

How Connecticut's Economy Benefits from International Trade & Investment



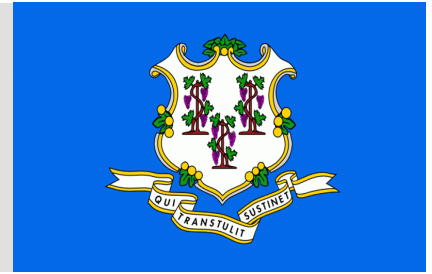
Overview

With more than 95 percent of the world's population and 80 percent of the world's purchasing power outside the United States, future economic growth and jobs for Connecticut and America increasingly depend on expanding U.S. trade and investment opportunities in the global marketplace.

The following pages feature key facts and figures drawn from new Business Roundtable research, U.S. government data, and other data sources that demonstrate the benefits of international trade and investment to economic growth and jobs in Connecticut.

Why is International Trade & Investment Important to Connecticut?

- **International trade, including exports and imports, supports 518,300 Connecticut jobs – nearly 1 in 4.** These trade-related jobs grew 4.9 times faster than total employment from 2004 to 2014 and are at large and small companies, on farms, in factories, and at the headquarters of Connecticut's globally engaged firms. *(See Connecticut Jobs Depend On Two-Way Trade)*
- **Connecticut exported \$15.6 billion in goods and \$9.3 billion in services in 2014**, including aerospace products & parts, navigational & measuring instruments, engines & turbines and financial management & advisory services. Of Connecticut's 5,728 exporters, 89 percent are small- and medium-sized companies with less than 500 workers. *(See Connecticut Businesses Grow With Exports)*
- **Customers in 199 countries and territories buy Connecticut-made goods and services**, including billions of dollars in annual exports to top markets like France, Canada and Germany. Connecticut's goods exports have grown nearly three times faster than state GDP since 2004. *(See Connecticut Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Connecticut companies and families.** Lower raw material and input costs help Connecticut companies stay competitive in global markets, while families can stretch paychecks further as trade agreements reduce the cost of products by eliminating costly barriers to trade. *(See Connecticut Companies And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Connecticut to partner countries.** In 2014, \$4.6 billion of Connecticut's goods exports, or 29 percent, went to FTA partners. This represents a 60 percent increase since 2004. *(See Connecticut Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 100,900 workers in Connecticut.** *(See Foreign Investment In Connecticut Creates Jobs)*



Connecticut Jobs Depend on Two-Way Trade

Overview

Creating and preserving quality U.S. jobs is a goal shared by all Americans. With more than 95 percent of the world’s population and 80 percent of the world’s purchasing power outside of the United States, future American economic growth and job creation depend on open markets abroad.

Trade Creates & Supports Jobs in Connecticut

- Export growth increases jobs by generating new business for Connecticut's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Connecticut businesses compete and saving Connecticut families real dollars at the cash register.
- Nearly one in four Connecticut jobs depends upon international trade.
- Connecticut's trade-related employment grew 4.9 times faster than total employment from 2004 to 2014.
- Jobs in more export-intensive industries pay about 16 percent more than jobs in less export-intensive industries.
- U.S. exporting plants increase employment 2 to 4 percent faster annually than plants that do not export. Exporting plants also are less likely to go out of business.
- Trade-supported jobs are not just at companies that export and import. Trade supports higher wages for workers and lower costs for companies and consumers, providing them with more money to spend on other things. This spending supports additional jobs throughout the U.S. economy in sectors like entertainment, education and construction.

