

HOW CONNECTICUT'S ECONOMY BENEFITS FROM TRADE & INVESTMENT



Overview

With more than 96 percent of the world's population and 75 percent of its purchasing power outside the United States, economic recovery, jobs, and future growth for Connecticut and America will depend on trade and investment. That includes reaching those customers with American goods and services through exports and expanding buying power and options for American companies and families with imports.

New Business Roundtable research, U.S. government data, and other data sources demonstrate the benefits of international trade and investment to jobs and the economy in Connecticut. As the United States and the world continue efforts to defeat the COVID-19 pandemic and create jobs and economic opportunity – restoring trade and supporting trade-dependent jobs can help Connecticut recover as well.

Trade Creates & Supports Jobs in Connecticut

- **International trade, including exports and imports, supported 480,100 Connecticut jobs – more than one in five in 2019.** These trade-related jobs grew six times faster than total employment from 1992 to 2019 and are at large and small companies, on farms, in factories, and at the headquarters of Connecticut's globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Connecticut. *(See Connecticut Jobs Depend On Two-Way Trade)*
- **Connecticut exported \$15.2 billion in goods and \$11.3 billion in services in 2019,** including aerospace products and parts, navigational and measurement instruments, industrial machinery and financial management and advisory services. Of Connecticut's 5,645 exporters, 88 percent are small- and medium-sized companies with less than 500 workers. *(See Connecticut Businesses Grow With Exports)*
- **Customers in 187 countries and territories buy Connecticut-made goods and services,** including billions of dollars in annual exports to top markets like Germany, France and Canada. Connecticut's exports have grown 0.7 percent per year since 2010. Policies that help Connecticut businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(See Connecticut Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Connecticut companies and families.** Lower raw material and input costs help Connecticut 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 Connecticut Companies and Families Benefit from Imports)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Connecticut to partner countries.** In 2019, \$4.1 billion of Connecticut's goods exports, or 27 percent, went to FTA partners. This represents an increase of 2 percent since 2010. *(See Connecticut Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 114,800 workers in Connecticut.** *(See Foreign Investment In Connecticut Creates Jobs)*



CONNECTICUT JOBS DEPEND ON TWO-WAY TRADE



Overview

Creating and preserving quality U.S. jobs is a goal shared by all Americans. With more than 96 percent of the world's population and 75 percent of the world's purchasing power outside of the United States, future American economic growth and job creation depend on open markets abroad. At the beginning of 2020, the COVID-19 global pandemic dramatically decreased trade, disrupted communities and economies, and ended millions of jobs across America, including in Connecticut. As the U.S. economy recovers and more Americans seek opportunities to work, policies that expand trade can create new jobs in Connecticut and help it recover faster.

Trade Creates & Supports Jobs in Connecticut

- Export growth increases jobs by generating new business for Connecticut's manufacturers, services providers and farmers. Imports support jobs and keep costs low, helping Connecticut businesses compete and saving Connecticut families real dollars at the cash register.
- More than one in five Connecticut jobs depends upon international trade.
- Connecticut's trade-related employment grew six times faster than total employment from 1992 to 2019.
- Jobs in export-dependent 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 supports more than 28 million U.S. jobs that provide middle class incomes.

About Trade & Jobs

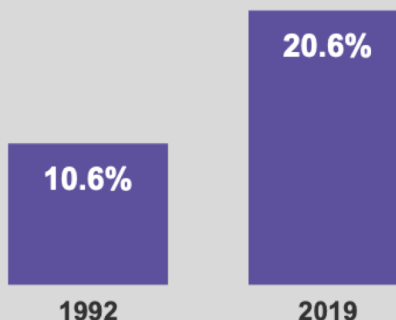
Trade-supported jobs are not just at companies that export and import. Trade supports higher wages for workers and lower costs for companies and consumers, providing them with more money to spend on other things. This spending supports additional jobs throughout the U.S. economy in sectors like entertainment, education and construction not typically associated with "exports and imports."

By the Numbers

480,100

Number of Jobs in Connecticut
Supported by Trade

Share of Jobs Tied to Trade
Increased 94 percent from 1992 to 2019



Jobs Tied to Trade
Top Sectors, 2019

Business and professional services	99,100
Education and health services	87,400
Personal and recreational services	84,600
Wholesale and retail trade	57,300
Finance and insurance	40,800



Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
www.brt.org/trade

CONNECTICUT BUSINESSES GROW WITH EXPORTS



Overview

Connecticut exported an estimated \$15.2 billion in goods and \$11.3 billion in services in 2019. Between 2010 and 2019, Connecticut goods exports have increased by 6 percent and services exports by 27 percent. Large companies now account for 54 percent of the value of Connecticut'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 Connecticut Exports

