

# HOW WEST 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 West 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 West 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 West Virginia recover.

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## Trade Creates & Supports Jobs in West Virginia

- **International trade, including exports and imports, supported 190,000 West Virginia 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 West Virginia's globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in West Virginia. *(See West Virginia Jobs Depend On Two-Way Trade)*
- **West Virginia exported \$8.2 billion in goods and \$1.5 billion in services in 2018,** including coal and petroleum gases, resins and synthetic fibers, motor vehicle parts and travel services. Of West Virginia's 1,045 exporters, 78 percent are small- and medium-sized companies with less than 500 workers. *(See West Virginia Businesses Grow With Exports)*
- **Customers in 142 countries and territories buy West Virginia-made goods and services,** including billions of dollars in annual exports to top markets like Canada, India and the Netherlands. West Virginia's goods exports have grown more than three times faster than state GDP since 2009. Policies that help West 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 West Virginia Companies Export Throughout The World)*
- **Imports lower prices and increase choices for West Virginia companies and families.** Lower raw material and input costs help West 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 West Virginia Companies and Families Benefit from Imports)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from West Virginia to partner countries.** In 2018, \$2.2 billion of West Virginia's goods exports, or 27 percent, went to FTA partners. This represents an increase of 59 percent since 2009. *(See West Virginia Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 28,100 workers in West Virginia.** *(See Foreign Investment In West Virginia Creates Jobs)*



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

## Trade Creates & Supports Jobs in West Virginia

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

# 190,000

Number of Jobs in West Virginia Supported by Trade

**Share of Jobs Tied to Trade**  
**Increased 87 percent from 1992 to 2018**



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

Trade & Distribution	44,800
Prof., Scient. & Tech. Services	20,700
Construction	9,200
Personal & Rec. Services	8,900
Mining	6,500



# WEST VIRGINIA BUSINESSES GROW WITH EXPORTS



## Overview

West Virginia exported an estimated \$8.2 billion in goods and \$1.5 billion in services in 2018. Between 2009 and 2018, West Virginia goods exports have increased by 70 percent and services exports by 30 percent. Large companies now account for 76 percent of the value of West 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 West Virginia Exports

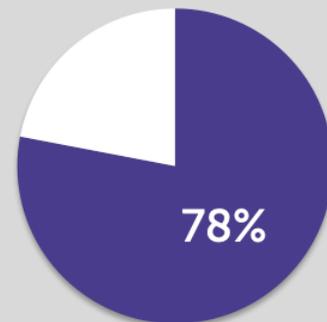
- West Virginia ranks among the top 15 state exporters in five industries, including first in coal and petroleum gases (\$4.4 billion), eighth in resins and synthetic fibers (\$1.2 billion), 13th in poultry and eggs (\$11 million), and 14th in aluminum (\$176 million).
- West Virginia is America's 45th largest exporter of agricultural products. It is the 13th largest exporter of poultry and eggs, the 28th largest exporter of aquaculture, the 38th largest exporter of vegetables and melons, and the 41st largest exporter of oilseeds and grains.
- One of West Virginia's fastest growing export categories is glass and glass products, which increased by 18 percent since 2009. In 2018, exports of these products reached \$14 million.

## By the Numbers

1,045

Number of West Virginia Businesses that Exported in 2018

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



## Top West Virginia Exports, 2018

### Goods

Coal & Petroleum Gases	\$4.4 billion
Resins & Synthetic Fibers	\$1.2 billion
Motor Vehicle Parts	\$462 million
Basic Chemicals	\$331 million
Aerospace Products & Parts	\$245 million

### Services

Travel	\$663 million
Equip. Install., Maint., & Repair	\$221 million
Royalties from Industrial Processes	\$181 million