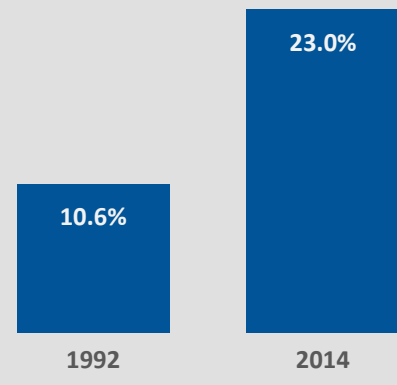
By the Numbers

518,300

Number of Jobs in Connecticut Supported by Trade

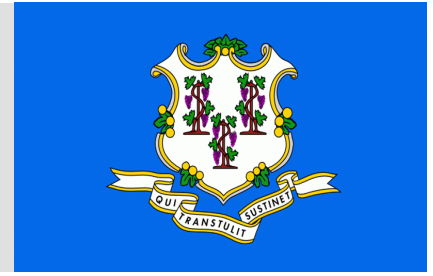
Share of Jobs Tied to Trade

Increased 117 percent from 1992 to 2014



Jobs Tied to Trade Top Sectors, 2014

Retail	52,400
Finance, Insurance	41,700
Professional, Scientific, Tech. Services	35,400
Management, Administrative Services	33,800
Manufacturing	29,600



Overview

Connecticut exported an estimated \$15.6 billion in goods and \$9.3 billion in services in 2014. Between 2009 and 2014, Connecticut goods exports have increased by 24 percent and services exports by 18 percent. Large companies now account for 77 percent of the value of Connecticut's goods exports, with the rest provided by small- and medium-sized enterprises (SMEs).

Small & Large Employers Partner to Export

In addition to exporting directly themselves, thousands of American SMEs export indirectly when they sell goods and services to large U.S. exporters. Based on their direct and indirect export activity combined, SMEs represent more than 40 percent of the value of U.S. exports.

Top Connecticut Exports

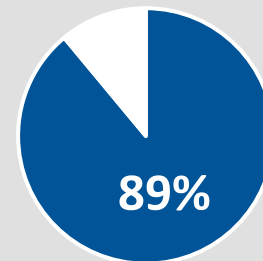
- Connecticut ranks among the top 15 state exporters in 15 industries, including fifth in aerospace products & parts (\$7.1 billion), eighth in aquaculture products (\$3.7 million), ninth in industrial machinery (\$452 million), and 11th in cutlery & handtools (\$108 million).
- Connecticut is America's 45th largest exporter of agricultural products. It is the third largest exporter of all misc. live animals, the eighth largest exporter of farmed fish and related products, the 15th largest exporter of greenhouse, nursery, and floriculture production and misc. noncitrus fruits.
- One of Connecticut's fastest growing export categories is electrical equipment, which have increased by 10 percent per year since 2004. In 2014, exports of these products reached \$398 million.

By the Numbers

5,728

Number of Connecticut Businesses that Exported in 2013

Share of Connecticut Exporters that are Small- & Medium-Sized Businesses



Top Connecticut Exports, 2014

Goods

Aerospace Products & Parts	\$7.1 billion
Navigational & Meas. Instruments	\$800 million
Engines & Turbines	\$625 million
Electrical Equipment & Components	\$464 million
Nonferrous Metals	\$457 million