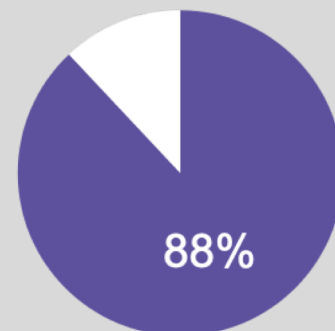
- Connecticut ranks among the top 15 state exporters in 13 industries, including sixth in industrial machinery (\$640 million) and eighth in aerospace products and parts (\$6.7 billion), HVAC and refrigeration equipment (\$322 million), and crowns, closures and seals (\$27 million).
- Connecticut ranks among the top 15 state exporters of audio/visual services (\$400 million), financial management and advisory services (\$3.5 billion), and securities transactions (\$274 million), and insurance services (\$585 million).
- One of Connecticut's fastest growing export categories is boilers, tanks and containers, which increased by 243 percent since 2010. In 2019, exports of these products reached \$112 million.

By the Numbers

5,645

Number of Connecticut Businesses
that Exported in 2018

Share of Connecticut Exporters that Are Small- & Medium-Sized Businesses



Top Connecticut Exports, 2019

Goods

Aerospace Products & Parts	\$6.7 billion
Navigational & Meas. Instruments	\$752 million
Industrial Machinery	\$640 million
Misc. General Purpose Machinery	\$607 million
Misc. Fabricated Metal Products	\$595 million

Services

Financial Mgmt. & Advisory Services	\$3.5 billion
R&D & Testing Services	\$861 million
Personal Travel & Tourism	\$710 million

