



Trade Makes Maryland Strong

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

TRADE CREATES JOBS FOR MARYLANDERS

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

- Today, trade supports **639,166 jobs** in Maryland, or **20 percent of all Maryland jobs**, up from 11 percent in 1992.
- As trade in Maryland has grown, unemployment has fallen. Maryland’s unemployment rate – **4.1 percent** – is below the national average.

Maryland’s Three Most Export-Intensive Industries

<u>Industry</u>	<u>% Export-Related</u>
Electrical Equipment	35.0%
Machinery	28.9
Computers	21.8

Trade through Maryland’s ports has a substantial positive impact on state jobs and the economy.

- Trade through the Port of Baltimore alone generates **\$2 billion annually** and creates **more than 100,000** direct and indirect jobs.

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

- In 2004, more than **4,700 Maryland companies** sold their products abroad; 3,970 exporters – **84.2 percent** – 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.

<http://trade.businessroundtable.org>

TEN WAYS TRADE MAKES MARYLAND STRONG

Trade supports nearly one in five jobs in Maryland.

Maryland’s exports have increased three times faster than its GDP.

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

3% of Maryland’s 2005 GDP was from exports.

Foreign-owned companies employ 101,000 Marylanders.

Foreign-owned firms pay workers 32% more.

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

Marketing imports demands services, which account for 15.2% of Maryland’s GDP.

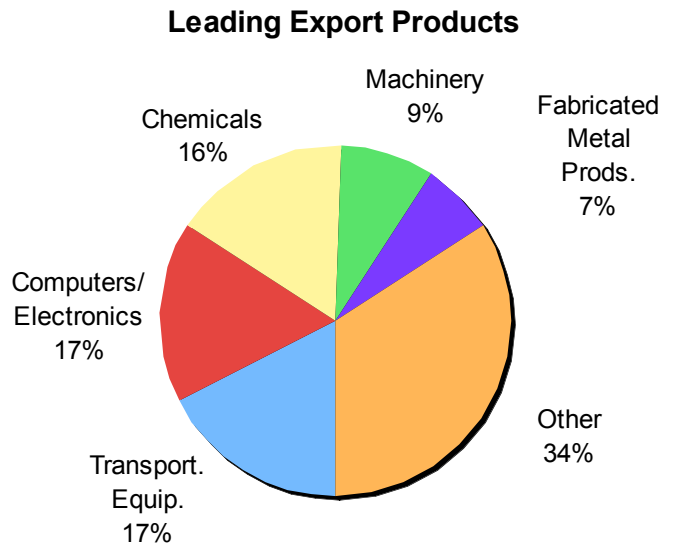
Import prices grow much slower than overall consumer prices, saving money for Maryland consumers.

NAFTA worked for Maryland. In 2005, Maryland exports to Canada and Mexico were \$1.3 billion and \$309 million.

MARYLAND'S KEY INDUSTRIES GROW WITH EXPORTS

According to the U.S. Department of Commerce, Maryland ranked 28th in the United States with **total exports valued at \$7.1 billion** in 2005.

- **Transportation equipment** was Maryland's leading export product in 2005, accounting for 17 percent of total exports.
- One of the fastest growing exports for Maryland is **primary metal products**, which grew at an annual rate of 63 percent between 2000 and 2005.
- In 2005, Maryland companies sold their products in **202 foreign markets**.
- The top export market is **Canada** (\$1.3 billion). Other leading markets include **Egypt** (\$780 million) and **Japan** (\$467 million).
- **Egypt** is one of Maryland's **fastest growing** trading partners. Between 2000 and 2005, Maryland's **exports to Egypt grew by 831 percent**.
- In 2005, exports represented approximately **2.9 percent of Maryland's state GDP**.
- Since 2002, exports have increased **almost three times faster** than state GDP.



Recognizing the imports of exports to the state economy, the Maryland Department of Business and Economic Development has sponsored multiple trade missions over the last several years for Maryland businesses interested in exporting.

