

HOW VIRGINIA'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 Virginia 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 Virginia. 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 Virginia recover.

Trade Creates & Supports Jobs in Virginia

- **International trade, including exports and imports, supported 1,107,900 Virginia jobs – more than one in five in 2018.** These trade-related jobs grew four 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 Virginia's globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Virginia. *(See Virginia Jobs Depend On Two-Way Trade)*
- **Virginia exported \$17.6 billion in goods and \$18.7 billion in services in 2018,** including coal and petroleum gases, aerospace products and parts, semiconductors and components and travel services. Of Virginia's 7,274 exporters, 85 percent are small- and medium-sized companies with less than 500 workers. *(See Virginia Businesses Grow With Exports)*
- **Customers in 212 countries and territories buy Virginia-made goods and services,** including billions of dollars in annual exports to top markets like Canada, the United Kingdom and China. Virginia's goods exports have grown about 15 percent faster than state GDP since 2009. Policies that help Virginia businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(See Virginia Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Virginia companies and families.** Lower raw material and input costs help Virginia 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 Virginia Companies and Families Benefit from Imports)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Virginia to partner countries.** In 2018, \$6.7 billion of Virginia's goods exports, or 38 percent, went to FTA partners. This represents an increase of 41 percent since 2009. *(See Virginia Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 194,900 workers in Virginia.** *(See Foreign Investment In Virginia Creates Jobs)*



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

Trade Creates & Supports Jobs in Virginia

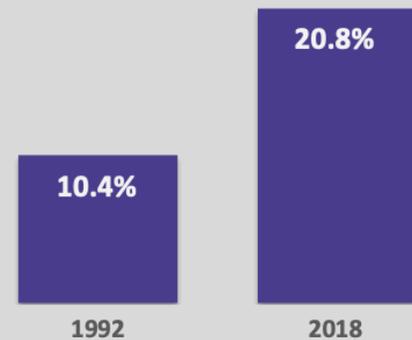
- Export growth increases jobs by generating new business for Virginia's manufacturers, services providers and farmers. Imports support jobs and keep costs low, helping Virginia businesses compete and saving Virginia families real dollars at the cash register.
- More than one in five Virginia jobs depends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

1,107,900

Number of Jobs in Virginia Supported by Trade

Share of Jobs Tied to Trade Increased 99 percent from 1992 to 2018



Jobs Tied to Trade Top Sectors, 2018

Trade & Distribution	229,300
Prof., Scient. & Tech. Services	213,200
Personal & Rec. Services	69,500
Construction	49,700
Transportation & Warehousing	34,500



VIRGINIA BUSINESSES GROW WITH EXPORTS



Overview

Virginia exported an estimated \$17.6 billion in goods and \$18.7 billion in services in 2018. Between 2009 and 2018, Virginia goods exports have increased by 26 percent and services exports by 43 percent. Large companies now account for 71 percent of the value of Virginia'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 Virginia Exports

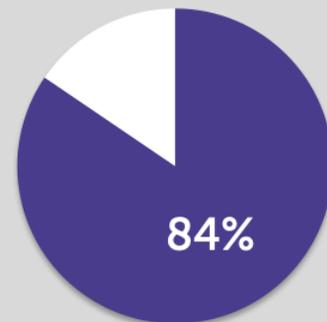
- Virginia ranks among the top 10 state exporters in 15 industries, including first in furniture related products (\$44 million), third in crowns, closures and seals (\$67 million), fourth in coal and petroleum gases (\$1.1 billion), and sixth in fabrics (\$382 million).
- Virginia is America's 25th largest exporter of agricultural products. It is the sixth largest exporter of aquaculture, the eighth largest exporter of miscellaneous crops, the 13th largest exporter of cattle, and the 19th largest exporter of fruits and tree nuts.
- One of Virginia's fastest growing export categories is medical equipment and supplies, which increased by 10 percent since 2009. In 2018, exports of these products reached \$334 million.

