

# HOW MARYLAND'S ECONOMY BENEFITS FROM TRADE & INVESTMENT



## Overview

With more than 95 percent of the world's population and 80 percent of the world's purchasing power outside the United States, future economic growth and jobs for Maryland and America increasingly depend on expanding U.S. trade and investment opportunities in the global marketplace.

The following pages feature key facts and figures drawn from new Business Roundtable research, U.S. government data, and other data sources that demonstrate the benefits of international trade and investment to economic growth and jobs in Maryland.

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## Trade Creates & Supports Jobs in Maryland

- **International trade, including exports and imports, supports 742,800 Maryland jobs – more than one in five.** These trade-related jobs grew four times faster than total employment from 1992 to 2017 and are at large and small companies, on farms, in factories, and at the headquarters of Maryland's globally engaged firms. *(See Maryland Jobs Depend On Two-Way Trade)*
- **Maryland exported \$9.2 billion in goods and \$14.0 billion in services in 2017,** including forestry products, apparel accessories, furniture related products and travel services. Of Maryland's 6,235 exporters, 86 percent are small- and medium-sized companies with less than 500 workers. *(See Maryland Businesses Grow With Exports)*
- **Customers in 205 countries and territories buy Maryland-made goods and services,** including billions of dollars in annual exports to top markets like Canada, the United Kingdom and China. Maryland's exports have grown more than ten percent faster than state GDP since 2007. *(See Maryland Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Maryland companies and families.** Lower raw material and input costs help Maryland 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 Maryland Companies Use Imports to Make Competitive Products)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Maryland to partner countries.** In 2017, \$3.0 billion of Maryland's goods exports, or 32 percent, went to FTA partners. This represents an increase of 5.0 percent since 2007. *(See Maryland Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 118,300 workers in Maryland.** *(See Foreign Investment In Maryland Creates Jobs)*



# MARYLAND JOBS DEPEND ON TWO-WAY TRADE



## Overview

Creating and preserving quality U.S. jobs is a goal shared by all Americans. With more than 95 percent of the world's population and 80 percent of the world's purchasing power outside of the United States, future American economic growth and job creation depend on open markets abroad.

## Trade Supports Jobs in Maryland

- Export growth increases jobs by generating new business for Maryland's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Maryland businesses compete and saving Maryland families real dollars at the cash register.
- More than one in five Maryland jobs depends upon international trade.
- Maryland's trade-related employment grew four times faster than total employment from 1992 to 2017.
- 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.

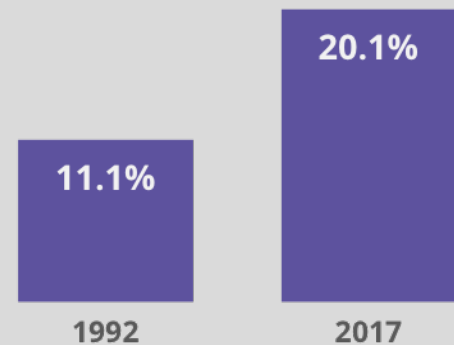
## By the Numbers

# 742,800

Number of Jobs in Maryland Supported by Trade

### Share of Jobs Tied to Trade

Increased 81 percent from 1992 to 2017



### Jobs Tied to Trade Top Sectors, 2017

Trade & Distribution	149,900
Prof., Scient. & Tech. Services	142,900
Personal & Rec. Services	54,400
Finance, Insurance	33,700
Construction	28,100



# MARYLAND BUSINESSES GROW WITH EXPORTS



## Overview

Maryland exported an estimated \$9.2 billion in goods and \$14.0 billion in services in 2017. Between 2007 and 2017, Maryland goods exports have increased by 7 percent and services exports by 79 percent. Large companies now account for 69 percent of the value of Maryland'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 Maryland Exports

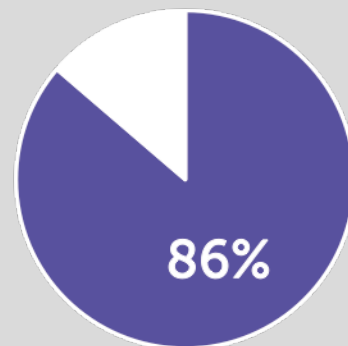
- Maryland ranks among the top 15 state exporters in 15 industries, including third in forestry products (\$27 million), eighth in apparel accessories (\$12 million), ninth in furniture related products (\$7.3 million), and ninth in metal ores (\$128 million).
- Maryland is America's 37th largest exporter of agricultural products. It is the 20th largest exporter of cattle, the 21st largest exporter of miscellaneous animal products, the 22nd largest exporter of sheep, goats & fine animal hair, and the 23rd largest exporter of vegetables & melons.
- One of Maryland's fastest growing export categories is metal ores, which increased by 238 percent since 2007. In 2017, exports of these products reached \$128 million.