Since 2003, the Department has led missions to South Africa, Ghana, and Liberia; China and Singapore; Israel; and South Africa, Ghana, and Barbados.

MARYLAND WORKERS & BUSINESSES BENEFIT FROM FOREIGN INVESTMENT

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

- **More than 800** foreign-owned companies operate in Maryland.
- These companies employ **more than 101,100 workers**, nearly 5 percent of all Maryland employees, **ranking it 18th** in the nation in “insourced” workers.
- **Manufacturing** accounts for **13,900 insourced jobs**, representing 14 percent of all insourced jobs in Maryland.
- U.S. subsidiaries of **foreign companies pay** an average compensation of \$63,428 per year, **32 percent higher** than U.S. companies.

*British IT firm **Tessella Support Services plc** recently announced that it would open its **second U.S. location in Chevy Chase.***

*Tessella’s decision was influenced by its **participation in a six-year, \$308 million government contract** to build the **Electronic Records Archives system for the National Archives and Records Administration.***

*Lockheed Martin, another British firm with significant operations in Maryland, is the **lead company for the project.***

Selected Corporations with Operations in Maryland

<u>Company</u>	<u>Industry</u>	<u>Country</u>
Allianz	Financial Services	Germany
BAE Systems, Inc.	Defense/Aerospace	Germany
BP	Petroleum/Chemicals	United Kingdom
Bridgestone Americas	Rubber Products	Japan
DaimlerChrysler	Transportation Equipment	Germany
EADS North America	Defense/Aerospace	France & Germany
Food Lion	Grocery Stores	Belgium
GlaxoSmithKline	Pharmaceuticals	United Kingdom
HSBC	Financial Services	United Kingdom
Lafarge North America	Building Materials	France
Nestle USA, Inc.	Food Products	Switzerland
Saint-Gobain	Glass/Engineered Materials	France
Toyota	Transportation Equipment	Japan
Volvo	Transportation Equipment	Sweden

*To better assist potential foreign investors, the **Maryland Department of Business and Economic Development** operates **11 foreign offices in nine countries.** The Department operates **two offices in both Mexico and China** and one office each in **Brazil, France, Israel, South Africa, India, Singapore, and Taiwan.***

MARYLAND MANUFACTURERS NEED IMPORTS TO BE COMPETITIVE

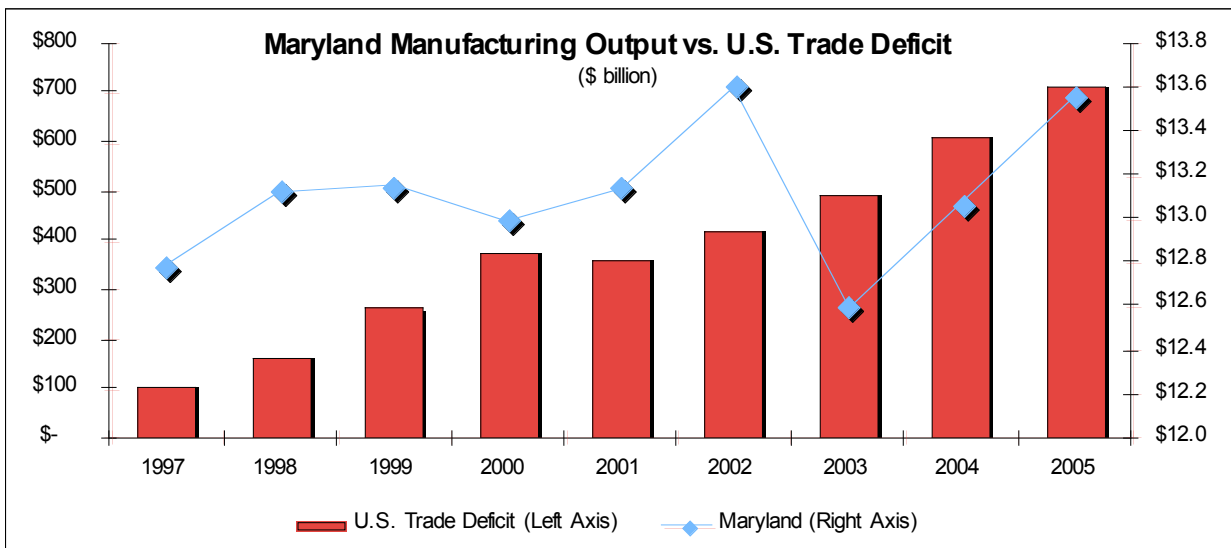
Raw materials, capital goods and industrial products used to manufacture goods in the United States account for approximately half of total U.S. merchandise imports.

