HOW MAINE'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 Maine 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 Maine.

Trade Creates & Supports Jobs in Maine

- **International trade, including exports and imports, supports 171,300 Maine jobs – more than one in five.** These trade-related jobs grew eleven 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 Maine's globally engaged firms. *(See Maine Jobs Depend On Two-Way Trade)*

- **Maine exported $2.6 billion in goods and $1.5 billion in services in 2017, including aquaculture, marine products, timber & logs and travel services.** Of Maine's 1,841 exporters, 84 percent are small- and medium-sized companies with less than 500 workers. *(See Maine Businesses Grow With Exports)*

- **Customers in 180 countries and territories buy Maine-made goods and services, including billions of dollars in annual exports to top markets like Canada, China and Germany.** Maine's exports have grown at an average annual rate of 2.1 percent since 2007. *(See Maine Companies Export Throughout The World)*

- **Imports lower prices and increase choices for Maine companies and families.** Lower raw material and input costs help Maine 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 Maine Companies Use Imports to Make Competitive Products)*

- **Free trade agreements (FTAs) have helped fuel rapid export growth from Maine to partner countries.** In 2017, $1.5 billion of Maine's goods exports, or 57 percent, went to FTA partners. This represents an increase of 32 percent since 2007. *(See Maine Needs Trade Agreements To Grow)*

- **Foreign-owned companies invest and build facilities and employ 34,200 workers in Maine.** *(See Foreign Investment In Maine Creates Jobs)*

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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 Maine

- Export growth increases jobs by generating new business for Maine’s manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Maine businesses compete and saving Maine families real dollars at the cash register.

- More than one in five Maine jobs depends upon international trade.

- Maine’s trade-related employment grew eleven 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

171,300
Number of Jobs in Maine Supported by Trade

Share of Jobs Tied to Trade
Increased 172 percent from 1992 to 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>7.5%</td>
</tr>
<tr>
<td>2017</td>
<td>20.5%</td>
</tr>
</tbody>
</table>

Jobs Tied to Trade
Top Sectors, 2017

- Trade & Distribution: 40,100
- Prof., Scient. & Tech. Services: 23,300
- Agriculture: 11,200
- Personal & Rec. Services: 10,600
- Manufacturing: 7,300

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Maine exported an estimated $2.6 billion in goods and $1.5 billion in services in 2017. Between 2007 and 2017, Maine goods exports have declined by 4 percent, but services exports increased by 71 percent. Large companies now account for 50 percent of the value of Maine'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 Maine Exports

- Maine ranks among the top half of state exporters in 14 industries, including first in aquaculture ($53 million), fourth in marine products ($422 million), fourth in timber & logs ($115 million), and tenth in oil & gas ($239 million).
- Maine is America’s 40th largest exporter of agricultural products. It is the largest exporter of aquaculture, the 13th largest exporter of miscellaneous animal products, the 21st largest exporter of fruits & tree nuts, and the 21st largest exporter of greenhouse & nursery products.
- One of Maine's fastest growing export categories is household appliances, which increased by 899 percent since 2007. In 2017, exports of these products reached $14 million.
In 2017, Maine companies sold their products in 180 countries and territories.

Top export markets include:

- **Canada**: Goods Exports: $1.3 billion, Services Exports: $130 million
- **Germany**: Goods Exports: $132 million, Services Exports: $59 million
- **China**: Goods Exports: $238 million, Services Exports: $122 million
- **United Kingdom**: Goods Exports: $38 million, Services Exports: $124 million
- **Malaysia**: Goods Exports: $156 million, Services Exports: $89 million
- **Japan**: Goods Exports: $75 million, Services Exports: $89 million

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

- Goods and services exports accounted for 6.6 percent of Maine's state GDP in 2017.
- Maine's exports have grown at an average annual rate of 2.1 percent since 2007.
- Maine's top export markets for goods are Canada, China, and Malaysia. Its top market for services is Canada.
- Maine's goods exports to Germany have grown by 26 percent per year since 2007, while Maine's services exports to China have grown by 20 percent per year.

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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 Maine.

- Services, especially transportation from Maine'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 Maine family of four more than $10,000 per year.
- Imports help keep prices down for Maine 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 1,421 in Maine) 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.
- **-44.7%** Decrease in the Price of Toys Between 2007 and 2017.