## By the Numbers

# 6,235

Number of Maryland Businesses that Exported in 2016

## Share of Maryland Exporters that are Small- & Medium-Sized Businesses



## Top Maryland Exports, 2017

### Goods

Aerospace Products & Parts	\$1.1 billion
Pharmaceuticals & Medicines	\$862 million
Basic Chemicals	\$588 million
Motor Vehicles	\$554 million
Navigational & Meas. Instruments	\$497 million

### Services

Travel	\$3.5 billion
Mgmt. & Consulting Services	\$1.8 billion
Mgmt. & Advisory Services	\$1.6 billion

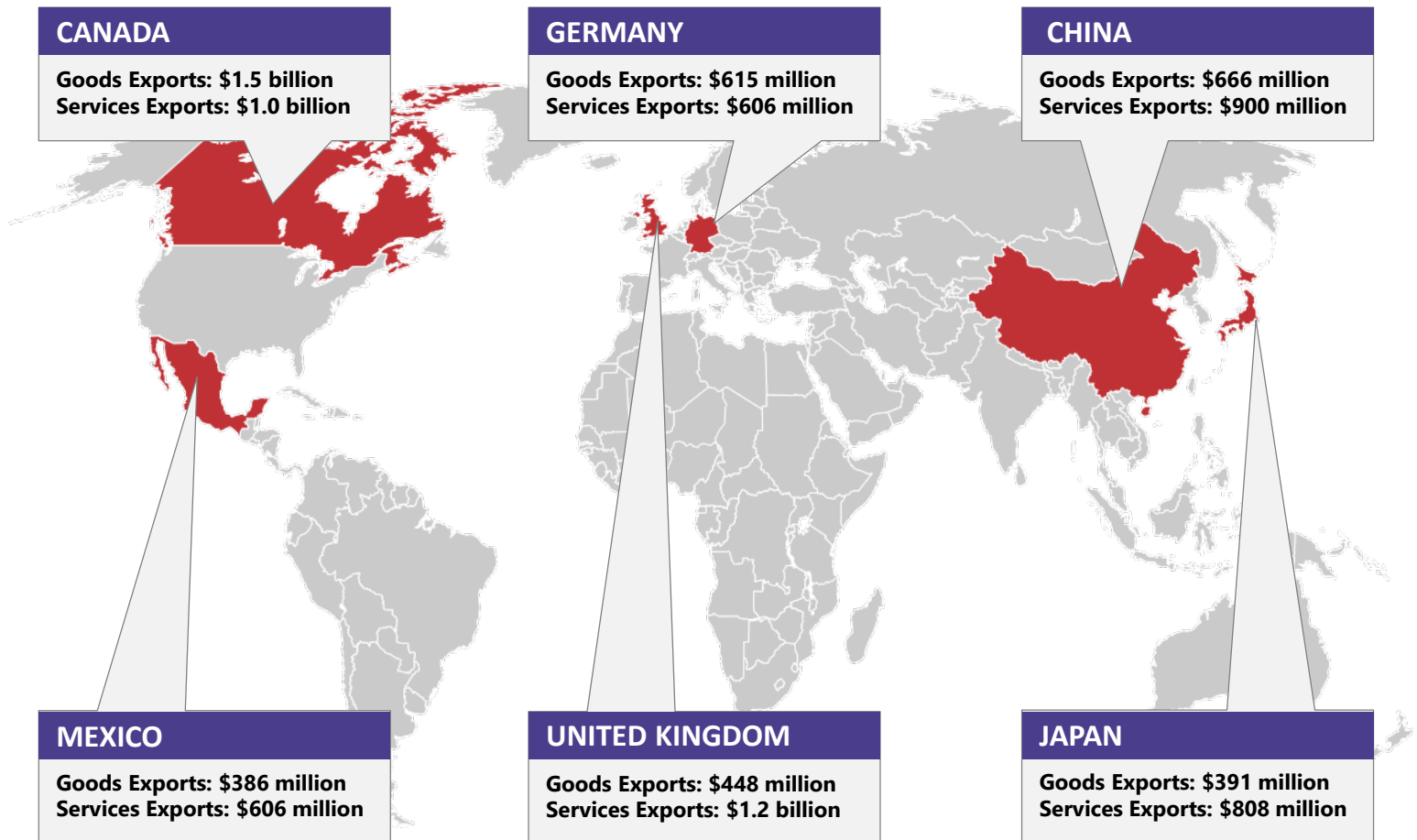


# MARYLAND COMPANIES EXPORT THROUGHOUT THE WORLD



In 2017, Maryland companies sold their products in 205 countries and territories.

