



# Trade Makes New York Strong

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

## TRADE CREATES JOBS FOR NEW YORKERS

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

- Today, trade supports **over 2.1 million jobs** in New York.
- **19.9 percent of jobs** in New York are supported by trade, up from 10.4 percent in 1992.
- As trade in New York has grown, unemployment has fallen. New York’s unemployment rate – **5.0 percent** – is below the national average.

### *New York’s Three Most Export-Intensive Industries*

<u>Industry</u>	<u>% Export-Related</u>
Computers	33.1%
Machinery	30.1
Transport. Equip.	22.2

Exports and imports moving through **New York’s ports** support thousands of jobs.

- The Port Authority of NY and NJ alone provides jobs to 233,000 workers, and \$12.5 billion in wages.

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

- In 2004, more than **31,900 New York companies** sold their products abroad; **93.1 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 YORK STRONG

Trade supports one in five jobs in New York.

Since 2001, New York’s exports have increased three times faster than its GDP.

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

Five percent of New York’s GDP was from exports in 2005.

Foreign-owned companies employ 377,000 New Yorkers.

Foreign-owned firms pay workers 32% more.

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

Marketing imports demands services and services account for 32% of New York’s GDP.

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

NAFTA worked for New York. Since 1994, New York’s exports to Canada and Mexico have increased by \$5 billion.

## NEW YORK FARMERS AND KEY INDUSTRIES GROW WITH EXPORTS

**Agricultural exports** are important to New York. The State is a leading exporter of **fruits and preparations and dairy products**.

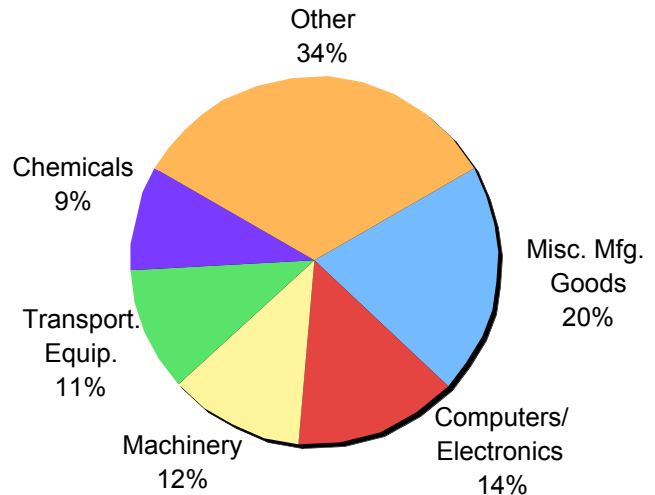
According to the U.S. Department of Commerce, New York ranked third in the United States with **total exports valued at \$50.5 billion** in 2005.

- **Computers/electronics and transportation equipment** are important New York exports.
- One of the fastest growing exports for New York is **fabricated metal products**, which grew at an annual rate of 10 percent between 2001 and 2005.
- In 2005, New York companies sold their products in **over 190 countries**.
- The top export market is **Canada** (\$10.7 billion). Other top markets include **Israel** (\$4.4 billion) and the **United Kingdom** (\$2.9 billion).
- **China** is one of New York's fastest growing trading partners. In 2005, New York companies exported \$2.1 billion worth of goods to China, an increase of nearly 166 percent since 2000.
- In 2005, exports represented approximately **5.3 percent of New York's GDP**.

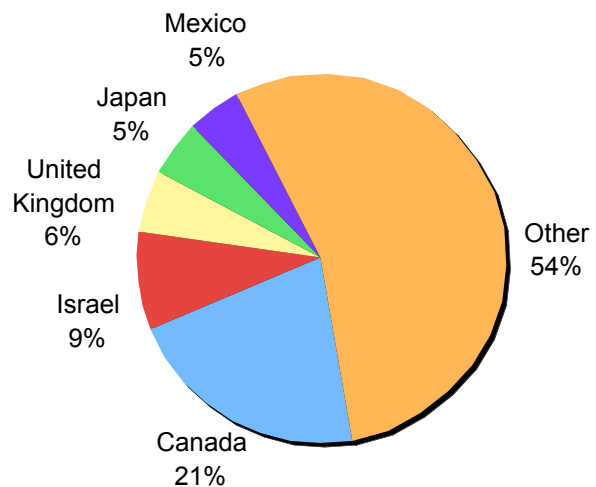
*"...[B]oth the government and business leadership in New York City and State are seeking to build economic development relationships with China and its emerging private sector. For New York, globalization is widely recognized as an opportunity rather than a threat, and China – along with India, Mexico, Brazil and Russia – is being pursued as a customer, client, investor and global partner."*

*- Partnership for New York City, April 2006*

**Leading Export Products**



**Leading Export Markets**



- Since 2001, exports have increased **220 percent faster** than state GDP.

