

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)*



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.

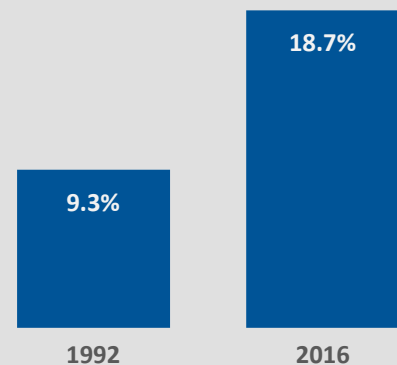
By the Numbers

118,300

Number of Jobs in Rhode Island Supported by Trade

Share of Jobs Tied to Trade

Increased 101 percent from 1992 to 2016



Jobs Tied to Trade Top Sectors, 2016

Trade & Distribution	24,100
Professional, Scientific, Tech. Services	19,800
Personal & Recreational Services	12,300
Finance, Insurance	6,500
Manufacturing	6,300



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

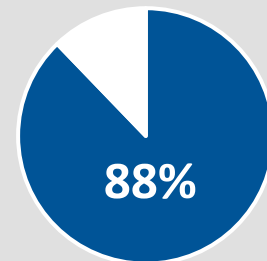
- Rhode Island ranks among the top half of state exporters in 8 industries, including tenth in marine products (\$47 million), tenth in scrap products (\$454 million), 17th in miscellaneous manufactured commodities (\$261 million), and 18th in fabrics (\$79 million).
- Rhode Island is America's 49th 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

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



Top Rhode Island Exports, 2016

Goods

Scrap Products	\$454 million
Misc. Manufactured Commodities	\$261 million
Nonferrous Metal Products	\$245 million
Pharmaceuticals & Medicines	\$118 million
Basic Chemicals	\$116 million

Services

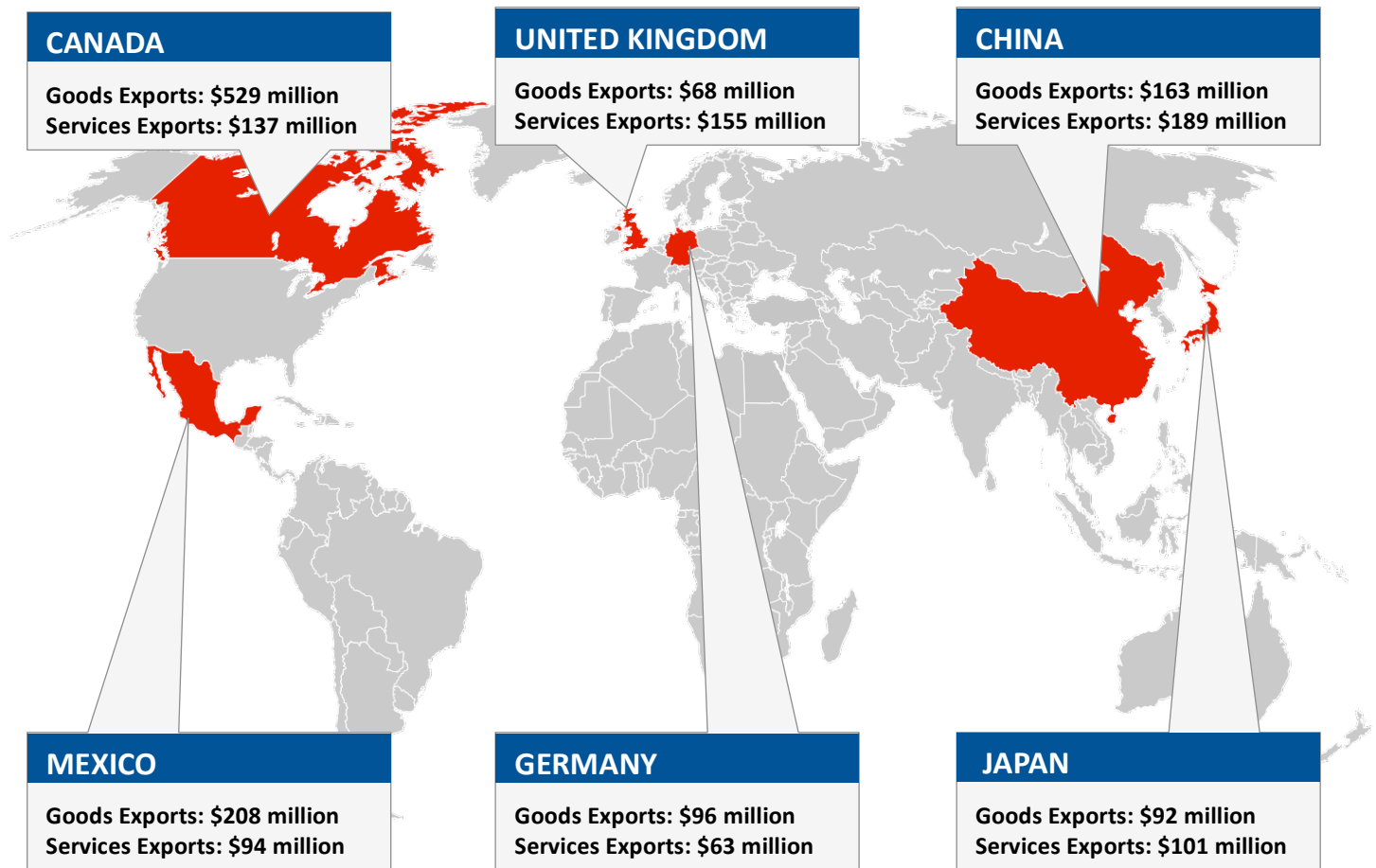
Travel	\$671 million
Education	\$235 million
Mgmt. & Advisory Services	\$116 million



Rhode Island Companies Export throughout the World

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

Top export markets include:



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.



