

# International Trade in Services

## Benefits Maryland'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 MARYLAND ECONOMY

- The services sector represents 76 percent of sales by Maryland businesses, employs 83 percent of the workforce, and pays 80 percent of the state's \$70 billion in wages.<sup>1</sup>
- Services exporters in Maryland employed over 55,000 people and generated \$876 million in export revenues in 2002.<sup>2</sup> For example:
  - Professional, scientific and technical industry services exporters from Maryland employed 26,700 people and generated \$526 million in export revenues.
  - Telecommunications exporters from Maryland employed 17,800 people and generated \$182 million in export revenues.
  - Administrative and support services exporters from Maryland employed over 5,200 people and generated \$31 million in export revenues.
- Affiliates of foreign services companies are part of this success. They have over \$4.1 billion invested in property, plants, and equipment (PPE) in Maryland and support over 48,200 jobs.<sup>3</sup> Some of the important sectors and companies include:
  - **Wholesale trade** (2004: 7,500 employed, \$919 million PPE). Major foreign food and beverage firms such as Nestlé (Swiss) and Sodexo (French) participate in the Maryland 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: 4,500 employed, \$827 million PPE). This highly varied sector includes telecommunication firms such as Deutsche Telekom (German).
- **Retail** (2004: 32,500 employed, \$2.1 billion PPE). Retailers such as Ikea (Swedish) have managed to thrive in Maryland's competitive retail environment.
- **Finance & Insurance** (2004: 3,700 employed, \$279 million PPE): Maryland is home to major foreign banking and investment operations, including Zurich North America (Swiss), one of Europe's largest insurance-based financial services firms.