



Vermont

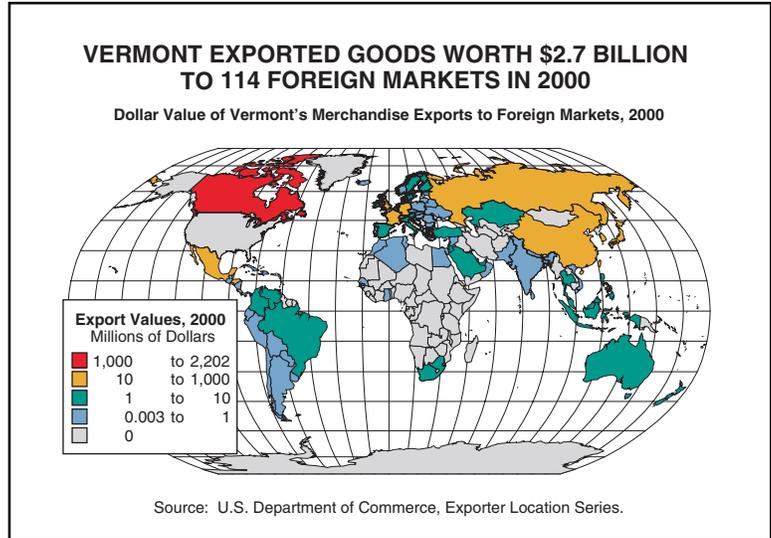
Benefits From Exports

Vermont's export sales of merchandise in 2000 totaled \$2.7 billion, up 2.6 percent from 1997 and nearly 17 percent above the 1993 total of \$2.3 billion. On a per capita basis, Vermont in 2000 exported goods worth \$4,369 for every state resident—the fourth highest per capita export value of any state.

Vermont's export sales have exhibited a strongly increasing market diversity in recent years. The state exported globally to 114 foreign destinations in 2000, up sharply from 99 markets in 1997. Canada has consistently been Vermont's most important market by far, and accounted for 83 percent of 2000 exports.

Vermont's biggest growth market, in dollar terms, is the United Kingdom. From 1997 to 2000, export sales to the United Kingdom increased from \$49 million to \$75 million, a gain of nearly 54 percent. As a result, the United Kingdom has remained the state's second largest market, accounting for three percent of exports in 2000.

Other significant Vermont markets in 2000—each with more than \$10 million in export sales—included Japan, Germany, Taiwan, Mexico, Russia, France, South Korea, China, Singapore, the Netherlands, Hong Kong, Hondu-



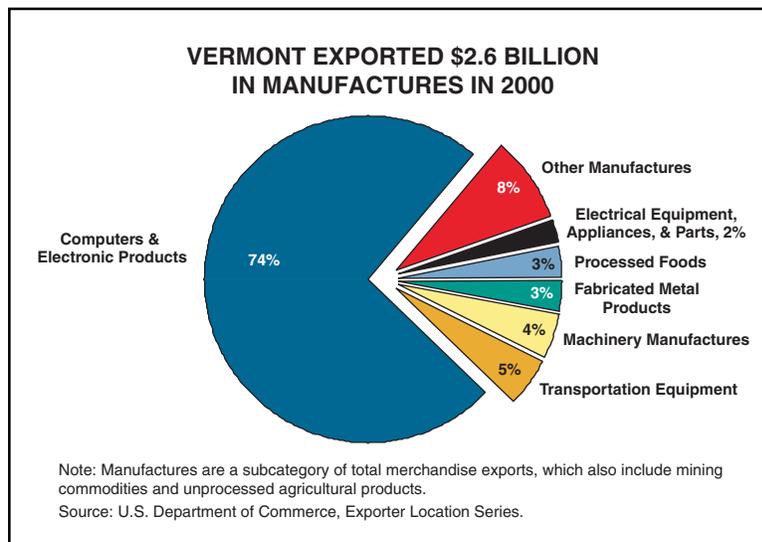
ras, and Switzerland. During 1997–2000, Vermont more than doubled exports to 13 of its top 25 markets.

The state's leading export category is computers and electronic products, which alone accounted for nearly three-quarters, or \$1.9 billion, of Vermont's total foreign sales in 2000. Vermont also exports significant quantities of transportation equipment (\$124 million in 2000 exports), machinery (\$115 million), fabricated metal products (\$83 million), and processed foods (\$79 million).

Exports Support Good Jobs

Export-related jobs tend to be good, high-paying jobs. Wages of workers in jobs supported by merchandise exports range 13–18 percent higher than the national average. Export-related jobs are also more secure: Exporting plants are 9 percent less likely to shut down than comparable nonexporting plants.

