



Trade Makes New Jersey Strong

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

TRADE CREATES JOBS FOR NEW JERSEY WORKERS

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

- Today, trade supports **910,126 jobs** in New Jersey, or **18.5 percent of total jobs**, up from 10.7 percent in 1992.
- As trade in New Jersey has grown, unemployment has fallen. New Jersey's unemployment rate – **4.4 percent** – is below the national average.

Trade through New Jersey **ports** generates billions of dollars and creates thousands of jobs.

- Total trade through the **Port of New York and New Jersey (PNYNJ)** surpassed **\$132 billion** in 2005.
- The **Port of Camden** only handled about 4 percent of the cargo of the PNYNJ in 2005, but estimates credit the port with creating **more than 24,000 jobs**, **\$200 million** in annual personal income, **\$160 million in business revenues**, and **\$20 million** in state and local **tax revenues**.

Trade particularly benefits employees of New Jersey's small- and mid-size companies.

- In 2004, more than **16,400 New Jersey companies** sold their products abroad. 14,921 exporters – **90.5 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.

TEN WAYS TRADE MAKES NEW JERSEY STRONG

Trade supports nearly one in five jobs in New Jersey.

Since 2002, New Jersey's exports increased one and a half times faster than GDP.

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

4.9% of New Jersey's GDP was from exports in 2005.

New Jersey is the seventh largest recipient of FDI, and foreign-owned companies employ 219,700 workers in New Jersey.

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 21.5% of New Jersey's GDP.

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

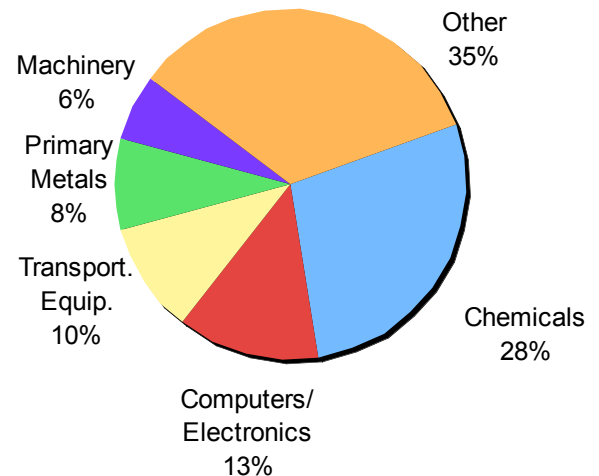
NAFTA worked for New Jersey. In 2005, New Jersey exports to Canada and Mexico were \$4.8 billion and \$1.2 billion.

NEW JERSEY'S KEY INDUSTRIES GROW WITH EXPORTS

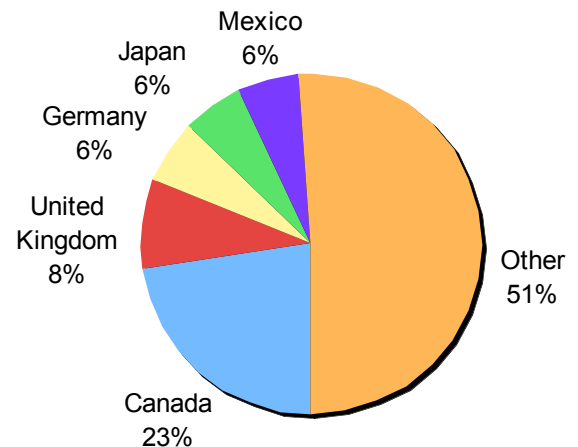
According to the U.S. Department of Commerce, New Jersey ranked 12th in the United States with **total exports valued at \$21.1 billion** in 2005.

- **Chemicals** were New Jersey's leading export sector in 2005, accounting for **28 percent** of total exports.
- One of the fastest growing export sectors for New Jersey is **petroleum and coal products**, which grew at an **annual rate of 35 percent** between 2000 and 2005.
- Several manufacturing industries rely heavily on exports, with **31 percent of machinery**, **29 percent of textiles**, and **23 percent of computers and electronics** manufacturing jobs directly related to exports.
- In 2005, New Jersey companies sold their products in **215 foreign markets**.
- The top export market is **Canada** (\$4.8 billion). Other leading markets include the **United Kingdom** (\$1.8 billion) and **Germany** (\$1.3 billion).
- **China** is one of New Jersey's **fastest growing trading partners**. In 2005, New Jersey companies exported **\$598 million** worth of goods to China, a **131 percent** increase since 2000.
- In 2005, exports represented approximately **4.9 percent of New Jersey's state GDP**.
- Since 2002, exports have increased **one and a half times faster** than state GDP.

