



Trade Makes Delaware Strong

Delaware gains from global trade. Trade (export and import) growth increases jobs by advancing Delaware’s manufacturers, services providers and farmers. Imports also keep costs low, helping Delaware businesses compete and saving Delaware families real dollars at the cash register. Foreign investment in Delaware creates good jobs across a range of sectors.

TRADE CREATES JOBS FOR DELAWARE WORKERS

Trade with the world – both exports and imports of goods and services – creates jobs in Delaware.

- Today, trade supports **94,483 jobs** in Delaware.
- **18.2 percent of jobs** in Delaware are supported by trade, up from 9.7 percent in 1992.
- As trade in Delaware has grown, unemployment has fallen. Delaware’s unemployment rate – **4.2 percent** – is below the national average.

Delaware’s Three Most Export-Intensive Industries

<u>Industry</u>	<u>% Export-Related</u>
Textiles	50.0%
Plastics	23.1
Computers	20.8

Trade through the **Port of Wilmington** supports thousands of jobs in Delaware. In fiscal year 2000, maritime activity at the Port of Wilmington supported an estimated 14,000 direct and indirect jobs, with personal wage and salary earnings exceeding \$225 million.

Trade particularly benefits employees of Delaware’s small- and mid-size companies.

- In 2004, nearly **900 Delaware companies** sold their products abroad. **Three quarters were small- or mid-sized companies.**
- **Jobs in exporting plants pay on average up to 18 percent more** than similar jobs in non-exporting plants.

TEN WAYS TRADE MAKES DELAWARE STRONG

Trade supports nearly one in five jobs in Delaware.

Delaware’s exports have increased fast as its GDP.

Jobs at exporting plants pay 18% more than at non-exporting plants.

4.5% of Delaware’s GDP was from exports in 2005.

Foreign-owned companies employ 26,100 workers in Delaware.

Foreign-owned firms pay workers 32% more.

Half of imports are raw materials and other items needed for manufacturing.

Marketing imports demand services and services account for 42.5% of Delaware’s GDP.

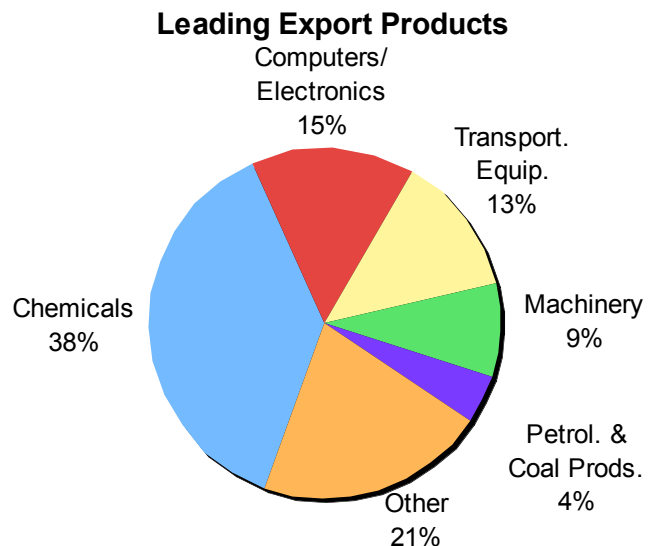
Import prices grow much slower than overall consumer prices, saving money for Delaware consumers.

NAFTA worked for Delaware. In 2005, Delaware exports to Canada and Mexico were \$537 million and \$155 million.

DELAWARE'S KEY INDUSTRIES GROW WITH EXPORTS

According to the U.S. Department of Commerce, Delaware ranked 43rd in the United States with **total exports valued at \$2.5 billion** in 2005.

- **Chemicals** were Delaware's leading export product category in 2005 accounting for **38 percent** of total exports.
- One of the fastest growing exports for Delaware is **petroleum and coal products**, which grew at an annual rate of **361 percent** between 2001 and 2005.
- In 2005, Delaware companies sold their products in **136 foreign markets**.
- The top export market is **Canada** (\$537 million). Other leading markets include **Germany** (\$287 million) and the **United Kingdom** (\$263 million).
- **China** is one of Delaware's fastest growing trading partners. In 2005, Delaware companies exported **\$114 million** worth of goods to China, an **increase of 618 percent** since 2000.
- In 2005, exports represented approximately **4.5 percent of Delaware's state GDP**.
- Since 2002, exports have increased **just as fast** as the state GDP.



Trade missions are a key tool state officials use to support important sectors of the state economy and Delaware's strong standing as a strategic U.S. business location for overseas companies.

State officials, often led by the Governor, have visited Australia, Sweden, China, Italy, and Germany. The state's International Trade Center has also facilitated meetings with Governor Minnor and representatives from Korea, Canada, Australia, and Taiwan.

DELAWARE WORKERS & BUSINESSES BENEFIT FROM FOREIGN INVESTMENT

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Delaware every year, infusing money into the local economy and keeping unemployment low.

