



Trade Makes South Carolina Strong

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

TRADE CREATES JOBS FOR SOUTH CAROLINA WORKERS

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

- Today, trade supports **403,257 jobs** in South Carolina, or **17.4 percent of all jobs**, up from 9.2 percent in 1992.

South Carolina’s Three Most Export-Intensive Industries

| <u>Industry</u> | <u>% Export-Related</u> |
|-------------------|-------------------------|
| Computers | 75.3% |
| Primary Metals | 44.3 |
| Transport. Equip. | 30.2 |

Trade through South Carolina’s **ports** provides **281,660 jobs** with **\$9.4 billion** in annual wages. In total, the **ports generate \$23 billion** for the state economy, including **\$2.5 billion in taxes**.

- In 2005, the **Port of Charleston ranked sixth** in the country in international shipments with **\$53 billion** and was the **busiest** container port along the Southeast and Gulf coasts.

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

- In 2004, more than **4,500 South Carolina companies** sold their products abroad. 3,679 exporters – **80.9 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 SOUTH CAROLINA STRONG

Trade supports nearly one in five South Carolina jobs.

Since 2002, exports have increased nearly three times faster than GDP.

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

10% of South Carolina’s GDP was from exports in 2005.

Ports generate \$23 billion annually for the state economy.

Foreign-owned companies employ more than 85,000 South Carolinians.

Foreign-owned firms pay workers 32% more.

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

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

NAFTA worked for South Carolina. In 2005, the state’s exports to Canada and Mexico were \$3.0 billion and \$1.1 billion.

SOUTH CAROLINA'S FARMERS AND KEY INDUSTRIES GROW WITH EXPORTS

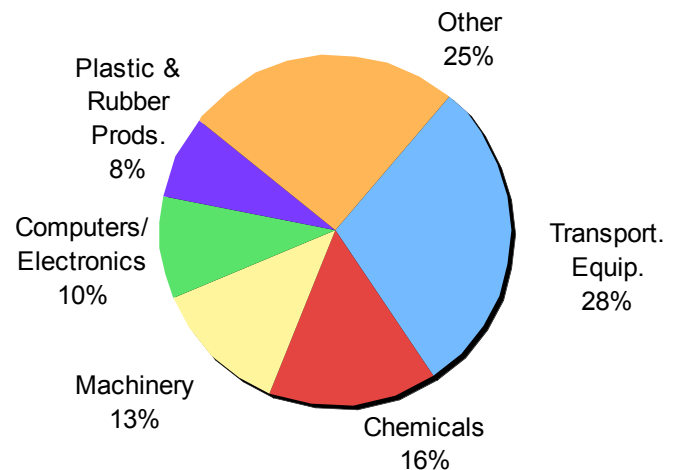
South Carolina farmers are strong exporters. The state exported **\$334 million** worth of **agricultural products** in 2005.

- South Carolina ranks among the top 10 U.S. exporters of **tobacco** (5th) and **peanuts and peanut products** (6th).

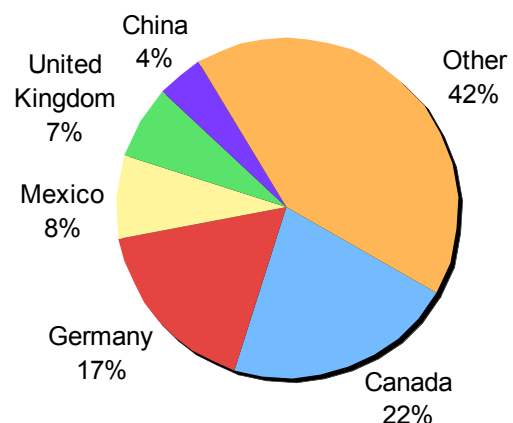
According to the U.S. Department of Commerce, South Carolina ranked 21st in the United States with **total exports valued at \$13.9 billion** in 2005.