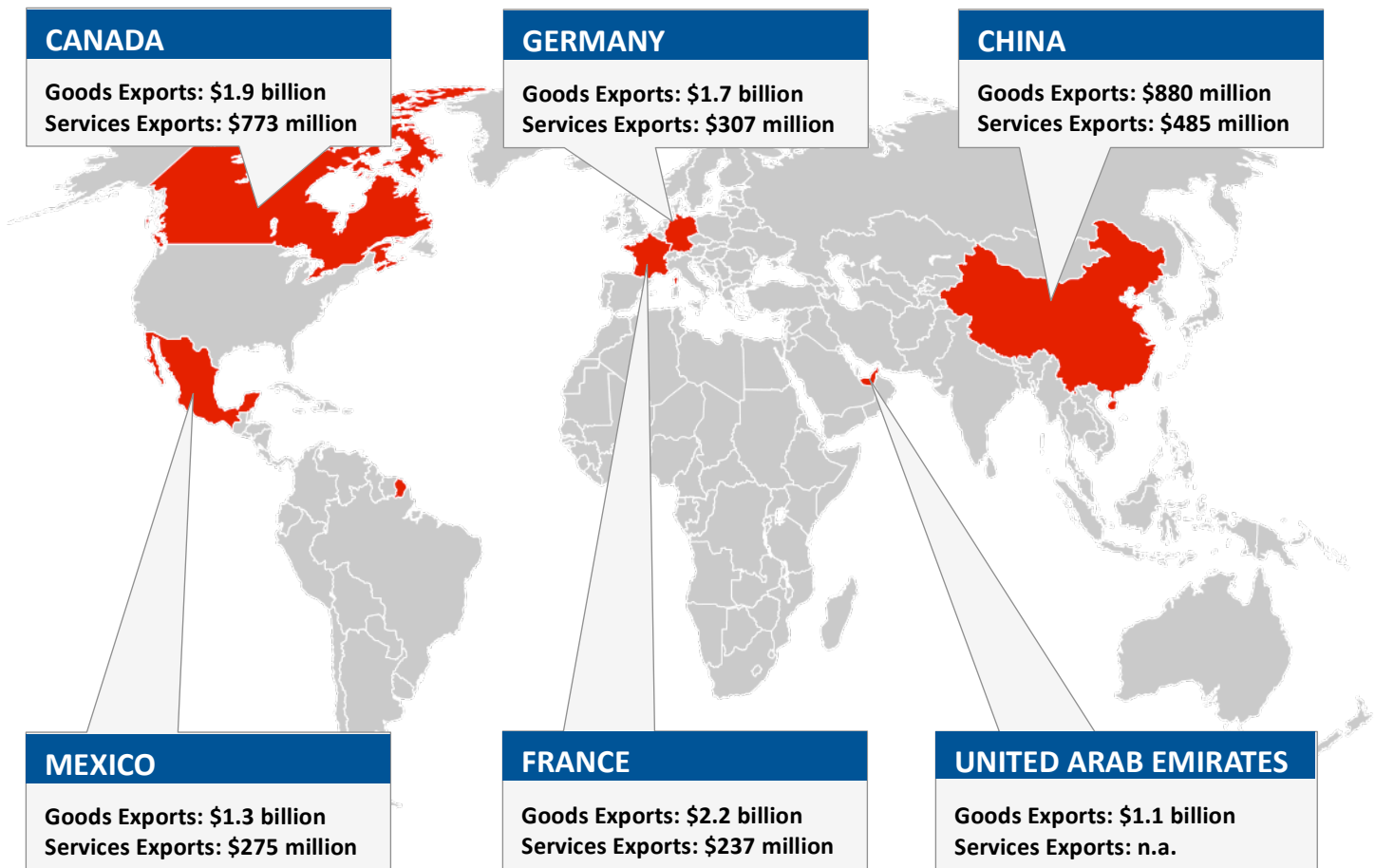
Services

Financial Mgmt. & Advisory Services	\$2.3 billion
Travel	\$984 million
Insurance Services	\$893 million



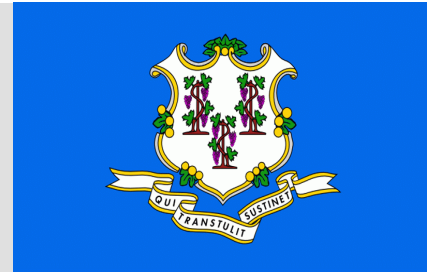
Connecticut Companies Export throughout the World

In 2014, Connecticut companies sold their products in 199 countries and territories.
Top export markets include:



Fast Facts: How Exports Help the Connecticut Economy Grow

- Goods exports accounted for 6.2 percent of Connecticut's state GDP in 2014.
- Connecticut's goods exports have grown nearly three times faster than state GDP since 2004. The average annual export growth during this period was 7.0 percent, while the average annual state GDP growth was 2.5 percent.
- Connecticut's top export markets for goods are France, Canada, and Germany. Its top market for services is the United Kingdom.
- Connecticut's goods exports to China have grown by 20 percent per year since 2004. Exports to the Dominican Republic grew by 15 percent per year, while exports to Germany grew by 9.9 percent per year.