Top export markets include:



## Fast Facts: How Exports Help the Maryland Economy Grow

- Goods and services exports accounted for 5.8 percent of Maryland's state GDP in 2017.
- Maryland's exports have grown more than ten percent faster than state GDP since 2007. The average annual export growth during this period was 3.8 percent, while the average annual state GDP growth was 3.3 percent.
- Maryland's top export markets for goods are Canada, China, and Germany. Its top market for services is the United Kingdom.
- Maryland's goods exports to Saudi Arabia have grown by 15 percent per year since 2007, while Maryland's services exports to Singapore have grown by 16 percent per year.



# MARYLAND COMPANIES USE IMPORTS TO MAKE COMPETITIVE PRODUCTS



## Overview

In 2017, 58 percent (\$1.3 trillion) of the products imported into the United States were inputs and components used by American producers. Lower cost inputs keep U.S. manufacturing competitive in international markets. Imports frequently contain components (like cotton or semiconductors) and services inputs (like design) provided by U.S. companies and farmers, including companies and farmers in Maryland.

- Services, especially transportation from Maryland's ports, finance and insurance, marketing and legal services are needed to bring imported goods to American manufacturers and households.
- In 2016, about 75 percent of identified U.S. importers were very small businesses with less than 20 employees.
- Trade and investment liberalization policies save the average Maryland family of four more than \$10,000 per year.
- Imports help keep prices down for Maryland families while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.

**In 2016, about 211,000 U.S. companies (including 5,938 in Maryland) imported products...**

**And roughly three-quarters of U.S. importers were very small businesses with less than 20 employees.**

## Imports Decrease Prices



**-87.9%**

Decrease in the Price of Televisions Between 2007 and 2017.



**-63.3%**

Decrease in the Price of Computers Between 2007 and 2017.



**-44.7%**

Decrease in the Price of Toys Between 2007 and 2017.

## Imports Increase Choices



# MARYLAND 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.

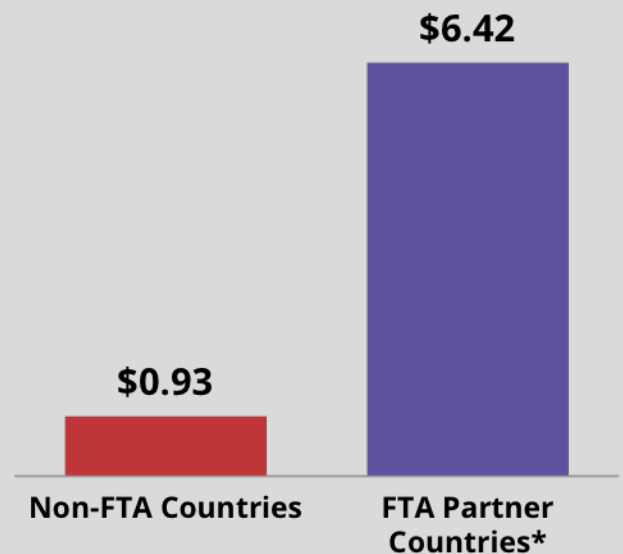
- In 2017, \$3.0 billion of Maryland's goods exports, or 32 percent, went to FTA partners.
- Since 2007, Maryland's goods exports to countries with FTAs in effect with the United States in 2017 have increased by 5.0 percent.
- Maryland's goods exports to Canada and Mexico have increased by \$718 million (62 percent) since NAFTA went into effect in 1994.
- Maryland's goods exports to Morocco have increased by 814 percent since the FTA took effect in 2005.
- Maryland's exports to Singapore of pharmaceuticals & medicines have increased from \$2.9 million to \$58 million since the FTA went into effect in 2004.
- Colombia bought 55 percent of Maryland's exports of grain & oilseed milling products in 2017.
- In 2017, \$3.4 billion of Maryland's services exports, or 24 percent, went to FTA partners.
- Maryland's exports to Australia of computer & data services have increased from \$11 million to \$45 million, or by 313 percent, since 2006 (earliest year available).

