

# HOW VERMONT'S ECONOMY BENEFITS FROM TRADE & INVESTMENT



## Overview

With more than 96 percent of the world's population and 75 percent of its purchasing power outside the United States, economic recovery, jobs, and future growth for Vermont and America will depend on trade and investment. That includes reaching those customers with American goods and services through exports and expanding buying power and options for American companies and families with imports.

New Business Roundtable research, U.S. government data, and other data sources demonstrate the benefits of international trade and investment to jobs and the economy in Vermont. In 2020, the COVID-19 global pandemic has brought dual public health and economic crises. Meeting both challenges requires restoring trade and supporting trade-dependent jobs to help Vermont recover.

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## Trade Creates & Supports Jobs in Vermont

- **International trade, including exports and imports, supported 91,000 Vermont jobs – more than one in five in 2018.** These trade-related jobs grew five times faster than total employment from 1992 to 2018 and are at large and small companies, on farms, in factories, and at the headquarters of Vermont's globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Vermont. *(See Vermont Jobs Depend On Two-Way Trade)*
- **Vermont exported \$2.9 billion in goods and \$1.1 billion in services in 2018,** including semiconductors and components, navigational and measuring instruments, miscellaneous manufactured commodities and travel services. Of Vermont's 1,137 exporters, 85 percent are small- and medium-sized companies with less than 500 workers. *(See Vermont Businesses Grow With Exports)*
- **Customers in 145 countries and territories buy Vermont-made goods and services,** including billions of dollars in annual exports to top markets like Canada, Hong Kong and China. Policies that help Vermont businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(See Vermont Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Vermont companies and families.** Lower raw material and input costs help Vermont 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 Vermont Companies and Families Benefit from Imports)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Vermont to partner countries.** In 2018, \$1.6 billion of Vermont's goods exports, or 55 percent, went to FTA partners. *(See Vermont Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 10,100 workers in Vermont.** *(See Foreign Investment In Vermont Creates Jobs)*



# VERMONT JOBS DEPEND ON TWO-WAY TRADE



## Overview

Creating and preserving quality U.S. jobs is a goal shared by all Americans. With more than 96 percent of the world's population and 75 percent of the world's purchasing power outside of the United States, future American economic growth and job creation depend on open markets abroad. At the beginning of 2020, the COVID-19 global pandemic dramatically decreased trade, stopped economic growth and ended millions of jobs across America, including in Vermont. Policies that expand trade can create new job opportunities in Vermont and help it recover faster.

## Trade Creates & Supports Jobs in Vermont

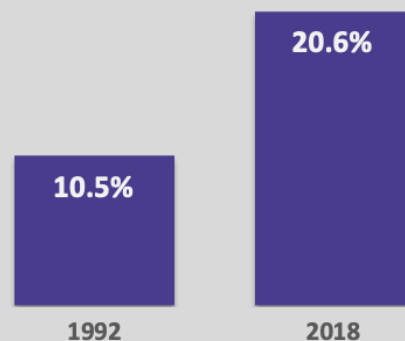
- Export growth increases jobs by generating new business for Vermont's manufacturers, services providers and farmers. Imports support jobs and keep costs low, helping Vermont businesses compete and saving Vermont families real dollars at the cash register.
- More than one in five Vermont jobs depends upon international trade.
- Vermont's trade-related employment grew five times faster than total employment from 1992 to 2018.
- Jobs in export-dependent 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

# 91,000

Number of Jobs in Vermont  
Supported by Trade

**Share of Jobs Tied to Trade**  
Increased 96 percent from 1992 to 2018



### Jobs Tied to Trade Top Sectors, 2018

Trade & Distribution	21,500
Prof., Scient. & Tech. Services	11,400
Personal & Rec. Services	6,000
Construction	4,900
Agriculture	2,300



# VERMONT BUSINESSES GROW WITH EXPORTS



## Overview

Vermont exported an estimated \$2.9 billion in goods and \$1.1 billion in services in 2018. Between 2009 and 2018, Vermont goods exports have increased by -9 percent and services exports by 54 percent. Large companies now account for 81 percent of the value of Vermont'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 Vermont Exports

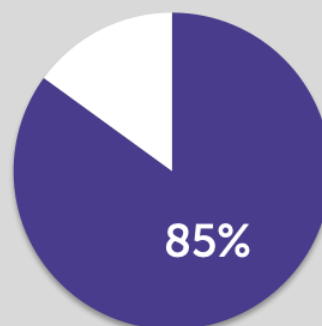
- Vermont ranks among the top half of state exporters in eight industries, including seventh in semiconductors and components (\$1.7 billion), 15th in sugar and confectionery products (\$42 million), 19th in veneer, plywood and engineered wood (\$17 million), and 20th in knit apparel (\$1.9 million).
- Vermont is America's 47th largest exporter of agricultural products. It is the 23rd largest exporter of cattle, the 32nd largest exporter of poultry and eggs, the 32nd largest exporter of aquaculture, and the 34th largest exporter of miscellaneous crops.
- One of Vermont's fastest growing export categories is animal foods, which increased by 22 percent since 2009. In 2018, exports of these products reached \$7.5 million.

