



Trade Makes Georgia Strong

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

TRADE CREATES JOBS FOR GEORGIANS

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

- Today, trade supports **893,791 jobs** in Georgia, or **17.7 percent of total jobs**, up from 9.8 percent in 1992.

Georgia’s Three Most Export-Intensive Industries

<u>Industry</u>	<u>% Export-Related</u>
Machinery	26.7%
Chemicals	26.1
Textile Mills	22.3

Trade through Georgia’s **ports** has a significant impact on the state economy.

- Deepwater **ports and inland barge terminals** alone support more than **275,000 jobs** and contribute **\$10.8 billion** in personal income, **\$35.4 billion** in revenue, and approximately **\$1.4 billion** in state and local taxes.

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

- In 2004, more than **10,000 Georgia companies** sold their products abroad.
- 8,544 exporters – **85.2 percent** – were **small- or mid-sized companies in 2004**.
- **Jobs in exporting plants pay on average up to 18 percent more** than similar jobs in non-exporting plants.

TEN WAYS TRADE MAKES GEORGIA STRONG

Trade supports nearly one in five jobs in Georgia.

Since 2002, Georgia exports increased 2.3 times faster than GDP.

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

5.7% of Georgia’s GDP was from exports in 2005.

Foreign-owned companies employ 112,000 Georgians.

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 19% of Georgia’s GDP.

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

NAFTA worked for Georgia. In 2005, Georgia exports to Canada and Mexico were \$4.8 billion and \$1.4 billion.

GEORGIA'S FARMERS AND KEY INDUSTRIES GROW WITH EXPORTS

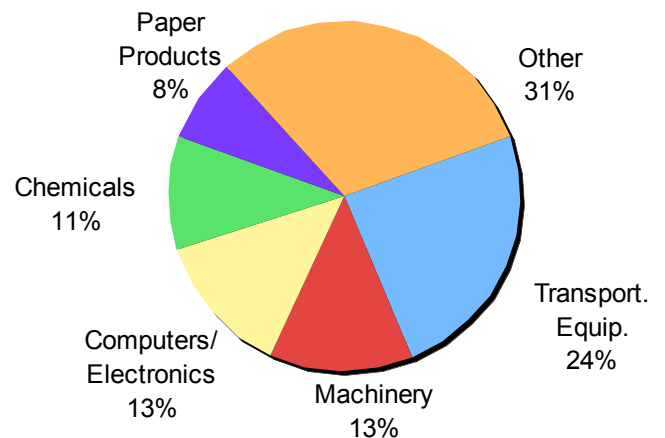
Georgia farmers are strong exporters. The state exported **\$1.1 billion** worth of **agricultural products** in 2005.

- Georgia ranks among the top 10 U.S. exporters of **peanuts** (1st), **poultry** (2nd), and **tree nuts** (3rd).

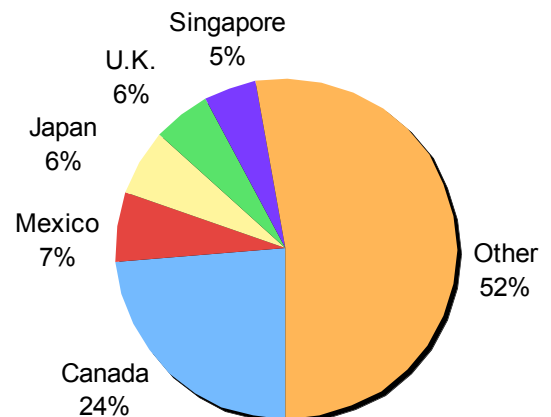
According to the U.S. Department of Commerce, Georgia ranked 13th in the United States with **total exports valued at \$20.6 billion** in 2005.

- **Transportation equipment** was Georgia's leading export product in 2005 accounting for **24 percent** of total exports.
- One of the fastest growing exports for Georgia is **forestry and logging**, which grew at an annual rate of **72.3 percent** between 2001 and 2005.
- In 2005, Georgia companies sold their products in **211 foreign markets**.
- The top export market is **Canada** (\$4.8 billion). Other leading markets include **Mexico** (\$1.4 billion) and **Japan** (\$1.3 billion).
- **Singapore** is one of Georgia's **fastest growing trading partners**. In 2005, Georgia companies exported **\$1.0 billion** worth of goods to Singapore, an **increase of 340 percent** since 2000.
- In 2005, exports represented approximately **5.7 percent of Georgia's state GDP**.
- Since 2002, exports have increased **2.3 times faster** than state GDP.

