



Trade Creates Jobs for Washington

Creating and preserving quality U.S. jobs is a goal shared by all Americans. With 95 percent of the world's consumers living outside of the United States, it makes sense for small and large businesses to partner to build stronger trade ties with countries seeking U.S. goods and services.

Trade creates jobs for Washingtonians. **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. **Foreign investment** in Washington creates good jobs across a range of sectors.

MORE THAN 1 IN 5 WASHINGTON JOBS DEPENDS ON TRADE

Washington workers need trade to maintain and create **jobs**.

- Today, 842,800 jobs in Washington depend on trade.
- In 2008, 21.5 percent of jobs in Washington depended on trade, up from 10.1 percent in 1992.
- Washington's trade-related employment grew **nearly three times faster** than total employment from 2004 to 2008.

Washington Jobs Tied to Trade, 2008

Wholesale & Retail Trade	128,700
Prof., Sci., & Tech. Services	44,400
Information	34,600
Finance & Insurance	33,000
Transp. & Warehousing	30,100
Manufacturing	11,600

Small and Large Employers Partner to Export

Small and medium-sized enterprises (SME) and workers in Washington supply goods and services to large U.S. companies in and out of the State. Those bigger companies use the SME goods and services to make other products and services that they, in turn, export to customers around the world.

The **Port of Seattle** is one of the largest ports on the west coast of North America. Port activities generate nearly **194,000 jobs** and more than **\$9.5 billion in wages**. Although smaller than the Port of Seattle, the **Port of Tacoma** also has a major economic impact on Washington, generating nearly **20,000 jobs** paying nearly **\$1.1 billion in wages**. Combined, the two ports generate nearly **\$1.0 billion in state and local taxes**.

Jobs in **exporting plants** pay on average up to 18 percent more than similar jobs in non-exporting plants.

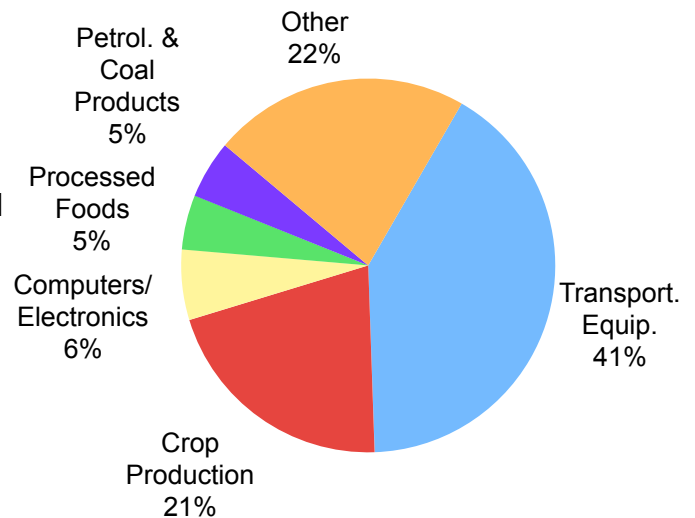
Newly **exporting firms** increase employment almost four times faster than non-exporting firms.

WASHINGTON'S INDUSTRIES, SMALL BUSINESSES AND FARMERS GROW WITH EXPORTS

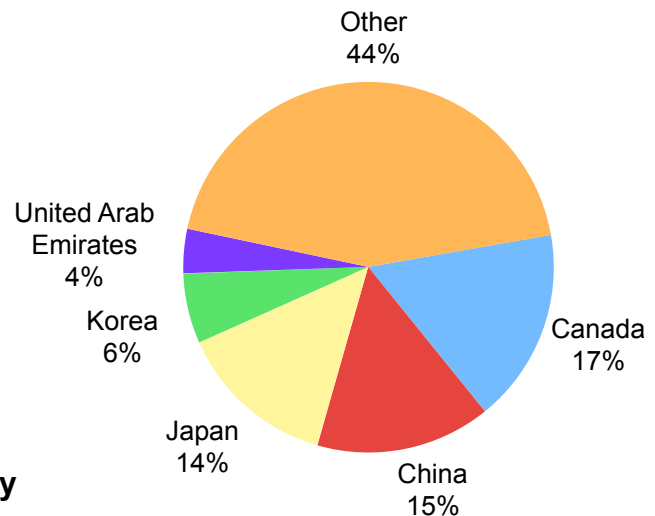
According to the U.S. Department of Commerce, Washington ranked fourth in the United States with **total exports** valued at **\$54.5 billion** in 2008.

