

HOW GEORGIA'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 Georgia 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 Georgia. 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 Georgia recover.

Trade Creates & Supports Jobs in Georgia

- **International trade, including exports and imports, supported 1,269,000 Georgia jobs – 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 Georgia's globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Georgia. *(See Georgia Jobs Depend On Two-Way Trade)*
- **Georgia exported \$39.3 billion in goods and \$23.9 billion in services in 2018,** including aerospace products and parts, pulp and paperboard mill products, engines and turbines and passenger fares. Of Georgia's 15,010 exporters, 88 percent are small- and medium-sized companies with less than 500 workers. *(See Georgia Businesses Grow With Exports)*
- **Customers in 211 countries and territories buy Georgia-made goods and services,** including billions of dollars in annual exports to top markets like Canada, Mexico and China. Georgia's goods exports have grown more than 40 percent faster than state GDP since 2009. Policies that help Georgia businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(See Georgia Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Georgia companies and families.** Lower raw material and input costs help Georgia 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 Georgia Companies and Families Benefit from Imports)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Georgia to partner countries.** In 2018, \$16.2 billion of Georgia's goods exports, or 41 percent, went to FTA partners. This represents an increase of 89 percent since 2009. *(See Georgia Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 259,300 workers in Georgia.** *(See Foreign Investment In Georgia Creates Jobs)*



GEORGIA 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 Georgia. Policies that expand trade can create new job opportunities in Georgia and help it recover faster.

Trade Creates & Supports Jobs in Georgia

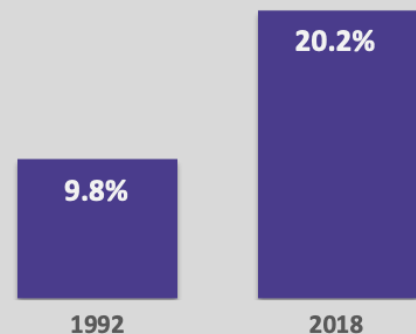
- Export growth increases jobs by generating new business for Georgia's manufacturers, services providers and farmers. Imports support jobs and keep costs low, helping Georgia businesses compete and saving Georgia families real dollars at the cash register.
- One in five Georgia jobs depends upon international trade.
- Georgia'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

1,269,000

Number of Jobs in Georgia
Supported by Trade

Share of Jobs Tied to Trade
Increased 106 percent from 1992 to 2018



Jobs Tied to Trade Top Sectors, 2018

Trade & Distribution	303,700
Prof., Scient. & Tech. Services	226,400
Personal & Rec. Services	85,900
Construction	57,600
Transportation & Warehousing	53,400



GEORGIA BUSINESSES GROW WITH EXPORTS



Overview

Georgia exported an estimated \$39.3 billion in goods and \$23.9 billion in services in 2018. Between 2009 and 2018, Georgia goods exports have increased by 68 percent and services exports by 65 percent. Large companies now account for 74 percent of the value of Georgia'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 Georgia Exports

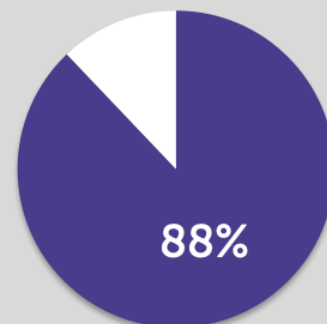
- Georgia ranks among the top five state exporters in 18 industries, including first in pulp and paperboard mill products (\$3.4 billion), in nonmetallic minerals (\$629 million), in textile furnishings (\$459 million), and second in fibers, yarns and threads (\$246 million).
- Georgia is America's 16th largest exporter of agricultural products. It is the second largest exporter of poultry and eggs, the third largest exporter of miscellaneous crops, the eighth largest exporter of fruits and tree nuts, and the 11th largest exporter of vegetables and melons.
- One of Georgia's fastest growing export categories is medical equipment and supplies, which increased by 7 percent since 2009. In 2018, exports of these products reached \$1.4 billion.

By the Numbers

15,010

Number of Georgia Businesses
that Exported in 2018

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



Top Georgia Exports, 2018

Goods

Aerospace Products & Parts	\$8.0 billion
Pulp & Paperboard Mill Products	\$3.4 billion
Engines & Turbines	\$1.5 billion
Medical Equipment & Supplies	\$1.4 billion
Ag. & Construction Machinery	\$1.3 billion

Services

Passenger Fares	\$3.8 billion
Travel	\$3.3 billion
Computer Software	\$1.8 billion

