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. 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 Delaware recover as well.

Trade Creates & Supports Jobs in Delaware

- **International trade, including exports and imports, supported 128,300 Delaware jobs – more than one in five in 2019.** These trade-related jobs grew four 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 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 $4.3 billion in goods and $4.3 billion in services in 2019,** including pharmaceuticals and medicines, navigational and measurement instruments, motor vehicles and credit-related services. Of Delaware’s 2,315 exporters, 88 percent are small- and medium-sized companies with less than 500 workers. *(See Delaware Businesses Grow With Exports)*

- **Customers in 168 countries and territories buy Delaware-made goods and services,** including billions of dollars in annual exports to top markets like the United Kingdom, Canada and China. Delaware’s exports have grown 0.6 percent per year since 2010. 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 partner countries.** In 2019, $1.3 billion of Delaware’s goods exports, or 31 percent, went to FTA partners. *(See Delaware Needs Trade Agreements To Grow)*

- **Foreign-owned companies invest and build facilities and employ 24,600 workers in Delaware.** *(See Foreign Investment In Delaware Creates Jobs)*
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 Delaware. As the U.S. economy recovers and more Americans seek opportunities to work, policies that expand trade can create new jobs 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 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

| 128,300 |
| Number of Jobs in Delaware Supported by Trade |

Share of Jobs Tied to Trade
Increased 111 percent from 1992 to 2019

![Graph showing share of jobs tied to trade]

Jobs Tied to Trade
Top Sectors, 2019

<table>
<thead>
<tr>
<th>Sector</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business and professional services</td>
<td>25,700</td>
</tr>
<tr>
<td>Personal and recreational services</td>
<td>23,500</td>
</tr>
<tr>
<td>Education and health services</td>
<td>19,300</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>15,200</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>13,400</td>
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Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
www.brt.org/trade
Overview

Delaware exported an estimated $4.3 billion in goods and $4.3 billion in services in 2019. Between 2010 and 2019, Delaware goods exports have decreased by 13 percent, while services exports increased 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 13 industries, including 13th in pharmaceuticals and medicines ($1.0 billion), 15th in coal and petroleum gases ($46 million), and 16th in petroleum and coal products ($184 million).
- Delaware ranks fourth among state exporters of credit-related services ($1.8 billion), 13th in ocean freight and port services ($148 million), 14th in financial management and advisory services ($332 million), and 15th in insurance services ($268 million).
- One of Delaware's fastest growing export categories is electrical equipment, which increased by 615 percent since 2010. In 2019, exports of these products reached $29 million.

By the Numbers

2,315
Number of Delaware Businesses that Exported in 2018

87%
Share of Delaware Exporters that Are Small- & Medium-Sized Businesses

Top Delaware Exports, 2019

<table>
<thead>
<tr>
<th>Goods</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceuticals &amp; Medicines</td>
<td>$1.0 billion</td>
</tr>
<tr>
<td>Navigational &amp; Meas. Instruments</td>
<td>$408 million</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>$279 million</td>
</tr>
<tr>
<td>Aerospace Products &amp; Parts</td>
<td>$211 million</td>
</tr>
<tr>
<td>Resins &amp; Synthetic Fibers</td>
<td>$195 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit-Related Services</td>
<td>$1.8 billion</td>
</tr>
<tr>
<td>Misc. Financial Services</td>
<td>$351 million</td>
</tr>
<tr>
<td>Financial Mgmt. &amp; Advisory Services</td>
<td>$332 million</td>
</tr>
</tbody>
</table>

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In 2019, Delaware companies sold their products in 168 countries and territories.

Top export markets include:

**CANADA**
- Goods Exports: $576 million
- Services Exports: $321 million

**UNITED KINGDOM**
- Goods Exports: $513 million
- Services Exports: $501 million

**CHINA**
- Goods Exports: $477 million
- Services Exports: $294 million

**GERMANY**
- Goods Exports: $224 million
- Services Exports: $115 million

**KOREA**
- Goods Exports: $246 million
- Services Exports: $89 million

**JAPAN**
- Goods Exports: $188 million
- Services Exports: $243 million

**Fast Facts: How Exports Help the Delaware Economy Grow**

- Goods and services exports accounted for 11.2 percent of Delaware's state GDP in 2019.
- Delaware's annual exports grew 0.6 percent per year since 2010.
- 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 India have grown by 9 percent per year since 2010, while Delaware's services exports to China have grown by 13 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.

