

HOW RHODE ISLAND'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 Rhode Island 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 Rhode Island. 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 Rhode Island recover.

Trade Creates & Supports Jobs in Rhode Island

- **International trade, including exports and imports, supported 133,300 Rhode Island jobs – more than one in five in 2018.** These trade-related jobs grew eight 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 Rhode Island's globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Rhode Island. *(See Rhode Island Jobs Depend On Two-Way Trade)*
- **Rhode Island exported \$2.4 billion in goods and \$2.1 billion in services in 2018,** including scrap products, miscellaneous manufactured commodities, nonferrous metal products and travel services. Of Rhode Island's 1,896 exporters, 86 percent are small- and medium-sized companies with less than 500 workers. *(See Rhode Island Businesses Grow With Exports)*
- **Customers in 168 countries and territories buy Rhode Island-made goods and services,** including billions of dollars in annual exports to top markets like Canada, China and Mexico. Rhode Island's goods exports have grown nearly two times faster than state GDP since 2009. Policies that help Rhode Island businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(See Rhode Island Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Rhode Island companies and families.** Lower raw material and input costs help Rhode Island 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 Rhode Island Companies and Families Benefit from Imports)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Rhode Island to partner countries.** In 2018, \$1.2 billion of Rhode Island's goods exports, or 49 percent, went to FTA partners. This represents an increase of 55 percent since 2009. *(See Rhode Island Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 26,400 workers in Rhode Island.** *(See Foreign Investment In Rhode Island Creates Jobs)*



RHODE ISLAND 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 Rhode Island. Policies that expand trade can create new job opportunities in Rhode Island and help it recover faster.

Trade Creates & Supports Jobs in Rhode Island

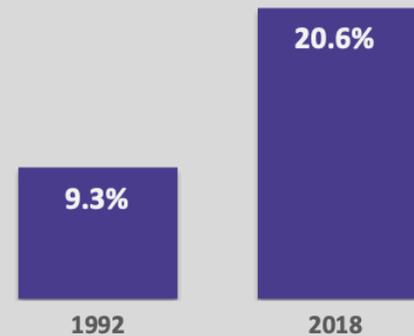
- Export growth increases jobs by generating new business for Rhode Island's manufacturers, services providers and farmers. Imports support jobs and keep costs low, helping Rhode Island businesses compete and saving Rhode Island families real dollars at the cash register.
- More than one in five Rhode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

133,300

Number of Jobs in Rhode Island Supported by Trade

Share of Jobs Tied to Trade
Increased 121 percent from 1992 to 2018



Jobs Tied to Trade Top Sectors, 2018

Trade & Distribution	29,400
Prof., Scient. & Tech. Services	21,900
Personal & Rec. Services	9,300
Construction	5,400
Finance	4,700



RHODE ISLAND BUSINESSES GROW WITH EXPORTS



Overview

Rhode Island exported an estimated \$2.4 billion in goods and \$2.1 billion in services in 2018. Between 2009 and 2018, Rhode Island goods exports have increased by 60 percent and services exports by 49 percent. Large companies now account for 40 percent of the value of Rhode Island'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 Rhode Island Exports

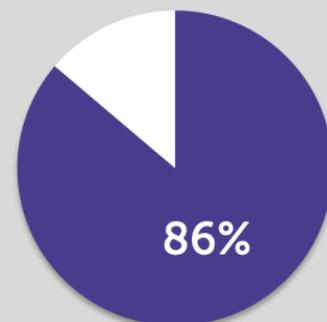
- Rhode Island ranks among the top half of state exporters in 10 industries, including 10th in scrap products (\$596 million), 14th in miscellaneous manufactured commodities (\$353 million), 15th in marine products (\$27 million), and 17th in furniture related products (\$3.3 million).
- Rhode Island is America's 49th largest exporter of agricultural products. It is the 25th largest exporter of aquaculture, the 29th largest exporter of fruits and tree nuts, the 47th largest exporter of miscellaneous animal products, and the 48th largest exporter of vegetables and melons.
- One of Rhode Island's fastest growing export categories is resins and synthetic fibers, which increased by 14 percent since 2009. In 2018, exports of these products reached \$57 million.

By the Numbers

1,896

Number of Rhode Island Businesses that Exported in 2018

Share of Rhode Island Exporters that are Small- & Medium-Sized Businesses



Top Rhode Island Exports, 2018

Goods

Scrap Products	\$596 million
Misc. Manufactured Commodities	\$353 million
Nonferrous Metal Products	\$181 million
Pharmaceuticals & Medicines	\$129 million
Basic Chemicals	\$113 million

Services

Travel	\$689 million
Education	\$264 million
Mgmt. & Advisory Services	\$216 million

