How Rhode Island's Economy Benefits from International Trade & Investment

Overview

With more than 95 percent of the world’s population and 80 percent of the world’s purchasing power outside the United States, future economic growth and jobs for Rhode Island and America increasingly depend on expanding U.S. trade and investment opportunities in the global marketplace.

The following pages feature key facts and figures drawn from new Business Roundtable research, U.S. government data, and other data sources that demonstrate the benefits of international trade and investment to economic growth and jobs in Rhode Island.

Why is International Trade & Investment Important to Rhode Island?

• **International trade, including exports and imports, supports 118,300 Rhode Island jobs – nearly one in five.** These trade-related jobs grew 7.4 times faster than total employment from 1992 to 2016 and are at large and small companies, on farms, in factories, and at the headquarters of Rhode Island's globally engaged firms. *(See Rhode Island Jobs Depend On Two-Way Trade)*

• **Rhode Island exported $2.3 billion in goods and $1.8 billion in services in 2016,** including scrap products, miscellaneous manufactured commodities, nonferrous metal products and travel services. Of Rhode Island's 1,717 exporters, 88 percent are small- and medium-sized companies with less than 500 workers. *(See Rhode Island Businesses Grow With Exports)*

• **Customers in 154 countries and territories buy Rhode Island-made goods and services,** including millions of dollars in annual exports to top markets like Canada, China and Mexico. Rhode Island’s goods exports have grown nearly three times faster than state GDP since 2006. *(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 Workers Use Imports To Compete)*

• **Free trade agreements (FTAs) have helped fuel rapid export growth from Rhode Island to partner countries.** In 2016, $1.1 billion of Rhode Island's goods exports, or 49 percent, went to FTA partners. This represents an increase of 46 percent since 2006. *(See Rhode Island Needs Trade Agreements To Grow)*

• **Foreign-owned companies invest and build facilities and employ 27,800 workers in Rhode Island.** *(See Foreign Investment In Rhode Island Creates Jobs)*

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www.brt.org/trade
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 95 percent of the world’s population and 80 percent of the world’s purchasing power outside of the United States, future American economic growth and job creation depend on open markets abroad.

Trade Creates & Supports Jobs in Rhode Island

- Export growth increases jobs by generating new business for Rhode Island’s manufacturers, service 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.
- Nearly one in five Rhode Island jobs depends upon international trade.
- Rhode Island’s trade-related employment grew 7.4 times faster than total employment from 1992 to 2016.
- 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

118,300
Number of Jobs in Rhode Island Supported by Trade

Share of Jobs Tied to Trade
Increased 101 percent from 1992 to 2016

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>9.3%</td>
</tr>
<tr>
<td>2016</td>
<td>18.7%</td>
</tr>
</tbody>
</table>

Jobs Tied to Trade
Top Sectors, 2016

<table>
<thead>
<tr>
<th>Sector</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade &amp; Distribution</td>
<td>24,100</td>
</tr>
<tr>
<td>Professional, Scientific, Tech. Services</td>
<td>19,800</td>
</tr>
<tr>
<td>Personal &amp; Recreational Services</td>
<td>12,300</td>
</tr>
<tr>
<td>Finance, Insurance</td>
<td>6,500</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>6,300</td>
</tr>
</tbody>
</table>

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Rhode Island Businesses Grow with Exports

Overview
Rhode Island exported an estimated $2.3 billion in goods and $1.8 billion in services in 2016. Between 2006 and 2016, Rhode Island goods exports have increased by 49 percent and services exports by 67 percent. Large companies now account for 38 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 8 industries, including tenth in marine products ($47 million), tenth in scrap products ($454 million), 17th in miscellaneous manufactured commodities ($261 million), and 18th in fabrics ($79 million).

- Rhode Island is America’s 49th largest exporter of agricultural products. It is the 41st largest exporter of fruits & tree nuts, the 43rd largest exporter of vegetables & melons, and the 48th largest exporter of poultry & eggs.