- **Transportation equipment** was South Carolina's leading export product in 2005 accounting for 28 percent of total exports.
- One of the fastest growing exports for South Carolina is **computers and electronic products**, which grew at an annual rate of 52.6 percent between 2001 and 2005.
- In 2005, South Carolina companies sold their products in **194 foreign markets**.
- The top export market is **Canada** (\$3.0 billion). Other leading markets include **Germany** (\$2.4 billion) and **Mexico** (\$1.1 billion).
- **China** is one of South Carolina's **fastest growing trading partners**. In 2005, South Carolina companies exported **\$622 million** worth of goods to China, an increase of **389 percent** since 2000.
- In 2005, exports represented approximately **10.0 percent of South Carolina's state GDP**.
- South Carolina's share of exports to state GDP ranked 7th among all states in 2005.
- Since 2002, exports have increased **nearly three times faster** than state GDP.

Leading Export Products



Leading Export Markets



SOUTH CAROLINA WORKERS & BUSINESSES BENEFIT FROM FOREIGN INVESTMENT

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

- **450** subsidiaries of foreign-owned companies from **26 countries** operate in South Carolina.
- These companies employ **more than 85,000 workers**, ranking **South Carolina 1st** in the nation in “insourced” workers.
- **Manufacturing** accounts for **72,538 insourced jobs**, or 27 percent of all manufacturing jobs in South Carolina.
- U.S. subsidiaries of **foreign companies pay** an average compensation of \$63,428 per year, **32 percent higher** than U.S. companies.

In April 2006, during a visit to South Carolina by Chinese Vice Premier Wu Yi and other high-level delegates, Haier announced that it would expand its existing facilities in the state.

Haier, China’s largest white appliance manufacturer, plans to invest \$100 million in its Camden plant and boost employment from 200 to 1,000.

The announcement continued to note South Carolina’s success at attracting Chinese investment. Haier made China’s first and largest foreign investment in the Camden plant in 1999.

Selected Corporations with Operations in South Carolina

| <u>Company</u> | <u>Industry</u> | <u>Country</u> |
|------------------------------|--------------------------|----------------|
| BAE Systems, Inc. | Defense/Aerospace | United Kingdom |
| Bayer | Chemicals | Germany |
| BMW | Transportation Equipment | Germany |
| Bridgestone Americas | Rubber Products | Japan |
| DAK Americas | Plastics | Mexico |
| Drive Automotive Industries | Transportation Equipment | Canada |
| Food Lion | Grocery Stores | Belgium |
| Honda | Transportation Equipment | Japan |
| Interlake Materials Handling | Packaging Materials | Australia |
| Lafarge North America, Inc. | Building Materials | France |
| Michelin | Rubber Products | France |
| Robert Bosch | Transportation Equipment | Germany |

*Recognizing the growing importance China plays in the global economy, the South Carolina Department of Commerce established a **Shanghai office** in 2005 during a **trade mission led by Governor Mark Sanford**. The Department also has offices in **Germany** and **Japan**.*

*“This new office is about **expanding opportunities** for South Carolina companies to do business **in a rapidly growing market of more than a billion people**. It’s also about finding opportunities to bring Chinese production facilities to South Carolina. All of this ties back into the notion of **raising income levels** and **creating jobs** for the people of this state.”*