## NEW YORK WORKERS & BUSINESSES BENEFIT FROM FOREIGN INVESTMENT

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

- **More than 4,000** foreign-owned companies operate in New York.
- These companies employ **more than 377,000 workers**, nearly five percent of all New York employees, **ranking it second** in the nation in “insourced” workers.
- **Manufacturing** accounts for **53,600 insourced jobs**, representing 14 percent of all insourced jobs in New York.
- U.S. subsidiaries of **foreign companies pay** an average compensation of \$63,428 per year, **32 percent higher** than U.S. companies.

*“Our survey confirms what we’ve sensed anecdotally, that foreign affiliates are a positive force for New York City’s economy.”*

*- Lilach Nachum, Baruch College’s Zicklin School of Business*

### Selected Multinational Corporations with Operations in New York

<u>Company</u>	<u>Industry</u>	<u>Country</u>
Akzo Nobel	Chemicals	Netherlands
Barclay’s	Financial Services	United Kingdom
Barilla America Inc.	Food Products	Italy
France Telecom North America	Telecommunications	France
HSBC	Financial Services	Hong Kong
Lafarge North America	Building Materials	France

*“During the past two years, the Partnership for New York City has worked with city and state officials to lay the groundwork for New York’s emerging role as the U.S. center of Chinese commercial interests ... A successful economic development relationship between New York and China has the potential to bring billions in new revenues and to create thousands of jobs in New York – at all levels and across many industries.”*

*- Partnership for New York City, April 2006*

## NEW YORK 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 York manufacturing sectors benefit from imports in some way.
- New York's apparel industry uses imported fabrics and components. Its cabinetmakers use imported woods. Motor vehicle producers use imported steel and components in their New York plants.

### *Capital Goods Imports Benefiting New York's Manufacturers*

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

## NEW YORK'S SERVICE 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 York's growth, and account for **31.5 percent of state GDP**, nearly five times more than manufacturing.
- Imports comprise a significant portion of New York **transportation and product sales** (both wholesale and retail). These industries account for **12.5 percent of state GDP**.

## NEW YORK FAMILIES ENJOY A HIGHER STANDARD OF LIVING BECAUSE OF IMPORTS

Imports help **keep prices for New York 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 York 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)

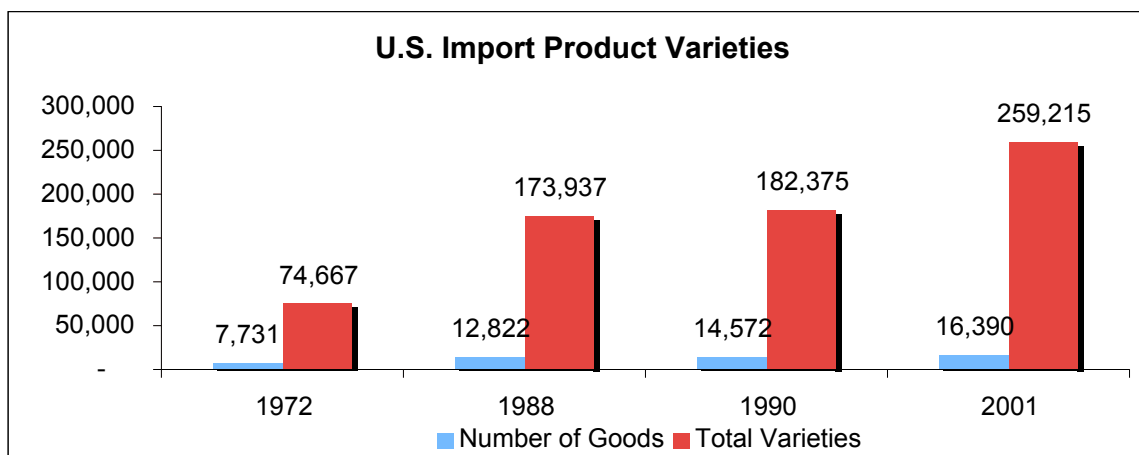
<u>Traded Goods</u>	<u>Price Change</u>
Toys	-36%
Household Appliances	-15%
Clothing	-11%
Footwear	-6%
<u>Non-Traded Goods</u>	
Milk	24%
Margarine	22%
Ice Cream	17%
Sugar	9%

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

- In 2005, 571,000 families in New York 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.

