

# International Trade in Services

## Benefits New York's Companies and Workers

### IMPORTANCE OF SERVICES TO THE OVERALL U.S. ECONOMY

- **The United States is the world's leading services exporting nation.** International services markets offer huge opportunities for U.S. firms and their employees, accounting today for nearly one-third of total U.S. exports. Total elimination of global barriers to trade in services could raise U.S. annual income by over \$450 billion or \$6,830 per family of four.
- **U.S. services exports have doubled over the past 10 years.** The United States recorded a \$66 billion surplus on exports totaling \$381 billion in 2005. This surplus was 22 percent higher than in 2004. Sales through U.S. services companies operating abroad measured \$477 billion in 2003. These international transactions support high-paying jobs across the United States.

### IMPORTANCE OF SERVICES TO THE NEW YORK ECONOMY

- The services sector represents 80 percent of sales by New York businesses, employs 85 percent of the workforce, and pays 86 percent of the wages.<sup>1</sup>
- Services exporters in New York employed over 191,000 people and generated \$3.9 billion in export revenues in 2002.<sup>2</sup> For example:
  - Professional, scientific and technical industry exporters from New York employed 77,900 people and generated \$1.9 billion in export revenues.
  - Publishing services exporters from New York employed 33,400 people and generated \$968 million in export revenues.
  - Telecommunications services exporters from New York employed 53,000 people and generated \$450 million in export revenues.
- Affiliates of foreign services companies are part of this success. In 2004, they have over \$17.3 billion invested in property, plants, and equipment (PPE) in New York and supported over 170,000 jobs.<sup>3</sup> Some of the important sectors and companies include:
  - **Wholesale trade** (2004: 34,500 employed, \$4.3 billion PPE). Major foreign food and beverage firms such as Nestlé (Swiss) and Sodexo (French) participate in the New York wholesale industry.

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<sup>1</sup> U.S. Census Bureau. *2002 Economic Census*. Available online at <http://www.census.gov/econ/census02/>.

<sup>2</sup> *Ibid.*

<sup>3</sup> Bureau of Economic Analysis (BEA). *Foreign Direct Investment in the United States: Operations of U.S. Affiliates of Foreign Companies 2006*. Available online at <http://www.bea.gov/bea/di/di1fdiop.htm/>.

- **Information** (2004: 31,600 employed, \$3.7 billion PPE). Leading global publishers and information providers such as Reed Elsevier (Dutch) are a large force in the New York information industry.
- **Retail** (2004: 60,300 employed, \$4.8 billion PPE). Retailers such as Ikea (Swedish) contribute to New York's robust retail environment.
- **Finance & Insurance** (2004: 46,300 employed, \$4.5 billion PPE): New York is home to major foreign banking and investment operations, including Zurich North America (Swiss), one of Europe's largest insurance-based financial services firms.