- Governor Mark Sanford

SOUTH CAROLINA MANUFACTURERS NEED IMPORTS TO BE COMPETITIVE

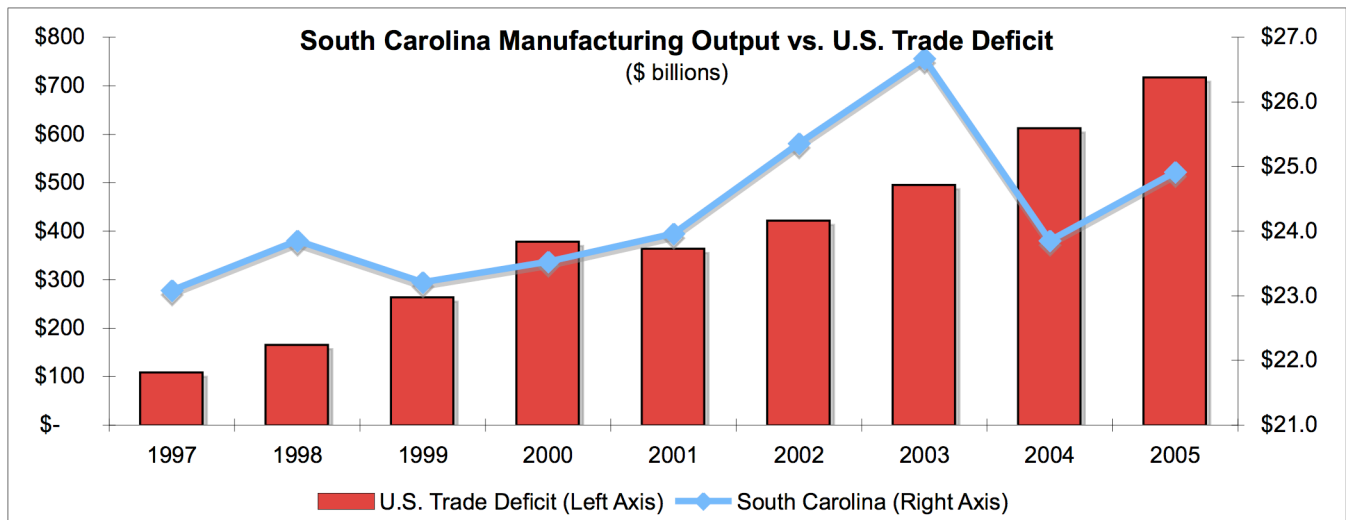
Raw materials, capital goods and industrial products used to manufacture goods in the United States account for approximately half of total U.S. merchandise imports.

- Numerous South Carolina sectors benefit from imports.
- The state's **steel manufacturers** use **imported scrap** to produce steel products for the domestic market.
- **Chemical manufacturers** import commodity chemicals (e.g., chlorine, alcohols) to produce **specialty chemicals** such as **paints** or **adhesives**.

Capital Goods Imports Benefiting South Carolina'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% |

South Carolina's manufacturing output is not hurt by imports. In fact, the state's manufacturing industries experienced some of their strongest growth during periods when imports contributed to increasing national trade deficits (e.g., 2001 – 2003).



SOUTH CAROLINA'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 South Carolina's growth, and account for **12.3 percent of state GDP**.
- Imports comprise a significant portion of South Carolina **transportation and product sales** (both wholesale and retail), particularly at South Carolina's ports. These industries account for **16.5 percent of state GDP**.

SOUTH CAROLINA FAMILIES ENJOY A HIGHER STANDARD OF LIVING THANKS TO IMPORTS

Imports help keep prices for South Carolina 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 South Carolina 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)

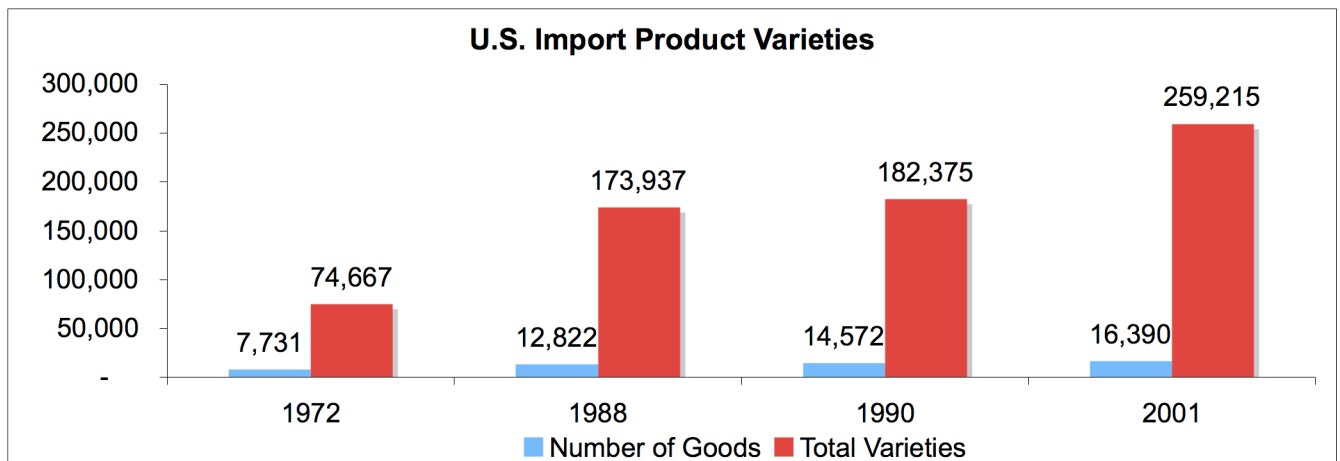
| Traded Goods | Price Change |
|----------------------|--------------|
| Toys | -36% |
| Household Appliances | -15% |
| Clothing | -11% |
| Footwear | -6% |
| Non-Traded Goods | |
| Milk | 24% |
| Margarine | 22% |
| Ice Cream | 17% |
| Sugar | 9% |

