

International Trade in Services

Benefits New Jersey'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 JERSEY ECONOMY

- The services sector represents 79 percent of sales by New Jersey businesses, employs 83 percent of the workforce, and pays 82 percent of the state's \$140 billion in wages.¹
- Services exporters in New Jersey employed over 78,500 people and generated \$1.7 billion in export revenues in 2002.² For example:
 - Telecommunications exporters from New Jersey employed 37,800 people and generated \$645 million in export revenues.
 - Professional, scientific and technical industry exporters from New Jersey employed 21,900 people and generated \$672 million in export revenues.
 - Publishing industry exporters from New Jersey employed 14,100 people and generated \$370 million in export revenues.
- Affiliates of foreign services companies are part of this success. In 2004, they had over \$8.5 billion invested in property, plants, and equipment (PPE) in New Jersey and supported over 84,000 jobs.³ Some of the important sectors and companies include:
 - **Wholesale trade** (2004: 31,700 employed, \$3.8 billion PPE). Major foreign food and beverage firms such as Nestlé (Swiss) and Sodexo (French) participate in the New Jersey wholesale industry.

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

² *Ibid.*

³ 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: 9,200 employed, \$993 million PPE). This highly varied sector includes telecommunication firms such as Deutsche Telekom (German).
- **Retail** (2004: 29,100 employed, \$2.3 billion PPE). Retailers such as Ikea (Swedish) contribute to New Jersey's robust retail environment.
- **Finance & Insurance** (2004: 13,900 employed, \$1.4 billion PPE): New Jersey is home to major foreign banking and investment operations, including Zurich North America (Swiss), one of Europe's largest insurance-based financial services firms.