

HOW MAINE'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 Maine 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 Maine. 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 Maine recover.

Trade Creates & Supports Jobs in Maine

- **International trade, including exports and imports, supported 176,100 Maine jobs – more than one in five in 2018.** These trade-related jobs grew 10 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 Maine's globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Maine. *(See Maine Jobs Depend On Two-Way Trade)*
- **Maine exported \$2.5 billion in goods and \$1.7 billion in services in 2018,** including marine products, pulp and paperboard mill products, aerospace products and parts and travel services. Of Maine's 1,902 exporters, 85 percent are small- and medium-sized companies with less than 500 workers. *(See Maine Businesses Grow With Exports)*
- **Customers in 177 countries and territories buy Maine-made goods and services,** including billions of dollars in annual exports to top markets like Canada, China and the United Kingdom. Maine's goods exports have grown more than 10 percent faster than state GDP since 2009. Policies that help Maine businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(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 and Families Benefit from Imports)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Maine to partner countries.** In 2018, \$1.4 billion of Maine's goods exports, or 56 percent, went to FTA partners. This represents an increase of 38 percent since 2009. *(See Maine Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 34,800 workers in Maine.** *(See Foreign Investment In Maine Creates Jobs)*



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

Trade Creates & Supports Jobs in Maine

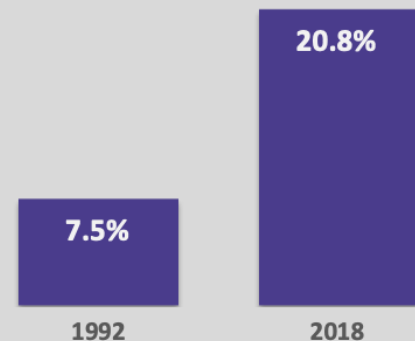
- Export growth increases jobs by generating new business for Maine's manufacturers, services providers and farmers. Imports support jobs and keep costs low, helping Maine businesses compete and saving Maine families real dollars at the cash register.
- More than one in five Maine jobs depends upon international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

176,100

Number of Jobs in Maine Supported by Trade

Share of Jobs Tied to Trade
Increased 176 percent from 1992 to 2018



Jobs Tied to Trade
Top Sectors, 2018

Trade & Distribution	43,000
Prof., Scient. & Tech. Services	24,100
Personal & Rec. Services	10,700
Construction	9,600
Agriculture	6,300



MAINE BUSINESSES GROW WITH EXPORTS



Overview

Maine exported an estimated \$2.5 billion in goods and \$1.7 billion in services in 2018. Between 2009 and 2018, Maine goods exports have increased by 13 percent and services exports by 51 percent. Large companies now account for 44 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

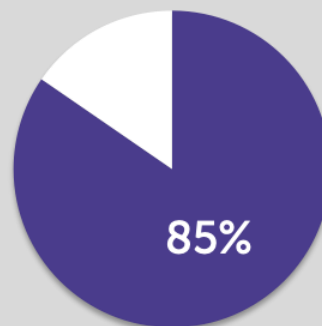
- Maine ranks among the top 15 state exporters in five industries, including first in aquaculture (\$81 million), third in marine products (\$475 million), fourth in timber and logs (\$130 million), and 12th in pulp and paperboard mill products (\$335 million).
- Maine is America's 39th largest exporter of agricultural products. It is the largest exporter of aquaculture, the 13th largest exporter of miscellaneous animal products, the 22nd largest exporter of vegetables and melons, and the 26th largest exporter of greenhouse and nursery products.
- One of Maine's fastest growing export categories is household appliances, which increased by 79 percent since 2009. In 2018, exports of these products reached \$19 million.

By the Numbers

1,902

Number of Maine Businesses
that Exported in 2018

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



Top Maine Exports, 2018

Goods

Marine Products	\$475 million
Pulp & Paperboard Mill Products	\$335 million
Aerospace Products & Parts	\$257 million
Semiconductors & Components	\$248 million
Timber & Logs	\$130 million

Services

Travel	\$743 million
Equip. Install., Maint., & Repair	\$170 million
Mgmt. & Consulting Services	\$104 million