- **Transportation equipment** was Washington's leading export category in 2008 accounting for 41.1 percent of total exports.
- One of the fastest growing export categories for Washington is **primary metal manufacturing**, increasing at an average annual rate of 30.2 percent since 2002.
- In 2008, Washington companies sold their products in **over 210 foreign markets**.
- The top export market is **Canada** (\$9.2 billion). Other leading markets include **China** (\$8.3 billion) and **Japan** (\$7.6 billion).
- **Indonesia** is one of Washington's fastest growing trading partners. In 2008, Washington companies exported **\$956.8 million** worth of goods to Indonesia, an increase of 404 percent since 2002.
- In 2008, exports accounted for approximately **16.9 percent of Washington's state gross domestic product** (state GDP).
- Since 2002, exports have increased **nearly fifty percent faster** than state GDP.

Leading Export Products



Leading Export Markets



Services exports are also important to Washington, including port services, education of foreign students at Washington colleges and universities, and spending by foreign visitors to tourist destinations in Washington, including the **Space Needle**, **Pike Place Market**, and **Mt. Rainier**. Services companies employ 2.7 million workers in Washington. In 2008, 618,800 Washington services jobs depended on trade.

Washington is a leading exporter of **agricultural products**. The State is the second largest exporter of both **fruits and fruit products** (e.g., apples) and **vegetables and vegetable products** (e.g., potatoes) in the United States, accounting for 18 percent and 12 percent of total U.S. exports. Washington's other important export products include **wheat**, **nursery products**, and **meat products**. Leading markets are China, Japan, and Korea. These exports directly benefit farmers in regions like south-central Washington.

WASHINGTON'S SMALL AND MEDIUM BUSINESSES PARTNER WITH LARGE BUSINESSES TO EXPORT

Exports particularly benefit workers at Washington's **small- and mid-size companies**. In 2007, 7,196 – 89.5 percent – of Washington's exporting companies were small- or mid-sized companies.

Larger Washington companies are also important exporters. For the United States generally, half of U.S. exports are generated by U.S. multinationals.

Small and medium-sized Washington companies also indirectly export when they supply goods and services to larger Washington exporters. Every job at a Washington worldwide company supports nearly two others at companies that are part of its supply chain.