Imports Increase Choices

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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, $1.5 billion of Maine's goods exports, or 57 percent, went to FTA partners.
- Since 2007, Maine's goods exports to countries with FTAs in effect with the United States in 2017 have increased by 32 percent.
- Maine's goods exports to Canada and Mexico have increased by $958 million (249 percent) since NAFTA went into effect in 1994.
- Maine's goods exports to Australia have increased by 93 percent since the FTA took effect in 2005.
- Maine's exports to Oman of miscellaneous fabricated metal products have increased from $12,000 to $11 million since the FTA went into effect in 2009.
- The Dominican Republic bought 56 percent of Maine's exports of miscellaneous wood products in 2017.
- In 2017, $421 million of Maine's services exports, or 29 percent, went to FTA partners.
- Maine's exports to Korea of travel services increased from $16 million to $34 million, or by 118 percent, since the FTA went into effect in 2012.

By the Numbers

32%
Increase in Maine Goods Exports to FTA Partners Between 2007 and 2017

Per Capita Purchases of Maine Goods, 2017

<table>
<thead>
<tr>
<th></th>
<th>Non-FTA Countries</th>
<th>FTA Partner Countries*</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3.23</td>
<td></td>
<td></td>
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<tr>
<td>$0.16</td>
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</tbody>
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* U.S. FTAs in effect with countries in 2017.

In 2017, FTA partners purchased 19.6 times more goods per capita from Maine than non-FTA partners.

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Foreign-owned companies invest significant amounts of capital to open or expand facilities in Maine every year. Foreign-owned companies from around the world employed tens of thousands of workers in Maine, including:

- 8,600 workers employed by companies based in Canada;
- 2,800 workers employed by companies based in the United Kingdom;
- 2,500 workers employed by companies based in Switzerland;
- 1,800 workers employed by companies based in Germany;
- 1,200 workers employed by companies based in Japan.

Foreign-Owned Companies Employed 34,200 Maine Workers Across Many Industries, 2016

<table>
<thead>
<tr>
<th>Industry</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>8,700</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>4,400</td>
</tr>
<tr>
<td>Information</td>
<td>1,200</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>1,200</td>
</tr>
<tr>
<td>Prof., Sci. &amp; Tech.</td>
<td>600</td>
</tr>
<tr>
<td>Other</td>
<td>19,300</td>
</tr>
</tbody>
</table>

Selected Foreign-Owned Companies Employing Workers in Maine

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABB Inc.</td>
<td>Power Generation Equip.</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Central Maine Power Company</td>
<td>Manufacturing</td>
<td>Spain</td>
</tr>
<tr>
<td>Evonik Corp.</td>
<td>Electricity Services</td>
<td>Germany</td>
</tr>
<tr>
<td>Holiday Inn</td>
<td>Chemical Manufacturing</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Poland Spring Bottling Co.</td>
<td>Hotel Services</td>
<td>France</td>
</tr>
<tr>
<td>Portland Natural Gas Transmission</td>
<td>Beverage Product Manufacturing</td>
<td>Canada</td>
</tr>
<tr>
<td>Sappi Fine Paper North America</td>
<td>Energy Services</td>
<td>South Africa</td>
</tr>
<tr>
<td>Securitas Security Services</td>
<td>Paper product Manufacturing</td>
<td>Sweden</td>
</tr>
<tr>
<td>Stantec, Inc.</td>
<td>Security Services</td>
<td>Canada</td>
</tr>
<tr>
<td>TD Bank</td>
<td>Architecture &amp; Engineering</td>
<td>Canada</td>
</tr>
<tr>
<td>Willis North America Inc.</td>
<td>Services</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Wood Group Pressure Control</td>
<td>Financial Services</td>
<td>Scotland</td>
</tr>
<tr>
<td></td>
<td>Insurance Services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Energy Services</td>
<td></td>
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MAINE JOBS DEPEND ON TWO-WAY TRADE


MAINE 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)


MAINE COMPANIES EXPORT THROUGHOUT THE WORLD


MAINE 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/)

MAINE NEEDS TRADE AGREEMENTS TO GROW


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

FOREIGN INVESTMENT IN MAINE 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)