

# HOW MARYLAND'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 Maryland 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 Maryland. 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 Maryland recover.

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## Trade Creates & Supports Jobs in Maryland

- **International trade, including exports and imports, supported 788,500 Maryland 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 Maryland's globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Maryland. *(See Maryland Jobs Depend On Two-Way Trade)*
- **Maryland exported \$11.9 billion in goods and \$15.1 billion in services in 2018,** including aerospace products and parts, oil and gas, pharmaceuticals and medicines and travel services. Of Maryland's 6,546 exporters, 88 percent are small- and medium-sized companies with less than 500 workers. *(See Maryland Businesses Grow With Exports)*
- **Customers in 203 countries and territories buy Maryland-made goods and services,** including billions of dollars in annual exports to top markets like Canada, Japan and the United Kingdom. Maryland's goods exports have grown about 35 percent faster than state GDP since 2009. Policies that help Maryland businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(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 and Families Benefit from Imports)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Maryland to partner countries.** In 2018, \$3.4 billion of Maryland's goods exports, or 29 percent, went to FTA partners. This represents an increase of 29 percent since 2009. *(See Maryland Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 120,100 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 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 Maryland. Policies that expand trade can create new job opportunities in Maryland and help it recover faster.

## Trade Creates & Supports Jobs in Maryland

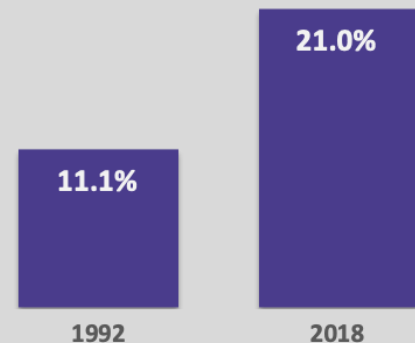
- Export growth increases jobs by generating new business for Maryland's manufacturers, services providers and farmers. Imports support jobs and keep costs low, helping Maryland businesses compete and saving Maryland families real dollars at the cash register.
- More than one in five Maryland jobs depends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

# 788,500

Number of Jobs in Maryland Supported by Trade

**Share of Jobs Tied to Trade**  
**Increased 89 percent from 1992 to 2018**



**Jobs Tied to Trade**  
**Top Sectors, 2018**

Trade & Distribution	158,900
Prof., Scient. & Tech. Services	144,800
Personal & Rec. Services	54,500
Construction	40,500
Transportation & Warehousing	27,300



# MARYLAND BUSINESSES GROW WITH EXPORTS



## Overview

Maryland exported an estimated \$11.9 billion in goods and \$15.1 billion in services in 2018. Between 2009 and 2018, Maryland goods exports have increased by 33 percent and services exports by 66 percent. Large companies now account for 62 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

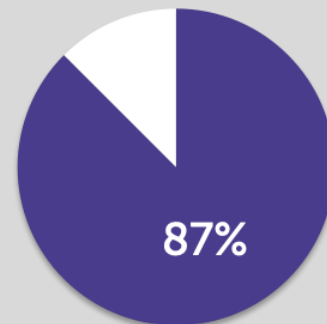
- Maryland ranks among the top 10 state exporters in five industries, including fourth in oil and gas (\$1.2 billion), fifth in forestry products (\$31 million), seventh in coal and petroleum gases (\$247 million), and ninth in apparel accessories (\$9.0 million).
- Maryland is America's 37th largest exporter of agricultural products. It is the 18th largest exporter of vegetables and melons, the 19th largest exporter of miscellaneous animal products, the 20th largest exporter of swine, and the 23rd largest exporter of aquaculture.
- One of Maryland's fastest growing export categories is plastics products, which increased by 9 percent since 2009. In 2018, exports of these products reached \$269 million.

## By the Numbers

# 6,546

Number of Maryland Businesses that Exported in 2018

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



## Top Maryland Exports, 2018

### Goods

Aerospace Products & Parts	\$1.5 billion
Oil & Gas	\$1.2 billion
Pharmaceuticals & Medicines	\$1.0 billion
Basic Chemicals	\$651 million
Misc. Fabricated Metal Products	\$526 million

### Services

Travel	\$3.6 billion
Mgmt. & Consulting Services	\$2.0 billion
Mgmt. & Advisory Services	\$1.5 billion