In 1997 (latest available data), Vermont depended on manufactured exports for 22,200 jobs. Export-supported jobs accounted for an estimated 9 percent of Vermont's total private sector employment—roughly one of every 11 jobs—much higher than the national average of 7.2 percent, or one of every 14 jobs.



Manufactured exports supported 8,100 jobs—about one of every five workers—in Vermont’s manufacturing industries. Sectors with the most export-related jobs were computers and electronic products (2,800 export-supported jobs) and fabricated metal products (1,100 jobs).

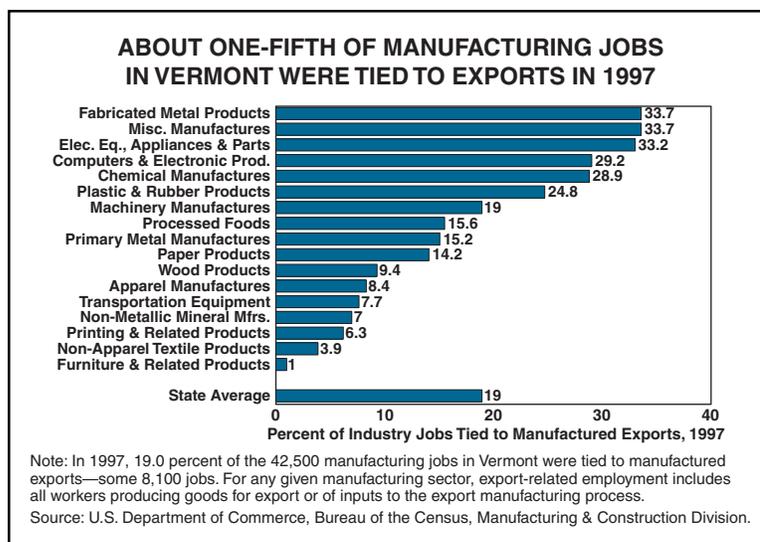
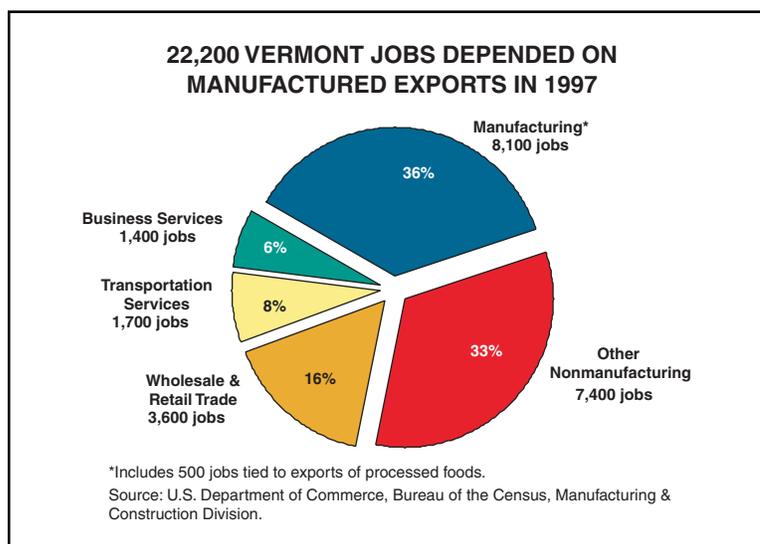
Exports of manufactured goods also indirectly supported 14,100 jobs in the state’s nonmanufacturing industries, including 3,600 workers in wholesale-retail trade, 1,700 in transportation services, 1,400 in business services, and 7,400 in other nonmanufacturing sectors such as agriculture. All these industries directly and indirectly supply manufacturers with a wide range of inputs needed to produce goods for export.

Exports Help Small Business

Exports have broadly benefited Vermont businesses, both large and small. A total of 1,265 companies exported from Vermont locations in 1998. Nearly 77 percent of these companies, accounting for 13 percent of the state’s total exports, were small and medium-sized firms that had fewer than 500 employees. In fact, 63 percent of all Vermont exporters were small firms with fewer than 100 workers.

Foreign Competitors Are Not Standing Still

While previous rounds of trade negotiations were highly successful in reducing trade barriers, much



work remains to be done to level the playing field for U.S. businesses. In fact, the United States has fallen behind our trading partners in combating market barriers through free trade agreements. The United States is a party to just two of the estimated 130 free trade agreements in force worldwide. In comparison, the European Union has FTAs with 27 countries. Since U.S. tariffs are already low compared to those of our trading partners, the United States has a great deal to gain from future negotiations aimed at prying open foreign markets.