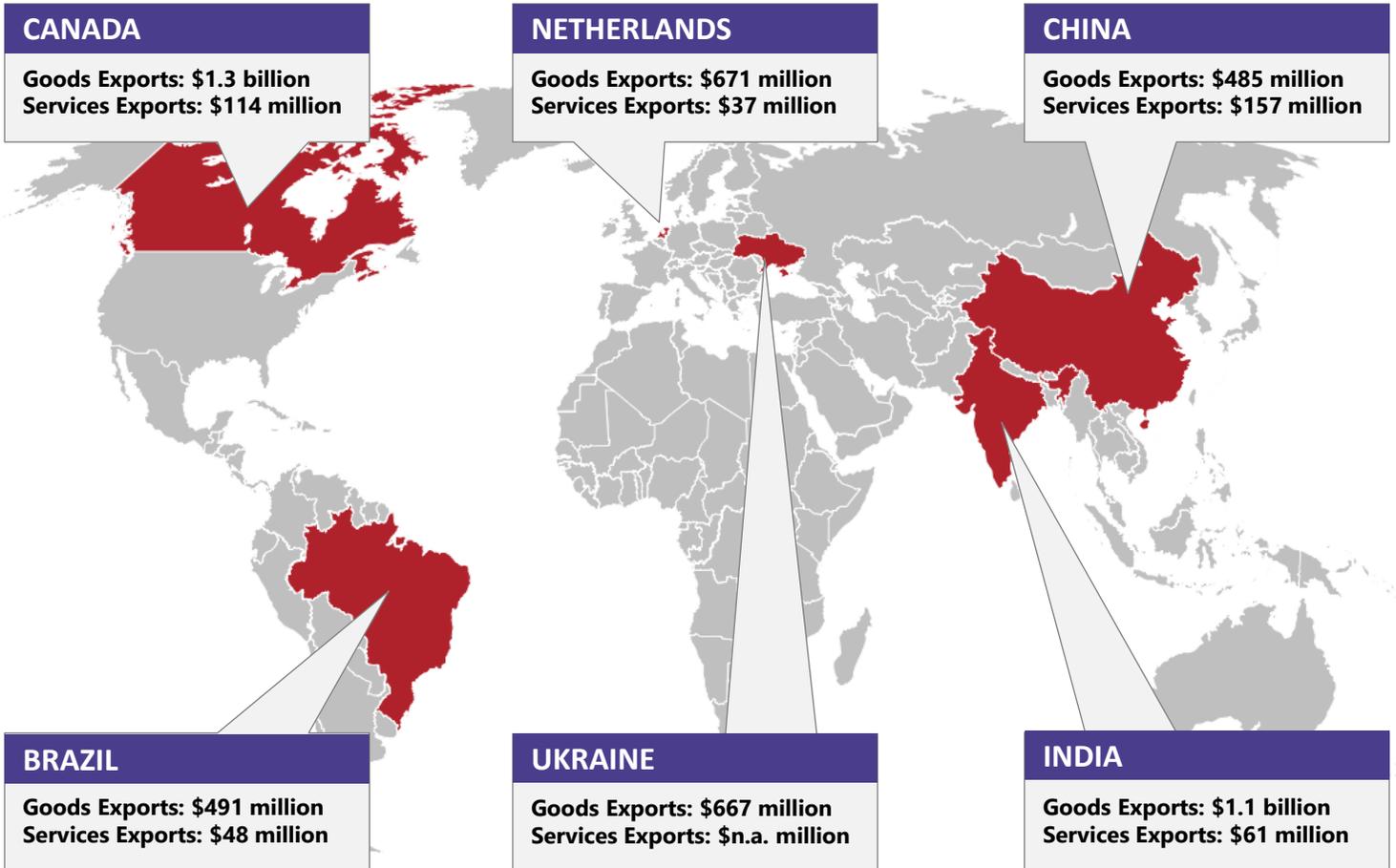


# WEST VIRGINIA COMPANIES EXPORT THROUGHOUT THE WORLD



In 2018, West Virginia companies sold their products in 142 countries and territories.

Top export markets include:



## Fast Facts: How Exports Help the West Virginia Economy Grow

- Goods and services exports accounted for 12.5 percent of West Virginia's state GDP in 2018.
- West Virginia's exports have grown more than three times faster than state GDP since 2009. The average annual export growth during this period was 7.7 percent, while the average annual state GDP growth was 2.4 percent.
- West Virginia's top export markets for goods are Canada, India, and the Netherlands. Its top market for services is China.
- West Virginia's goods exports to India have grown by 40 percent per year since 2009, while West Virginia's services exports to India have grown by 10 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help West Virginia businesses, workers, and farmers reach the growing number of customers around the world.



# WEST VIRGINIA COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



## Overview

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

## West Virginia Families Benefit from Imports

- In 2018, 8 percent of West Virginia's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving West 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 West 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, 989 West Virginia companies imported goods from 100 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.

## West Virginia Exports and Imports are Linked Through Global Value Chains

- In 2018, 92 percent of West Virginia goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of West Virginia's top imports are critical components for West Virginia exports. Conversely, West Virginia exports of raw materials and parts may return to the United States in imported finished goods.



**Imports:**  
**Unwrought  
aluminum**  
**(\$150M in 2018)**



**Exports:**  
**Aluminum plates  
and sheets**  
**(\$160M in 2018)**



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[www.brt.org/trade](http://www.brt.org/trade)

# WEST 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. West 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 West Virginia and the United States.