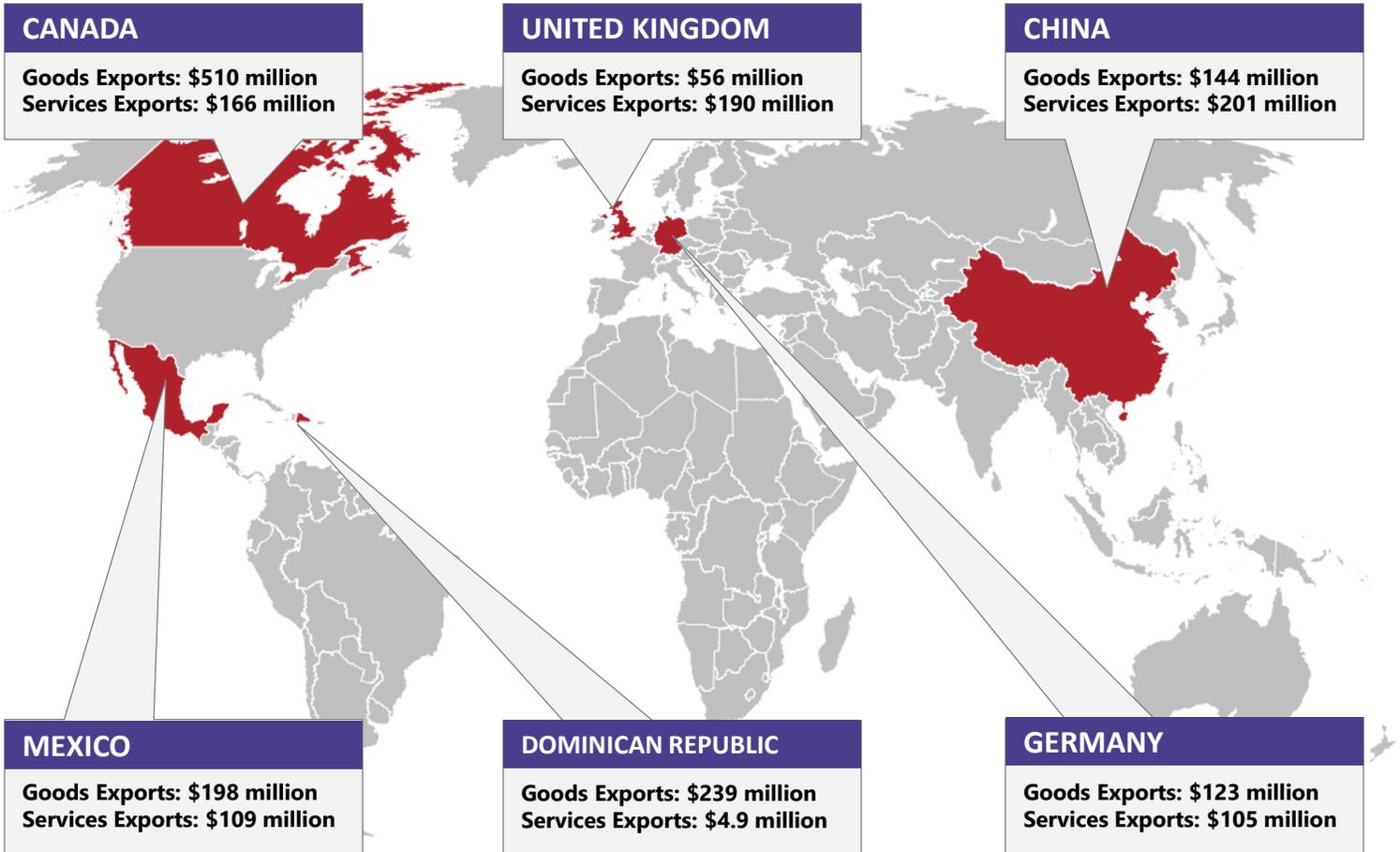


RHODE ISLAND COMPANIES EXPORT THROUGHOUT THE WORLD



In 2018, Rhode Island companies sold their products in 168 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Rhode Island Economy Grow

- Goods and services exports accounted for 7.4 percent of Rhode Island's state GDP in 2018.
- Rhode Island's exports have grown nearly two times faster than state GDP since 2009. The average annual export growth during this period was 5.3 percent, while the average annual state GDP growth was 2.6 percent.
- Rhode Island's top export markets for goods are Canada, the Dominican Republic, and Mexico. Its top market for services is China.
- Rhode Island's goods exports to the Dominican Republic have grown by 26 percent per year since 2009, while Rhode Island's services exports to India have grown by 9 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Rhode Island businesses, workers, and farmers reach the growing number of customers around the world.



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RHODE ISLAND COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



Overview

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

Rhode Island Families Benefit from Imports

- In 2018, 17 percent of Rhode Island's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Rhode Island 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 Rhode Island 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, 1,507 Rhode Island companies imported goods from 126 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.

Rhode Island Exports and Imports are Linked Through Global Value Chains

- In 2018, 83 percent of Rhode Island goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Rhode Island's top imports are critical components for Rhode Island exports. Conversely, Rhode Island exports of raw materials and parts may return to the United States in imported finished goods.



Imports:
Semi-manufactured
silver and gold
(\$45M in 2018)



Exports:
Precious metal
jewelry
(\$232M in 2018)



RHODE ISLAND 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. Rhode Island 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 Rhode Island and the United States.