Vermont Industries Can Gain From Trade Negotiations

Vermont’s exporters still face many tariff and nontariff barriers abroad, especially in developing countries. While developing nations are among the most promising markets, they also tend to have high levels of import protection. Trade negotiations aimed at reduc

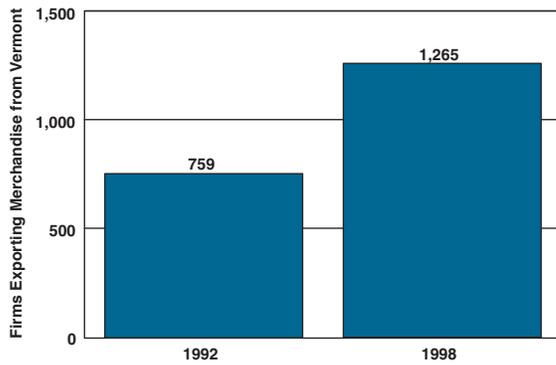
TRADE PROMOTION AUTHORITY—KEY TO OPENING WORLD MARKETS

U.S. Trade Promotion Authority (also known as TPA or “fast track”) is essentially an agreement between the President and Congress on how market-opening trade negotiations will be conducted and agreements approved.

Under TPA, the President involves Congress in trade negotiations from the start; Congress, in exchange, agrees to vote yes or no on any resulting agreement in its entirety, without amendments. The two branches set negotiating objectives and consult during trade talks while inviting public comment. This open process allows problems to be identified and resolved during negotiations, when agreement is most easily achieved.

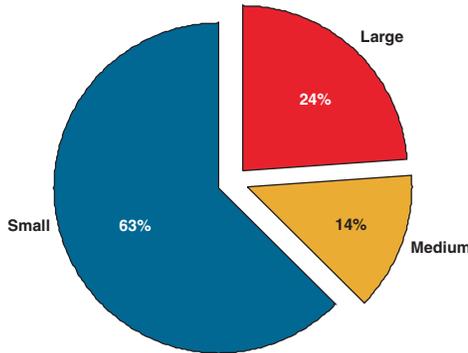
TPA preserves the ability of the United States to protect public health, safety, and the environment.

THE NUMBER OF COMPANIES EXPORTING FROM VERMONT ROSE 67 PERCENT FROM 1992 TO 1998



Source: U.S. Department of Commerce, Exporter Data Base.

77 PERCENT OF VERMONT'S 1,265 EXPORTING FIRMS IN 1998 WERE SMALL AND MEDIUM-SIZED ENTERPRISES



Small = less than 100 employees; medium = 100-499 employees; large = 500 or more employees.
Source: U.S. Department of Commerce, Exporter Data Base.

ing these barriers will significantly benefit Vermont's businesses across many industrial sectors.

Information technology. Vermont's high-tech businesses are beneficiaries of the Information Technology Agreement. The agreement eliminates duties on the entire IT sector in major markets throughout the world, with the exception of the larger markets of Latin America. Tariffs on IT products in key Latin American markets remain as high as 30 percent. Beyond tariffs, IT products also face such nontariff restrictions as redundant testing and certification requirements. U.S. suppliers, including those in Vermont, would likely see sales rise if remaining barriers on IT products were eliminated. Foreign markets are thus increasingly important to any R&D-based products, given the limits of domestic demand.

Civil aircraft and parts. The U.S. civil aircraft industry is the largest in the world. In 2000, total

exports of U.S. civil aircraft, engines, and parts were \$45 billion. Over the last five years, three of every five large civil aircraft produced in the United States have been exported. The World Trade Organization (WTO) Agreement on Trade in Civil Aircraft provides for duty-free import of civil aircraft and their components by the 26 signatories to this agreement. However, import tariffs in nonsignatory countries remain as high as 30 percent. A number of nontariff barriers impede Vermont's exports of civil aircraft and parts. For example, some countries do not promptly or fully recognize the safety and international noise certification compliance of all U.S. civil aircraft.

Metals. Canada and Mexico are the largest markets for U.S. metal exports, which already benefit from duty-free access under the North American Free Trade Agreement. However, tariff and nontariff barriers remain in other markets, such as the European Union, where the average tariff on nonferrous metals is twice as high as the average U.S. rate. Vermont metal exporters also face numerous nontariff barriers, such as distribution restrictions.