Leading Export Products



Leading Export Markets



“Business today is conducted on a global level, and it’s important for Georgia to retain its competitive edge in the world market. We have successfully built many relationships that recognize the state’s outstanding business assets, and we continue to seek out international opportunities to bring jobs to the state of Georgia.”

-Governor Sonny Perdue

GEORGIA WORKERS & BUSINESSES BENEFIT FROM FOREIGN INVESTMENT

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

- **1,173 affiliates** of foreign-owned companies from **43 countries** operate in Georgia.
- Foreign-owned companies employ **112,257 workers** at **1,687 facilities** throughout the state.
- **Manufacturing** accounts for **64,773 insourced jobs** at **501 manufacturing plants**, representing 58 percent of all insourced jobs in Georgia.
- U.S. subsidiaries of **foreign companies pay** an average compensation of \$63,428 per year, **32 percent higher** than U.S. companies.

*In October 2006, Korea-based **Kia Motors Corp** held a groundbreaking ceremony in West Point for its first manufacturing facility in the United States.*

*Kia will **invest \$1.2 billion** to build the plant, which is scheduled to begin production in 2009. Once the plant is fully operational, it will employ an estimated **2,900 workers**, while an additional **2,600 employees** are expected to work **at five supplier facilities** in the surrounding areas.*

Select Corporations with Operations in Georgia

<u>Company</u>	<u>Industry</u>	<u>Country</u>
Aegon	Financial Services	Netherlands
Akzo Nobel	Chemicals	Netherlands
Aldi	Grocery Stores	Germany
BASF	Chemicals	Germany
Bridgestone Americas	Rubber Products	Japan
DaimlerChrysler	Transportation Equipment	Germany
Food Lion	Grocery Stores	Belgium
Infosys Technologies	Computer Software	India
Kia Motors America	Transportation Equipment	South Korea
Luxottica	Consumer Products	Italy
Maersk	Transportation Services	Denmark
Maxxis Corporation	Transportation Equipment	Taiwan
Miller Brewing Co.	Alcoholic Beverages	United Kingdom
Parmalat New Atlanta Dairies	Food Products	Italy
Sony	Electronics	Japan

Recognizing the importance of local contacts and experience, the Georgia Department of Economic Development (GDEcD) operates overseas offices in Brazil, Canada, Chile, France, Germany, Israel, Japan, Korea, Mexico, and the United Kingdom.

GDEcD has sponsored trade missions for Georgia businesses to 23 different countries and has planned upcoming business missions to Europe (four countries), Asia (four countries), the Americas (seven countries), Israel and South Africa.

GEORGIA 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 Georgia manufacturing sectors benefit from imports.
- Georgia's **textile producers** use imported **machinery** to keep costs low.
- Georgia's **chemical manufacturers** import commodity chemicals (e.g., chlorine, alcohols) to produce **high-value specialty chemicals** such as **paints, pesticides, and adhesives**.

Capital Goods Imports Benefiting Georgia'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%

GEORGIA'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 Georgia's growth, and account for **19.0 percent of state GDP**, one-and-a-half times more than manufacturing.
- Imports comprise a significant portion of Georgia's **transportation and product sales** (both wholesale and retail). These industries account for 18.2 percent of state GDP.

GEORGIA FAMILIES ENJOY A HIGHER STANDARD OF LIVING BECAUSE OF IMPORTS

Imports help keep prices for Georgia 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 Georgia 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)

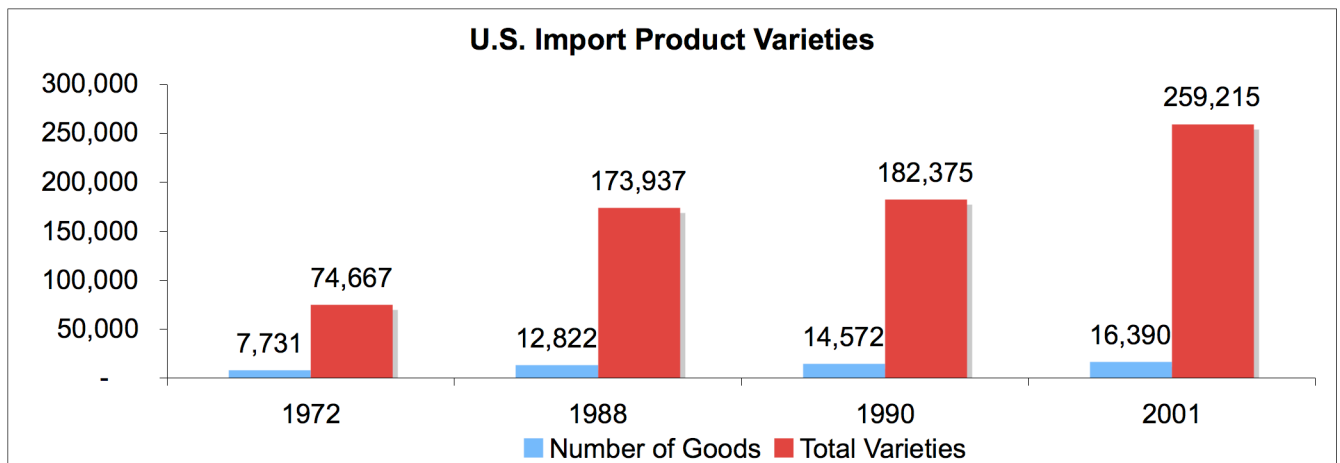
<u>Traded Goods</u>	<u>Price Change</u>
Toys	-36%
Household Appliances	-15%
Clothing	-11%
Footwear	-6%
<u>Non-Traded Goods</u>	
Milk	24%
Margarine	22%
Ice Cream	17%
Sugar	9%

