

# HOW NEW YORK'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 York 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 York. 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 York recover.

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## Trade Creates & Supports Jobs in New York

- **International trade, including exports and imports, supported 2,649,500 New York jobs – more than 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 York's globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in New York. *(See New York Jobs Depend On Two-Way Trade)*
- **New York exported \$66.5 billion in goods and \$94.8 billion in services in 2018,** including miscellaneous manufactured commodities, nonferrous metal products, navigational and measuring instruments and management and advisory services. Of New York's 36,901 exporters, 94 percent are small- and medium-sized companies with less than 500 workers. *(See New York Businesses Grow With Exports)*
- **Customers in 215 countries and territories buy New York-made goods and services,** including billions of dollars in annual exports to top markets like Canada, the United Kingdom and China. New York's goods exports have grown nearly 20 percent faster than state GDP since 2009. Policies that help New York 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 York Companies Export Throughout The World)*
- **Imports lower prices and increase choices for New York companies and families.** Lower raw material and input costs help New York 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 York Companies and Families Benefit from Imports)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from New York to partner countries.** In 2018, \$22.6 billion of New York's goods exports, or 34 percent, went to FTA partners. This represents an increase of 20 percent since 2009. *(See New York Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 493,900 workers in New York.** *(See Foreign Investment In New York Creates Jobs)*



# NEW YORK 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 York. Policies that expand trade can create new job opportunities in New York and help it recover faster.

## Trade Creates & Supports Jobs in New York

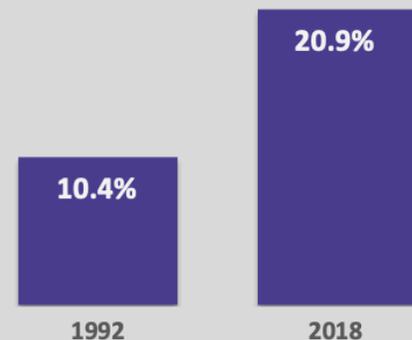
- Export growth increases jobs by generating new business for New York's manufacturers, services providers and farmers. Imports support jobs and keep costs low, helping New York businesses compete and saving New York families real dollars at the cash register.
- More than one in five New York jobs depends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

# 2,649,500

Number of Jobs in New York Supported by Trade

**Share of Jobs Tied to Trade**  
**Increased 100 percent from 1992 to 2018**



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

Trade & Distribution	524,700
Prof., Scient. & Tech. Services	446,400
Personal & Rec. Services	206,400
Finance	128,400
Construction	95,900



# NEW YORK BUSINESSES GROW WITH EXPORTS



## Overview

New York exported an estimated \$66.5 billion in goods and \$94.8 billion in services in 2018. Between 2009 and 2018, New York goods exports have increased by 35 percent and services exports by 66 percent. Large companies now account for 42 percent of the value of New York'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 York Exports

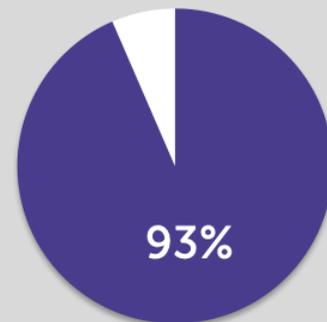
- New York ranks among the top five state exporters in 24 industries, including first in miscellaneous manufactured commodities (\$22.4 billion), and in nonferrous metal products (\$7.0 billion), second in clay and refractory products (\$276 million), and second in timber and logs (\$148 million).
- New York is America's 33rd largest exporter of agricultural products. It is the sixth largest exporter of miscellaneous animal products, the sixth largest exporter of poultry and eggs, the seventh largest exporter of swine, and the ninth largest exporter of cattle.
- One of New York's fastest growing export categories is electrical equipment, which increased by 7 percent since 2009. In 2018, exports of these products reached \$612 million.

## By the Numbers

# 36,901

Number of New York Businesses that Exported in 2018

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



## Top New York Exports, 2018

### Goods

Misc. Manufactured Commodities	\$22.4 billion
Nonferrous Metal Products	\$7.0 billion
Navigational & Meas. Instruments	\$2.1 billion
Communications Equipment	\$1.8 billion
Aerospace Products & Parts	\$1.8 billion

### Services

Mgmt. & Advisory Services	\$18.3 billion
Travel	\$15.5 billion
Misc. Financial Services	\$7.4 billion