Leading Export Products



Leading Export Markets



*In September 2006, Governor Jon Corzine highlighted **global competitiveness** as one of his six priorities to promote economic growth. Specifically, the Governor detailed the following **action steps**:*

- *Increase the state's international presence in export markets (New Jersey currently operates overseas offices in **Brazil, Mexico, Japan, and Israel**).*
- *Promote use of the state's five **Foreign Trade Zones (FTZs)** and seek designation of new FTZs.*
- *Increase capital investments in the state's **ports** to promote international business development.*

"New Jersey's economic prosperity is linked to its ability to market services and goods in a global marketplace. - "An Economic Growth Strategy for the State of New Jersey"

NEW JERSEY WORKERS & BUSINESSES BENEFIT FROM FOREIGN INVESTMENT

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

- **More than 1,400** foreign-owned companies from **40 countries** operate in New Jersey.
- These companies employ **more than 219,700 workers**, nearly six percent of all New Jersey employees, **ranking it 7th** in the nation in “insourced” workers.
- **Manufacturing** accounts for **51,600 insourced jobs**, representing 15 percent of all manufacturing jobs in New Jersey.
- U.S. subsidiaries of **foreign companies** pay an average compensation of \$63,428 per year, **32 percent higher** than U.S. companies.

*In 2005, the New Jersey Commerce, Economic Growth & Tourism Commission announced that **Rhodia Inc** of France, a worldwide leader in **specialty chemicals manufacturing**, would locate its **new North American headquarters** in Cranbury.*

*Rhodia received tax credits worth approximately \$550,000 as incentive to move to New Jersey. In return, Rhodia plans to **invest an additional \$2 million and create 368 full-time jobs.***

Selected Corporations with Operations in New Jersey

<u>Company</u>	<u>Industry</u>	<u>Country</u>
Akzo Nobel	Pharmaceuticals	Netherlands
Barclays	Financial Services	United Kingdom
Bayer	Chemicals	Germany
BT	Telecommunications	United Kingdom
Cadbury Schweppes	Food/Beverage Products	United Kingdom
DaimlerChrysler	Transportation Equipment	Germany
GlaxoSmithKline	Pharmaceuticals	United Kingdom
Honda	Transportation Equipment	Japan
Panasonic	Electronics	Japan
Lafarge North America	Building Supplies	France
Rhodia	Chemicals	France
Volvo	Transportation Equipment	Sweden

*Recognizing the importance of foreign investment, New Jersey’s **Office of International Trade and Protocol** was directly involved in **securing 16 foreign investment projects** that are expected to result in **\$54 million in investments and 265 new jobs.***

*The office is now engaged with **22 new foreign firms** in investment projects **valued at more than \$100 million** and which would bring **another 824 jobs** to New Jersey.*

*In recognition of its efforts, **Foreign Direct Investment Magazine** awarded the office **second place** honors for **“Best Foreign Direct Investment Promotional Strategy”** in its **“U.S. Cities and State of the Future 2005/2006.”***

NEW JERSEY 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 New Jersey manufacturing sectors benefit from imports.
- New Jersey **chemical manufacturers** import commodity chemicals (e.g., chlorine, alcohols) to produce **high-value specialty chemicals** such as **paints, pesticides, and adhesives**.
- New Jersey companies import **sugar** to produce **candy and other food products** for the domestic market.

Capital Goods Imports Benefiting New Jersey'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%

NEW JERSEY'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 New Jersey's growth, and account for **21.5 percent of state GDP**, more than two times more than manufacturing.
- Imports comprise a significant portion of New Jersey **transportation and product sales** (both wholesale and retail). These industries account for **17.5 percent** of state GDP.

NEW JERSEY FAMILIES ENJOY A HIGHER STANDARD OF LIVING BECAUSE OF IMPORTS

Imports help keep prices for New Jersey 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 New Jersey 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).

