HOW NEW JERSEY'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 New Jersey 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 New Jersey. 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 New Jersey recover.

Trade Creates & Supports Jobs in New Jersey

• International trade, including exports and imports, supported 1,135,900 New Jersey 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 New Jersey’s globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in New Jersey. (See New Jersey Jobs Depend On Two-Way Trade)

• New Jersey exported $33.7 billion in goods and $23.8 billion in services in 2018, including basic chemicals, nonferrous metal products, soaps, cleaning agents and toiletries and travel services. Of New Jersey’s 20,633 exporters, 92 percent are small- and medium-sized companies with less than 500 workers. (See New Jersey Businesses Grow With Exports)

• Customers in 215 countries and territories buy New Jersey-made goods and services, including billions of dollars in annual exports to top markets like Canada, the United Kingdom and Mexico. New Jersey’s goods exports have grown about 20 percent faster than state GDP since 2009. Policies that help New Jersey businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. (See New Jersey Companies Export Throughout The World)

• Imports lower prices and increase choices for New Jersey companies and families. Lower raw material and input costs help New Jersey 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 New Jersey Companies and Families Benefit from Imports)

• Free trade agreements (FTAs) have helped fuel rapid export growth from New Jersey to partner countries. In 2018, $14.1 billion of New Jersey’s goods exports, or 42 percent, went to FTA partners. This represents an increase of 42 percent since 2009. (See New Jersey Needs Trade Agreements To Grow)

• Foreign-owned companies invest and build facilities and employ 284,700 workers in New Jersey. (See Foreign Investment In New Jersey Creates Jobs)

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NEW JERSEY 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 New Jersey. Policies that expand trade can create new job opportunities in New Jersey and help it recover faster.

Trade Creates & Supports Jobs in New Jersey

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

1,135,900
Number of Jobs in New Jersey Supported by Trade

Share of Jobs Tied to Trade
Increased 91 percent from 1992 to 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>10.7%</td>
</tr>
<tr>
<td>2018</td>
<td>20.4%</td>
</tr>
</tbody>
</table>

Jobs Tied to Trade
Top Sectors, 2018

<table>
<thead>
<tr>
<th>Sector</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade &amp; Distribution</td>
<td>257,400</td>
</tr>
<tr>
<td>Prof., Scient. &amp; Tech. Services</td>
<td>219,500</td>
</tr>
<tr>
<td>Personal &amp; Rec. Services</td>
<td>77,100</td>
</tr>
<tr>
<td>Transportation &amp; Warehousing</td>
<td>50,100</td>
</tr>
<tr>
<td>Construction</td>
<td>43,100</td>
</tr>
</tbody>
</table>

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NEW JERSEY BUSINESSES GROW WITH EXPORTS

Overview

New Jersey exported an estimated $33.7 billion in goods and $23.8 billion in services in 2018. Between 2009 and 2018, New Jersey goods exports have increased by 26 percent and services exports by 40 percent. Large companies now account for 59 percent of the value of New Jersey’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 New Jersey Exports

- New Jersey ranks among the top five state exporters in 15 industries, including first in soaps, cleaning agents and toiletries ($2.2 billion) and in forestry products ($102 million), second in scrap products ($2.2 billion), and second in printed matter and related products ($420 million).
- New Jersey is America’s 26th largest exporter of agricultural products. It is the fourth largest exporter of fruits and tree nuts, the seventh largest exporter of miscellaneous animal products, the 12th largest exporter of vegetables and melons, and the 12th largest exporter of greenhouse and nursery products.
- One of New Jersey’s fastest growing export categories is computer equipment, which increased by 13 percent since 2009. In 2018, exports of these products reached $1.9 billion.

By the Numbers

20,633
Number of New Jersey Businesses that Exported in 2018

92%
Share of New Jersey Exporters that are Small- & Medium-Sized Businesses

Top New Jersey Exports, 2018
Goods
- Basic Chemicals: $2.7 billion
- Nonferrous Metal Products: $2.5 billion
- Soaps, Cleaning Agents & Toiletries: $2.2 billion
- Scrap Products: $2.2 billion
- Computer Equipment: $1.9 billion

Services
- Travel: $3.3 billion
- Mgmt. & Consulting Services: $2.7 billion
- Ocean Freight & Port Services: $2.3 billion

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NEW JERSEY COMPANIES EXPORT THROUGHOUT THE WORLD

In 2018, New Jersey companies sold their products in 215 countries and territories.