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Overview

Imports provide a variety of benefit 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 2019, 36 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.

2010-2019 Price Decrease

- -85% for Televisions
- -52% for Computers
- -51% for Toys

Most Importers are Small Businesses

- In 2019, 1,734 Delaware companies imported goods from 133 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 2019, 64 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: Primary-form PVC plastics ($65M in 2019)

Exports: Plastic products ($170M in 2019)

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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 United States.

- In 2019, $1.3 billion of Delaware's goods exports, or 31 percent, went to FTA partners.
- Since 2010, Delaware's goods exports to countries with FTAs in effect with the United States in 2019 have decreased by 26 percent.
- Delaware's exports to Canada and Mexico have decreased by $145 million (-16 percent) since NAFTA went into effect in 1994.
- Delaware's exports to Panama have increased by over 2,100 percent – from $1.4 million to $30 million – since the FTA with Panama took effect in 2012.
- Delaware's exports to Korea of pharmaceuticals and medicines have increased from $2.8 million to $83 million since the FTA with Korea went into effect in 2012.
- In 2019, $946 million of Delaware's services exports, or 22 percent, went to FTA partners.
- Delaware's exports to Singapore of credit-related services have increased from $2.7 million to $20 million, or by 632 percent, since 2006 (earliest year available).

By the Numbers

-26%
Change in Delaware Goods Exports to FTA Partners Between 2010 and 2019

Per Capita Purchases of Delaware Goods, 2019

<table>
<thead>
<tr>
<th></th>
<th>Non-FTA Countries</th>
<th>FTA Partner Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.44</td>
<td></td>
<td>$2.84</td>
</tr>
</tbody>
</table>

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

In 2019, FTA partners purchased 6.5 times more goods per capita from Delaware than non-FTA partners.

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FOREIGN INVESTMENT IN DELAWARE 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.

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 2019, including:

- 7,300 workers employed by companies based in the United Kingdom;
- 3,500 workers employed by companies based in Germany;
- 2,400 workers employed by companies based in the Netherlands;
- 1,900 workers employed by companies based in Canada;
- 1,700 workers employed by companies based in France.

Selected Foreign-Owned Companies Employing Workers in Delaware

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adecco USA</td>
<td>Employment placement services</td>
<td>Switzerland</td>
</tr>
<tr>
<td>AstraZeneca Pharmaceuticals</td>
<td>Pharmaceutical distribution</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>BASF Corporation</td>
<td>Chemicals manufacturing</td>
<td>Germany</td>
</tr>
<tr>
<td>DuPont Sustainable Solutions</td>
<td>Operations management consulting services</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Holiday Inn Express</td>
<td>Accommodations services</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Solvay Specialty Polymers USA, LLC</td>
<td>Chemicals manufacturing</td>
<td>Belgium</td>
</tr>
<tr>
<td>Tokio Marine North America Inc./TMNA</td>
<td>Insurance services</td>
<td>Japan</td>
</tr>
<tr>
<td>Services Inc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Veolia North America</td>
<td>Environmental services</td>
<td>France</td>
</tr>
</tbody>
</table>

Foreign-Owned Companies Employed 24,600 Delaware Workers Across Many Industries, 2019

<table>
<thead>
<tr>
<th>Industry</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>7,400</td>
</tr>
<tr>
<td>Other</td>
<td>5,900</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>4,200</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>2,400</td>
</tr>
<tr>
<td>Prof., Sci. &amp; Tech. Services</td>
<td>1,900</td>
</tr>
<tr>
<td>Information</td>
<td>1,600</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>1,100</td>
</tr>
</tbody>
</table>

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DELAWARE JOBS DEPEND ON TWO-WAY TRADE

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


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)


DELAWARE COMPANIES EXPORT THROUGHOUT THE WORLD


DELAWARE COMPANIES USE IMPORTS TO MAKE COMPETITIVE PRODUCTS


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


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

DELAWARE NEEDS TRADE AGREEMENTS TO GROW


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)

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