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

- In 2005, 276,000 families in Georgia 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.

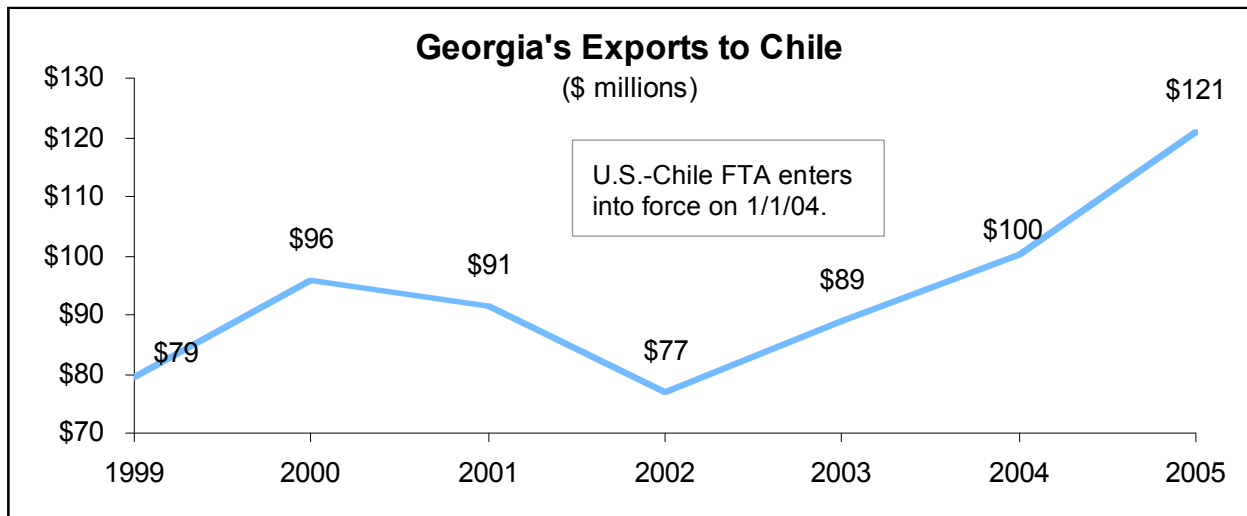
- Trade allows consumers to enjoy products with limited U.S. production (e.g., coffee) as well as out-of-season goods (e.g., strawberries in January).
- The number of product varieties imported by the United States increased fourfold over the last three decades.



MORE OF A GOOD THING FOR GEORGIA – 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, Georgia's exports to Canada have increased \$3.3 billion (216 percent), while exports to Mexico have increased \$1.0 billion (275 percent).
- In 2001, a recession year, Georgia's total trade with **Canada** generated \$4.6 billion for Georgia's economy and supported 152,330 jobs.
- Similarly, the **U.S.-Chile Free Trade Agreement**, which went into effect in 2004, has had a significant effect on export growth from Georgia to Chile.



SOURCES

JOBS

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Georgia Department of Economic Development
(<http://www.georgia.org/Business/International/International+Offices.htm>),
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Georgia Office of the Governor (<http://www.gov.state.ga.us/press/2006/press1291.shtml>)
Organization for International Investment (<http://www.ofii.org>)

IMPORTS

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STANDARD OF LIVING

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TRADE LIBERALIZATION

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Joseph Francois and Laura Baughman (http://tradepartnership.com/pdf_files/2004_Canada_Jobs.pdf)

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