Scientific equipment. The United States is the world's largest exporter of scientific equipment. Vermont's exporters of these products would benefit from market opening initiatives, particularly tariff reductions that could result from a new WTO round. Tariffs on scientific equip-

ment in many Latin American countries range from 4 percent to 25 percent, while those in some East Asian

VERMONT: WHY TRADE PROMOTION AUTHORITY?

Trade Promotion Authority is critical for removing remaining barriers to exports of Vermont goods and services.

Vermont exporters still face major trade barriers in such sectors as information technology, civil aircraft and parts, metals, and scientific equipment.

With the United States on the sidelines, foreign competitors are forging ahead and pursuing their own market-opening agreements.

Vermont's economy is export-dependent, with export sales of \$4,369 for every state resident.

More than 22,000 Vermont jobs depend on exports of manufactured goods.

1,265 companies—including 963 small and medium-sized businesses—export from Vermont.

countries approach 40 percent. In addition to tariffs, exporters of scientific equipment also face such nontariff restrictions as cumbersome customs clearance and certification requirements.

Agriculture. Vermont produces and exports agricultural products. According to the U.S. Department of Agriculture, Vermont’s agricultural exports totaled \$10 million in 1999. Vermont’s top agricultural export is dairy products. Vermont already benefits from past trade agreements; however, U.S. agricultural exports still face high tariffs and nontariff barriers worldwide.

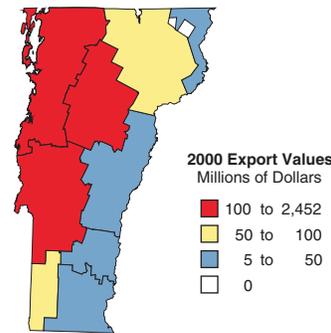
Services. Services are the biggest component of the U.S. economy and now account for more than one-fourth (28 percent) of U.S. exports to the world. Service exports in 2000 totaled \$296 billion; the United States ran a surplus of nearly \$80 billion in services trade with the world. Exportable services include transportation services (e.g., air freight), financial services (e.g., banking, insurance) and business services (e.g., engineering, architecture). Service industries confront a wide range of barriers abroad. Trade Promotion Authority will provide added impetus to the new round of global services trade negotiations now under way to dismantle these barriers.

Imports Also Important to Vermont

While exports generate clear benefits for the Vermont economy (jobs, wages, expanded tax base, etc.), the role of imports is less clear—especially since no import statistics are available for states on an end-user basis. Although many often equate imports with “lost” jobs, the reality is usually much more complex. For example, there is no doubt that imports supply critical inputs for many of the goods and services produced in Vermont, including products destined for export. Imports often play a key role in ensuring supplies of vital materials that are either scarce or simply not available domestically. More generally, imports provide consumers and businesses in Vermont with wider choice in the marketplace, thereby enhancing living standards and contributing to competitiveness.

EXPORTS ARE SOLD FROM ALL OVER VERMONT

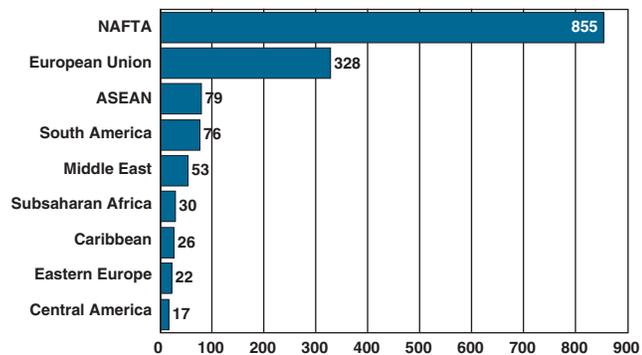
Vermont’s Merchandise Exports by Three-Digit Zip Code, 2000



Note: Vermont’s total merchandise exports in 2000 were \$2.7 billion. Due to federal disclosure regulations, shading of zip codes 054, 056, and 057 refers to combined exports from these areas. Unshaded areas represent national forests and parks, federal and military reservations, localities without exports, and areas where export data are suppressed due to federal disclosure regulations. Source: U.S. Department of Commerce, Exporter Location Series.

VERMONT EXPORTERS SELL TO MANY FOREIGN MARKETS

Number of Firms Exporting Goods from Vermont to World Regions, 1998



Note: Figures refer to firms selling merchandise to specific markets. Because firms sometimes export to multiple locations, exporter counts cannot be summed to arrive at meaningful totals. Source: U.S. Department of Commerce, Exporter Data Base.