

# HOW NORTH CAROLINA'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 North Carolina 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 North Carolina. 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 North Carolina recover.

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## Trade Creates & Supports Jobs in North Carolina

- **International trade, including exports and imports, supported 1,216,600 North Carolina 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 North Carolina's globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in North Carolina. *(See North Carolina Jobs Depend On Two-Way Trade)*
- **North Carolina exported \$32.9 billion in goods and \$21.2 billion in services in 2018,** including pharmaceuticals and medicines, aerospace products and parts, basic chemicals and travel services. Of North Carolina's 11,046 exporters, 87 percent are small- and medium-sized companies with less than 500 workers. *(See North Carolina Businesses Grow With Exports)*
- **Customers in 211 countries and territories buy North Carolina-made goods and services,** including billions of dollars in annual exports to top markets like Canada, Mexico and China. North Carolina's goods exports have grown nearly 60 percent faster than state GDP since 2009. Policies that help North Carolina businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(See North Carolina Companies Export Throughout The World)*
- **Imports lower prices and increase choices for North Carolina companies and families.** Lower raw material and input costs help North Carolina 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 North Carolina Companies and Families Benefit from Imports)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from North Carolina to partner countries.** In 2018, \$14.6 billion of North Carolina's goods exports, or 44 percent, went to FTA partners. This represents an increase of 58 percent since 2009. *(See North Carolina Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 279,200 workers in North Carolina.** *(See Foreign Investment In North Carolina Creates Jobs)*



# NORTH CAROLINA 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 North Carolina. Policies that expand trade can create new job opportunities in North Carolina and help it recover faster.

## Trade Creates & Supports Jobs in North Carolina

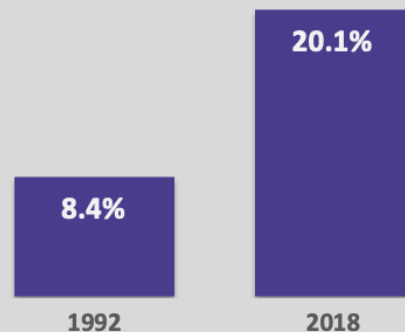
- Export growth increases jobs by generating new business for North Carolina's manufacturers, services providers and farmers. Imports support jobs and keep costs low, helping North Carolina businesses compete and saving North Carolina families real dollars at the cash register.
- One in five North Carolina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

# 1,216,600

Number of Jobs in North Carolina Supported by Trade

**Share of Jobs Tied to Trade**  
**Increased 139 percent from 1992 to 2018**



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

Trade & Distribution	291,600
Prof., Scient. & Tech. Services	202,900
Personal & Rec. Services	76,700
Construction	60,800
Transportation & Warehousing	33,800



# NORTH CAROLINA BUSINESSES GROW WITH EXPORTS



## Overview

North Carolina exported an estimated \$32.9 billion in goods and \$21.2 billion in services in 2018. Between 2009 and 2018, North Carolina goods exports have increased by 50 percent and services exports by 94 percent. Large companies now account for 78 percent of the value of North Carolina'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 North Carolina Exports

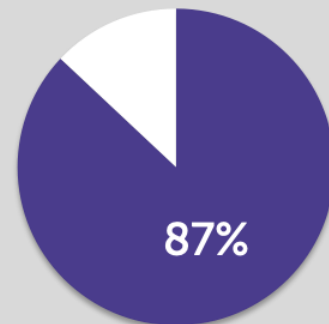
- North Carolina ranks among the top five state exporters in 11 industries, including first in fibers, yarns and threads (\$1.1 billion), and second in fabrics (\$723 million), in glass and glass products (\$480 million), and in finished and coated textile fabrics (\$146 million).
- North Carolina is America's 14th largest exporter of agricultural products. It is the sixth largest exporter of miscellaneous crops, the sixth largest exporter of vegetables and melons, the ninth largest exporter of aquaculture, and the 11th largest exporter of swine.
- One of North Carolina's fastest growing export categories is engines and turbines, which increased by 15 percent since 2009. In 2018, exports of these products reached \$966 million.

## By the Numbers

# 11,046

Number of North Carolina Businesses  
that Exported in 2017

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



## Top North Carolina Exports, 2018

### Goods

Pharmaceuticals & Medicines	\$4.1 billion
Aerospace Products & Parts	\$3.0 billion
Basic Chemicals	\$1.4 billion
Misc. General Purpose Machinery	\$1.1 billion
Fibers, Yarns & Threads	\$1.1 billion

### Services

Travel	\$3.9 billion
Royalties from Industrial Processes	\$2.6 billion
R&D & Testing Services	\$2.3 billion