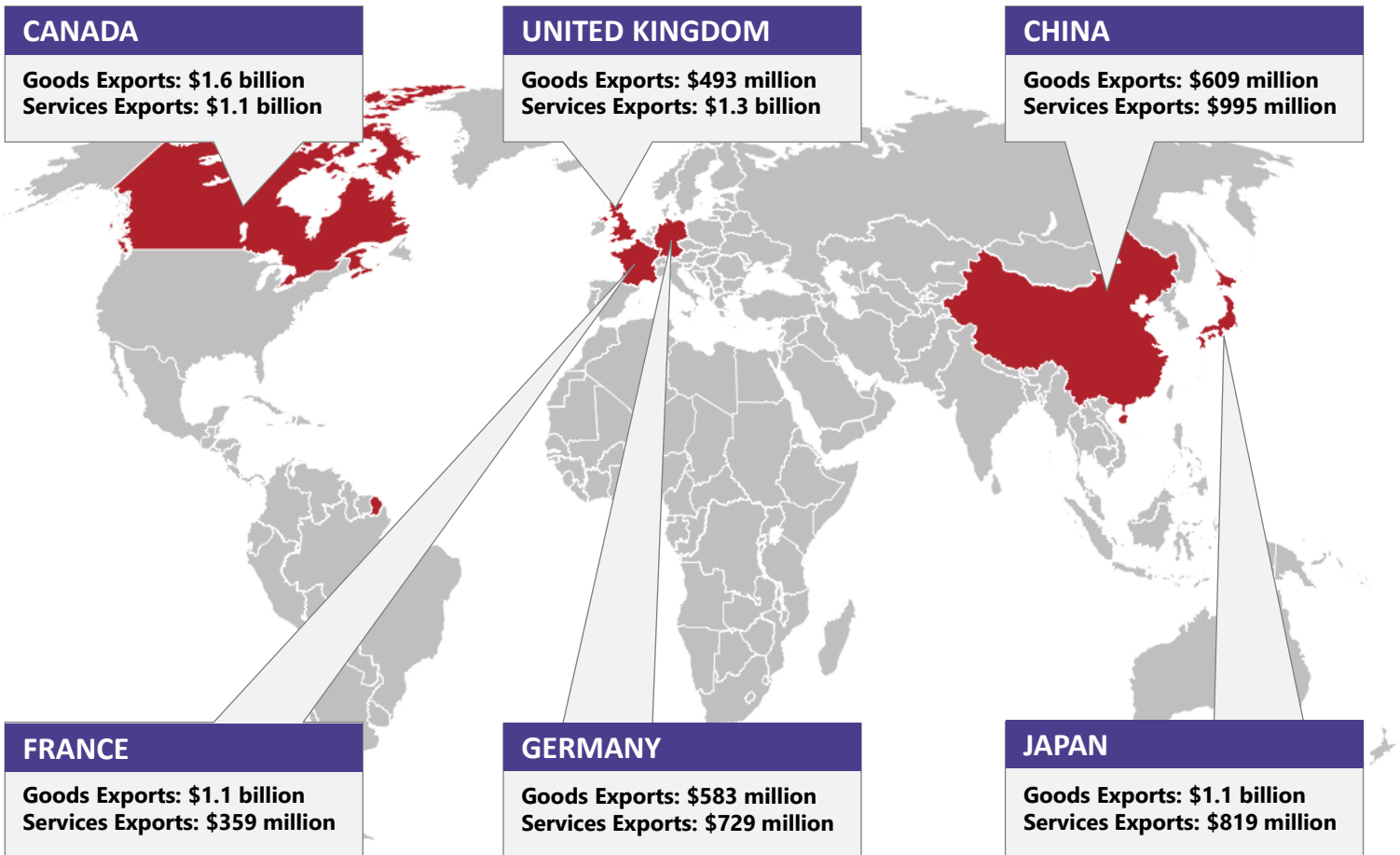


# MARYLAND COMPANIES EXPORT THROUGHOUT THE WORLD



In 2018, Maryland companies sold their products in 203 countries and territories.

Top export markets include:



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

- Goods and services exports accounted for 6.6 percent of Maryland's state GDP in 2018.
- Maryland's exports have grown about 35 percent faster than state GDP since 2009. The average annual export growth during this period was 4.7 percent, while the average annual state GDP growth was 3.5 percent.
- Maryland's top export markets for goods are Canada, Japan, and France. Its top market for services is the United Kingdom.
- Maryland's goods exports to India have grown by 9 percent per year since 2009, while Maryland's services exports to China have grown by 14 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Maryland businesses, workers, and farmers reach the growing number of customers around the world.



# MARYLAND COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



## Overview

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

## Maryland Families Benefit from Imports

- In 2018, 23 percent of Maryland's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Maryland 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 Maryland 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, 6,268 Maryland companies imported goods from 173 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.

## Maryland Exports and Imports are Linked Through Global Value Chains

- In 2018, 77 percent of Maryland goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Maryland's top imports are critical components for Maryland exports. Conversely, Maryland exports of raw materials and parts may return to the United States in imported finished goods.



**Imports:**  
**Construction  
equipment parts  
(\$17M in 2018)**



**Exports:**  
**Excavators  
(\$56M in 2018)**



# 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. Maryland 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 Maryland and the United States.

