

HOW DELAWARE'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 Delaware 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 Delaware. In 2020, the COVID-19 global pandemic has brought dual public health and economic crises. Meeting both challenges requires restoring trade and supporting trade-dependent jobs to help Delaware recover.

Trade Creates & Supports Jobs in Delaware

- **International trade, including exports and imports, supported 123,400 Delaware jobs – more than one in five in 2018.** These trade-related jobs grew four times faster than total employment from 1992 to 2018 and are at large and small companies, on farms, in factories, and at the headquarters of Delaware's globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Delaware. *(See Delaware Jobs Depend On Two-Way Trade)*
- **Delaware exported \$4.7 billion in goods and \$3.8 billion in services in 2018,** including pharmaceuticals and medicines, motor vehicles, navigational and measuring instruments and credit-related services. Of Delaware's 2,209 exporters, 86 percent are small- and medium-sized companies with less than 500 workers. *(See Delaware Businesses Grow With Exports)*
- **Customers in 172 countries and territories buy Delaware-made goods and services,** including billions of dollars in annual exports to top markets like Canada, the United Kingdom and China. Delaware's goods exports have grown more than 10 percent faster than state GDP since 2009. Policies that help Delaware businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(See Delaware Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Delaware companies and families.** Lower raw material and input costs help Delaware 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 Delaware Companies and Families Benefit from Imports)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Delaware to certain FTA partner countries.** In 2018, \$1.5 billion of Delaware's goods exports, or 32 percent, went to FTA partners. *(See Delaware Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 25,500 workers in Delaware.** *(See Foreign Investment In Delaware Creates Jobs)*



DELAWARE 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, stopped economic growth and ended millions of jobs across America, including in Delaware. Policies that expand trade can create new job opportunities in Delaware and help it recover faster.

Trade Creates & Supports Jobs in Delaware

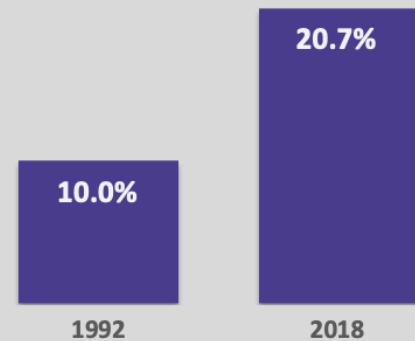
- Export growth increases jobs by generating new business for Delaware's manufacturers, services providers and farmers. Imports support jobs and keep costs low, helping Delaware businesses compete and saving Delaware families real dollars at the cash register.
- More than one in five Delaware jobs depends upon international trade.
- Delaware's trade-related employment grew four times faster than total employment from 1992 to 2018.
- 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-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

123,400

Number of Jobs in Delaware Supported by Trade

Share of Jobs Tied to Trade
Increased 107 percent from 1992 to 2018



Jobs Tied to Trade Top Sectors, 2018

Trade & Distribution	27,300
Prof., Scient. & Tech. Services	20,000
Finance	9,200
Personal & Rec. Services	7,400
Construction	5,500



DELAWARE BUSINESSES GROW WITH EXPORTS



Overview

Delaware exported an estimated \$4.7 billion in goods and \$3.8 billion in services in 2018. Between 2009 and 2018, Delaware goods exports have increased by 9 percent and services exports by 75 percent. Large companies now account for 77 percent of the value of Delaware'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 Delaware Exports

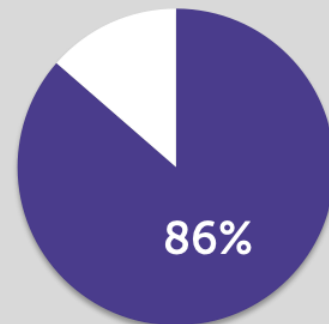
- Delaware ranks among the top half of state exporters in 12 industries, including seventh in fruits and tree nuts (\$174 million), 13th in pharmaceuticals and medicines (\$1.0 billion), 13th in petroleum and coal products (\$361 million), and 14th in motor vehicles (\$728 million).
- Delaware is America's 35th largest exporter of agricultural products. It is the seventh largest exporter of fruits and tree nuts, the 22nd largest exporter of swine, the 35th largest exporter of oilseeds and grains, and the 35th largest exporter of vegetables and melons.
- One of Delaware's fastest growing export categories is miscellaneous manufactured commodities, which increased by 15 percent since 2009. In 2018, exports of these products reached \$150 million.