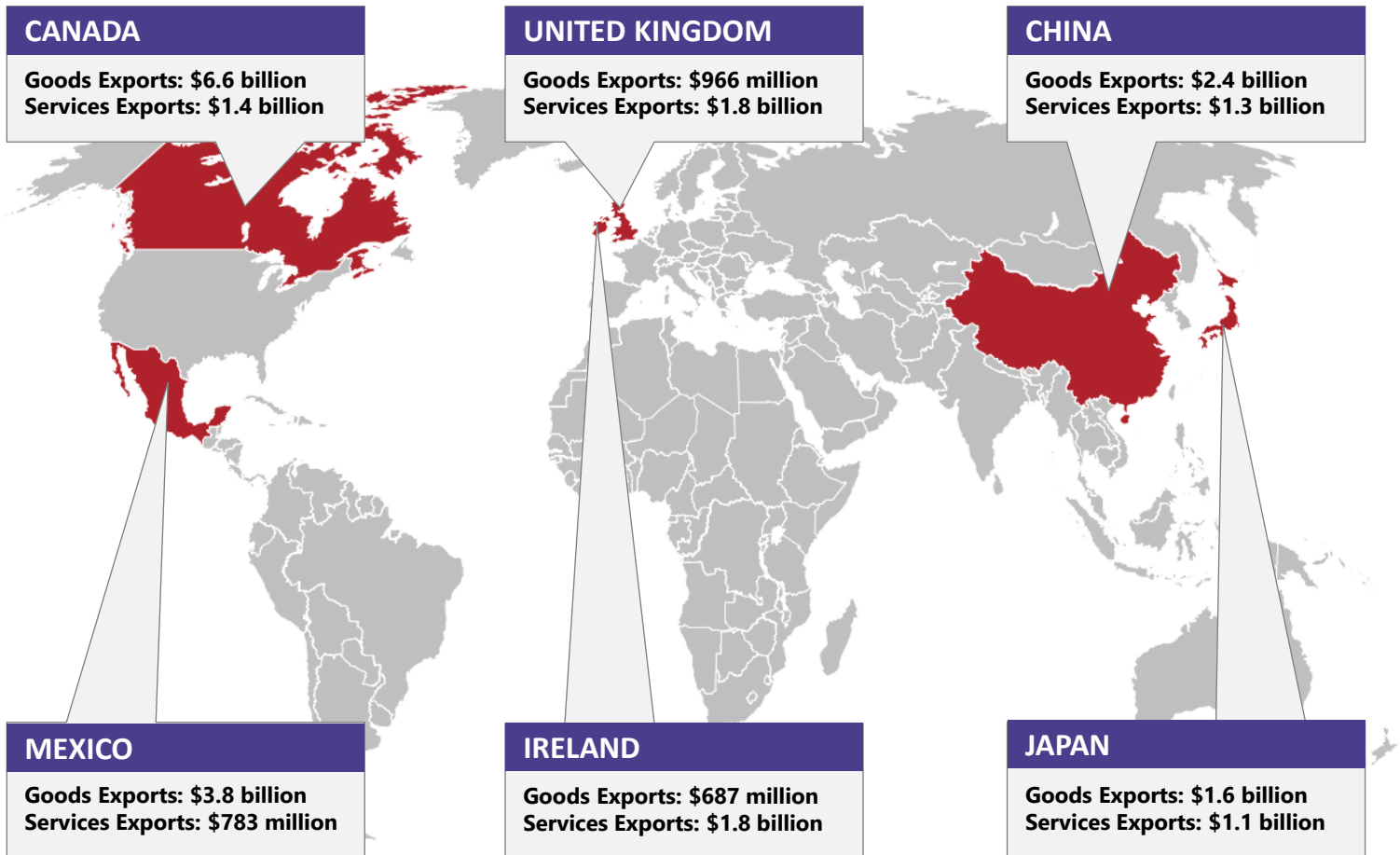


# NORTH CAROLINA COMPANIES EXPORT THROUGHOUT THE WORLD



In 2018, North Carolina companies sold their products in 211 countries and territories.

Top export markets include:



## Fast Facts: How Exports Help the North Carolina Economy Grow

- Goods and services exports accounted for 9.6 percent of North Carolina's state GDP in 2018.
- North Carolina's exports have grown nearly 60 percent faster than state GDP since 2009. The average annual export growth during this period was 5.8 percent, while the average annual state GDP growth was 3.7 percent.
- North Carolina's top export markets for goods are Canada, Mexico, and China. Its top market for services is Ireland.
- North Carolina's goods exports to Spain have grown by 20 percent per year since 2009, while North Carolina's services exports to China have grown by 18 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help North Carolina businesses, workers, and farmers reach the growing number of customers around the world.



# NORTH CAROLINA COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



## Overview

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

## North Carolina Families Benefit from Imports

- In 2018, 37 percent of North Carolina's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving North Carolina 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 North Carolina 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, 9,808 North Carolina companies imported goods from 194 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.

## North Carolina Exports and Imports are Linked Through Global Value Chains

- In 2018, 63 percent of North Carolina goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of North Carolina's top imports are critical components for North Carolina exports. Conversely, North Carolina exports of raw materials and parts may return to the United States in imported finished goods.



# NORTH CAROLINA 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. North Carolina 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 North Carolina and the United States.

