

International Trade in Services

Benefits Maine'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 MAINE ECONOMY

- The services sector represents 70 percent of sales by Maine businesses, employs 79 percent of the workforce, and pays 73 percent of the state's \$13.5 billion in wages.¹
- Services exporters in Maine employed over 5,800 people and generated \$31 million in export revenues in 2002.² For example:
 - Professional, scientific and technical industry services exporters from Maine employed 1,700 people and generated \$15 million in export revenues.
 - Telecommunications exporters from Maine in 2002 employed 1,700 people and generated \$2.9 million in export revenues.
 - Publishing exporters from Maine employed 1,300 people and generated \$8 million in export revenues.
- Affiliates of foreign services companies are part of this success. In 2004, they had over \$354 million invested in property, plants, and equipment (PPE) in Maine and supported over 3,000 jobs.³ Some of the important sectors and companies include:
 - **Wholesale trade** (2004: 2,400 employed, \$318 million PPE). Major foreign firms such as Nestlé (Swiss) and Sodexo (French) participate in the Maine 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: 200 employed, \$26 million PPE). This highly varied sector includes telecommunication firms such as Deutsche Telekom (German).
- **Finance & Insurance** (2004: 600 employed, \$10 million PPE): Maine is home to major foreign banking and investment operations, including Zurich North America (Swiss), one of Europe's largest insurance-based financial services firms.