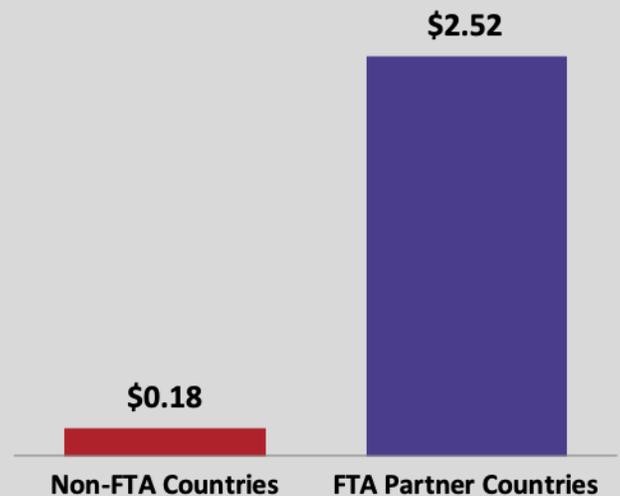
- In 2018, half of of Rhode Island's \$1.2 billion in goods exports went to FTA partners.
- Since 2009, Rhode Island's goods exports to countries with FTAs in effect with the United States in 2018 have increased by 55 percent.
- Rhode Island's exports to Canada and Mexico have increased by \$380 million (116 percent) since NAFTA went into effect in 1994.
- Rhode Island's exports to the Dominican Republic have increased seven-fold – from \$33 million to \$239 million – since the FTA with the Dominican Republic took effect in 2007.
- Rhode Island's exports to Korea of pharmaceuticals and medicines have increased from \$18,000 to \$18 million since the FTA with Korea went into effect in 2012.
- Singapore bought 21 percent – \$24 million out of \$113 million – of Rhode Island's exports of basic chemicals in 2018.
- In 2018, one quarter -- \$517 million -- of Rhode Island's services exports went to FTA partners.
- Rhode Island's exports to Australia of travel services have increased from \$12 million to \$31 million, or by 155 percent, since 2006 (earliest year available).

By the Numbers

55%

Increase in Rhode Island Goods Exports to FTA Partners Between 2009 and 2018

Per Capita Purchases of Rhode Island Goods, 2018



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

In 2018, FTA partners purchased 14.2 times more goods per capita from Rhode Island than non-FTA partners.



FOREIGN INVESTMENT IN RHODE ISLAND CREATES JOBS



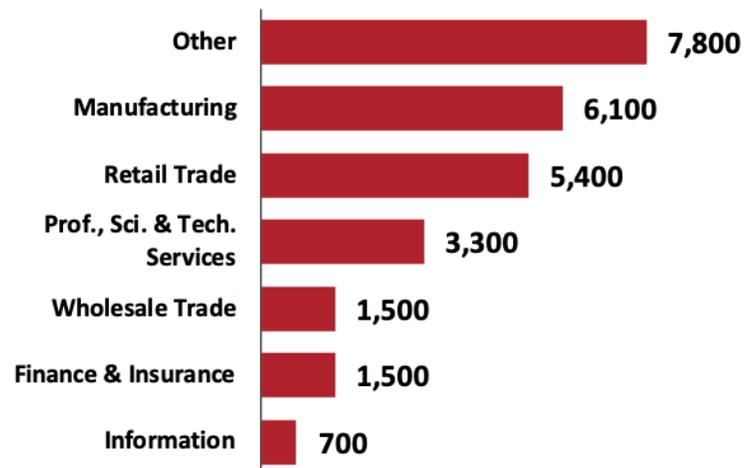
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Foreign-owned companies help grow the U.S. economy and jobs. In 2017, foreign-owned companies added over \$1 trillion to U.S. GDP, including goods exports of \$380 billion and R&D spending of over \$60 billion. They employed 7.4 million workers in the United States, including 2 million workers – or 1 out of every 6 – in the manufacturing sector.

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

- 4,400 workers employed by companies based in France;
- 4,200 workers employed by companies based in the United Kingdom;
- 1,800 workers employed by companies based in Japan;
- 1,400 workers employed by companies based in Canada;
- 1,100 workers employed by companies based in Germany.

Foreign-Owned Companies Employed 26,400 Rhode Island Workers Across Many Industries, 2017



Selected Foreign-Owned Companies Employing Workers in Rhode Island

Company	Industry	Country
Ammeraal Beltech	Conveyer Belt Manufacturing	Netherlands
Fujifilm Electronic Materials	Electronic Components Manufacturing	Japan
Harris Rebar, Inc.	Steel Product Manufacturing	Canada
Hexagon Metrology	Measuring Instrument Manufacturing	Sweden
National Grid	Energy Services	United Kingdom
Swarovski U.S. Limited	Crystal Manufacturing	Austria
Toray Plastics America	Plastics Manufacturing	Japan
Unetixs Vascular Inc.	Medical Device Manufacturing	United Kingdom



DATA SOURCES



RHODE ISLAND 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>)

RHODE ISLAND 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/>)

RHODE ISLAND 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>)

RHODE ISLAND 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/>)

RHODE ISLAND NEEDS TRADE AGREEMENTS TO GROW

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

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

FOREIGN INVESTMENT IN RHODE ISLAND 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>)

