

## How West 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 West 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 West Virginia.

### Why is International Trade & Investment Important to West Virginia?

- **International trade, including exports and imports, supports 187,000 West Virginia jobs – more than 1 in 5.** These trade-related jobs grew four 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 West Virginia's globally engaged firms. *(See West Virginia Jobs Depend On Two-Way Trade)*
- **West Virginia exported \$7.5 billion in goods and \$1.5 billion in services in 2014,** including coal & petroleum gases, resins & synthetic fibers, engines & turbines and travel services. Of West Virginia's 1,121 exporters, 75 percent are small- and medium-sized companies with less than 500 workers. *(See West Virginia Businesses Grow With Exports)*
- **Customers in 155 countries and territories buy West Virginia-made goods and services,** including hundreds of millions of dollars in annual exports to top markets like Canada, China and the Netherlands. West Virginia's goods exports have grown more than two and a half times faster than state GDP since 2004. *(See West Virginia Companies Export Throughout The World)*
- **Imports lower prices and increase choices for West Virginia companies and families.** Lower raw material and input costs help West 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 West Virginia Companies And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from West Virginia to partner countries.** In 2014, \$2.7 billion of West Virginia's goods exports, or 36 percent, went to FTA partners. This represents a 73 percent increase since 2004. *(See West Virginia Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 27,600 workers in West Virginia.** *(See Foreign Investment In West Virginia Creates Jobs)*

## West 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 West Virginia

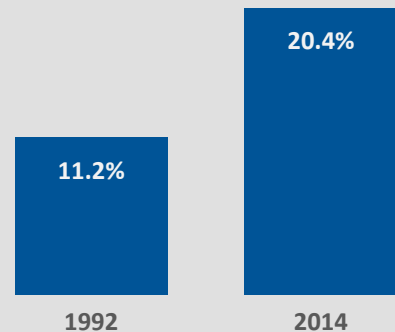
- Export growth increases jobs by generating new business for West Virginia's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping West Virginia businesses compete and saving West Virginia families real dollars at the cash register.
- More than one in five West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

**187,000**

Number of Jobs in West Virginia Supported by Trade

Share of Jobs Tied to Trade Increased 82 percent from 1992 to 2014



#### Jobs Tied to Trade Top Sectors, 2014

Retail	25,100
Management, Administrative Services	11,200
Professional, Scientific, Tech. Services	8,700
Manufacturing	8,100
Transportation & Warehousing	6,100

## West Virginia Businesses Grow with Exports



### Overview

West Virginia exported an estimated \$7.5 billion in goods and \$1.5 billion in services in 2014. Between 2009 and 2014, West Virginia goods exports have increased by 56 percent and services exports by 10 percent. Large companies now account for 69 percent of the value of West 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 West Virginia Exports

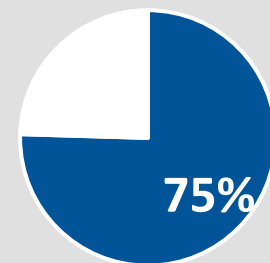
- West Virginia ranks among the top half of state exporters in 15 industries, including first in coal & petroleum gases (\$3.1 billion), 10th in resins & synthetic fibers (\$1.1 billion) and engines & turbines (\$1.1 billion), and 13th in sawmill & wood products (\$101 million).
- West Virginia is America's 46th largest exporter of agricultural products. It is the eighth largest exporter of apples, the 20th largest exporter of poultry and eggs, the 26th largest exporter of hay.
- One of West Virginia's fastest growing export categories is paints, coatings & adhesives, which have increased by 21 percent per year since 2004. In 2014, exports of these products reached \$22 million.

### By the Numbers

**1,121**

Number of West Virginia Businesses that Exported in 2013

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



### Top West Virginia Exports, 2014

#### Goods

Coal & Petroleum Gases	\$3.1 billion
Resins & Synthetic Fibers	\$1.1 billion
Engines & Turbines	\$1.1 billion
Basic Chemicals	\$364 million
Aerospace Products & Parts	\$176 million