- Numerous Maryland manufacturing sectors benefit from imports.
- Maryland **spice manufacturers** import **raw spices** which they blend or otherwise process in Maryland into consumer spices.
- Maryland **chemical manufacturers** use imported commodity chemicals (e.g., chlorine) to produce **high-value specialty chemicals** such as **paints** and **adhesives**.

Capital Goods Imports Benefiting Maryland's Manufacturers

Product	Price Change, 1996-2005
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%

Maryland experienced some of its strongest growth during periods when imports contributed to increasing national trade deficits.



MARYLAND'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 Maryland's growth, and account for **10.6 percent of state GDP**.
- Imports comprise a significant portion of Maryland **transportation and product sales** (both wholesale and retail). These industries account for 15.2 percent of state GDP.

MARYLAND FAMILIES ENJOY A HIGHER STANDARD OF LIVING BECAUSE OF IMPORTS

Imports help keep prices for Maryland 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 Maryland 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)

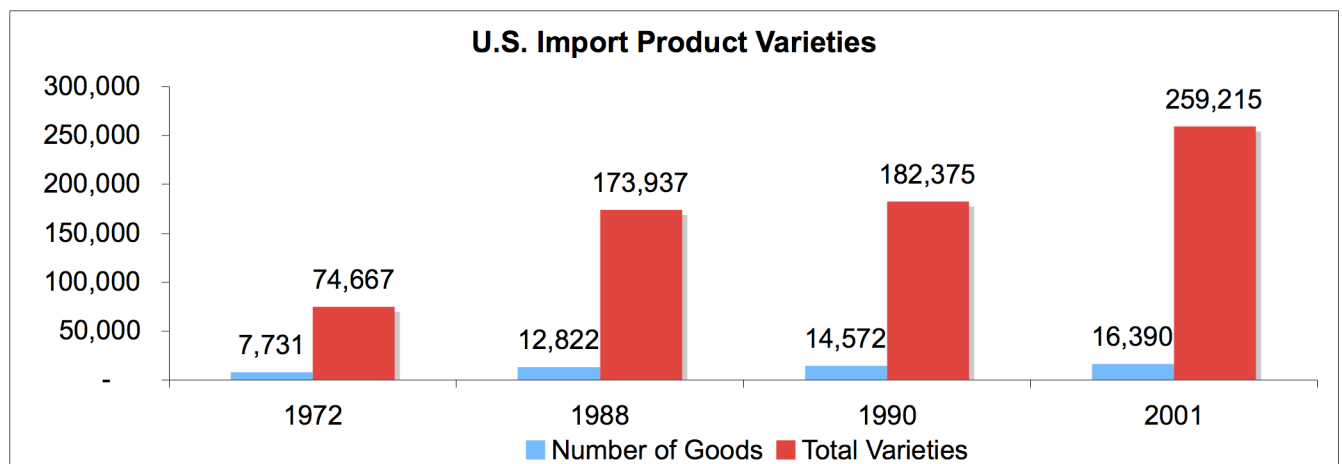
<u>Traded Goods</u>	<u>Price Change</u>
Toys	-36%
Household Appliances	-15%
Clothing	-11%
Footwear	-6%
<u>Non-Traded Goods</u>	
Milk	24%
Margarine	22%
Ice Cream	17%
Sugar	9%

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

- In 2005, 112,000 families in Maryland 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.

