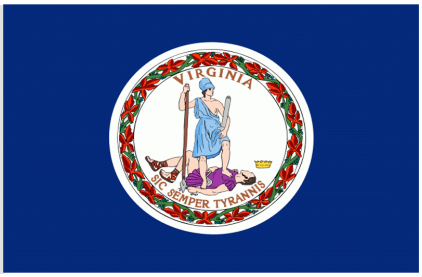
** U.S. FTAs in effect with countries in 2014.*

In 2014, FTA partners purchased 9.7 times more goods per capita from Virginia than non-FTA partners.

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

Business Roundtable

Foreign Investment in Virginia Creates Jobs

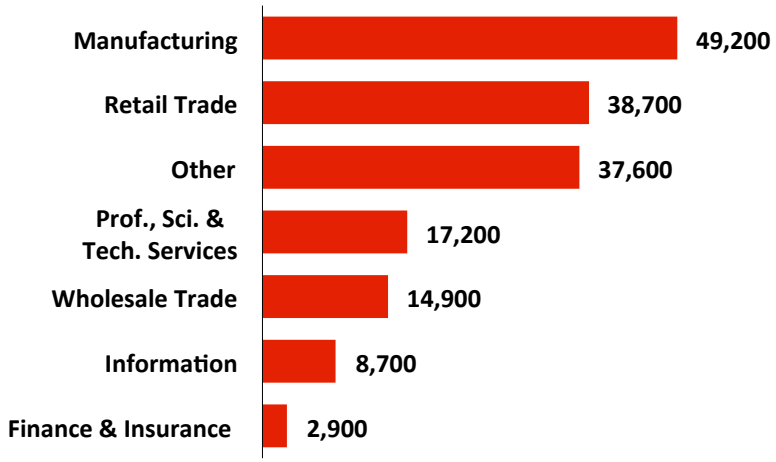


Overview

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Virginia every year. Foreign-owned companies from around the world employ nearly 170,000 workers in Virginia, including:

- 27,000 workers employed by companies based in the United Kingdom;
- 17,300 workers employed by companies based in Japan;
- 16,900 workers employed by companies based in the Netherlands;
- 14,000 workers employed by companies based in Germany;
- 13,400 workers employed by companies based in France.

Foreign-Owned Companies Employ 169,200 Virginia Workers Across Many Industries



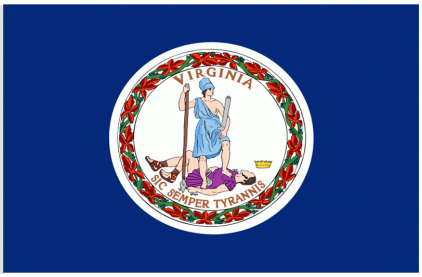
Selected Foreign-Owned Companies Employing Workers in Virginia

Company	Industry	Country
Advantech Wireless	Telecommunications Services	Canada
BAE Systems Inc.	Defense/Security/Aerospace Services	United Kingdom
Canon Virginia, Inc.	Cartridge/Accessory Manufacturing	Japan
Airbus Group	Defense/Security/Aerospace Services	France
KPMG LLP	Accounting Services	Netherlands
Nest Technologies	Software	India
Rolls-Royce Crosspointe	Aerospace Engine Manufacturing	United Kingdom
Selex Galileo Inc.	Transportation Services	Italy
Serco Group Inc.	Facilities Management Services	United Kingdom
Siemens Energy & Automation	Electronics and Engineering Services	Germany
Turner Construction Co.	Construction Services	Germany
Vapiano	Food Retailing	Germany

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

Business Roundtable

Data Sources



VIRGINIA JOBS DEPEND ON TWO-WAY TRADE

Jobs-Tied-to-Trade: Baughman 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)

VIRGINIA 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)

VIRGINIA 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)

VIRGINIA 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/)

VIRGINIA NEEDS TRADE AGREEMENTS TO GROW

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

Per Capita Purchases of Virginia 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 VIRGINIA 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)

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