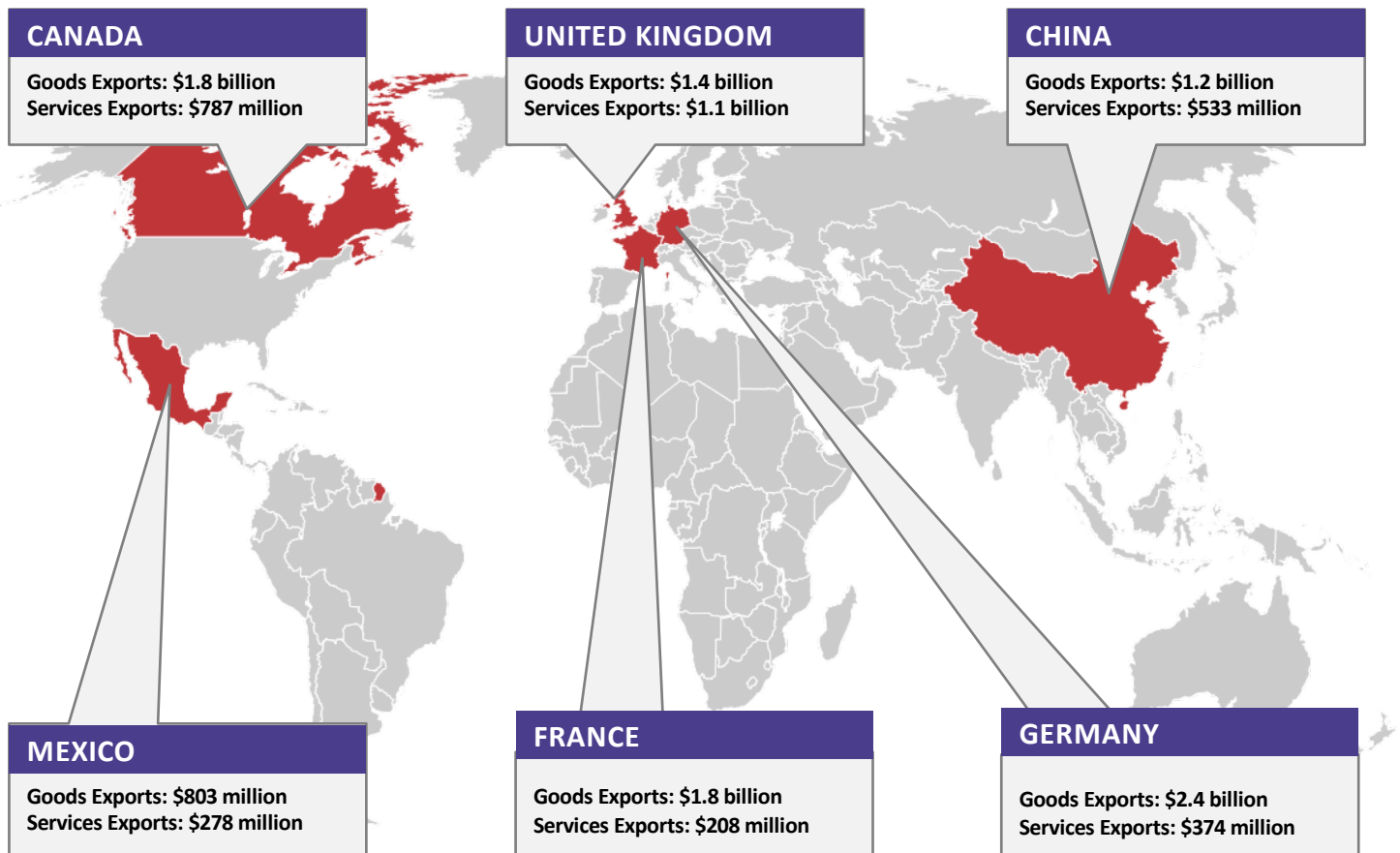


CONNECTICUT COMPANIES EXPORT THROUGHOUT THE WORLD



In 2019, Connecticut companies sold their products in 187 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Connecticut Economy Grow

- Goods and services exports accounted for 9.2 percent of Connecticut's state GDP in 2019.
- Connecticut's annual exports grew 0.7 percent per year since 2010.
- Connecticut's top export markets for goods are Germany, France, and Canada. Its top market for services is the United Kingdom.
- Connecticut's goods exports to the Austria have grown by 27 percent per year since 2010, while Connecticut's services exports to India have grown by 10 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Connecticut businesses, workers, and farmers reach the growing number of customers around the world.



Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
www.brt.org/trade

CONNECTICUT COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



Overview

Imports provide a variety of benefit for Connecticut companies and families. Imported consumer goods help keep prices down for Connecticut families while increasing choices for foods and other products that are not available locally. Imported inputs help Connecticut manufacturers compete in both the United States and international markets, while exported goods (e.g., components) and services (e.g., design) often return to the United States as imports. To best meet the COVID-19 challenges, trade policies should ensure that American families and businesses retain access to both domestic and international inputs, supplies and services they need at prices they can afford.

Connecticut Families Benefit from Imports

- In 2019, 29 percent of Connecticut's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Connecticut families more money to spend on locally provided goods and services, such as housing, education, and health care.
- Trade and investment liberalization policies save the average Connecticut family of four more than \$10,000 per year through lower prices and increased specialization.

2010-2019 Price Decrease



-85% for Televisions



-52% for Computers



-51% for Toys

Most Importers are Small Businesses

- In 2019, 4,292 Connecticut companies imported goods from 165 countries around the world.
- Nationally, 77 percent of importers were very small businesses with less than 20 employees, while less than 3 percent had over 500 employees.

Connecticut Exports and Imports are Linked Through Global Value Chains

- In 2019, 71 percent of Connecticut goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Connecticut's top imports are critical components for Connecticut exports. Conversely, Connecticut exports of raw materials and parts may return to the United States in imported finished goods.



Imports:
Jet engines and parts
(\$961M in 2019)



Exports:
Aerospace products
(\$6.0B in 2019)



Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
www.brt.org/trade

CONNECTICUT NEEDS TRADE AGREEMENTS TO GROW



Overview

Trade with our free trade agreement (FTA) partner countries supports millions of 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. Connecticut businesses, workers and farmers benefit from market-opening agreements, and would be harmed from new barriers to trade that limit exports, competitiveness, and jobs in Connecticut and United States.

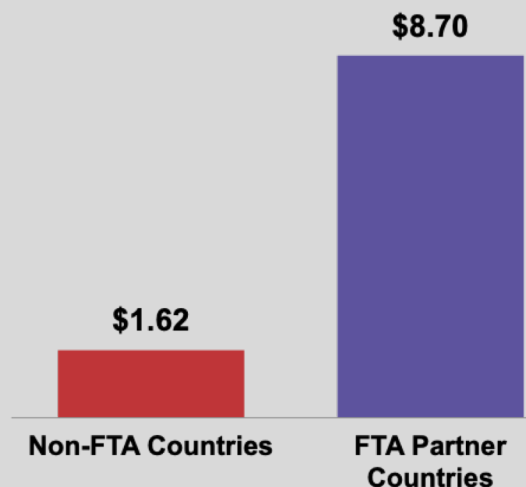
- In 2019, \$4.1 billion of Connecticut's goods exports, or 27 percent, went to FTA partners.
- Since 2010, Connecticut's goods exports to countries with FTAs in effect with the United States in 2019 have increased by 2 percent.
- Connecticut's exports to Canada and Mexico have increased by \$902 million (54 percent) since NAFTA went into effect in 1994.
- Connecticut's exports to Chile have increased by 225 percent – from \$17 million to \$55 million – since the FTA with Chile took effect in 2004.
- Connecticut's exports to the Dominican Republic of resins and synthetic fibers have increased from \$359,000 to \$27 million since the FTA with the Dominican Republic went into effect in 2007.
- The Dominican Republic bought 78 percent – \$36 million out of \$47 million – of Connecticut's exports of miscellaneous crops in 2019.
- In 2019, \$2.2 billion of Connecticut's services exports, or 20 percent, went to FTA partners.
- Connecticut's exports to Singapore of R&D and testing services have increased from \$6.0 million to \$122 million, or by nearly 20 times, since 2006 (earliest year available).