Leading Washington Exporters

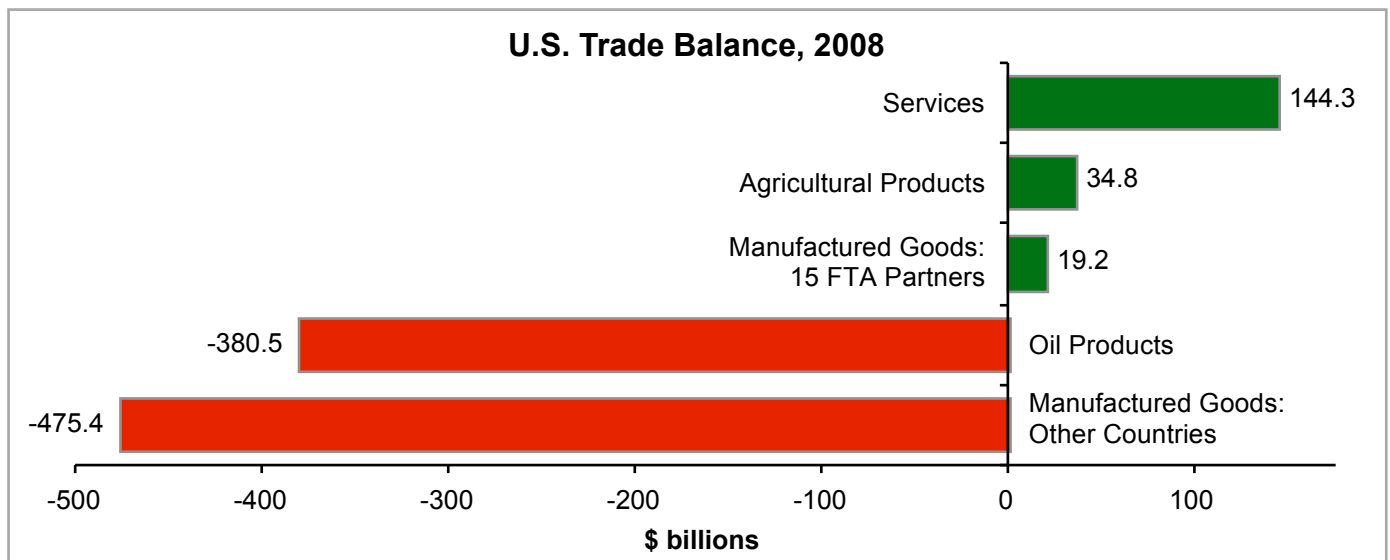
<u>Company</u>	<u>Products</u>	<u>Foreign Markets</u>
Shell (Anacortes)	Jet fuel and diesel	Canada, Singapore, Korea
Graymont Western USA (Tacoma)	Liquid slurry	Canada, Ecuador
The Boeing Company (Seattle)	Aircraft and parts	Japan, Italy, Turkey, Australia
ConocoPhillips (Ferndale)	Intermediate fuel oils	Canada, Mexico
Mills Bros. International (Seattle)	Distilled and dried grains	Thailand, Taiwan, Vietnam
Areva NP (Richland)	Radioactive materials	Japan, Taiwan, Germany, UK
Weyerhaeuser Company (Federal Way)	Lumber, paperboard	Japan, China, Korea
Lamb-Weston (Kennewick)	Frozen potatoes	China, Panama, Guatemala
Chugoku Lumber (Federal Way)	Douglas fir logs	Japan
Trident Seafoods Corp. (Seattle)	Surimi, salmon, pollock	Japan, China, Germany

MORE OF A GOOD THING FOR WASHINGTON – TRADE AGREEMENTS LEVEL THE PLAYING FIELD

The United States has some of the lowest trade barriers in the world. **Trade agreements level the playing field** by lowering other nations' trade barriers and opening up foreign markets to U.S. exports. Washington has increased its exports to partner countries following the implementation of the U.S. bilateral and regional free trade agreements (FTAs).

- Exports from Washington to **El Salvador** have experienced some of the strongest growth, increasing at an average annual rate of 123 percent since the implementation of **Dominican Republic-Central American Free Trade Agreement (DR-CAFTA)**.
- Since the **North American Free Trade Agreement** went into effect in 1994, Washington's exports to Canada have increased \$7.4 billion (409 percent), while exports to Mexico have increased \$552 million (377 percent).
- In the five years since the **U.S.-Chile Free Trade Agreement** went into effect, **transportation equipment** exports to Chile from Washington averaged nearly \$250 million per year, more than three times as much as before the FTA.
- Following the implementation of the **U.S.-Australia Free Trade Agreement** in 2005, Washington's exports of wood products to Australia have grown by 470 percent.

The United States enjoys a trade surplus in manufactured goods with its FTA partners.*



* State-specific data are not available for imports, so this chart cannot be prepared for Washington

FOREIGN INVESTMENT IN WASHINGTON CREATES JOBS

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Washington every year.

These companies employ **88,200 workers**, almost 4 percent of all Washington employees in the private sector.