Connecticut Companies & Workers Use Imports to Make Products and Compete in International Markets

Overview

In 2014, 60 percent (\$1.3 trillion) of the products imported into the United States were inputs and components used by American producers. Lower cost inputs keep U.S. manufacturing competitive in international markets. Imports frequently contain components (like cotton or semiconductors) and services inputs (like design) provided by U.S. companies and farmers, including companies and farmers in Connecticut.

- Services such as transportation, finance and insurance, marketing, and legal services, are needed to bring imported goods to Connecticut's manufacturers and households.
- In 2013, about 75 percent of identified U.S. importers were very small businesses with less than 20 employees.
- Trade and investment liberalization policies save the average Connecticut family of four more than \$10,000 per year.
- Imports help keep prices down for Connecticut families while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.

In 2013, about 184,000 U.S. companies (including 3,883 in Connecticut) imported products...

And roughly three-quarters of U.S. importers were very small businesses with less than 20 employees.

Imports Decrease Prices for Goods & Services



-87.0%

Decrease in the Price of Televisions Between 2004 and 2014.



-69.2%

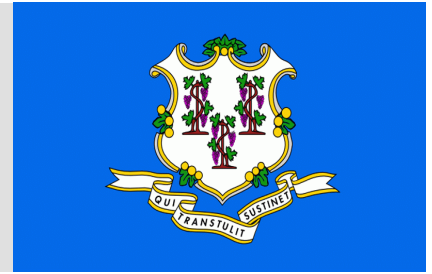
Decrease in the Price of Computers Between 2004 and 2014.



-42.9%

Decrease in the Price of Toys Between 2004 and 2014.

Imports Increase Choices for Goods & Services



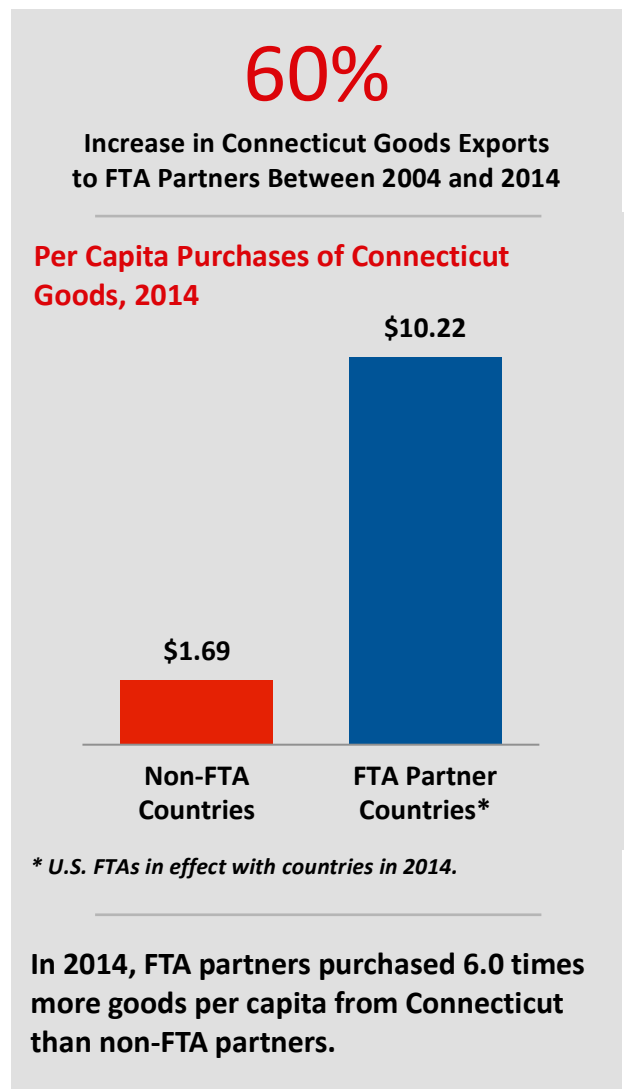
Connecticut Needs Trade Agreements to Grow