## By the Numbers

# 1,137

Number of Vermont Businesses  
that Exported in 2018

### Share of Vermont Exporters that are Small- & Medium-Sized Businesses



### Top Vermont Exports, 2018

#### Goods

Semiconductors & Components	\$1.7 billion
Navigational & Meas. Instruments	\$121 million
Misc. Manufactured Commodities	\$95 million
Pulp & Paperboard Mill Products	\$70 million
Industrial Machinery	\$68 million

#### Services

Travel	\$479 million
Mgmt. & Consulting Services	\$122 million
Misc. Freight & Port Services	\$90 million

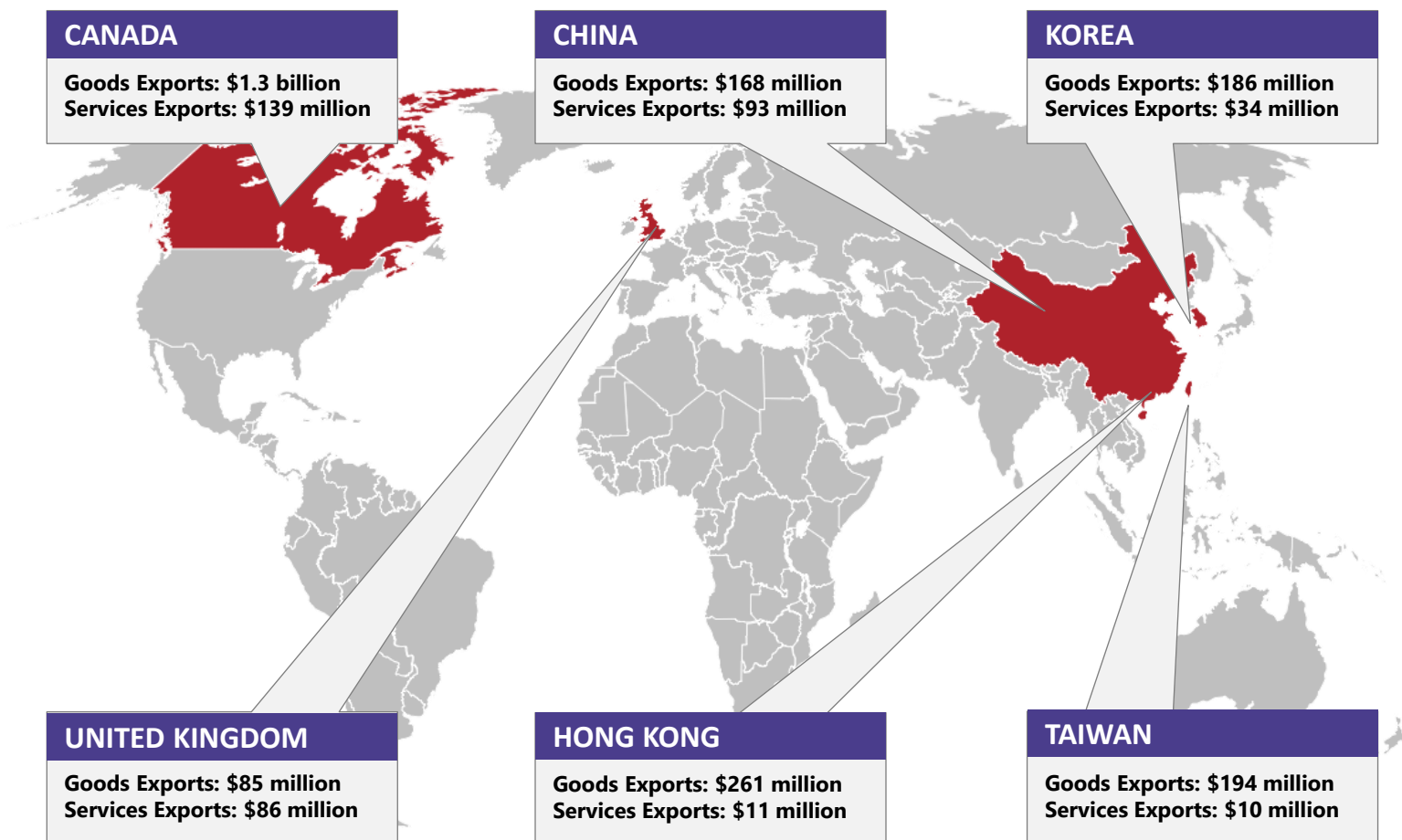


# VERMONT COMPANIES EXPORT THROUGHOUT THE WORLD



In 2018, Vermont companies sold their products in 145 countries and territories.