- One of Rhode Island's fastest growing export categories is fabrics, which have increased by 16 percent per year since 2006. In 2016, exports of these products reached $79 million.

By the Numbers

1,717
Number of Rhode Island Businesses that Exported in 2015

88%
Share of Rhode Island Exporters that are Small- & Medium-Sized Businesses

Top Rhode Island Exports, 2016

<table>
<thead>
<tr>
<th>Goods</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scrap Products</td>
<td>$454 million</td>
</tr>
<tr>
<td>Misc. Manufactured Commodities</td>
<td>$261 million</td>
</tr>
<tr>
<td>Nonferrous Metal Products</td>
<td>$245 million</td>
</tr>
<tr>
<td>Pharmaceuticals &amp; Medicines</td>
<td>$118 million</td>
</tr>
<tr>
<td>Basic Chemicals</td>
<td>$116 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>$671 million</td>
</tr>
<tr>
<td>Education</td>
<td>$235 million</td>
</tr>
<tr>
<td>Mgmt. &amp; Advisory Services</td>
<td>$116 million</td>
</tr>
</tbody>
</table>

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Rhode Island Companies Export throughout the World

In 2016, Rhode Island companies sold their products in 154 countries and territories.

Top export markets include:

**CANADA**
- Goods Exports: $529 million
- Services Exports: $137 million

**UNITED KINGDOM**
- Goods Exports: $68 million
- Services Exports: $155 million

**CHINA**
- Goods Exports: $163 million
- Services Exports: $189 million

**MEXICO**
- Goods Exports: $208 million
- Services Exports: $94 million

**GERMANY**
- Goods Exports: $96 million
- Services Exports: $63 million

**JAPAN**
- Goods Exports: $92 million
- Services Exports: $101 million

**Fast Facts: How Exports Help the Rhode Island Economy Grow**

- Goods and services exports accounted for 7.1 percent of Rhode Island's state GDP in 2016.
- Rhode Island's exports have grown nearly three times faster than state GDP since 2006. The average annual export growth during this period was 5.1 percent, while the average annual state GDP growth was 1.8 percent.
- Rhode Island's top export markets for goods are Canada, Mexico, and China. Its top market for services is China.
- Rhode Island's goods exports to Taiwan have grown by 42 percent per year since 2006, while Rhode Island's services exports to China have grown by 20 percent per year.

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Overview

In 2016, 56 percent ($1.2 trillion) of the products imported into the United States were inputs and components used by American producers. Lower cost inputs keep U.S. manufacturing competitive in international markets. Imports frequently contain components (like cotton or semiconductors) and services inputs (like design) provided by U.S. companies and farmers, including companies and farmers in Rhode Island.

- Services, especially transportation from Rhode Island’s ports, finance and insurance, marketing and legal services are needed to bring imported goods to American manufacturers and households.
- In 2015, about 75 percent of identified U.S. importers were very small businesses with less than 20 employees.
- Trade and investment liberalization policies save the average Rhode Island family of four more than $10,000 per year.
- Imports help keep prices down for Rhode Island families while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.

Imported Goods

- Decrease in the Price of Televisions Between 2006 and 2016: -87.9%
- Decrease in the Price of Computers Between 2006 and 2016: -63.3%
- Decrease in the Price of Toys Between 2006 and 2016: -44.7%

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Overview

The United States has some of the lowest trade barriers in the world. Overall U.S. 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 has increased its exports to FTA partners following implementation of the U.S. FTAs with those countries.

