

International Trade in Services

Benefits Pennsylvania'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 PENNSYLVANIA ECONOMY

- The services sector represents 68 percent of sales by Pennsylvania businesses, employs 78 percent of the workforce, and pays 74 percent of the state's \$159 billion in wages.¹
- Services exporters in Pennsylvania employed over 72,000 people and generated \$1.7 billion in export revenues in 2002.² For example:
 - Professional, scientific and technical industry exporters from Pennsylvania employed 34,800 people and generated \$738 million in export revenues.
 - Administrative and support service exporters from Pennsylvania employed 4,200 people and generated \$629 million in export revenues.
 - Publishing industry exporters from Pennsylvania employed 7,500 people and generated \$306 million in export revenues.
- Affiliates of foreign services companies are part of this success. In 2004, they had over \$5 billion invested in property, plants, and equipment (PPE) in Pennsylvania and supported over 60,000 jobs.³ Some of the important sectors and companies include:
 - **Wholesale trade** (2004: 14,500 employed, \$1.5 billion PPE). Major foreign food and beverage firms such as Nestlé (Swiss) participate in the Pennsylvania 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: 9,500 employed, \$893 million PPE). This highly varied sector includes telecommunication firms such as Deutsche Telekom (German).
- **Retail** (2004: 31,800 employed, \$2.2 billion PPE). Retailers such as Ikea (Swedish) have managed to thrive in Pennsylvania's competitive retail environment.
- **Finance & Insurance** (2004: 7,400 employed, \$682 million PPE): Pennsylvania is home to major foreign banking and investment operations, including Zurich North America (Swiss), one of Europe's largest insurance-based financial services firms.