

HOW WASHINGTON'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 Washington 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 Washington. 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 Washington recover.

Trade Creates & Supports Jobs in Washington

- **International trade, including exports and imports, supported 940,800 Washington 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 Washington's globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Washington. *(See Washington Jobs Depend On Two-Way Trade)*
- **Washington exported \$69.9 billion in goods and \$28.8 billion in services in 2018,** including aerospace products and parts, petroleum and coal products, navigational and measuring instruments and computer software. Of Washington's 12,631 exporters, 90 percent are small- and medium-sized companies with less than 500 workers. *(See Washington Businesses Grow With Exports)*
- **Customers in 210 countries and territories buy Washington-made goods and services,** including billions of dollars in annual exports to top markets like China, Canada and Japan. Policies that help Washington businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(See Washington Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Washington companies and families.** Lower raw material and input costs help Washington 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 Washington Companies and Families Benefit from Imports)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Washington to partner countries.** In 2018, \$21.2 billion of Washington's goods exports, or 30 percent, went to FTA partners. This represents an increase of 66 percent since 2009. *(See Washington Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 127,700 workers in Washington.** *(See Foreign Investment In Washington Creates Jobs)*



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

Trade Creates & Supports Jobs in Washington

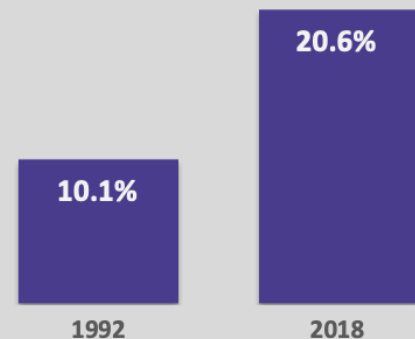
- Export growth increases jobs by generating new business for Washington's manufacturers, services providers and farmers. Imports support jobs and keep costs low, helping Washington businesses compete and saving Washington families real dollars at the cash register.
- More than one in five Washington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

940,800

Number of Jobs in Washington Supported by Trade

Share of Jobs Tied to Trade
Increased 104 percent from 1992 to 2018



Jobs Tied to Trade Top Sectors, 2018

Trade & Distribution	209,700
Prof., Scient. & Tech. Services	142,800
Personal & Rec. Services	58,600
Construction	46,400
Transportation & Warehousing	30,500



WASHINGTON BUSINESSES GROW WITH EXPORTS



Overview

Washington exported an estimated \$69.9 billion in goods and \$28.8 billion in services in 2018. Between 2009 and 2018, Washington goods exports have increased by 53 percent and services exports by 48 percent. Large companies now account for 81 percent of the value of Washington'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 Washington Exports

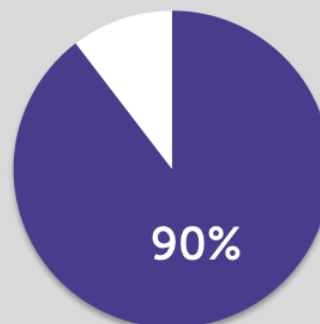
- Washington ranks among the top five state exporters in 16 industries, including first in aerospace products and parts (\$42.0 billion), in timber and logs (\$711 million), in prepared seafood products (\$177 million), and in cement and concrete products (\$67 million).
- Washington is America's seventh largest exporter of agricultural products. It is the second largest exporter of fruits and tree nuts, the fourth largest exporter of greenhouse and nursery products, the fifth largest exporter of miscellaneous crops, and the fourth largest exporter of vegetables and melons.
- One of Washington's fastest growing export categories is electrical equipment and components, which increased by 18 percent since 2009. In 2018, exports of these products reached \$677 million.

By the Numbers

12,631

Number of Washington Businesses that Exported in 2018

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



Top Washington Exports, 2018

Goods

Aerospace Products & Parts	\$42.0 billion
Petroleum & Coal Products	\$2.5 billion
Navigational & Meas. Instruments	\$2.0 billion
Fruits & Tree Nuts	\$1.3 billion
Preserves & Specialty Foods	\$1.1 billion

Services

Computer Software	\$10.4 billion
Travel	\$4.5 billion
R&D & Testing Services	\$3.5 billion