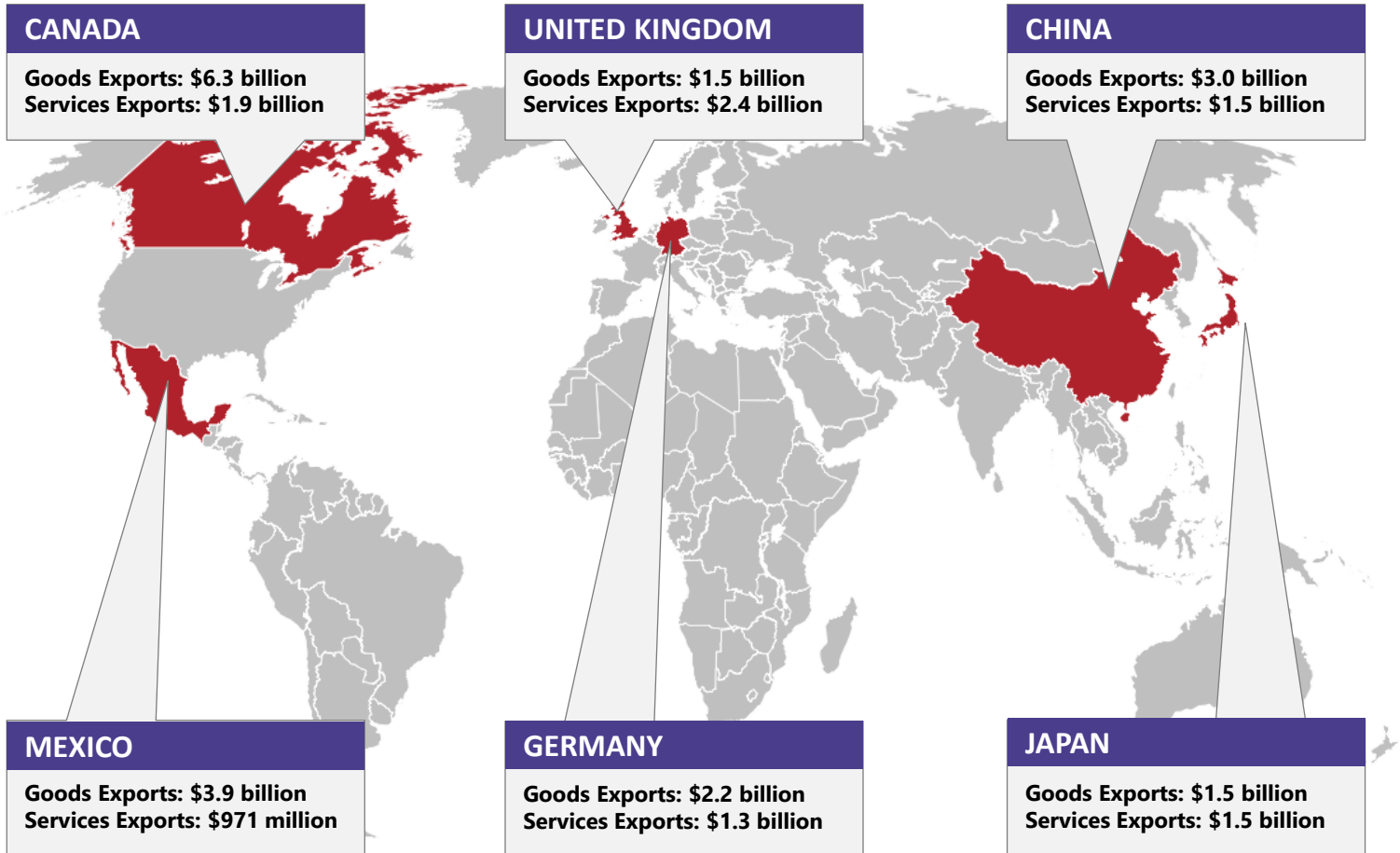


GEORGIA COMPANIES EXPORT THROUGHOUT THE WORLD



In 2018, Georgia companies sold their products in 211 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Georgia Economy Grow

- Goods and services exports accounted for 10.7 percent of Georgia's state GDP in 2018.
- Georgia's exports have grown more than 40 percent faster than state GDP since 2009. The average annual export growth during this period was 6.1 percent, while the average annual state GDP growth was 4.3 percent.
- Georgia's top export markets for goods are Canada, Mexico, and China. Its top market for services is the United Kingdom.
- Georgia's goods exports to Mexico have grown by 13 percent per year since 2009, while Georgia'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 Georgia 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

GEORGIA COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



Overview

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

Georgia Families Benefit from Imports

- In 2018, 39 percent of Georgia's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Georgia 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 Georgia 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, 13,998 Georgia companies imported goods from 203 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.

Georgia Exports and Imports are Linked Through Global Value Chains

- In 2018, 61 percent of Georgia goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Georgia's top imports are critical components for Georgia exports. Conversely, Georgia exports of raw materials and parts may return to the United States in imported finished goods.



Imports:
Gear boxes
(\$392M in 2018)



Exports:
Passenger vehicles
(\$2.0B in 2018)



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GEORGIA 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. Georgia 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 Georgia and the United States.