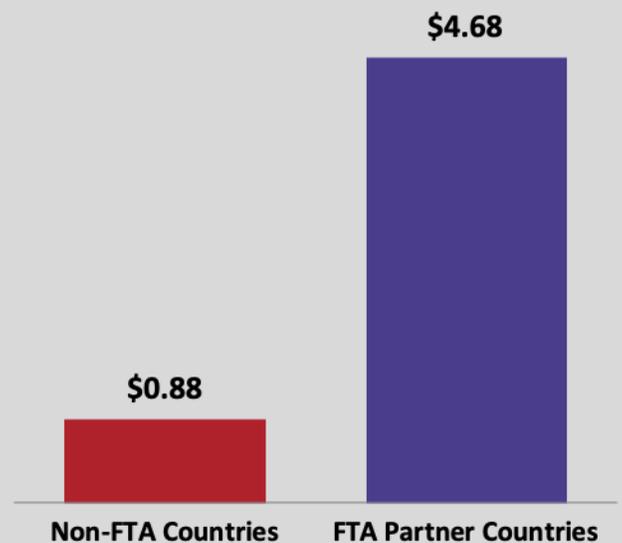
- In 2018, \$2.2 billion of West Virginia's goods exports, or 27 percent, went to FTA partners.
- Since 2009, West Virginia's goods exports to countries with FTAs in effect with the United States in 2018 have increased by 59 percent.
- West Virginia's exports to Canada and Mexico have increased by \$1.2 billion (424 percent) since NAFTA went into effect in 1994.
- West Virginia's exports to Morocco have soared – from \$540,000 to \$178 million – since the FTA with Morocco took effect in 2006.
- West Virginia's exports to Singapore of resins and synthetic fibers have increased from \$16 million to \$28 million since the FTA with Singapore went into effect in 2004.
- Canada bought nearly all – \$19.5 million out of \$20.1 million – of West Virginia's exports of veneer, plywood and engineered wood in 2018.
- In 2018, \$409 million of West Virginia's services exports, or 27 percent, went to FTA partners.
- West Virginia's exports to Australia of travel services have increased from \$13 million to \$30 million, or by 131 percent, since 2006 (earliest year available).

## By the Numbers

59%

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

## Per Capita Purchases of West Virginia Goods, 2018



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

**In 2018, FTA partners purchased 5.3 times more goods per capita from West Virginia than non-FTA partners.**



# FOREIGN INVESTMENT IN WEST VIRGINIA CREATES JOBS



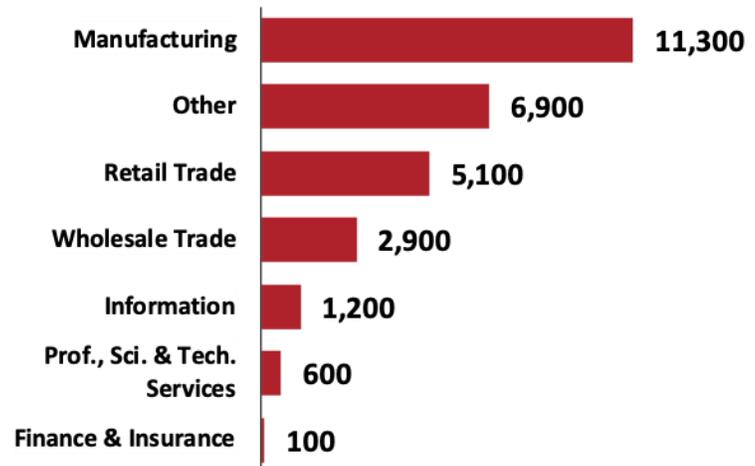
## Overview

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.

West Virginia is no exception. Foreign-owned companies make significant investments in West 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 tens of thousands of workers in West Virginia in 2017, including:

- 5,100 workers employed by companies based in Canada;
- 4,200 workers employed by companies based in the United Kingdom;
- 3,800 workers employed by companies based in Japan;
- 2,000 workers employed by companies based in the Netherlands;
- 1,600 workers employed by companies based in Germany.

## Foreign-Owned Companies Employed 28,100 West Virginia Workers Across Many Industries, 2017



## Selected Foreign-Owned Companies Employing Workers in West Virginia

Company	Industry	Country
ABB Inc.	Electrical Equipment Manufacturing	Switzerland
ArcelorMittal Weirton	Steel Manufacturing	Luxembourg
Cemex	Cement Manufacturing	Mexico
Mott MacDonald	Construction Services	Canada
Hino Motor Manufacturing	Truck Manufacturing	Japan
Holiday Inn	Hotel Services	United Kingdom
Panera Bread	Food Service	Luxembourg
Toyota Motor Manufacturing	Motor Vehicle Manufacturing	Japan



# DATA SOURCES



## WEST 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](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>)

## WEST 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/>)

## WEST 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>)

## WEST 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/>)

## WEST VIRGINIA NEEDS TRADE AGREEMENTS TO GROW

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

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

## FOREIGN INVESTMENT IN WEST VIRGINIA 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>)