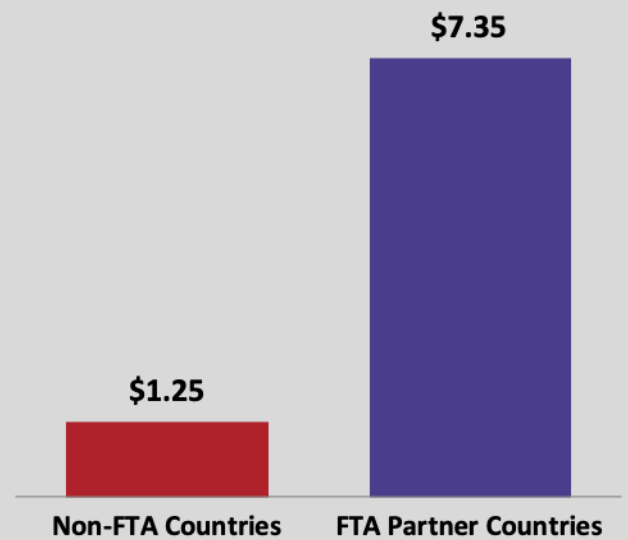
- In 2018, \$3.4 billion of Maryland's goods exports, or 29 percent, went to FTA partners.
- Since 2009, Maryland's goods exports to countries with FTAs in effect with the United States in 2018 have increased by 29 percent.
- Maryland's exports to Canada and Mexico have increased by \$910 million (79 percent) since NAFTA went into effect in 1994.
- Maryland's exports to Morocco have increased by nearly 2,500 percent – from \$7 million to \$183 million – since the FTA with Morocco took effect in 2006.
- Maryland's exports to Singapore of pharmaceuticals and medicines have increased from \$2.9 million to \$53 million since the FTA with Singapore went into effect in 2004.
- Canada bought 78 percent – \$259 million out of \$330 million – of Maryland's agricultural and construction machinery exports in 2018.
- In 2018, \$3.5 billion of Maryland's services exports, or 22 percent, went to FTA partners.
- Maryland's exports to Singapore of management and consulting services have increased from \$9 million to \$97 million, or by over 950 percent, since 2006 (earliest year available).

## By the Numbers

# 29%

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

### Per Capita Purchases of Maryland Goods, 2018



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

**In 2018, FTA partners purchased 5.9 times more goods per capita from Maryland than non-FTA partners.**



# FOREIGN INVESTMENT IN MARYLAND CREATES JOBS



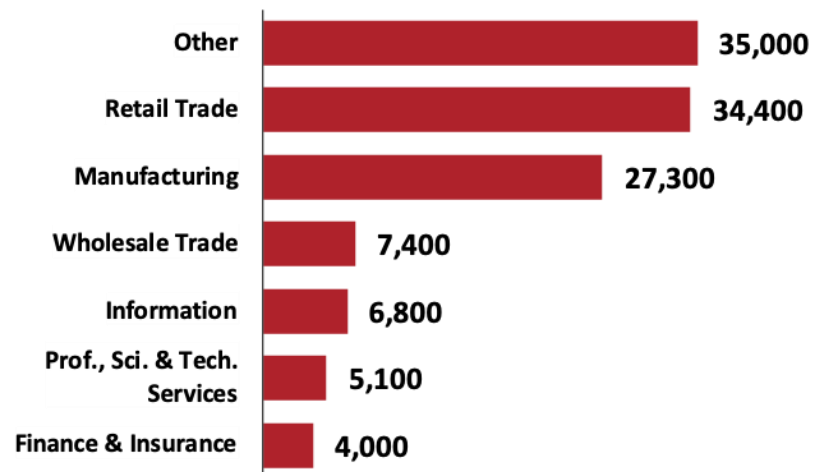
## Overview

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.

Maryland is no exception. Foreign-owned companies make significant investments in Maryland to open or expand facilities every year and are important customers for local goods and services providers. Subsidiaries of foreign-owned companies alone employed about 120,000 workers in Maryland in 2017, including:

- 28,500 workers employed by companies based in the Netherlands;
- 25,800 workers employed by companies based in the United Kingdom;
- 15,600 workers employed by companies based in Canada;
- 9,500 workers employed by companies based in France;
- 8,400 workers employed by companies based in Germany.

## Foreign-Owned Companies Employed 120,100 Maryland Workers Across Many Industries, 2017



## Selected Foreign-Owned Companies Employing Workers in Maryland

Company	Industry	Country
BAE Systems Inc.	Defense/Security/Aerospace Services	United Kingdom
Giant Food Stores, Inc.	Food Retailing	Netherlands
Infinite Computer Solutions	IT Services	India
KPMG LLP	Accounting Services	Netherlands
Pet Valu International	Retailing	Canada
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

**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](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>)

## 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, 2017 – 2018" (<https://www.census.gov/foreign-trade/Press-Release/edb/2018/>)

## 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, 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/>)

## 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>)