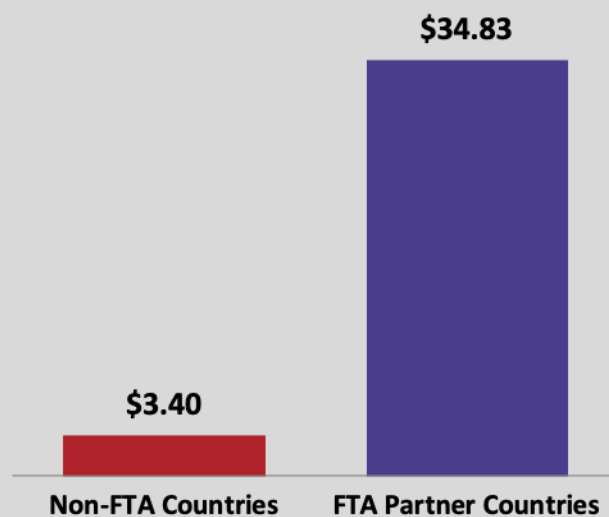
- In 2018, \$16.2 billion of Georgia's goods exports, or 41 percent, went to FTA partners.
- Since 2009, Georgia's goods exports to countries with FTAs in effect with the United States in 2018 have increased by 89 percent.
- Georgia's exports to Canada and Mexico have increased by \$8.2 billion (433 percent) since NAFTA went into effect in 1994.
- Georgia's exports to Singapore have increased by 521 percent – from \$260 million to \$1.3 billion – since the FTA with Singapore took effect in 2004.
- Georgia's exports to Chile of computer equipment have increased from \$5 million to \$168 million since the FTA with Chile went into effect in 2004.
- Honduras bought 44 percent of Georgia's exports of fibers, yarns and threads in 2018.
- In 2018, \$5.7 billion of Georgia's services exports, or 24 percent, went to FTA partners.
- Georgia's exports to Singapore of management and consulting services have increased from \$10 million to \$79 million, nearly eight-fold, since 2006 (earliest year available).

By the Numbers

89%

Increase in Georgia Goods Exports
to FTA Partners Between 2009 and 2018

Per Capita Purchases of Georgia Goods, 2018



* U.S. FTAs in effect with countries in 2018.

In 2018, FTA partners purchased 10.2 times more goods per capita from Georgia than non-FTA partners.



FOREIGN INVESTMENT IN GEORGIA CREATES JOBS



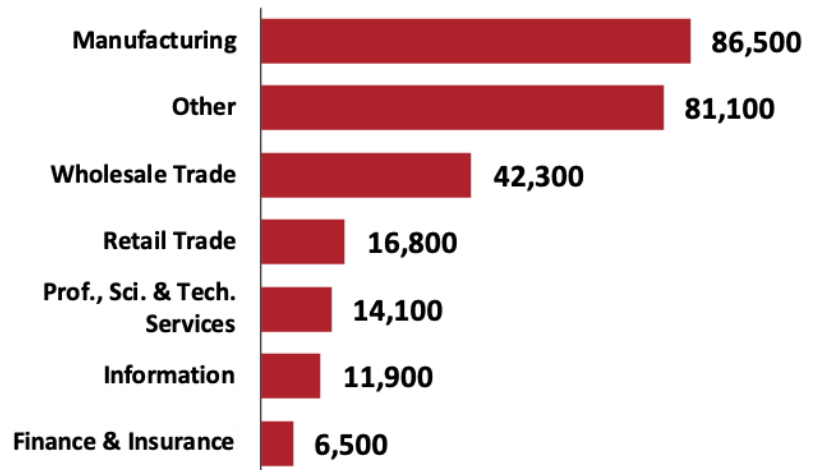
Overview

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.

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

- 35,400 workers employed by companies based in the United Kingdom;
- 31,400 workers employed by companies based in Japan;
- 30,700 workers employed by companies based in Germany;
- 28,900 workers employed by companies based in Canada;
- 22,200 workers employed by companies based in France.

Foreign-Owned Companies Employed 259,300 Georgia Workers Across Many Industries, 2017



Selected Foreign-Owned Companies Employing Workers in Georgia

Company	Industry	Country
BASF Corp.	Chemicals Manufacturing	Germany
Bekaert Corporation	Steel Manufacturing	Belgium
Gerdau Ameristeel	Steel Manufacturing	Brazil
Imerys USA	Mineral Mining	France
Kia Motors Manufacturing	Motor Vehicle Manufacturing	South Korea
Kubota Industrial Equipment	Heavy Machinery Manufacturing	Japan
Mercedes-Benz	Automotive Manufacturing	Germany
Tescom USA	Software and Services	Israel



DATA SOURCES



GEORGIA 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>)

GEORGIA 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/>)

GEORGIA 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>)

GEORGIA 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/>)

GEORGIA NEEDS TRADE AGREEMENTS TO GROW

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

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

FOREIGN INVESTMENT IN GEORGIA 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>)