- Washington ranks 20th among all U.S. states in the number of workers employed by foreign subsidiaries.
- Foreign-owned **manufacturing** accounts for **21,400 jobs**, representing over 7 percent of all manufacturing jobs in Washington.
- U.S. subsidiaries of **foreign companies pay** an average compensation of \$68,317 per year, **32 percent higher** than U.S. companies.

Selected Multinational Corporations Employing Workers in Washington

<u>Company</u>	<u>Industry</u>	<u>Country</u>
AMEC	Construction	United Kingdom
BAE Systems	Aerospace	United Kingdom
Bayer	Chemicals	Germany
Bridgestone Americas	Transportation Equipment	Japan
Fokker Elmo Inc	Aerospace	Netherlands
GlaxoSmithKline	Pharmaceuticals	United Kingdom
Nokia	Telecommunications	Finland
Panasonic	Electronics	Japan
Philips	Electronics	Netherlands
Siemens	Telecommunications	Germany

WASHINGTON COMPANIES AND WORKERS USE IMPORTS TO STAY COMPETITIVE

- In 2008, 58.5 percent of the products we imported were used by U.S. workers to manufacture goods in the United States. Lower cost inputs **keep U.S. manufacturing competitive** in international markets.
- Imports frequently contain **components** (like cotton or semiconductors) and services (like design) sourced from U.S. companies and farmers, including companies and farmers in Washington.
- **Services**, especially transportation from Washington's ports, finance and insurance, marketing and legal services, are needed to bring imported goods to American manufacturers and households. These importing-related services industries are vital to Washington's growth, and account for 42.6 percent of state GDP, more than four times as much as manufacturing.

EXPORTS AND IMPORTS HELP WASHINGTON FAMILIES ENJOY A HIGHER STANDARD OF LIVING

Exports and imports support family incomes.

- **Jobs in exporting plants pay on average up to 18 percent** more than similar jobs in non-exporting plants.
- Imports help keep prices for Washington families down while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.
- Trade and investment liberalization policies are worth **over \$10,000 per year** to an average Washington family of four.

Imports Keep Inflation Low (1999-2008)

	Price Change
Toys	-45%
Clothing	-10%
Household Appliances	-9%
Footwear	-3%

SOURCES

JOBS

Laura Baughman and Joseph Francois, Trade Partnership Worldwide, LLC (<http://www.businessroundtable.org>)
Port of Seattle (<http://www.portseattle.org/business/economicdevelopment/economicimpact.shtml>)
Port of Tacoma (<http://www.portoftacoma.com/page.aspx?cid=420>)
U.S. Department of Labor (<http://www.bls.gov/lau/home.htm>)
U.S. Department of Commerce (<http://ita.doc.gov/td/industry/otea/jobs/index.html>),
(<http://ita.doc.gov/td/industry/otea/edb/index.html>), (<http://www.bea.gov/regional/index.htm>)

EXPORTS

U.S. Department of Agriculture (<http://www.ers.usda.gov/StateFacts/>)
U.S. Department of Commerce (<http://tse.export.gov>), (<http://www.usatradeonline.gov>),
(<http://ita.doc.gov/td/industry/otea/edb/index.html>), (<http://www.bea.gov/bea/regional/gsp/>)
Andrew B. Bernard, J. Bradford Jensen, and Peter K. Schott (<http://www.iie.com/publications/wp/wp05-10.pdf>)
PIERS Trade Intelligence database (<http://www.piers.com/>)

FOREIGN INVESTMENT

Organization for International Investment (<http://www.ofii.org>)

IMPORTS

U.S. Department of Labor (<http://www.bls.gov/mxp/home.htm>)
U.S. Department of Commerce (<http://www.bea.gov/bea/regional/gsp/>)

STANDARD OF LIVING

Council of Economic Advisers (<http://www.gpoaccess.gov/eop/index.html>)
U.S. Department of Labor (<http://www.bls.gov/cpi/home.htm>)
U.S. Department of Commerce (<http://www.bea.gov/>)

TRADE LIBERALIZATION

U.S. Department of Commerce (<http://tse.export.gov>)

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