Top export markets include:

**CANADA**
Goods Exports: $7.0 billion
Services Exports: $1.8 billion

**UNITED KINGDOM**
Goods Exports: $2.3 billion
Services Exports: $2.0 billion

**CHINA**
Goods Exports: $1.5 billion
Services Exports: $1.4 billion

**MEXICO**
Goods Exports: $2.9 billion
Services Exports: $840 million

**GERMANY**
Goods Exports: $1.4 billion
Services Exports: $1.2 billion

**JAPAN**
Goods Exports: $1.4 billion
Services Exports: $1.4 billion

Fast Facts: How Exports Help the New Jersey Economy Grow

- Goods and services exports accounted for 9.3 percent of New Jersey's state GDP in 2018.
- New Jersey’s exports have grown about 20 percent faster than state GDP since 2009. The average annual export growth during this period was 3.3 percent, while the average annual state GDP growth was 2.8 percent.
- New Jersey's top export markets for goods are Canada, Mexico, and the United Kingdom. Its top market for services is the United Kingdom.
- New Jersey’s goods exports to Singapore have grown by 15 percent per year since 2009, while New Jersey's services exports to Singapore have grown by 15 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help New Jersey businesses, workers, and farmers reach the growing number of customers around the world.

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NEW JERSEY COMPANIES AND FAMILIES BENEFIT FROM IMPORTS

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

New Jersey Families Benefit from Imports
- In 2018, 51 percent of New Jersey's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving New Jersey 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 New Jersey 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, 20,636 New Jersey companies imported goods from 213 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.

New Jersey Exports and Imports are Linked Through Global Value Chains
- In 2018, 49 percent of New Jersey goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of New Jersey’s top imports are critical components for New Jersey exports. Conversely, New Jersey exports of raw materials and parts may return to the United States in imported finished goods.

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Imports:
Jet engines and parts
($129M in 2018)

Exports:
Aerospace products
($829M in 2018)
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. New Jersey 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 New Jersey and the United States.

- In 2018, $14.1 billion of New Jersey’s goods exports, or 42 percent, went to FTA partners.
- Since 2009, New Jersey’s goods exports to countries with FTAs in effect with the United States in 2018 have increased by 42 percent.
- New Jersey’s exports to Canada and Mexico have increased by $7.0 billion (240 percent) since NAFTA went into effect in 1994.
- New Jersey’s exports to Singapore have increased by 317 percent – from $273 million to $1.1 billion – since the FTA with Singapore took effect in 2004.
- New Jersey’s exports to Australia of soaps, cleaning agents and toiletries have increased from $22 million to $111 million since the FTA with Australia went into effect in 2005.
- In 2018, $5.5 billion of New Jersey’s services exports, or 23 percent, went to FTA partners.
- New Jersey’s exports to Singapore of management and consulting services have increased from $12 million to $131 million, or by over 1,000 percent, since 2006 (earliest year available).

By the Numbers

<table>
<thead>
<tr>
<th>Per Capita Purchases of New Jersey Goods, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-FTA Countries</td>
</tr>
<tr>
<td>$2.89</td>
</tr>
</tbody>
</table>

42%  
Increase in New Jersey Goods Exports to FTA Partners Between 2009 and 2018

In 2018, FTA partners purchased 10.5 times more goods per capita from New Jersey than non-FTA partners.

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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.

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

- 46,900 workers employed by companies based in France;
- 41,500 workers employed by companies based in the United Kingdom;
- 30,200 workers employed by companies based in Canada;
- 28,200 workers employed by companies based in Switzerland;
- 27,100 workers employed by companies based in Germany.

Selected Foreign-Owned Companies Employing Workers in New Jersey

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>3I Infotech</td>
<td>Software and Services</td>
<td>India</td>
</tr>
<tr>
<td>ABB Inc.</td>
<td>Electrical Equipment Manufacturing</td>
<td>Switzerland</td>
</tr>
<tr>
<td>BASF Corp.</td>
<td>Chemicals Manufacturing</td>
<td>Germany</td>
</tr>
<tr>
<td>KPMG LLP</td>
<td>Accounting Services</td>
<td>Netherlands</td>
</tr>
<tr>
<td>Maersk Logistics USA Inc.</td>
<td>Freight Services</td>
<td>Denmark</td>
</tr>
<tr>
<td>Panasonic Corporation of N.A.</td>
<td>Electronics Products Manufacturing</td>
<td>Japan</td>
</tr>
<tr>
<td>TD Bank</td>
<td>Financial Services</td>
<td>Canada</td>
</tr>
<tr>
<td>Trader Joe's</td>
<td>Food Retailing</td>
<td>Germany</td>
</tr>
</tbody>
</table>

Foreign-Owned Companies Employed 284,700 New Jersey Workers Across Many Industries, 2017

- Manufacturing: 99,200
- Other: 64,800
- Retail Trade: 31,100
- Finance & Insurance: 31,000
- Wholesale Trade: 30,800
- Prof., Sci. & Tech. Services: 17,700
- Information: 10,100

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Population and Purchasing Power: Derived from World Bank population and GDP estimates


NEW JERSEY 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)


NEW JERSEY COMPANIES EXPORT THROUGHOUT THE WORLD


NEW JERSEY 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/)

NEW JERSEY NEEDS TRADE AGREEMENTS TO GROW


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

FOREIGN INVESTMENT IN NEW JERSEY 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)

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