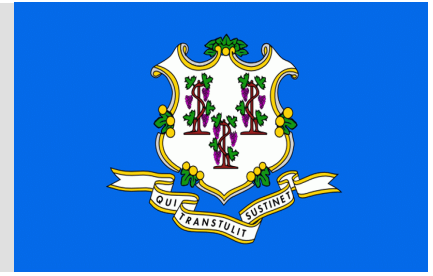
Overview

The United States has some of the lowest trade barriers in the world. Overall U.S. trade with our free trade agreement (FTA) partner countries supports more than 17.7 million American jobs. Trade agreements level the playing field by lowering other nations' trade barriers, opening up foreign markets to U.S. exports and setting strong, enforceable rules for trade between the United States and those other countries. Connecticut has increased its exports to FTA partners following implementation of the U.S. FTAs with those countries.

- In 2014, \$4.6 billion of Connecticut's goods exports, or 29 percent, went to FTA partners.
- Since 2004 Connecticut's goods exports to countries with FTAs in effect with the United States in 2014 have increased by 60 percent.
- Connecticut's exports to Canada and Mexico have increased by \$1.5 billion (88 percent) since NAFTA went into effect in 1994.
- Connecticut's exports to Dominican Republic have increased by 191 percent since the U.S.-Dominican Republic FTA took effect in 2007.
- Connecticut's exports to Singapore of plastics products have increased from \$453,000 to \$13 million since the FTA with Singapore went into effect in 2004.
- Mexico bought 52 percent of Connecticut's exports of resins & synthetic fibers in 2014.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased \$10.3 billion, or 66 percent, of Connecticut's goods exports in 2014.

By the Numbers





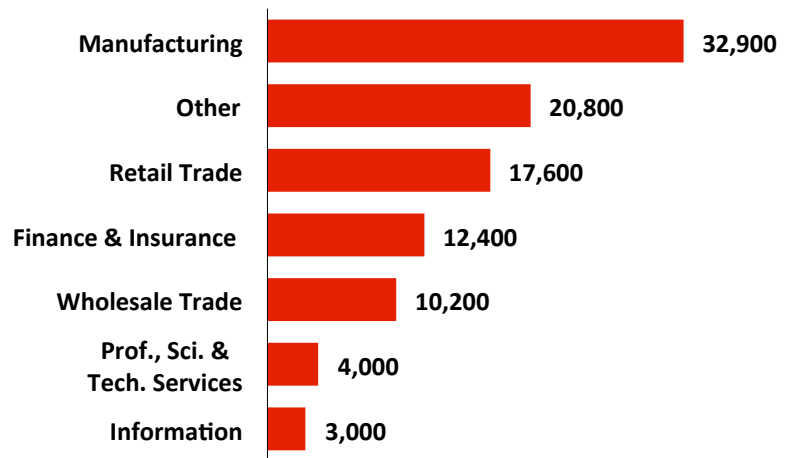
Foreign Investment in Connecticut Creates Jobs

Overview

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Connecticut every year. Foreign-owned companies from around the world employ more than 100,000 workers in Connecticut, including:

- 20,500 workers employed by companies based in the Netherlands;
- 19,200 workers employed by companies based in the United Kingdom;
- 12,100 workers employed by companies based in Germany;
- 7,700 workers employed by companies based in Japan;
- 7,400 workers employed by companies based in France.