- Foreign-owned companies employ **more than 26,100 workers**, nearly seven percent of all Delaware employees, **ranking it 4th** in the nation in the share of its workforce supported by “insourced” workers.
- **Manufacturing** accounts for **8,800 insourced jobs**, representing 25 percent of all manufacturing jobs in Delaware.
- U.S. subsidiaries of **foreign companies pay** an average compensation of \$63,428 per year, **32 percent higher** than U.S. companies.

Ciba Specialty Chemicals, a Newport-based subsidiary of a Swiss company, manufactures high quality pigments for the coatings, imaging, inks and plastics industries.

The company employs approximately 300 workers in Newport, and has invested \$180 million in a modernization program. Further investment of up to \$30 million is expected over the next five to 10 years.

Selected Corporations with Operations in Delaware

<u>Company</u>	<u>Industry</u>	<u>Country</u>
Air Liquide	Industrial Gasses	France
Akzo Nobel	Pharmaceuticals & Chemicals	Netherlands
Barclays	Financial Services	United Kingdom
DaimlerChrysler	Transportation Equipment	Germany
Dassault Falcon Jet	Jet Aircraft	France
Food Lion	Grocery Stores	Belgium
Fuji Photo Film Inc.	Photographic Supplies	Japan
GlaxoSmithKline	Pharmaceuticals	United Kingdom
Honda	Transportation Equipment	Japan
HSBC	Financial Services	United Kingdom

“We must continue our efforts to ensure that Delaware remains a prime business location for overseas companies who want to expand their operations to the United States. Business development missions... are the way to help expand our existing relationships with companies already here, while exploring new opportunities with businesses who might be interested in coming to Delaware in the future.”

-- Governor Ruth Ann Minner, April 2006

DELAWARE MANUFACTURERS NEED IMPORTS TO BE COMPETITIVE

Raw materials, capital goods and industrial products used to manufacture goods in the United States account for approximately half of total U.S. merchandise imports.

- Numerous Delaware manufacturing sectors benefit from imports.
- **Chemical and pharmaceutical manufacturers** use imported raw materials to keep production costs competitive.
- **Textile manufacturers** use imported machinery to produce specialty fabrics in Delaware.

Capital Goods Imports Benefiting Delaware's Manufacturers

<u>Product</u>	<u>Price Change, 1996-2005</u>
All Capital Goods	-23.4%
Electric Generators and Parts	-6.4%
Non-Electrical Machinery, (excl. Computers)	-9.4%
Business Machinery (excl. Computers)	-12.4%
Computers	-50.2%

DELAWARE'S SERVICES INDUSTRIES BENEFIT FROM IMPORT-DRIVEN DEMAND

Numerous **services industries** benefit from business generated by imported goods.

- **Professional services**, including finance, insurance, marketing, and legal services, are needed to market imported products. These industries are vital to Delaware's growth, and account for **42.5 percent of state GDP**, nearly six times more than manufacturing.
- Imports comprise a significant portion of Delaware's **transportation and product sales** (both wholesale and retail). These industries account for nine percent of state GDP.

DELAWARE FAMILIES ENJOY A HIGHER STANDARD OF LIVING BECAUSE OF IMPORTS

Imports help keep prices for Delaware families down while increasing their choices for goods and services.

- Trade helps **keep inflation in check**. Prices for widely traded consumer goods tend to rise less than prices for non-traded goods.
- Trade and investment liberalization policies are **worth over \$10,000 per year** to an average Delaware family of four.
- Between 1990 and 2004, U.S. import prices grew at about a quarter of the rate of growth of overall consumer prices (0.6 percent per year vs. 2.2 percent per year).

Trade and Low Inflation: Price Changes (1997-2004)

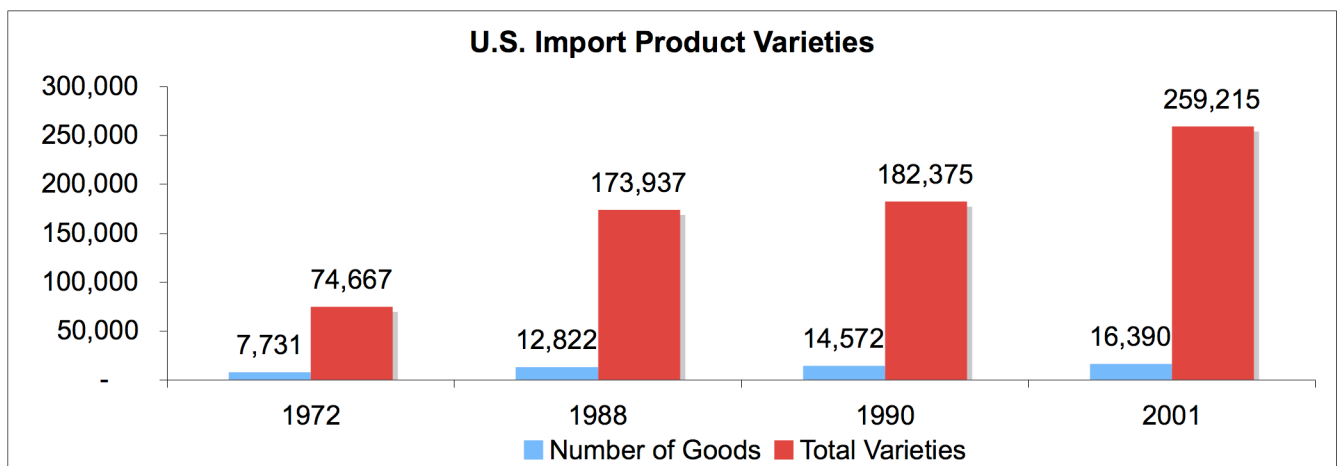
<u>Traded Goods</u>	<u>Price Change</u>
Toys	-36%
Household Appliances	-15%
Clothing	-11%
Footwear	-6%
<u>Non-Traded Goods</u>	
Milk	24%
Margarine	22%
Ice Cream	17%
Sugar	9%