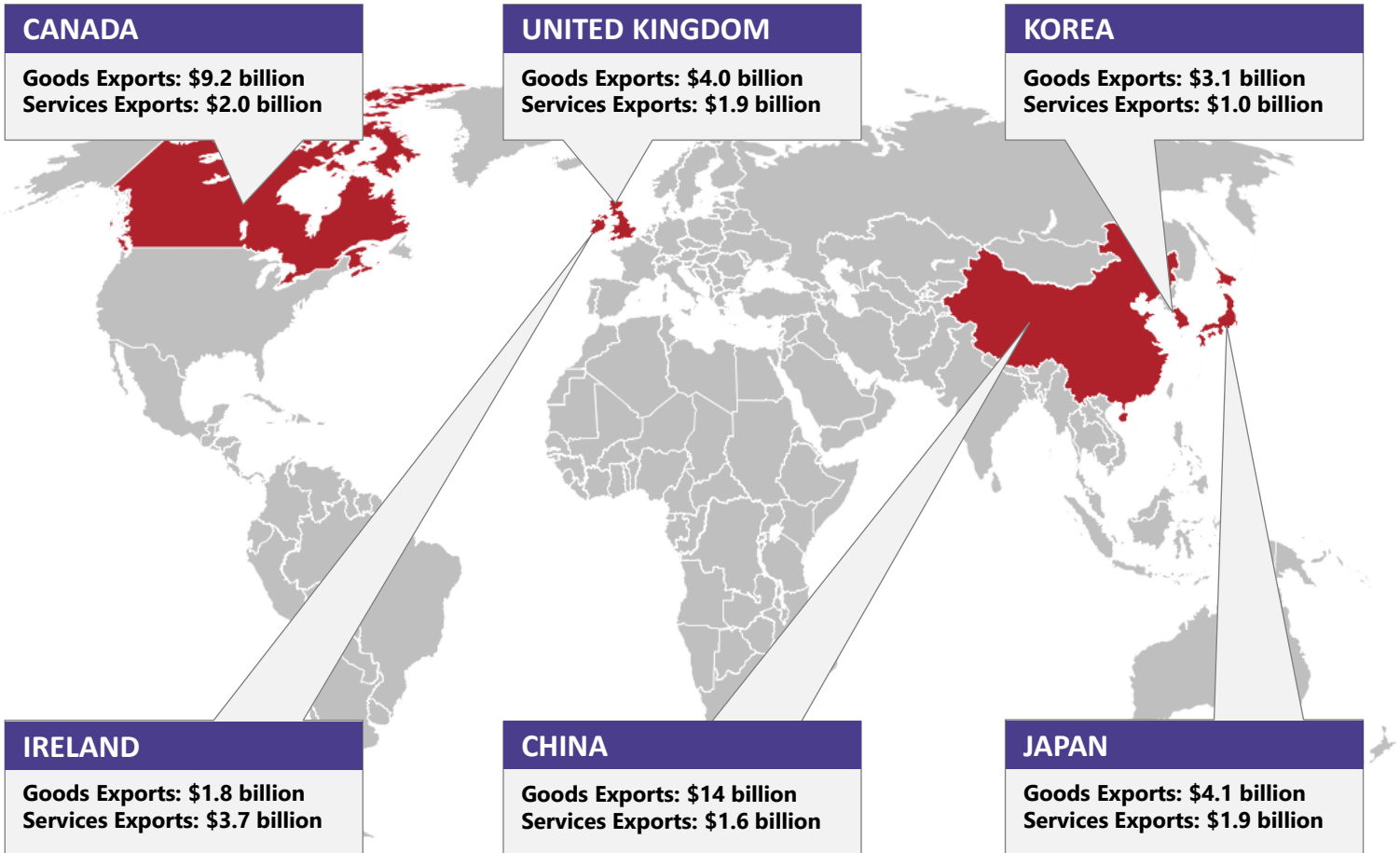


WASHINGTON COMPANIES EXPORT THROUGHOUT THE WORLD



In 2018, Washington companies sold their products in 210 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Washington Economy Grow

- Goods and services exports accounted for 17.4 percent of Washington's state GDP in 2018.
- Washington's exports have grown at an average annual rate of 5.0 percent since 2009.
- Washington's top export markets for goods are China, Canada, and Japan. Its top market for services is Ireland.
- Washington's goods exports to Poland have grown by 132 percent per year since 2009, while Washington's services exports to China have grown by 12 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Washington businesses, workers, and farmers reach the growing number of customers around the world.



WASHINGTON COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



Overview

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

Washington Families Benefit from Imports

- In 2018, 36 percent of Washington's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Washington 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 Washington 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, 11,443 Washington companies imported goods from 187 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.

Washington Exports and Imports are Linked Through Global Value Chains

- In 2018, 64 percent of Washington goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Washington's top imports are critical components for Washington exports. Conversely, Washington exports of raw materials and parts may return to the United States in imported finished goods.



Imports:
Aerospace parts
(\$1.2B in 2018)



Exports:
Aerospace products
(\$41.8B in 2018)



WASHINGTON 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. Washington 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 Washington and the United States.