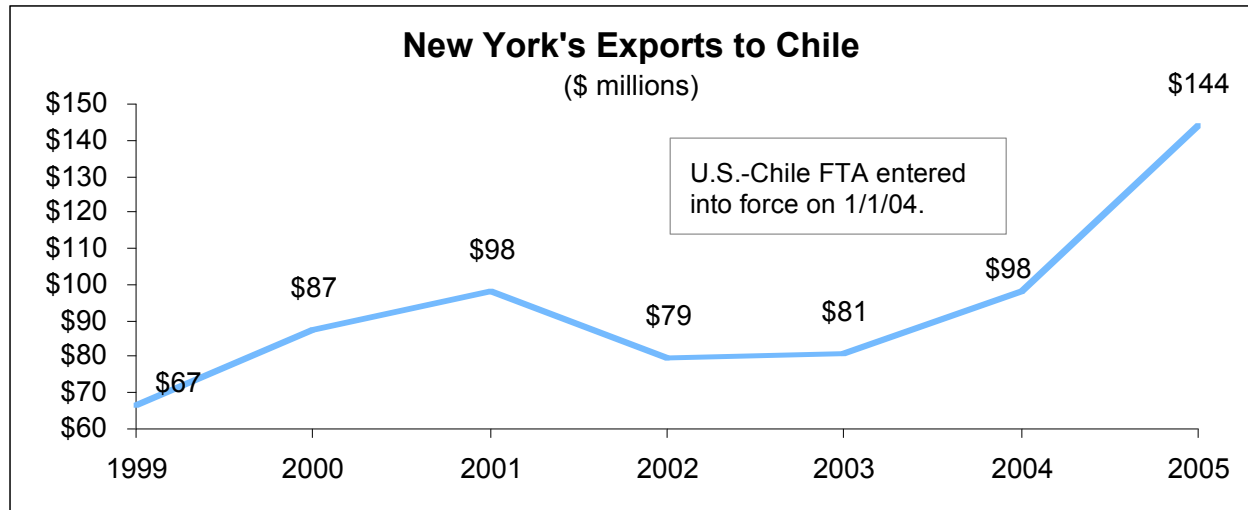
- Trade allows consumers to enjoy products with limited U.S. production (e.g., coffee) as well as out-of-season goods (e.g., strawberries in January).
- The number of product varieties imported by the United States increased fourfold over the last three decades.



## MORE OF A GOOD THING FOR NEW YORK – 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 York's exports to Canada have increased \$3.5 billion (48 percent), while exports to Mexico have increased \$1.5 billion (183 percent).
- In 2001, a recession year, New York's total trade with **Canada** generated \$14.2 billion for New York's economy and supported over 347,800 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 York to Chile.



## SOURCES

### JOBS

Laura Baughman and Joseph Francois (<http://www.businessroundtable.org>)  
Port Authority of NY and NJ (<http://www.panynj.gov/2005tradestats/YearendStats05.pdf>)  
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

U.S. Department of Agriculture  
([www.ers.usda.gov/publications/fau/june06/fau11401/fau11401.pdf](http://www.ers.usda.gov/publications/fau/june06/fau11401/fau11401.pdf))  
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

Organization for International Investment (<http://www.ofii.org>)

### 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

Council of Economic Advisers (<http://www.gpoaccess.gov/eop/index.html>)  
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/>)  
U.S. Census Bureau (<http://www.census.gov/hhes/www/poverty/poverty.html>)  
Christian Broda and David Weinstein ([http://www.ny.frb.org/research/staff\\_reports/sr180.html](http://www.ny.frb.org/research/staff_reports/sr180.html))

### 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](http://tradepartnership.com/pdf_files/2004_Canada_Jobs.pdf))

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