By the Numbers

2,209

Number of Delaware Businesses that Exported in 2018

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



Top Delaware Exports, 2018

Goods

Pharmaceuticals & Medicines	\$1.0 billion
Motor Vehicles	\$728 million
Navigational & Meas. Instruments	\$402 million
Petroleum & Coal Products	\$361 million
Resins & Synthetic Fibers	\$201 million

Services

Credit-Related Services	\$1.6 billion
Insurance Services	\$351 million
Mgmt. & Advisory Services	\$328 million

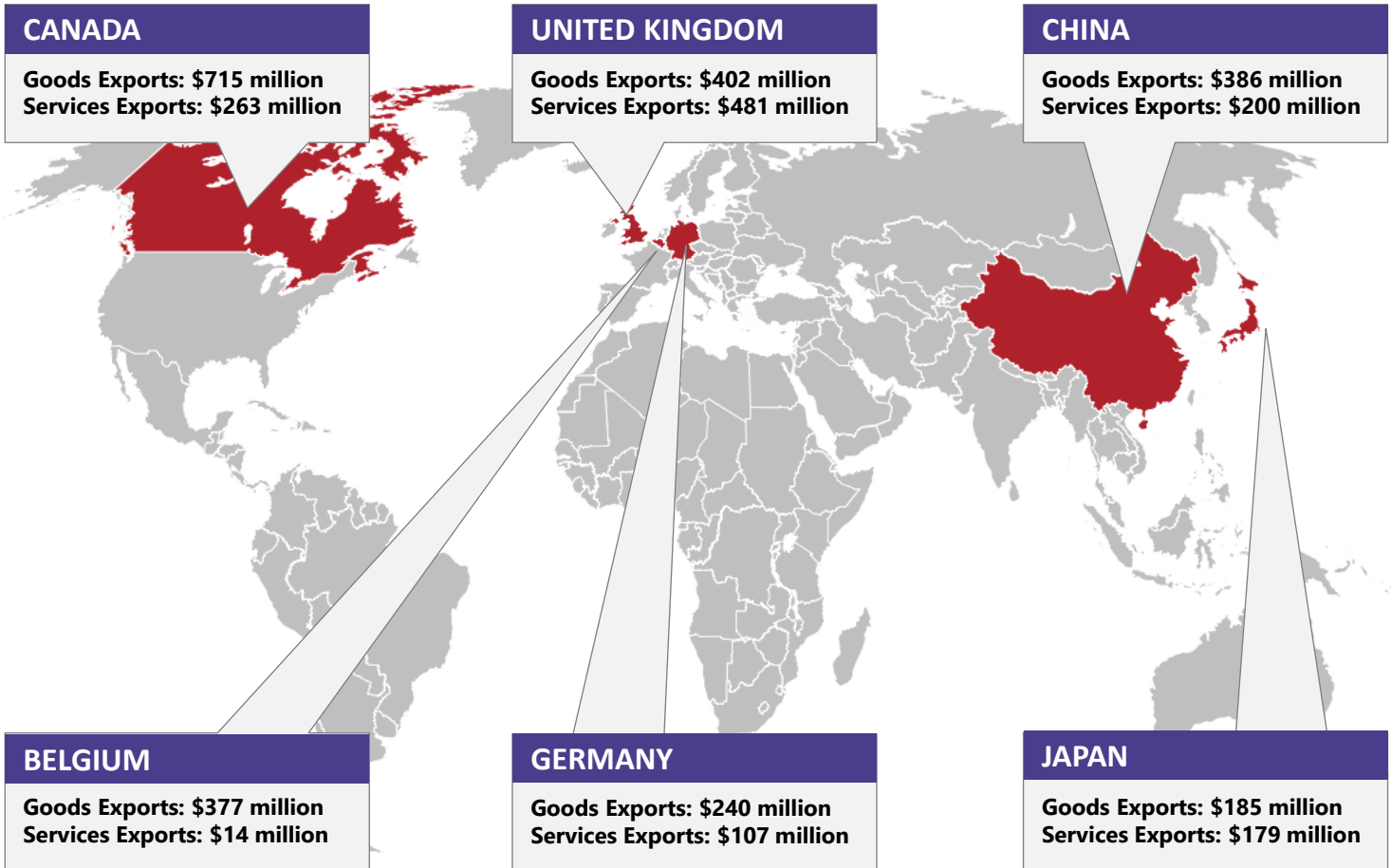


DELAWARE COMPANIES EXPORT THROUGHOUT THE WORLD



In 2018, Delaware companies sold their products in 172 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Delaware Economy Grow

- Goods and services exports accounted for 11.6 percent of Delaware's state GDP in 2018.
- Delaware's exports have grown more than 10 percent faster than state GDP since 2009. The average annual export growth during this period was 3.3 percent, while the average annual state GDP growth was 3.0 percent.
- Delaware's top export markets for goods are Canada, the United Kingdom, and China. Its top market for services is the United Kingdom.
- Delaware's goods exports to Kuwait have grown by 51 percent per year since 2009, while Delaware's services exports to China have grown by 12 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Delaware businesses, workers, and farmers reach the growing number of customers around the world.



