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 Massachusetts 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 Massachusetts. 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 Massachusetts recover.

Trade Creates & Supports Jobs in Massachusetts

- **International trade, including exports and imports, supported 994,400 Massachusetts jobs – one in five in 2018.** These trade-related jobs grew five 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 Massachusetts’ globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Massachusetts. *(See Massachusetts Jobs Depend On Two-Way Trade)*

- **Massachusetts exported $26.6 billion in goods and $33.7 billion in services in 2018,** including navigational and measuring instruments, medical equipment and supplies, semiconductors and components and management and advisory services. Of Massachusetts’ 10,447 exporters, 89 percent are small- and medium-sized companies with less than 500 workers. *(See Massachusetts Businesses Grow With Exports)*

- **Customers in 205 countries and territories buy Massachusetts-made goods and services,** including billions of dollars in annual exports to top markets like Canada, China and the United Kingdom. Policies that help Massachusetts businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(See Massachusetts Companies Export Throughout The World)*

- **Imports lower prices and increase choices for Massachusetts companies and families.** Lower raw material and input costs help Massachusetts 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 Massachusetts Companies and Families Benefit from Imports)*

- **Free trade agreements (FTAs) have helped fuel rapid export growth from Massachusetts to partner countries.** In 2018, $8.5 billion of Massachusetts' goods exports, or 32 percent, went to FTA partners. This represents an increase of 47 percent since 2009. *(See Massachusetts Needs Trade Agreements To Grow)*

- **Foreign-owned companies invest and build facilities and employ 216,600 workers in Massachusetts.** *(See Foreign Investment In Massachusetts Creates Jobs)*

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www.brt.org/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 Massachusetts. Policies that expand trade can create new job opportunities in Massachusetts and help it recover faster.

Trade Creates & Supports Jobs in Massachusetts

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

994,400

Number of Jobs in Massachusetts Supported by Trade

Share of Jobs Tied to Trade

- Increased 102 percent from 1992 to 2018

Jobs Tied to Trade

Top Sectors, 2018

- Trade & Distribution: 204,800
- Prof., Scient. & Tech. Services: 180,000
- Personal & Rec. Services: 69,000
- Construction: 44,100
- Finance: 35,800

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Overview

Massachusetts exported an estimated $26.6 billion in goods and $33.7 billion in services in 2018. Between 2009 and 2018, Massachusetts goods exports have increased by 14 percent and services exports by 67 percent. Large companies now account for 67 percent of the value of Massachusetts' 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 Massachusetts Exports

- Massachusetts ranks among the top five state exporters in seven industries, including third in navigational and measuring instruments ($3.6 billion), fourth in medical equipment and supplies ($2.5 billion), fourth in industrial machinery ($2.0 billion), and fourth in marine products ($380 million).
- Massachusetts is America’s 42nd largest exporter of agricultural products. It is the ninth largest exporter of miscellaneous animal products, the 12th largest exporter of aquaculture, the 19th largest exporter of greenhouse and nursery products, and the 20th largest exporter of fruits and tree nuts.
- One of Massachusetts' fastest growing export categories is electrical equipment and components, which increased by 14 percent since 2009. In 2018, exports of these products reached $952 million.

By the Numbers

10,447
Number of Massachusetts Businesses that Exported in 2018

89%
Share of Massachusetts Exporters that are Small- & Medium-Sized Businesses

Top Massachusetts Exports, 2018
Goods
- Navigational & Meas. Instruments: $3.6 billion
- Medical Equipment & Supplies: $2.5 billion
- Semiconductors & Components: $2.2 billion
- Industrial Machinery: $2.0 billion
- Pharmaceuticals & Medicines: $1.8 billion

Services
- Mgmt. & Advisory Services: $5.8 billion
- Travel: $5.7 billion
- Computer Software: $3.8 billion

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In 2018, Massachusetts companies sold their products in 205 countries and territories.

Top export markets include:

- **CANADA**
  - Goods Exports: $3.0 billion
  - Services Exports: $2.4 billion

- **UNITED KINGDOM**
  - Goods Exports: $1.0 billion
  - Services Exports: $3.0 billion

- **CHINA**
  - Goods Exports: $2.6 billion
  - Services Exports: $2.5 billion

- **MEXICO**
  - Goods Exports: $2.5 billion
  - Services Exports: $1.1 billion

- **IRELAND**
  - Goods Exports: $819 million
  - Services Exports: $2.9 billion

- **GERMANY**
  - Goods Exports: $1.9 billion
  - Services Exports: $1.4 billion

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

- Goods and services exports accounted for 10.6 percent of Massachusetts' state GDP in 2018.
- Massachusetts' exports have grown at an average annual rate of 3.8 percent since 2009.
- Massachusetts' top export markets for goods are Canada, China, and Mexico. Its top market for services is the United Kingdom.
- Massachusetts' goods exports to Singapore have grown by 10 percent per year since 2009, while Massachusetts' services exports to China have grown by 17 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Massachusetts businesses, workers, and farmers reach the growing number of customers around the world.