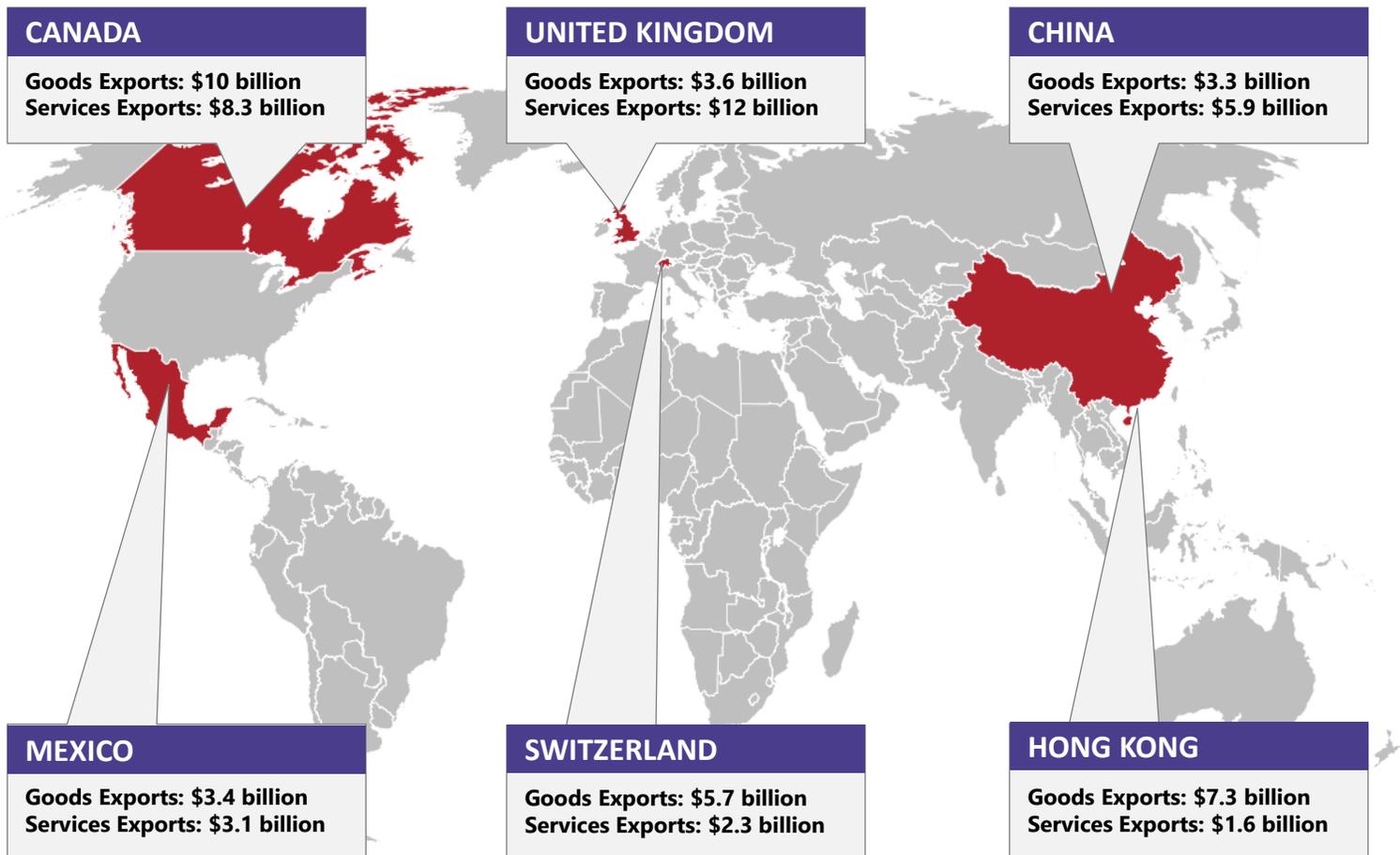


# NEW YORK COMPANIES EXPORT THROUGHOUT THE WORLD



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

Top export markets include:



## Fast Facts: How Exports Help the New York Economy Grow

- Goods and services exports accounted for 9.7 percent of New York's state GDP in 2018.
- New York's exports have grown nearly 20 percent faster than state GDP since 2009. The average annual export growth during this period was 5.0 percent, while the average annual state GDP growth was 4.2 percent.
- New York's top export markets for goods are Canada, Hong Kong, and Switzerland. Its top market for services is the United Kingdom.
- New York's goods exports to Mexico have grown by 9 percent per year since 2009, while New York's services exports to China have grown by 16 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help New York businesses, workers, and farmers reach the growing number of customers around the world.



# NEW YORK COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



## Overview

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

- In 2018, 46 percent of New York's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving New York 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 York 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, 36,453 New York companies imported goods from 217 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 York Exports and Imports are Linked Through Global Value Chains

- In 2018, 54 percent of New York goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of New York's top imports are critical components for New York exports. Conversely, New York exports of raw materials and parts may return to the United States in imported finished goods.



**Imports:**  
Engine parts  
(\$108M in 2018)



**Exports:**  
Internal combustion  
engines  
(\$1.1B in 2018)



# NEW YORK 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. New York 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 York and the United States.