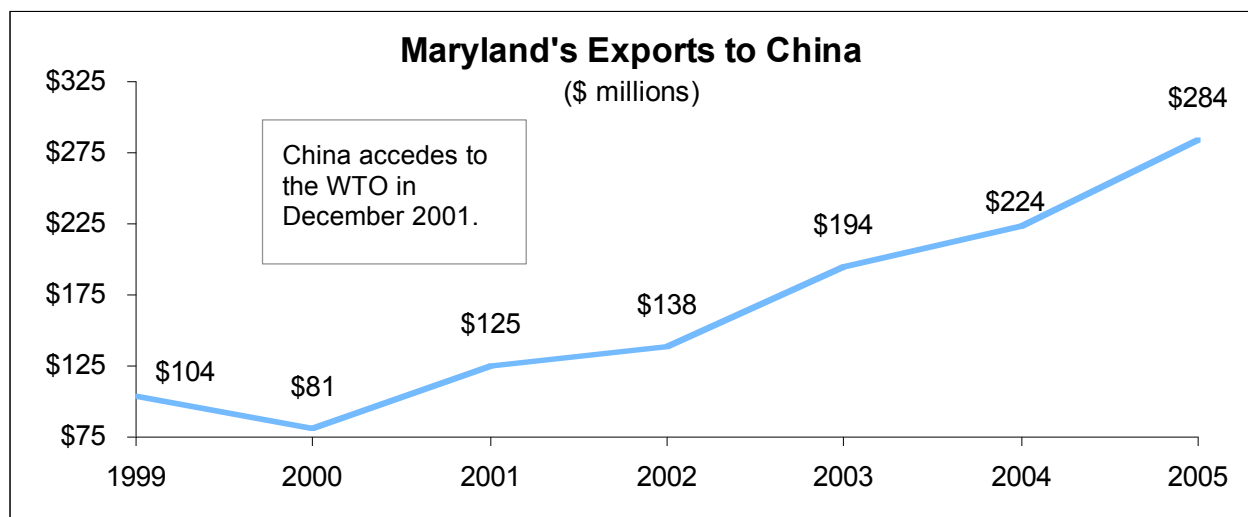
- Trade allows consumers to enjoy products with limited U.S. production (e.g., coffee) as well as out-of-season goods (e.g., strawberries in January).
- The number of product varieties imported by the United States increased fourfold over the last three decades.



MORE OF A GOOD THING FOR MARYLAND – 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, Maryland's exports to Canada have increased \$255 million (23 percent), while exports to Mexico have increased \$241 million (357 percent).
- In 2001, a recession year, Maryland's total trade with **Canada** generated \$3.4 billion for Maryland's economy and supported 100,935 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 Maryland to China.



SOURCES

JOBS

Laura Baughman and Joseph Francois (<http://www.businessroundtable.org>)
Port of Baltimore Tricentennial Committee (<http://www.portofbaltimore300.org/about.htm>)
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

Maryland Department of Business and Economic Development
(<http://www.choosemaryland.org/newsandevents/pressreleases/page5373.html>)
U.S. Department of Commerce (<http://tse.export.gov>),
(<http://ita.doc.gov/td/industry/otea/edb/index.html>), (<http://www.bea.gov/beat/regional/gsp/>)

FOREIGN INVESTMENT

Maryland Department of Business and Economic Development
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Organization for International Investment (<http://www.ofii.org>)
Tessella Inc (<http://www.tessella.com/Media%20Centre/PressReleases/DCOfficeExpansion.htm>)

IMPORTS

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

STANDARD OF LIVING

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U.S. Department of Labor (<http://www.bls.gov/cpi/home.htm>), (<http://www.bls.gov/cex/home.htm>)
U.S. Department of Commerce (<http://www.bea.gov/>)
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TRADE LIBERALIZATION

U.S. Department of Commerce (<http://tse.export.gov>)
Joseph Francois and Laura Baughman (http://tradepartnership.com/pdf_files/2004_Canada_Jobs.pdf)

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