Rhode Island Companies & Workers Use Imports to Make Products and Compete in International Markets

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.

In 2015, about 197,000 U.S. companies (including 1,457 in Rhode Island) imported products...

And roughly three-quarters of U.S. importers were very small businesses with less than 20 employees.

Imports Decrease Prices



-87.9%

Decrease in the Price of Televisions Between 2006 and 2016.



-63.3%

Decrease in the Price of Computers Between 2006 and 2016.



-44.7%

Decrease in the Price of Toys Between 2006 and 2016.

Imports Increase Choices

Rhode Island Needs Trade Agreements to Grow

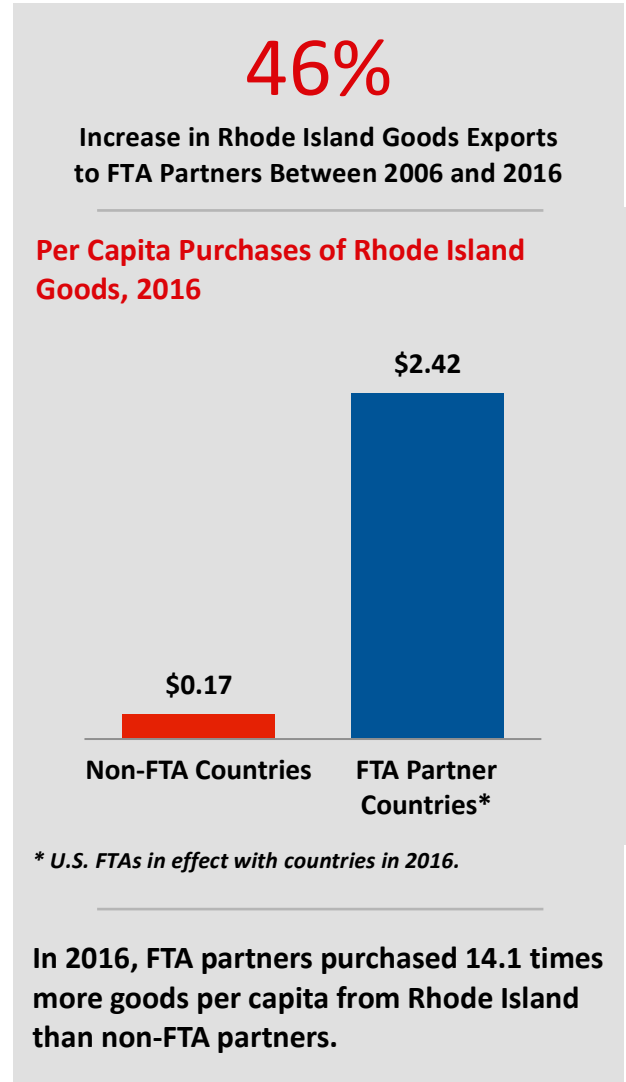


Overview

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





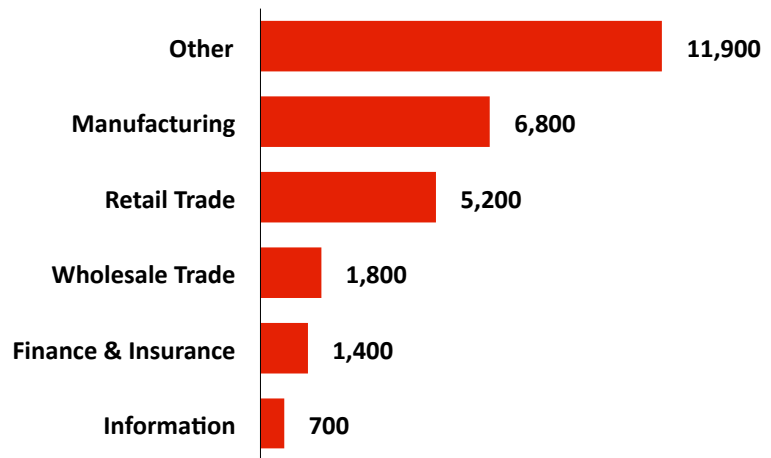
Foreign Investment in Rhode Island Creates Jobs

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.

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



Selected Foreign-Owned Companies Employing Workers in Rhode Island

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



RHODE ISLAND JOBS DEPEND ON TWO-WAY TRADE

Jobs-Tied-to-Trade: Baughman and Francois, “Terminating NAFTA: The National and State-by-State Impacts on Jobs, Exports and Output” (2018) (<http://businessroundtable.org/media/news-releases/new-study-withdrawal-nafta-would-jeopardize-american-jobs-and-hurt-u.s.-economy>)

Exporting Firm Wages: Riker, “Export-Intensive Industries Pay More on Average: An Update” (2015) (<https://www.usitc.gov/publications/332/ec201504a.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>)

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>)

Exporting Company Information: Census, “A Profile of U.S. Importing and Exporting Companies, 2014 – 2015” (<https://www.census.gov/foreign-trade/Press-Release/edb/2015/>)

RHODE ISLAND 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>)

RHODE ISLAND COMPANIES & WORKERS USE IMPORTS TO COMPETE IN INTERNATIONAL MARKETS

Importing Company Information: Census, “A Profile of U.S. Importing and Exporting Companies, 2014 – 2015” (<https://www.census.gov/foreign-trade/Press-Release/edb/2015/>)

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/>)

RHODE ISLAND NEEDS TRADE AGREEMENTS TO GROW

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

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>)