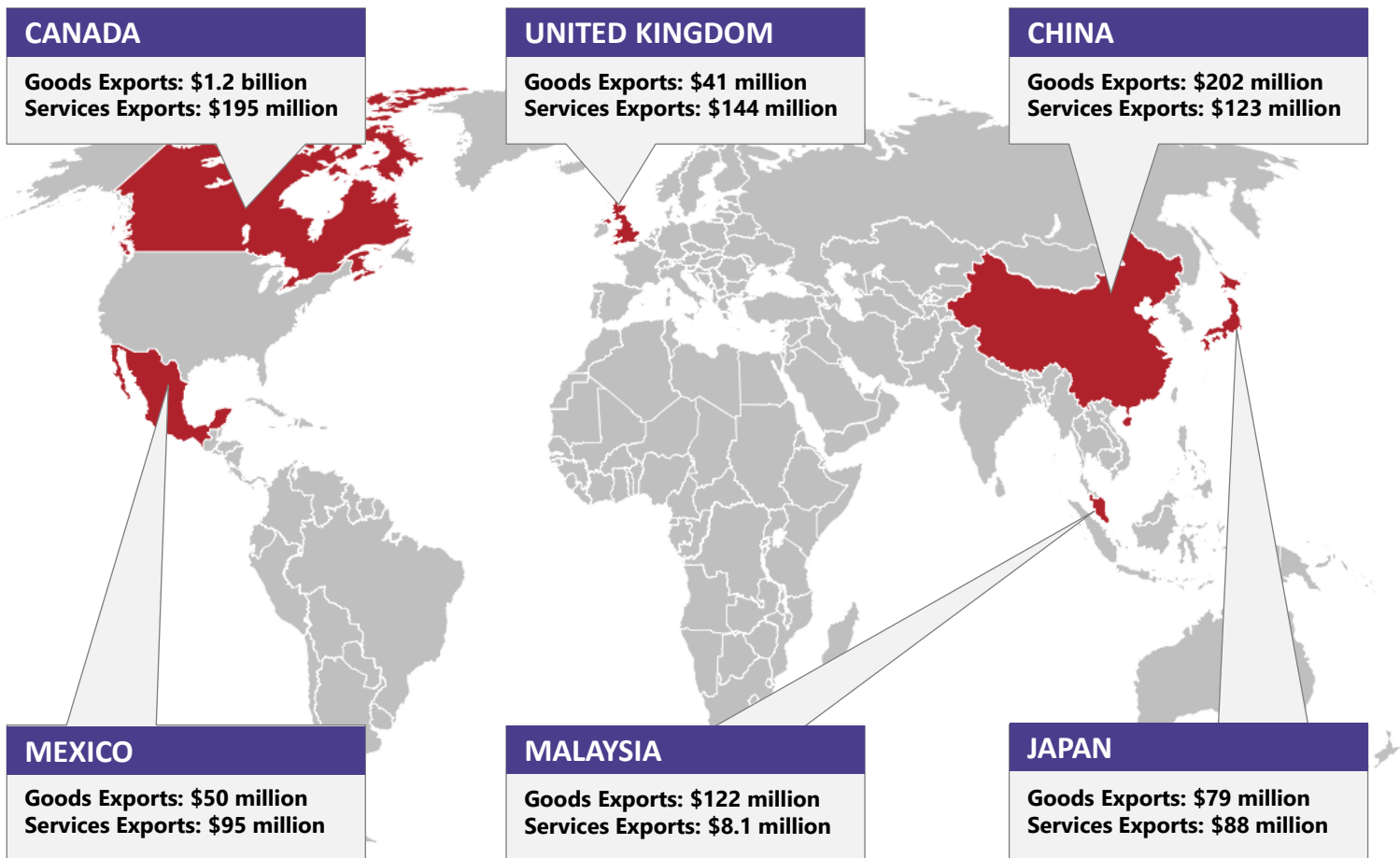


MAINE COMPANIES EXPORT THROUGHOUT THE WORLD



In 2018, Maine companies sold their products in 177 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Maine Economy Grow

- Goods and services exports accounted for 6.4 percent of Maine's state GDP in 2018.
- Maine's exports have grown more than 10 percent faster than state GDP since 2009. The average annual export growth during this period was 3.1 percent, while the average annual state GDP growth was 2.8 percent.
- Maine's top export markets for goods are Canada, China, and Malaysia. Its top market for services is Canada.
- Maine's goods exports to Italy have grown by 33 percent per year since 2009, while Maine's services exports to India have grown by 10 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Maine businesses, workers, and farmers reach the growing number of customers around the world.



MAINE COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



Overview

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

Maine Families Benefit from Imports

- In 2018, 34 percent of Maine's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Maine 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 Maine 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, 1,492 Maine companies imported goods from 119 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.

Maine Exports and Imports are Linked Through Global Value Chains

- In 2018, 66 percent of Maine goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Maine's top imports are critical components for Maine exports. Conversely, Maine exports of raw materials and parts may return to the United States in imported finished goods.



Imports:
Jet engines and parts
(\$96M in 2018)



Exports:
Aerospace products
(\$254M in 2018)



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MAINE 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. Maine 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 Maine and the United States.