- In 2016, $1.1 billion of Rhode Island's goods exports, or 49 percent, went to FTA partners.
- Since 2006, Rhode Island's goods exports to countries with FTAs in effect with the United States in 2016 have increased by 46 percent.
- Rhode Island's exports to Canada and Mexico have increased by $407 million (124 percent) since NAFTA went into effect in 1994.
- Rhode Island’s exports to the Dominican Republic have increased by 365 percent since the FTA with the Dominican Republic took effect in 2007.
- Rhode Island’s exports to Singapore of nonferrous metal products have increased from $560,000 to $41 million since the FTA with Singapore went into effect in 2004.
- Guatemala bought 14 percent of Rhode Island’s exports of fabrics in 2016.
- In 2016, $448 million of Rhode Island’s services exports, or 25 percent, went to FTA partners.
- Rhode Island’s exports to Australia of travel services have increased from $12 million to $31 million, or by over 158 percent, since 2006 (earliest year available).

By the Numbers

46%

Increase in Rhode Island Goods Exports to FTA Partners Between 2006 and 2016

Per Capita Purchases of Rhode Island Goods, 2016

|$2.42|

| $0.17 |

Non-FTA Countries  FTA Partner Countries*

* U.S. FTAs in effect with countries in 2016.

In 2016, FTA partners purchased 14.1 times more goods per capita from Rhode Island than non-FTA partners.

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Overview

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Rhode Island every year. Foreign-owned companies from around the world employed tens of thousands of workers in Rhode Island, including:

- 5,100 workers employed by companies based in the United Kingdom;
- 4,300 workers employed by companies based in France;
- 2,000 workers employed by companies based in Japan;
- 1,100 workers employed by companies based in Canada;
- 1,100 workers employed by companies based in Germany.

### Selected Foreign-Owned Companies Employing Workers in Rhode Island

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ammeraal Beltech</td>
<td>Converyer Belt Manufacturing</td>
<td>Netherlands</td>
</tr>
<tr>
<td>Biowater Technology</td>
<td>Water Treatment Consulting</td>
<td>Norway</td>
</tr>
<tr>
<td>Downpour</td>
<td>Broadcasting/Audio Book Publishing</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Fujifilm Electronic Materials</td>
<td>Electronic Components Manufacturing</td>
<td>Japan</td>
</tr>
<tr>
<td>Glencore Recycling</td>
<td>Recycling Services</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Harris Rebar, Inc.</td>
<td>Steel Product Manufacturing</td>
<td>Canada</td>
</tr>
<tr>
<td>Hexagon Metrology</td>
<td>Measuring Instrument Manufacturing</td>
<td>Sweden</td>
</tr>
<tr>
<td>National Grid</td>
<td>Energy Services</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Swarovski U.S. Limited</td>
<td>Crystal Manufacturing</td>
<td>Austria</td>
</tr>
<tr>
<td>Toray Plastics America</td>
<td>Plastics Manufacturing</td>
<td>Japan</td>
</tr>
<tr>
<td>Umicore USA Inc.</td>
<td>Metal Manufacturing</td>
<td>Belgium</td>
</tr>
<tr>
<td>Unetixs Vascular Inc.</td>
<td>Medical Device Manufacturing</td>
<td>India</td>
</tr>
</tbody>
</table>

**Foreign-Owned Companies Employed 27,800 Rhode Island Workers Across Many Industries, 2015**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>11,900</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>6,800</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>5,200</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>1,800</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>1,400</td>
</tr>
<tr>
<td>Information</td>
<td>700</td>
</tr>
</tbody>
</table>

*Contact: David Thomas, Business Roundtable, 202-496-3262, dthomas@brt.org*
*www.brt.org/trade*
**Data Sources**

**RHODE ISLAND JOBS DEPEND ON TWO-WAY TRADE**


**RHODE ISLAND BUSINESSES GROW WITH EXPORTS**

**Small and Large Firms Partnering to Export** (for 2007, 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)


**RHODE ISLAND COMPANIES EXPORT THROUGHOUT THE WORLD**


**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 & WORKERS USE IMPORTS TO COMPETE IN INTERNATIONAL MARKETS**


**Imports as Components**: Derived from Census end-use import data


**Price Changes**: Derived from BLS Consumer Price Index database (http://www.bls.gov/cpi/)

**RHODE ISLAND NEEDS TRADE AGREEMENTS TO GROW**


**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)

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