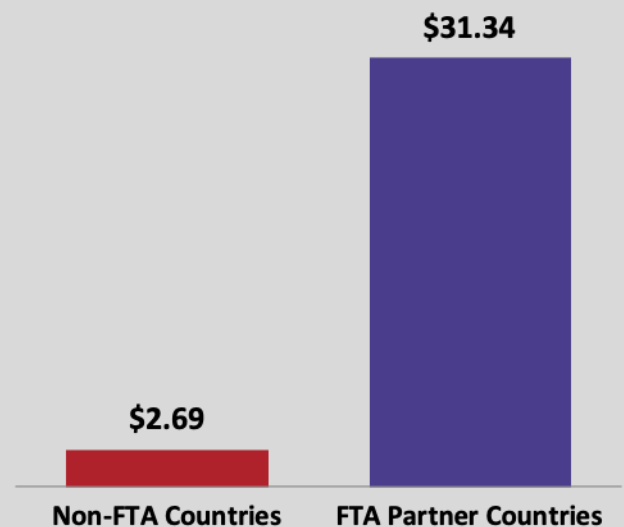
- In 2018, \$14.6 billion of North Carolina's goods exports, or 44 percent, went to FTA partners.
- Since 2009, North Carolina's goods exports to countries with FTAs in effect with the United States in 2018 have increased by 58 percent.
- North Carolina's exports to Canada and Mexico have increased by \$7.5 billion (253 percent) since NAFTA went into effect in 1994.
- North Carolina's exports to Singapore have increased by 171 percent – from \$170 million to \$469 million – since the FTA with Singapore took effect in 2004.
- North Carolina's exports to El Salvador of fibers, yarns and threads have increased from \$26 million to \$125 million since the FTA with El Salvador went into effect in 2006.
- Honduras bought more than half – \$615 million out of \$1.1 billion – of North Carolina's exports of fibers, yarns and threads in 2018.
- In 2018, \$4.8 billion of North Carolina's services exports, or 23 percent, went to FTA partners.
- North Carolina's exports to Korea of computer software have increased from \$25 million to \$63 million, or by 158 percent, since 2011.

## By the Numbers

58%

Increase in North Carolina Goods Exports to FTA Partners Between 2009 and 2018

## Per Capita Purchases of North Carolina Goods, 2018



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

**In 2018, FTA partners purchased 11.6 times more goods per capita from North Carolina than non-FTA partners.**



# FOREIGN INVESTMENT IN NORTH CAROLINA CREATES JOBS



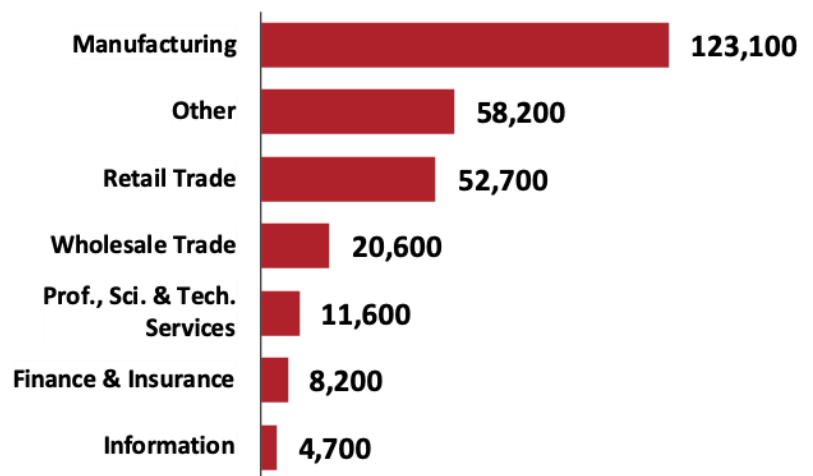
## Overview

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.

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

- 44,100 workers employed by companies based in the Netherlands;
- 42,400 workers employed by companies based in the United Kingdom;
- 37,900 workers employed by companies based in Germany;
- 26,000 workers employed by companies based in Japan;
- 19,200 workers employed by companies based in France.

## Foreign-Owned Companies Employed 279,200 North Carolina Workers Across Many Industries, 2017



## Selected Foreign-Owned Companies Employing Workers in North Carolina

Company	Industry	Country
ABB Inc.	Power Distribution Services & Equip.	Switzerland
Hanwha SolarOne	Building Materials Manufacturing	Korea
Honda Manufacturing	Automotive Manufacturing	Japan
Novartis Services Incorporated	Healthcare Products Manufacture	Switzerland
RSM McGladrey	Accounting Services	United Kingdom
Siemens Energy & Automation	Electronics and Engineering Services	Germany
Toyota Motor Manufacturing	Automotive Manufacturing	Japan
Volvo Group North America	Transportation Equipment Manufacturing	Sweden



# DATA SOURCES



## NORTH CAROLINA 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>)

## NORTH CAROLINA 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/>)

## NORTH CAROLINA 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>)

## NORTH CAROLINA 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/>)

## NORTH CAROLINA NEEDS TRADE AGREEMENTS TO GROW

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

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

## FOREIGN INVESTMENT IN NORTH CAROLINA 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>)



**Contact:** Paul DeLaney, Business Roundtable: [pdelaney@brt.org](mailto:pdelaney@brt.org)  
[www.brt.org/trade](http://www.brt.org/trade)