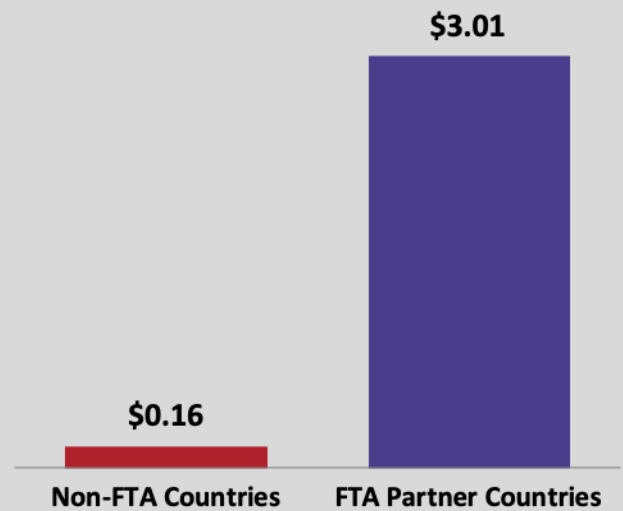
- In 2018, \$1.4 billion of Maine's goods exports, or 56 percent, went to FTA partners.
- Since 2009, Maine's goods exports to countries with FTAs in effect with the United States in 2018 have increased by 38 percent.
- Maine's exports to Canada and Mexico have increased by \$842 million (219 percent) since NAFTA went into effect in 1994.
- From 2017 to 2018, Maine's exports to FTA partners grew by \$141 million, or 11 percent, with exports to Singapore more than doubling from \$22 million to \$53 million.
- Maine's exports to the Dominican Republic of miscellaneous wood products have increased from \$19,000 to \$10 million since the FTA with the Dominican Republic went into effect in 2007.
- Canada bought 97 percent – \$127 million out of \$130 million – of Maine's timber and logs exports in 2018.
- In 2018, \$514 million of Maine's services exports, or 30 percent, went to FTA partners.
- Maine's exports to Australia of travel services have increased from \$12 million to \$33 million, or by over 274 percent, since 2006 (earliest year available).

By the Numbers

38%

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

Per Capita Purchases of Maine Goods, 2018



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

In 2018, FTA partners purchased 18.9 times more goods per capita from Maine than non-FTA partners.



FOREIGN INVESTMENT IN MAINE CREATES JOBS



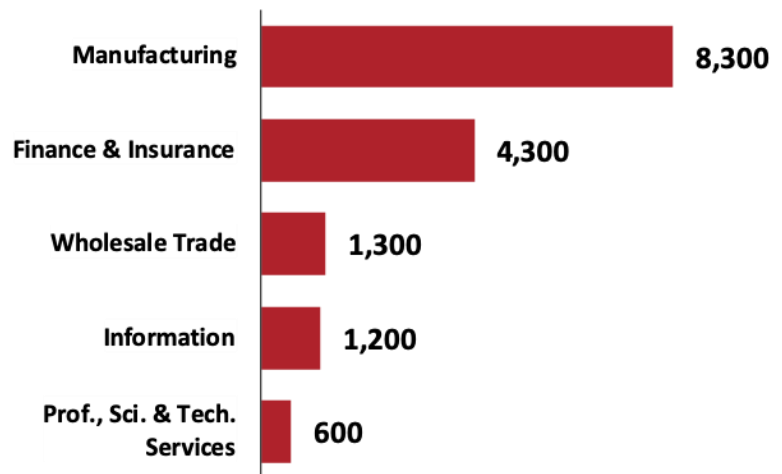
Overview

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.

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

- 9,700 workers employed by companies based in Canada;
- 2,300 workers employed by companies based in the United Kingdom;
- 2,100 workers employed by companies based in Switzerland;
- 1,700 workers employed by companies based in Germany;
- 1,300 workers employed by companies based in Japan.

Foreign-Owned Companies Employed 34,800 Maine Workers Across Many Industries, 2017



Selected Foreign-Owned Companies Employing Workers in Maine

Company	Industry	Country
ABB Inc.	Power Generation Equip. Manufacturing	Switzerland
Central Maine Power Company	Electricity Services	Spain
Holiday Inn	Hotel Services	United Kingdom
Poland Spring Bottling Co.	Beverage Product Manufacturing	France
Portland Natural Gas Transmission	Energy Services	Canada
Sappi Fine Paper North America	Paper product Manufacturing	South Africa
TD Bank	Financial Services	Canada
Willis North America Inc.	Insurance Services	United Kingdom



DATA SOURCES



MAINE 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>)

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>)

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/>)

MAINE 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>)

MAINE 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/>)

MAINE NEEDS TRADE AGREEMENTS TO GROW

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

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>)