DELAWARE COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



Overview

Imports provide a variety of benefits for Delaware companies and families. Imported consumer goods help keep prices down for Delaware families while increasing choices for foods and other products that are not available locally. Imported inputs help Delaware 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.

Delaware Families Benefit from Imports

- In 2018, 37 percent of Delaware's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Delaware 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 Delaware family of four more than \$10,000 per year through lower prices and increased specialization.

2008-2018 Price Decrease



-88% for Televisions



-63% for Computers



-45% for Toys

Most Importers are Small Businesses

- In 2018, 1,778 Delaware companies imported goods from 131 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.

Delaware Exports and Imports are Linked Through Global Value Chains

- In 2018, 63 percent of Delaware goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Delaware's top imports are critical components for Delaware exports. Conversely, Delaware exports of raw materials and parts may return to the United States in imported finished goods.



Imports:
PVC plastic materials
(\$76M in 2018)



Exports:
Plastic products
(\$132M in 2018)



DELAWARE NEEDS TRADE AGREEMENTS TO GROW

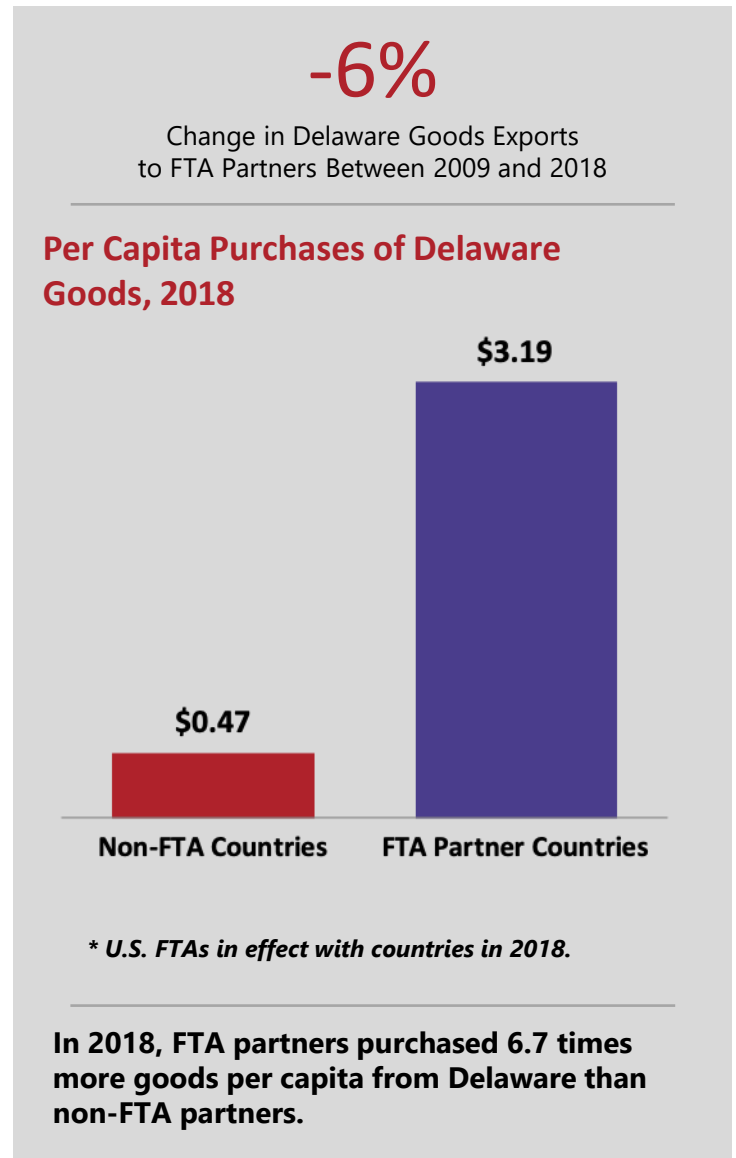


Overview

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. Delaware 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 Delaware and the United States.