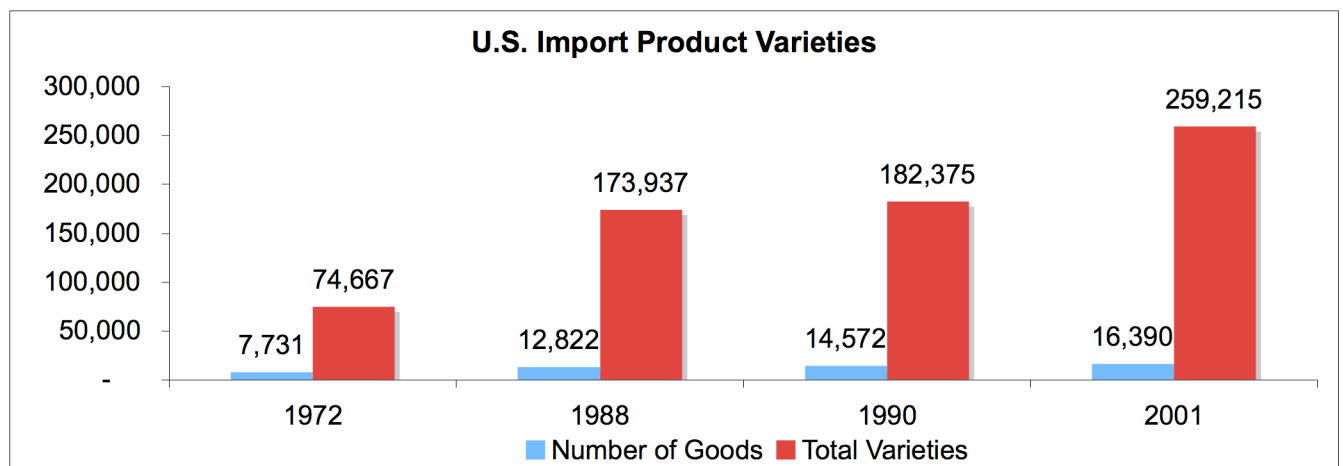
<u>Traded Goods</u>	<u>Price Change</u>
Toys	-36%
Household Appliances	-15%
Clothing	-11%
Footwear	-6%
<u>Non-Traded Goods</u>	
Milk	24%
Margarine	22%
Ice Cream	17%
Sugar	9%

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

- In 2005, 127,000 families in New Jersey 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.

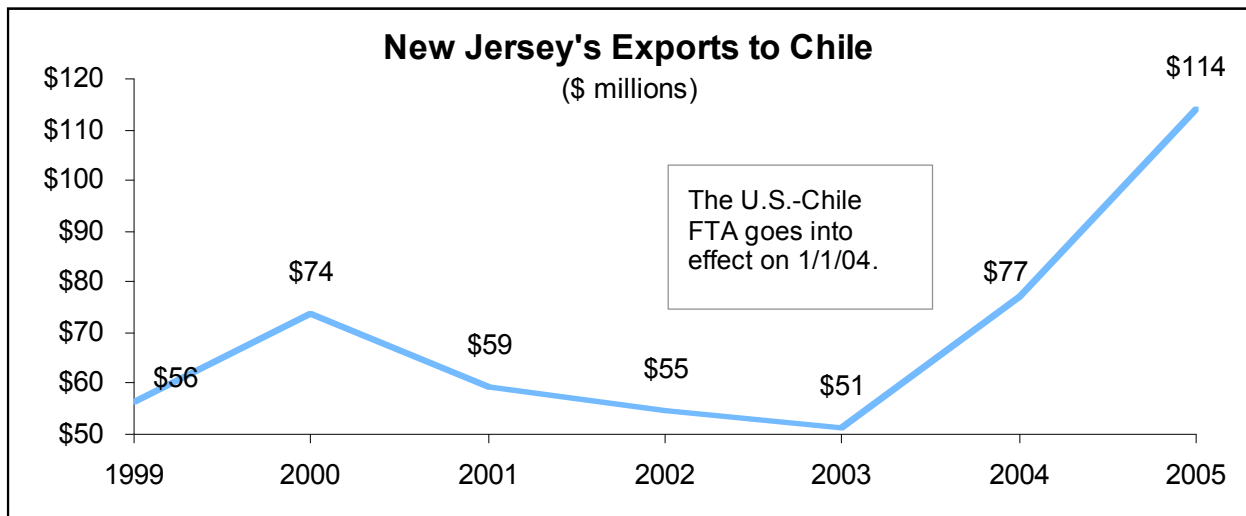
- Trade allows consumers to enjoy products with limited U.S. production (e.g., coffee) as well as out-of-season goods (e.g., strawberries in January).
- The number of product varieties imported by the United States increased fourfold over the last three decades.



MORE OF A GOOD THING FOR NEW JERSEY – 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, New Jersey's exports to Canada have increased \$2.3 billion (93 percent), while exports to Mexico have increased \$737 million (160 percent).
- In 2001, a recession year, New Jersey's total trade with **Canada** generated \$6.0 billion for New Jersey's economy and supported 153,333 jobs.
- Similarly, the **U.S.-Chile Free Trade Agreement**, which went into effect in 2004, has had a significant effect on export growth from New Jersey to Chile.



SOURCES

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