By the Numbers

2%

Increase in Connecticut Goods Exports
to FTA Partners Between 2010 and 2019

Per Capita Purchases of Connecticut Goods, 2019



** U.S. FTAs in effect with countries in 2019.*

In 2019, FTA partners purchased 5.4 times more goods per capita from Connecticut than non-FTA partners.



Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
www.brt.org/trade

FOREIGN INVESTMENT IN CONNECTICUT CREATES JOBS



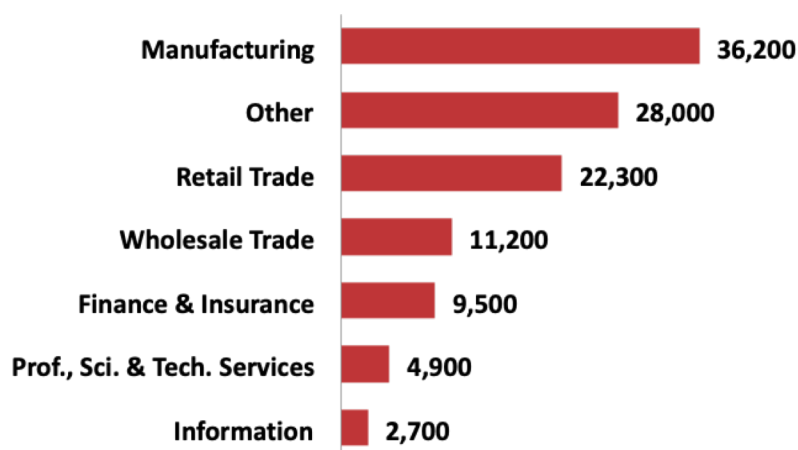
Overview

Foreign-owned companies help grow the U.S. economy and jobs. In 2019, foreign-owned companies added over \$1 trillion to U.S. GDP, including goods exports of \$380 billion and R&D spending of over \$60 billion. They employed 7.4 million workers in the United States, including 2 million workers – or 1 out of every 6 – in the manufacturing sector.

Connecticut is no exception. Foreign-owned companies make significant investments in Connecticut to open or expand facilities every year and are important customers for local goods and services providers. Subsidiaries of foreign-owned companies alone employed more than 110,000 workers in Connecticut in 2019, including:

- 20,800 workers employed by companies based in the United Kingdom;
- 17,200 workers employed by companies based in the Netherlands;
- 14,000 workers employed by companies based in Germany;
- 7,900 workers employed by companies based in Japan;
- 7,700 workers employed by companies based in Canada.

Foreign-Owned Companies Employed 114,800 Connecticut Workers Across Many Industries, 2019



Selected Foreign-Owned Companies Employing Workers in Connecticut

Company	Industry	Country
Aon Insurance	Insurance services	United Kingdom
Bridgestone Americas	Tire manufacturing	Japan
Chubb Group of Insurance Companies	Insurance services	Switzerland
Evonik Cyro LLC	Specialty chemical manufacturing	Germany
Oldcastle Infrastructure	Building materials manufacturing	Ireland
Solvay Cytec Industries Inc.	Aerospace materials manufacturing	Belgium
TD BANK	Financial services	Canada
Xerox Corporation	Office equipment and supplies, software	Japan



DATA SOURCES



CONNECTICUT JOBS DEPEND ON TWO-WAY TRADE

Population and Purchasing Power: Derived from World Bank population and GDP estimates

Jobs-Tied-to-Trade: Baughman and Francois, “Trade and American Jobs: The Impact of Trade on U.S. and State-Level Employment” (2021)
(https://s3.amazonaws.com/brt.org/Trade_and_American_Jobs_2021.pdf)

Exporting Firm Wages: Riker, “Export-Intensive Industries Pay More on Average: An Update” (2015)
(<https://www.usitc.gov/publications/332/ec201704a.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>)

CONNECTICUT BUSINESSES GROW WITH EXPORTS

Small and Large Firms Partnering to Export (for 2006, 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, 2017 – 2019”
(<https://www.census.gov/foreign-trade/Press-Release/edb/2019/>)

CONNECTICUT 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>)

CONNECTICUT COMPANIES USE IMPORTS TO MAKE COMPETITIVE PRODUCTS

Importing Company Information: Census, “A Profile of U.S. Importing and Exporting Companies, 2017 – 2019”
(<https://www.census.gov/foreign-trade/Press-Release/edb/2019/>)

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/>)

CONNECTICUT NEEDS TRADE AGREEMENTS TO GROW

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

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

FOREIGN INVESTMENT IN CONNECTICUT 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>)