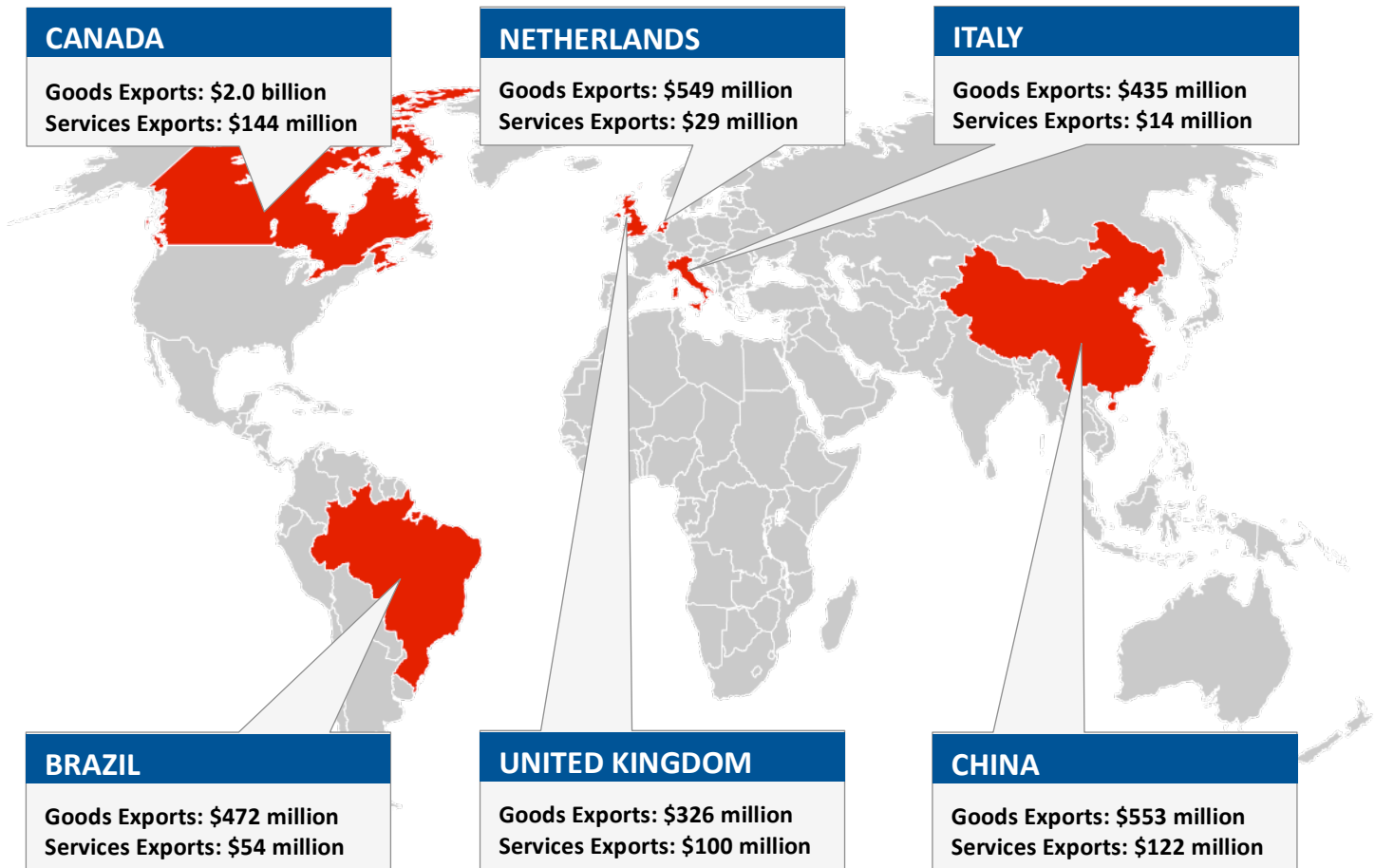
#### Services

Travel	\$558 million
Equip. Maintenance & Repair	\$209 million
Industrial Processes Royalties	\$199 million



## West Virginia Companies Export throughout the World

In 2014, West Virginia companies sold their products in 155 countries and territories.  
Top export markets include:



### Fast Facts: How Exports Help the West Virginia Economy Grow

- Goods exports accounted for 10.1 percent of West Virginia's state GDP in 2014.
- West Virginia's goods exports have grown more than two and a half times faster than state GDP since 2004. The average annual export growth during this period was 11.3 percent, while the average annual state GDP growth was 4.3 percent.
- West Virginia's top export markets for goods are Canada, China, and the Netherlands. Its top market for services is Canada.
- West Virginia's goods exports to Poland have grown by 111 percent per year since 2004, while goods exports to Switzerland grew by 101 percent per year.