Top export markets include:



## Fast Facts: How Exports Help the Vermont Economy Grow

- Goods and services exports accounted for 12.1 percent of Vermont's state GDP in 2018.
- Vermont's exports have grown at an average annual rate of 0.8 percent since 2009. Despite Vermont's relatively slow export growth over the past 10 years, exports' share of state GDP remain above the U.S. average.
- Vermont's top export markets for goods are Canada, Hong Kong, and Taiwan. Its top market for services is Canada.
- Vermont's goods exports to the Dominican Republic have grown by 92 percent per year since 2009, while Vermont's services exports to India have grown by 12 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Vermont businesses, workers, and farmers reach the growing number of customers around the world.



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# VERMONT COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



## Overview

Imports provide a variety of benefits for Vermont companies and families. Imported consumer goods help keep prices down for Vermont families while increasing choices for foods and other products that are not available locally. Imported inputs help Vermont manufacturers compete in both the United States and international markets, while exported goods (e.g., components) and services (e.g., design) often return to the United States as imports. To best meet the COVID-19 challenges, trade policies should ensure that American families and businesses retain access to both domestic and international inputs, supplies and services they need at prices they can afford.

## Vermont Families Benefit from Imports

- In 2018, 32 percent of Vermont's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Vermont families more money to spend on locally provided goods and services, such as housing, education, and health care.
- Trade and investment liberalization policies save the average Vermont family of four more than \$10,000 per year through lower prices and increased specialization.

## 2008-2018 Price Decrease



**-88%** for Televisions



**-63%** for Computers



**-45%** for Toys

## Most Importers are Small Businesses

- In 2018, 1,112 Vermont companies imported goods from 114 countries around the world.
- Nationally, 77 percent of importers were very small businesses with less than 20 employees, while less than 3 percent had over 500 employees.

## Vermont Exports and Imports are Linked Through Global Value Chains

- In 2018, 68 percent of Vermont goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Vermont's top imports are critical components for Vermont exports. Conversely, Vermont exports of raw materials and parts may return to the United States in imported finished goods.



**Exports:**  
Rubber manufacturing  
machinery  
(\$30M in 2018)



**Imports:**  
Tires  
(\$43M in 2018)



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[www.brt.org/trade](http://www.brt.org/trade)

# VERMONT NEEDS TRADE AGREEMENTS TO GROW



## Overview

Trade with our free trade agreement (FTA) partner countries supports millions of 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. Vermont businesses, workers and farmers benefit from market-opening agreements, and would be harmed from new barriers to trade that limit exports, competitiveness, and jobs in Vermont and the United States.

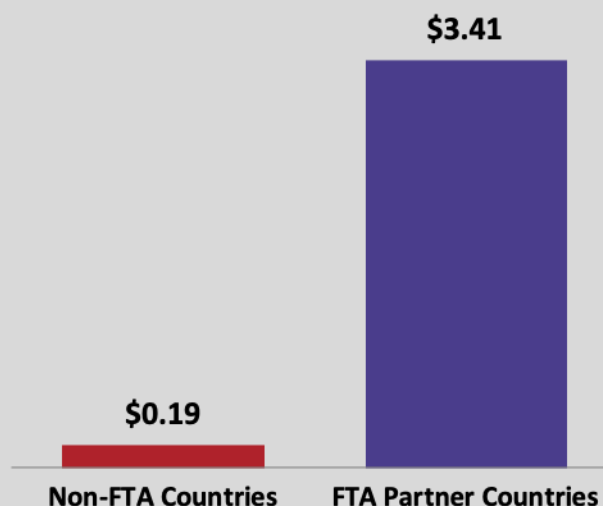
- In 2018, \$1.6 billion of Vermont's goods exports, or 55 percent, went to FTA partners.
- Since 2009, Vermont's goods exports to countries with FTAs in effect with the United States in 2018 have declined by 11 percent.
- Export growth to specific FTA partners, and for key Vermont export sectors, has been strong despite the overall decline to FTA partners as a whole.
- Vermont's exports to the Dominican Republic have soared– from \$410,000 to \$12 million – since the FTA with the Dominican Republic took effect in 2007.
- Vermont's exports to Korea of miscellaneous general purpose machinery have increased from \$908,000 to \$15 million since the FTA with Korea went into effect in 2012.
- Canada bought nearly all – \$40.2 million out of \$41.6 million – of Vermont's exports of sugar and confectionery products in 2018.
- In 2018, \$335 million of Vermont's services exports, or 29 percent, went to FTA partners.
- Vermont's exports to Australia of travel services have increased from \$7.8 million to \$21 million, or by 175 percent, since 2006 (earliest year available).