By the Numbers

7,274

Number of Virginia Businesses that Exported in 2018

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



Top Virginia Exports, 2018

Goods

Coal & Petroleum Gases	\$1.1 billion
Aerospace Products & Parts	\$1.1 billion
Semiconductors & Components	\$1.0 billion
Resins & Synthetic Fibers	\$932 million
Pulp & Paperboard Mill Products	\$676 million

Services

Travel	\$3.2 billion
Mgmt. & Consulting Services	\$3.2 billion
Computer & Data Services	\$2.3 billion

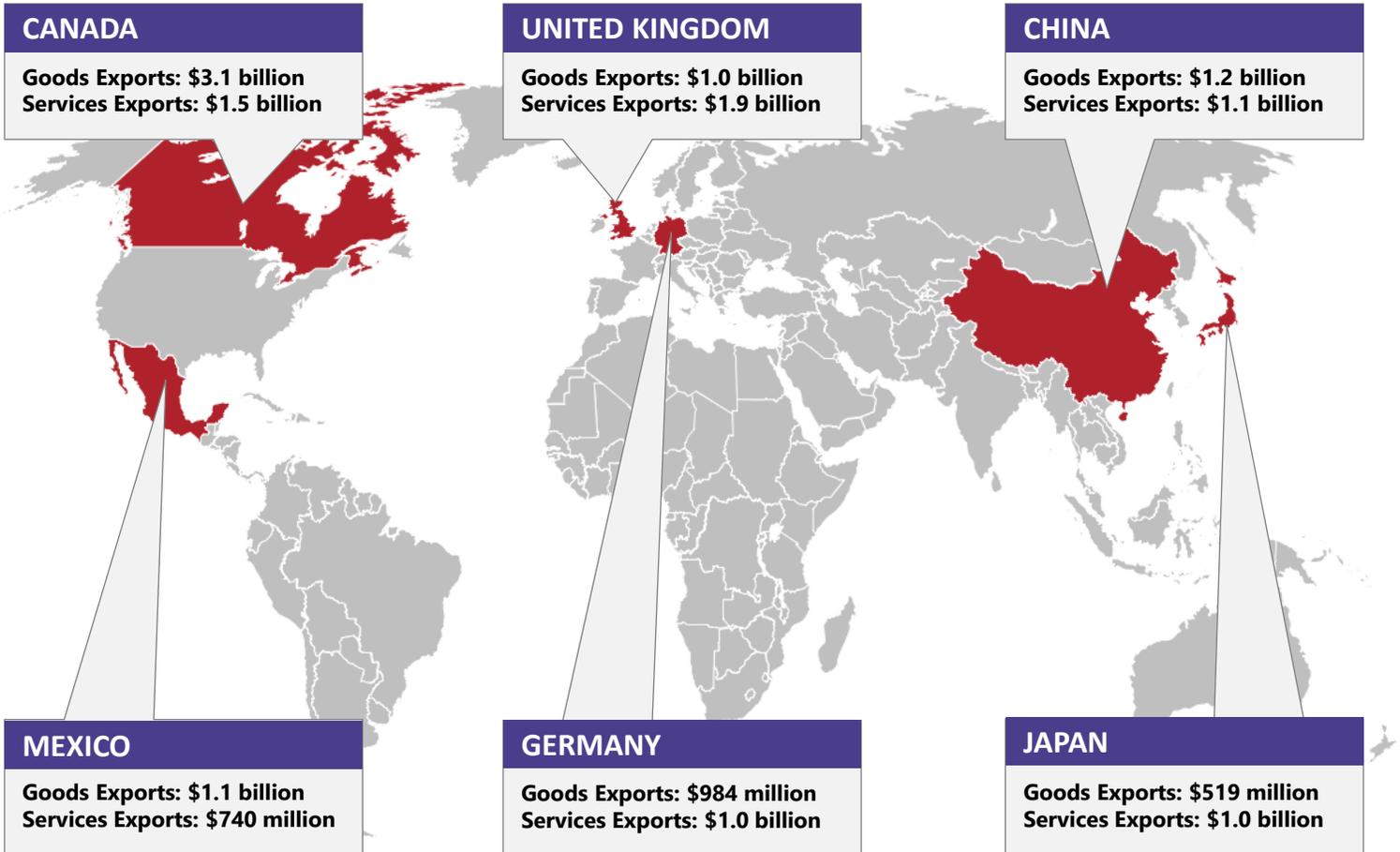


VIRGINIA COMPANIES EXPORT THROUGHOUT THE WORLD



In 2018, Virginia companies sold their products in 212 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Virginia Economy Grow

- Goods and services exports accounted for 6.8 percent of Virginia's state GDP in 2018.
- Virginia's exports have grown about 15 percent faster than state GDP since 2009. The average annual export growth during this period was 3.4 percent, while the average annual state GDP growth was 3.0 percent.
- Virginia's top export markets for goods are Canada, China, and Mexico. Its top market for services is the United Kingdom.
- Virginia's goods exports to Croatia have grown by 171 percent per year since 2009, while Virginia's services exports to China have grown by 11 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Virginia businesses, workers, and farmers reach the growing number of customers around the world.