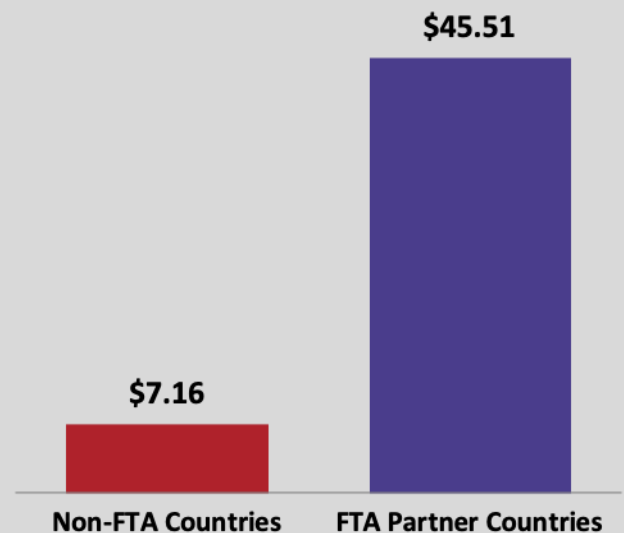
- In 2018, \$21.2 billion of Washington's goods exports, or 30 percent, went to FTA partners.
- Since 2009, Washington's goods exports to countries with FTAs in effect with the United States in 2018 have increased by 66 percent.
- Washington's exports to Canada and Mexico have increased by \$9.3 billion (442 percent) since NAFTA went into effect in 1994.
- Washington's exports to Oman have increased more than five-fold – from \$146 million to \$815 million – since the FTA with Oman took effect in 2009.
- Washington's exports to Korea of converted paper products have increased from \$1.1 million to \$56 million since the FTA with Korea went into effect in 2012.
- Canada bought 70 percent – \$496 million out of \$708 million – of Washington's exports of agricultural and construction machinery in 2018.
- In 2018, \$6.6 billion of Washington's services exports, or 23 percent, went to FTA partners.
- Washington's exports to Singapore of R&D and testing services have increased from \$10 million to \$555 million, or by over 5,000 percent, since 2006 (earliest year available).

By the Numbers

66%

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

Per Capita Purchases of Washington Goods, 2018



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

In 2018, FTA partners purchased 6.4 times more goods per capita from Washington than non-FTA partners.



FOREIGN INVESTMENT IN WASHINGTON CREATES JOBS



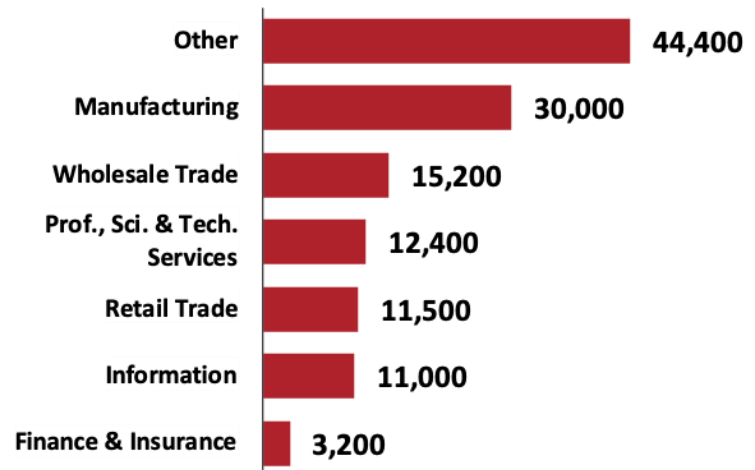
Overview

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.

Washington is no exception. Foreign-owned companies make significant investments in Washington 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 120,000 workers in Washington in 2017, including:

- 19,700 workers employed by companies based in the United Kingdom;
- 18,400 workers employed by companies based in Germany;
- 17,500 workers employed by companies based in Canada;
- 16,200 workers employed by companies based in Japan;
- 11,200 workers employed by companies based in France.

Foreign-Owned Companies Employed 127,700 Washington Workers Across Many Industries, 2017



Selected Foreign-Owned Companies Employing Workers in Washington

Company	Industry	Country
Andritz	Industrial Equipment Manufacturing	Austria
Harris Rebar	Steel Product Manufacturing	Canada
Interfor Pacific Inc.	Wood Product Manufacturing	Canada
KPMG LLP	Accounting Services	Netherlands
Nintendo of America, Inc.	Video Equipment Development	Japan
North Pacific Seafoods	Seafood Processing	Japan
Siemens Energy & Automation	Electronics and Engineering Services	Germany
Tetra Pak Inc.	Food Processing/Packaging Products	Switzerland



DATA SOURCES



WASHINGTON 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>)

WASHINGTON 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/>)

WASHINGTON 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>)

WASHINGTON 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/>)

WASHINGTON NEEDS TRADE AGREEMENTS TO GROW

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

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

FOREIGN INVESTMENT IN WASHINGTON 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>)