The lower costs resulting from trade mean **more purchasing power** for Delaware consumers, which is particularly important for lower income families.

- In 2005, 16,000 families in Delaware were at or below the national poverty level (about \$20,000 per year for a family of four).
- Lower income families spend nearly three times as much on footwear and 50 percent more on apparel than upper income families spend, both goods that are largely traded.

Consumer choice increases with trade.

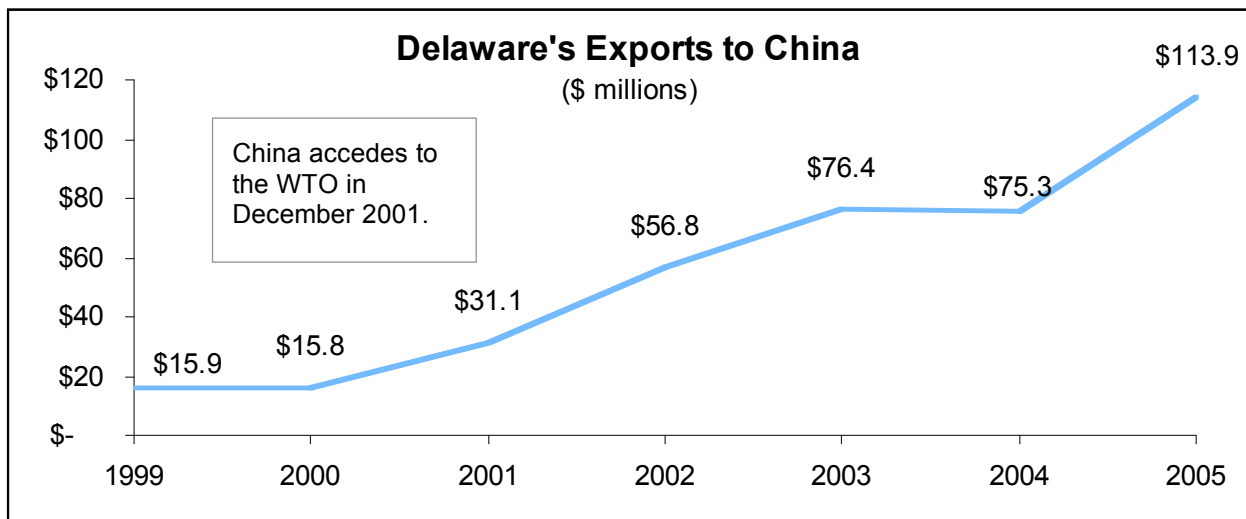
- Trade allows consumers to enjoy products with limited U.S. production (e.g., coffee) as well as out-of-season goods (e.g., strawberries in January).
- The number of product varieties imported by the United States increased fourfold over the last three decades.



MORE OF A GOOD THING FOR DELAWARE – LEVELING THE TRADE PLAYING FIELD

The United States has some of the lowest trade barriers in the world. Free trade agreements level the playing field by lowering other nations' trade barriers and opening up foreign markets to U.S. exports.

- Since the **North American Free Trade Agreement** went into effect in 1994, Delaware's exports to Mexico have increased \$24 million (18 percent).
- In 2001, a recession year, Delaware's total trade with **Canada** generated \$754 million for Delaware's economy and supported 16,368 jobs.
- Similarly, **China's** accession to the World Trade Organization, which went into effect in late 2001, has had a significant effect on export growth from Delaware to China.



SOURCES

JOBS

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Martin Associates
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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>)

EXPORTS

Delaware Economic Development Office (http://www.state.de.us/dedo/information/annual_report.shtml)
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(<http://ita.doc.gov/td/industry/otea/edb/index.html>), (<http://www.bea.gov/bea/regional/gsp/>)

FOREIGN INVESTMENT

Delaware Office of the Governor
(<http://www.state.de.us/governor/news/2006/04april/041806europe.shtml>)
Organization for International Investment (<http://www.ofii.org>)

IMPORTS

U.S. Department of Labor (<http://www.bls.gov/mxp/home.htm>)
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STANDARD OF LIVING

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U.S. Department of Commerce (<http://www.bea.gov/>)
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TRADE LIBERALIZATION

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