## By the Numbers

**-11%**

Change in Vermont Goods Exports  
to FTA Partners Between 2009 and 2018

### Per Capita Purchases of Vermont Goods, 2018



*\* U.S. FTAs in effect with countries in 2018.*

**In 2018, FTA partners purchased 17.7 times more goods per capita from Vermont than non-FTA partners.**



# FOREIGN INVESTMENT IN VERMONT CREATES JOBS



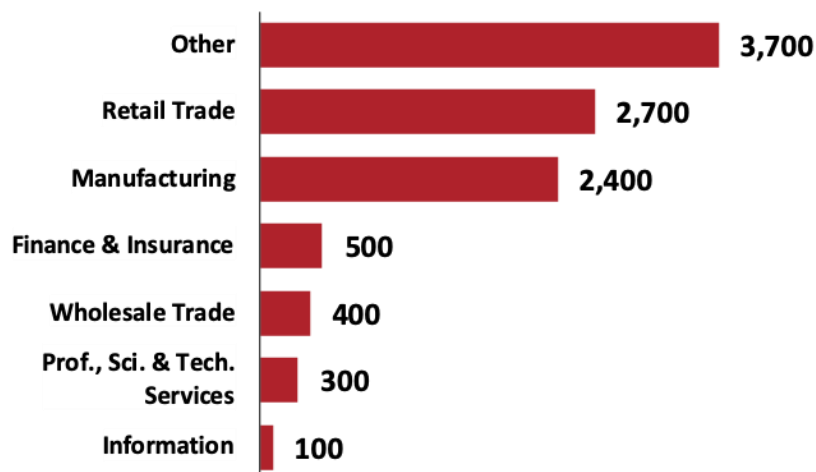
## Overview

Foreign-owned companies help grow the U.S. economy and jobs. In 2017, foreign-owned companies added over \$1 trillion to U.S. GDP, including goods exports of \$380 billion and R&D spending of over \$60 billion. They employed 7.4 million workers in the United States, including 2 million workers – or 1 out of every 6 – in the manufacturing sector.

Vermont is no exception. Foreign-owned companies make significant investments in Vermont to open or expand facilities every year and are important customers for local goods and services providers. Subsidiaries of foreign-owned companies alone employed about 10,000 workers in Vermont in 2017, including:

- 3,100 workers employed by companies based in the Netherlands;
- 1,800 workers employed by companies based in Canada;
- 1,200 workers employed by companies based in France;
- 800 workers employed by companies based in Switzerland;
- 800 workers employed by companies based in the United Kingdom.

## Foreign-Owned Companies Employed 10,100 Vermont Workers Across Many Industries, 2017



## Selected Foreign-Owned Companies Employing Workers in Vermont

Company	Industry	Country
Imerys USA	Mineral Mining	France
Ben & Jerry's Homemade Inc.	Food Product Manufacturing	Netherlands
Husky Injection Molding Systems	Machinery Manufacturing	Canada
KPMG LLP	Accounting Services	Netherlands
NSK Steering Systems America, Inc.	Motor Vehicle Parts Manufacturer	Japan
Phytron Inc.	Motor Manufacturing	Germany
TD Bank	Financial Services	Canada
Velan Valve Corp.	Valve Manufacturing	Canada





# DATA SOURCES



## VERMONT JOBS DEPEND ON TWO-WAY TRADE

**Population and Purchasing Power:** Derived from World Bank population and GDP estimates

**Jobs-Tied-to-Trade:** Baughman and Francois, "Trade and American Jobs: The Impact of Trade on U.S. and State-Level Employment" (2020) ([https://s3.amazonaws.com/brt.org/Trade\\_and\\_American\\_Jobs\\_2020.pdf](https://s3.amazonaws.com/brt.org/Trade_and_American_Jobs_2020.pdf))

**Exporting Firm Wages:** Riker, "Export-Intensive Industries Pay More on Average: An Update" (2015) (<https://www.usitc.gov/publications/332/ec201704a.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>)

## VERMONT BUSINESSES GROW WITH EXPORTS

**Small and Large Firms Partnering to Export** (for 2006, 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, 2017 – 2018" (<https://www.census.gov/foreign-trade/Press-Release/edb/2018/>)

## VERMONT 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>)

## VERMONT COMPANIES USE IMPORTS TO MAKE COMPETITIVE PRODUCTS

**Importing Company Information:** Census, "A Profile of U.S. Importing and Exporting Companies, 2017 – 2018" (<https://www.census.gov/foreign-trade/Press-Release/edb/2018/>)

**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/>)

## VERMONT NEEDS TRADE AGREEMENTS TO GROW

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

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

## FOREIGN INVESTMENT IN VERMONT CREATES JOBS

**Employment Data:** BEA "Direct Investment & Multinational Companies" database ([http://bea.gov/iTable/index\\_MNC.cfm](http://bea.gov/iTable/index_MNC.cfm))

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