Foreign-Owned Companies Employ 100,900 Connecticut Workers Across Many Industries



Selected Foreign-Owned Companies Employing Workers in Connecticut

Company	Industry	Country
ABB Inc.	Electrical Equipment Manufacturing	Switzerland
Alstom Power	Electrical Equipment Manufacturing	France
BASF Catalysts	Chemical Manufacturing	Germany
Ernst & Young	Consulting Services	United Kingdom
KPMG LLP	Consulting Services	Netherlands
Lego Systems, Inc.	Toy Manufacturing	Denmark
Nestle Waters North America	Beverages Manufacturing	France
RBC Wealth Management	Financial Services	Canada
Rexel	Electrical Equipment Manufacturing	France
SAP America	Business Management Software	Germany
Sims Metal Management	Metal Recycling Services	Australia
UBS Financial Services	Financial Services	Switzerland



CONNECTICUT JOBS DEPEND ON TWO-WAY TRADE

Jobs-Tied-to-Trade: Baughman and Francois, "Trade and American Jobs, The Impact of Trade on U.S. and State-Level Employment: 2014 Update" (2016) (<http://businessroundtable.org/resources/trade-and-american-jobs-2016-update>)

Exporting Firm Wages: Riker, "Export-Intensive Industries Pay More on Average: An Update" (2015) (<https://www.usitc.gov/publications/332/ec201504a.pdf>)

Exporting Firm Growth: Bernard and Jensen, "Exporting and Productivity in the USA" (2004) (<http://faculty.tuck.dartmouth.edu/images/uploads/faculty/andrew-bernard/exprod.pdf>)

CONNECTICUT BUSINESSES GROW WITH EXPORTS

Small and Large Firms Partnering to Export (for 2007, the most recent year for which data were available): U.S. International Trade Commission, *Small and Medium-Sized Enterprises: Characteristics and Performance*, November 2010, (<http://www.usitc.gov/publications/332/pub4189.pdf>)

Exports, Rankings, and Trends: The Trade Partnership, derived from U.S. Census Bureau ("Census") data (<http://tradepartnership.com/data/cdxports-and-cdxjobs>)

Exporting Company Information: Census, "A Profile of U.S. Importing and Exporting Companies, 2012 – 2013" (<http://www.census.gov/foreign-trade/Press-Release/edb/2013>)

CONNECTICUT COMPANIES EXPORT THROUGHOUT THE WORLD

Exports, Rankings, and Trends: The Trade Partnership (<http://tradepartnership.com/data/cdxports-and-cdxjobs>)

Export vs. GDP Growth: Derived from Census export data and U.S. Bureau of Economic Analysis (BEA) "GDP by State" database (<http://bea.gov/regional/index.htm>)

CONNECTICUT COMPANIES & WORKERS USE IMPORTS TO COMPETE IN INTERNATIONAL MARKETS

Importing Company Information: Census, "A Profile of U.S. Importing and Exporting Companies, 2012 – 2013" (<http://www.census.gov/foreign-trade/Press-Release/edb/2013>)

Imports as Components: Derived from Census end-use import data

Savings from Liberalization: Bradford, Grieco, and Hufbauer, "The Payoff to America from Global Integration" (2005) (<http://www.piie.com/publications/papers/2iie3802.pdf>)

Price Changes: Derived from BLS Consumer Price Index database (<http://www.bls.gov/cpi/>)

CONNECTICUT NEEDS TRADE AGREEMENTS TO GROW

Exports and Trends: The Trade Partnership (<http://tradepartnership.com/data/cdxports-and-cdxjobs>)

Per Capita Purchases of Connecticut Goods: Derived from The Trade Partnership (<http://tradepartnership.com/data/cdxports-and-cdxjobs>) and World Bank population estimates

Jobs-Tied-to-FTAs: U.S. Chamber of Commerce, "Opening Markets, Creating Jobs: Estimated U.S. Employment Effects of Trade with FTA Partners" (2010) (http://tradepartnership.com/wp-content/uploads/2014/06/opening_markets_creating_jobs_USChamber.pdf)

FOREIGN INVESTMENT IN CONNECTICUT CREATES JOBS

Employment Data: BEA "Direct Investment & Multinational Companies" database (http://bea.gov/iTable/index_MNC.cfm)

Foreign Investors: Uniworld BP database of "Foreign Firms Operating in the United States" (<http://www.uniworldbp.com>)