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VIRGINIA COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



Overview

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

Virginia Families Benefit from Imports

- In 2018, 39 percent of Virginia's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Virginia 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 Virginia 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, 7,172 Virginia companies imported goods from 176 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.

Virginia Exports and Imports are Linked Through Global Value Chains

- In 2018, 61 percent of Virginia goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Virginia's top imports are critical components for Virginia exports. Conversely, Virginia exports of raw materials and parts may return to the United States in imported finished goods.



Imports:
Auto parts
(\$540M in 2018)



Exports:
Tractor trailers
(\$538M in 2018)



VIRGINIA 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. Virginia 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 Virginia and the United States.

- In 2018, \$6.7 billion of Virginia's goods exports, or 38 percent, went to FTA partners.
- Since 2009, Virginia's goods exports to countries with FTAs in effect with the United States in 2018 have increased by 41 percent.
- Virginia's exports to Canada and Mexico have increased by \$3.0 billion (247 percent) since NAFTA went into effect in 1994.
- Virginia's exports to Guatemala have increased by 277 percent – from \$29 million to \$108 million – since the FTA with Guatemala took effect in 2006.
- Virginia's exports to Panama of motor vehicle parts have soared from \$17,000 to \$61 million since the FTA with Panama went into effect in 2012.
- Singapore bought 42 percent – \$424 million to \$1.0 billion – of Virginia's exports of semiconductors and components in 2018.
- In 2018, \$4.4 billion of Virginia's services exports, or 23 percent, went to FTA partners.
- Virginia's exports to Australia of computer and data services have quadrupled from \$25 million to \$100 million since 2006 (earliest year available).

By the Numbers

41%

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

Per Capita Purchases of Virginia Goods, 2018



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

In 2018, FTA partners purchased 8.9 times more goods per capita from Virginia than non-FTA partners.



FOREIGN INVESTMENT IN VIRGINIA CREATES JOBS



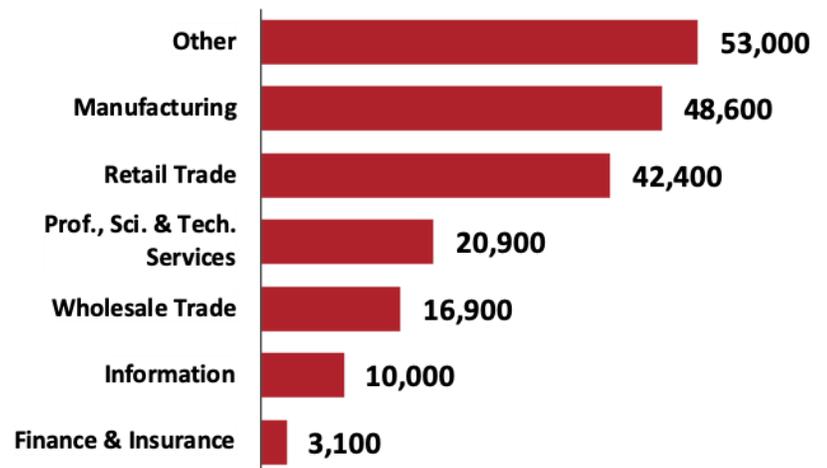
Overview

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.

Virginia is no exception. Foreign-owned companies make significant investments in Virginia to open or expand facilities every year and are important customers for local goods and services providers. Subsidiaries of foreign-owned companies alone employed more than 190,000 workers in Virginia in 2017, including:

- 35,800 workers employed by companies based in the United Kingdom;
- 31,600 workers employed by companies based in the Netherlands;
- 21,200 workers employed by companies based in Germany;
- 15,700 workers employed by companies based in Canada;
- 15,300 workers employed by companies based in France.

Foreign-Owned Companies Employed 194,900 Virginia Workers Across Many Industries, 2017



Selected Foreign-Owned Companies Employing Workers in Virginia

Company	Industry	Country
Airbus SE	Defense/Security/Aerospace Services	France
BAE Systems Inc.	Defense/Security/Aerospace Services	United Kingdom
Canon Virginia, Inc.	Cartridge/Accessory Manufacturing	Japan
Gerdau Ameristeel	Steel Manufacturing	Brazil
KPMG LLP	Accounting Services	Netherlands
NeST Technologies	Software	India
Turner Construction Co.	Construction Services	Germany
Vapiano	Food Retailing	Germany



DATA SOURCES



VIRGINIA 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>)

VIRGINIA 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/>)

VIRGINIA 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>)

VIRGINIA 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/>)

VIRGINIA NEEDS TRADE AGREEMENTS TO GROW

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

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

FOREIGN INVESTMENT IN VIRGINIA 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>)