## By the Numbers

5.0%

Increase in Maryland Goods Exports to FTA Partners Between 2007 and 2017

## Per Capita Purchases of Maryland Goods, 2017



\* U.S. FTAs in effect with countries in 2017.

**In 2017, FTA partners purchased 6.9 times more goods per capita from Maryland than non-FTA partners.**



# FOREIGN INVESTMENT IN MARYLAND CREATES JOBS

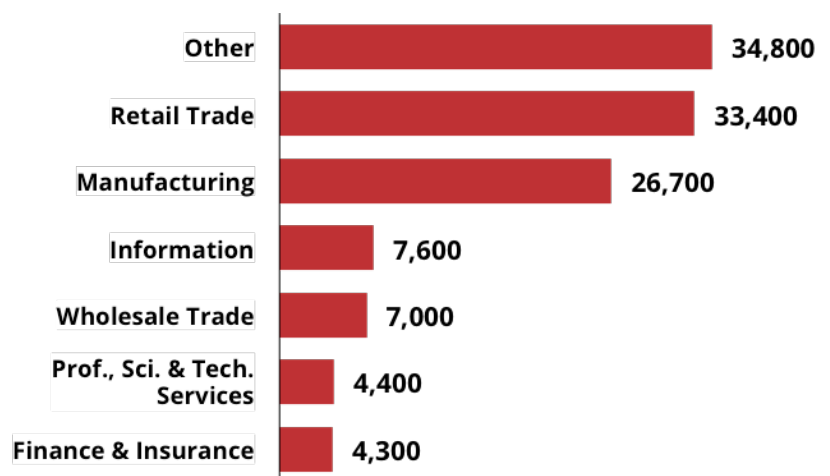


## Overview

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Maryland every year. Foreign-owned companies from around the world employed more than 110,000 workers in Maryland, including:

- 25,600 workers employed by companies based in the United Kingdom;
- 24,500 workers employed by companies based in the Netherlands;
- 14,000 workers employed by companies based in Canada;
- 9,500 workers employed by companies based in France;
- 8,000 workers employed by companies based in Germany.

## Foreign-Owned Companies Employed 118,300 Maryland Workers Across Many Industries, 2016



## Selected Foreign-Owned Companies Employing Workers in Maryland

Company	Industry	Country
Adecco Staffing	Employment Services	Switzerland
BAE Systems Inc.	Defense/Security/Aerospace Services	United Kingdom
CGI Group	Business Services	Canada
Evonik Corp.	Chemical Manufacturing	Germany
Giant of Maryland	Food Retailing	Netherlands
Infinite Computer Solutions	IT Services	India
KPMG LLP	Accounting Services	Netherlands
Pet Valu International	Retailing	Canada
Rexel Inc.	Electronic Components Manufacturing	France
Rohde & Schwarz, Inc.	Electronic Components Manufacturing	Germany
Solvay Chemicals	Chemicals Manufacturing	Belgium
Thales Communications Inc.	Aerospace/Defense/ICT Products	France



# DATA SOURCES



## MARYLAND JOBS DEPEND ON TWO-WAY TRADE

**Jobs-Tied-to-Trade:** Baughman and Francois, "Trade and American Jobs: The Impact of Trade on U.S. and State-Level Employment" (2019) ([https://s3.amazonaws.com/brt.org/Trade\\_and\\_American\\_Jobs\\_2019.pdf](https://s3.amazonaws.com/brt.org/Trade_and_American_Jobs_2019.pdf))

**Exporting Firm Wages:** Riker, "Export-Intensive Industries Pay More on Average: An Update" (2015) (<https://www.usitc.gov/publications/332/ec201604a.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>)

## MARYLAND 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, 2015 – 2016" (<https://www.census.gov/foreign-trade/Press-Release/edb/2016/>)

## MARYLAND 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>)

## MARYLAND COMPANIES USE IMPORTS TO MAKE COMPETITIVE PRODUCTS

**Importing Company Information:** Census, "A Profile of U.S. Importing and Exporting Companies, 2015 – 2016" (<https://www.census.gov/foreign-trade/Press-Release/edb/2016/>)

**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/>)

## MARYLAND NEEDS TRADE AGREEMENTS TO GROW

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

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

## FOREIGN INVESTMENT IN MARYLAND CREATES JOBS

**Employment Data:** BEA "Direct Investment & Multinational Companies" database ([http://bea.gov/iTable/index\\_MNC.cfm](http://bea.gov/iTable/index_MNC.cfm))

**Foreign Investors:** Uniworld BP database of "Foreign Firms Operating in the United States" (<http://www.uniworldbp.com>)