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Overview

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

Massachusetts Families Benefit from Imports

- In 2018, 39 percent of Massachusetts’ imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Massachusetts 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 Massachusetts family of four more than $10,000 per year through lower prices and increased specialization.

Most Importers are Small Businesses

- In 2018, 8,969 Massachusetts companies imported goods from 190 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.

Massachusetts Exports and Imports are Linked Through Global Value Chains

- In 2018, 61 percent of Massachusetts goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.

- Many of Massachusetts’ top imports are critical components for Massachusetts exports. Conversely, Massachusetts exports of raw materials and parts may return to the United States in imported finished goods.

2008-2018 Price Decrease

-88% for Televisions

-63% for Computers

-45% for Toys

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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. Massachusetts 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 Massachusetts and the United States.

By the Numbers

In 2018, $8.5 billion of Massachusetts’ goods exports, or 32 percent, went to FTA partners.

Since 2009, Massachusetts’ goods exports to countries with FTAs in effect with the United States in 2018 have increased by 47 percent.

Massachusetts’ exports to Canada and Mexico have increased by $2.6 billion (92 percent) since NAFTA went into effect in 1994.

Massachusetts’ exports to Chile have increased by 181 percent – from $26 million to $72 million – since the FTA with Chile took effect in 2004.

Massachusetts’ exports to Singapore of industrial machinery have increased from $35 million to $198 million since the FTA with Singapore went into effect in 2004.

Mexico bought 46 percent – $1.0 billion out of $2.2 billion – of Massachusetts’ semiconductors and parts exports in 2018.

In 2018, $7.4 billion of Massachusetts’ services exports, or 22 percent, went to FTA partners.

Massachusetts’ exports to Singapore of R&D and testing services have increased from $12 million to $523 million, or by over 4,000 percent, since 2006 (earliest year available).

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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.

Massachusetts is no exception. Foreign-owned companies make significant investments in Massachusetts 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 Massachusetts in 2017, including:

- 40,500 workers employed by companies based in the United Kingdom;
- 37,700 workers employed by companies based in the Netherlands;
- 23,300 workers employed by companies based in Canada;
- 23,200 workers employed by companies based in France;
- 18,500 workers employed by companies based in Germany.

Foreign-Owned Companies Employed 216,600 Massachusetts Workers Across Many Industries, 2017

<table>
<thead>
<tr>
<th>Industry</th>
<th>Workers</th>
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<tbody>
<tr>
<td>Manufacturing</td>
<td>60,600</td>
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<tr>
<td>Other</td>
<td>54,400</td>
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<tr>
<td>Retail Trade</td>
<td>36,600</td>
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<tr>
<td>Finance &amp; Insurance</td>
<td>23,600</td>
</tr>
<tr>
<td>Wholesale Trade</td>
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<tr>
<td>Prof., Sci. &amp; Tech.</td>
<td>16,700</td>
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<tr>
<td>Services</td>
<td></td>
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<tr>
<td>Information</td>
<td>7,700</td>
</tr>
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Selected Foreign-Owned Companies Employing Workers in Massachusetts

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABB Inc.</td>
<td>Electrical Equipment Manufacturing</td>
<td>Switzerland</td>
</tr>
<tr>
<td>BAE Electronic Systems Inc.</td>
<td>Defense/Security/Aerospace Services</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Dalkia North America</td>
<td>Energy Services</td>
<td>France</td>
</tr>
<tr>
<td>GHD</td>
<td>Engineering, Architectural Services</td>
<td>Australia</td>
</tr>
<tr>
<td>KPMG LLP</td>
<td>Accounting Services</td>
<td>Netherlands</td>
</tr>
<tr>
<td>Sophos Inc.</td>
<td>Software Development</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Stop &amp; Shop Supermarket Co.</td>
<td>Retailing</td>
<td>Netherlands</td>
</tr>
<tr>
<td>TD Bank</td>
<td>Banking Services</td>
<td>Canada</td>
</tr>
</tbody>
</table>

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MASSACHUSETTS JOBS DEPEND ON TWO-WAY TRADE

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

MASSACHUSETTS BUSINESSES GROW WITH EXPORTS


MASSACHUSETTS COMPANIES EXPORT THROUGHOUT THE WORLD


MASSACHUSETTS 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/)

MASSACHUSETTS NEEDS TRADE AGREEMENTS TO GROW

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

FOREIGN INVESTMENT IN MASSACHUSETTS 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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