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

- In 2005, 134,000 families in South Carolina 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.

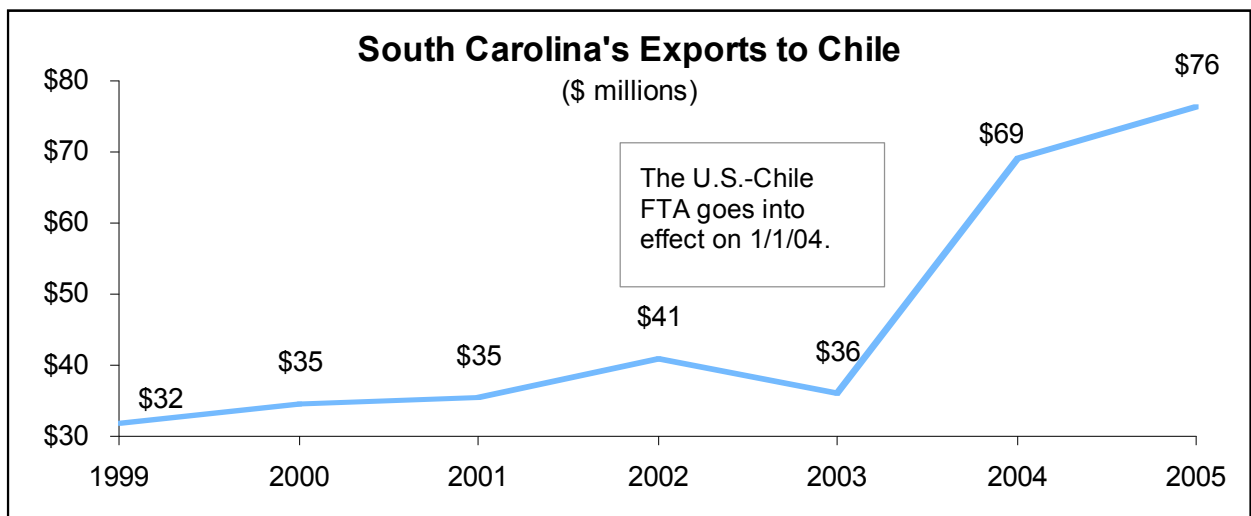
- Trade allows consumers to enjoy products with limited U.S. production (e.g., coffee) as well as out-of-season goods (e.g., strawberries in January).
- The number of product varieties imported by the United States increased fourfold over the last three decades.



MORE OF A GOOD THING FOR SOUTH CAROLINA – 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, South Carolina's exports to Canada have increased \$2.0 billion (195 percent), while exports to Mexico have increased \$975 million (706 percent).
- In 2001, a recession year, South Carolina's total trade with **Canada** generated \$1.9 billion for South Carolina's economy and supported 69,114 jobs.
- Similarly, the **U.S.-Chile Free Trade Agreement**, which went into effect in 2004, has had a significant effect on export growth from South Carolina to Chile.



SOURCES

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

Organization for International Investment (<http://www.ofii.org>)
South Carolina Department of Commerce
(<http://www.sccommerce.com/globalpartnerships.html>),
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(<http://www.bls.gov/ceex/home.htm>)
U.S. Department of Commerce (<http://www.bea.gov/>)
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