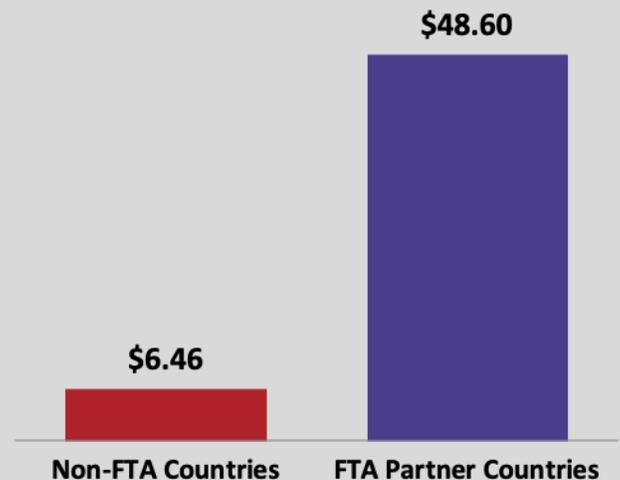
- In 2018, \$22.6 billion of New York's goods exports, or 34 percent, went to FTA partners.
- Since 2009, New York's goods exports to countries with FTAs in effect with the United States in 2018 have increased by 20 percent.
- New York's exports to Canada and Mexico have increased by \$5.8 billion (72 percent) since NAFTA went into effect in 1994.
- New York's exports to Singapore have nearly tripled – from \$416 million to \$1.2 billion – since the FTA with Singapore took effect in 2004.
- New York's exports to Australia of communications equipment have increased from \$4.4 million to \$45 million since the FTA with Australia went into effect in 2005.
- Israel bought 31 percent – \$40 million out of \$127 million – of New York's exports of miscellaneous transportation equipment in 2018.
- In 2018, \$21.8 billion of New York's services exports, or 23 percent, went to FTA partners.
- New York's exports to Singapore of advertising services have increased from \$6.3 million to \$480 million, or by over 7,500 percent, since 2006 (earliest year available).

## By the Numbers

20%

Increase in New York Goods Exports to FTA Partners Between 2009 and 2018

## Per Capita Purchases of New York Goods, 2018



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

**In 2018, FTA partners purchased 7.5 times more goods per capita from New York than non-FTA partners.**



# FOREIGN INVESTMENT IN NEW YORK CREATES JOBS



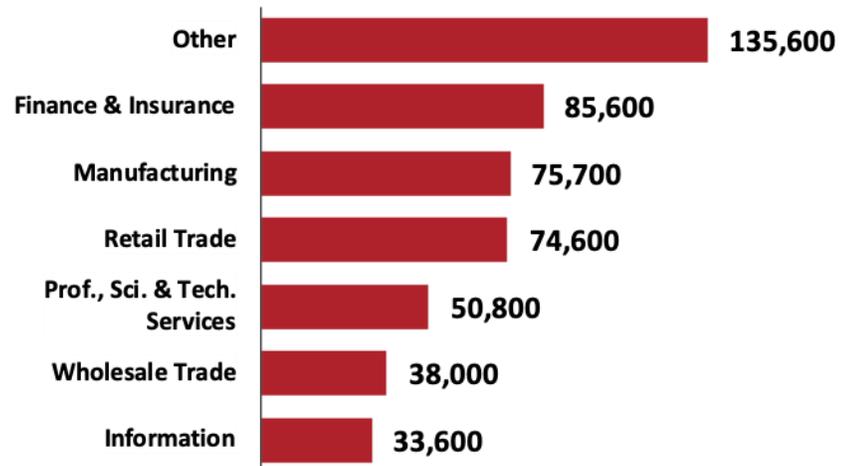
## Overview

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.

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

- 107,400 workers employed by companies based in the United Kingdom;
- 57,100 workers employed by companies based in France;
- 55,000 workers employed by companies based in Canada;
- 43,900 workers employed by companies based in Germany;
- 41,600 workers employed by companies based in the Netherlands.

## Foreign-Owned Companies Employed 493,900 New York Workers Across Many Industries, 2017



## Selected Foreign-Owned Companies Employing Workers in New York

Company	Industry	Country
BAE Electronic Systems	Defense Products Manufacturing	United Kingdom
Konica Minolta Business Solutions	Office Equipment Manufacture	Japan
KPMG LLP	Accounting Services	Netherlands
Random House	Publishing Services	Germany
Schindler Elevator Corporation	Elevator Manufacturing	Switzerland
TD Bank	Financial Services	Canada
Toyota Motor Corporation	Research Services	Japan
Turner Construction Co.	Construction Services	Germany



# DATA SOURCES



## NEW YORK 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>)

## NEW YORK 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/>)

## NEW YORK 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>)

## NEW YORK 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/>)

## NEW YORK NEEDS TRADE AGREEMENTS TO GROW

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

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

## FOREIGN INVESTMENT IN NEW YORK 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>)