## West 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 West Virginia.

- Services, such as transportation, finance and insurance, marketing, and legal services, are needed to bring imported goods to West Virginia’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 West Virginia family of four more than \$10,000 per year.
- Imports help keep prices down for West 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 875 in West Virginia) 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

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

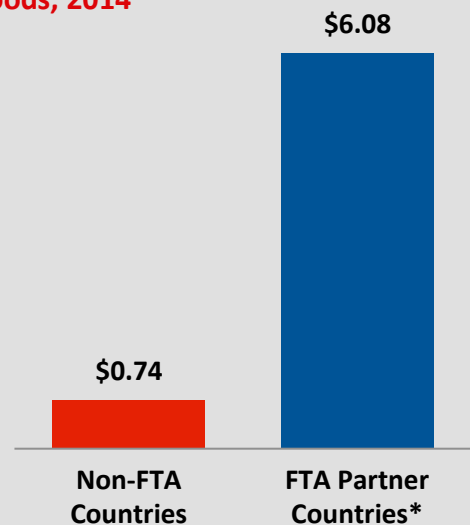
- In 2014, \$2.7 billion of West Virginia's goods exports, or 36 percent, went to FTA partners.
- Since 2004 West Virginia's goods exports to countries with FTAs in effect with the United States in 2014 have increased by 73 percent.
- West Virginia's exports to Canada and Mexico have increased by \$1.9 billion (655 percent) since NAFTA went into effect in 1994.
- West Virginia's exports to Morocco have increased from less than \$10,000 to nearly \$190 million since the U.S.-Morocco FTA took effect in 2005.
- West Virginia's exports to South Korea of aluminum have increased from \$5.4 million to \$31 million since the FTA with South Korea went into effect in 2012.
- Canada bought 99 percent of West Virginia's exports of engines & turbines in 2014.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased \$5.0 billion, or 67 percent, of West Virginia's goods exports in 2014.

### By the Numbers

**73%**

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

#### Per Capita Purchases of West Virginia Goods, 2014



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

**In 2014, FTA partners purchased 8.3 times more goods per capita from West Virginia than non-FTA partners.**



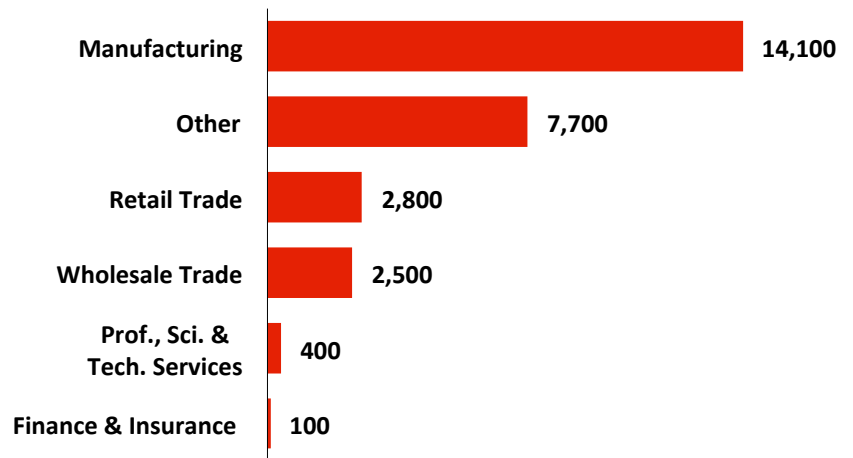
## Foreign Investment in West Virginia Creates Jobs

### Overview

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

- 4,900 workers employed by companies based in the United Kingdom;
- 3,900 workers employed by companies based in Japan;
- 3,300 workers employed by companies based in Canada;
- 1,800 workers employed by companies based in Switzerland;
- 1,600 workers employed by companies based in Germany.

### Foreign-Owned Companies Employ 27,600 West Virginia Workers Across Many Industries



### Selected Foreign-Owned Companies Employing Workers in West Virginia

Company	Industry	Country
Adecco Staffing	Employment Services	Switzerland
ArcelorMittal Weirton	Steel Manufacturing	Luxembourg
Cemex	Cement Manufacturing	Mexico
Core Laboratories Inc.	Energy Services	Netherlands
Hatch Mott MacDonald	Construction Services	Canada
Hino Motor Manufacturing	Truck Manufacturing	Japan
Holiday Inn	Hotel Services	United Kingdom
Lucite International Inc.	Chemicals Manufacturing	United Kingdom
Stantec Inc.	Engineering Services	Canada
Toyota Motor Manufacturing	Motor Vehicle Manufacturing	Japan
Weatherford	Energy Services	Switzerland



### **WEST 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>)

### **WEST 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>)

### **WEST 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>)

### **WEST 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/>)

### **WEST VIRGINIA NEEDS TRADE AGREEMENTS TO GROW**

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

**Per Capita Purchases of West 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](http://tradepartnership.com/wp-content/uploads/2014/06/opening_markets_creating_jobs_USChamber.pdf))

### **FOREIGN INVESTMENT IN WEST VIRGINIA CREATES JOBS**

**Employment Data:** BEA "Direct Investment & Multinational Companies" database ([http://bea.gov/iTable/index\\_MNC.cfm](http://bea.gov/iTable/index_MNC.cfm))

**Foreign Investors:** Uniworld BP database of "Foreign Firms Operating in the United States" (<http://www.uniworldbp.com>)