- In 2018, \$1.5 billion of Delaware's goods exports, or 32 percent, went to FTA partners.
- Since 2009, Delaware's goods exports to countries with FTAs in effect with the United States in 2018 have declined by 6 percent.
- Export growth to specific FTA partners, and for key Delaware export sectors, has been strong despite the overall decline to FTA partners as a whole.
- Delaware's exports to Colombia have increased by 73 percent – from \$28 million to \$49 million – since the FTA with Colombia took effect in 2012.
- Delaware's exports to Korea of pharmaceuticals and medicines have increased from \$2.8 million to \$40 million since the FTA with Korea went into effect in 2011.
- Costa Rica bought 56 percent of Delaware's exports of pulp and paperboard mill products in 2018.
- In 2018, \$698 million of Delaware's services exports, or 18 percent, went to FTA partners.
- Delaware's exports to Australia of credit-related services have increased from \$7.5 million to \$49 million, or by over 555 percent, since 2006 (earliest year available).

By the Numbers



FOREIGN INVESTMENT IN DELAWARE CREATES JOBS



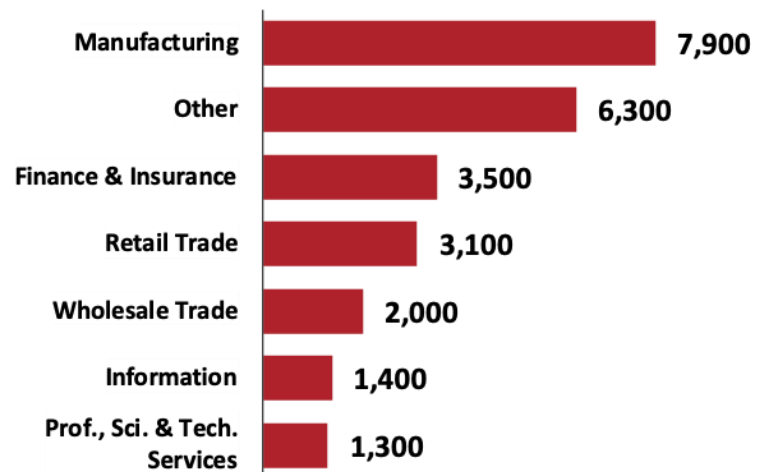
Overview

Foreign-owned companies help grow the U.S. economy and jobs. In 2017, 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.

Delaware is no exception. Foreign-owned companies make significant investments in Delaware to open or expand facilities every year and are important customers for local goods and services providers. Subsidiaries of foreign-owned companies alone employed tens of thousands of workers in Delaware in 2017, including:

- 8,100 workers employed by companies based in the United Kingdom;
- 3,100 workers employed by companies based in Germany;
- 2,300 workers employed by companies based in Canada;
- 2,100 workers employed by companies based in the Netherlands;
- 1,900 workers employed by companies based in Japan.

Foreign-Owned Companies Employed 25,500 Delaware Workers Across Many Industries, 2017



Selected Foreign-Owned Companies Employing Workers in Delaware

Company	Industry	Country
BASF Catalysts	Chemical Manufacturing	Germany
Dassault Falcon Jet Corp	Aerospace Manufacturing	France
Dupont Tate & Lyle Bio Products	Food Products Manufacturing	United Kingdom
Evrax Claymont Steel	Steel Manufacturing	Luxembourg
Motech Americas	Solar Products Manufacturing	Taiwan
Solvay Chemicals	Chemicals Manufacturing	Belgium
Syngenta Corporation	Chemicals Manufacturing	Switzerland
Wood Group Pressure Control	Energy Services	Scotland



DATA SOURCES



DELAWARE 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" (2020) (https://s3.amazonaws.com/brt.org/Trade_and_American_Jobs_2020.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>)

DELAWARE 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 – 2018" (<https://www.census.gov/foreign-trade/Press-Release/edb/2018/>)

DELAWARE 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>)

DELAWARE COMPANIES USE IMPORTS TO MAKE COMPETITIVE PRODUCTS

Importing Company Information: Census, "A Profile of U.S. Importing and Exporting Companies, 2017 – 2018" (<https://www.census.gov/foreign-trade/Press-Release/edb/2018/>)

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/>)

DELAWARE NEEDS TRADE AGREEMENTS TO GROW

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

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

FOREIGN INVESTMENT IN DELAWARE 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>)

