pennsylvania
DEPARTMENT OF COMMUNITY
& ECONOMIC DEVELOPMENT

Office of International Business Development

Pennsylvania & the European Union

Trade & Investment

October 2, 2014

With the largest network of overseas offices of any state in the U.S., **Pennsylvania's Office of International Business Development (OIBD)** is committed to **supporting Pennsylvania companies** by working with them to increase their export sales and to **encouraging foreign companies to invest** in Pennsylvania.

world trade PA

Pennsylvania's Trade Representatives in Europe

Five (5) Trade Representatives, covering 28 markets

- Prague, **CZECH REPUBLIC**
  - Territory: Central & Eastern Europe (Belarus, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Serbia, Slovakia, Slovenia, Ukraine)
- Paris, **FRANCE**
  - Territory: France
- Heidelberg, **GERMANY**
  - Territory: Germany, Italy, Austria, Switzerland
- The Hague, **THE NETHERLANDS**
  - Territory: Belgium, The Netherlands, Luxembourg
- London, England, **UNITED KINGDOM**
  - Territory: United Kingdom, Ireland, Denmark, Finland, Norway, Sweden

Services: Export Assistance Program

The **Center for Trade Development (CTD)** and its partners offer a wide range of programs and services to enhance the global reach and export capacity of Pennsylvania business at every stage.

- **International Market Intelligence:** data gathering, analysis
- **Export Counseling:** strategic, tactical, technical
- **Partner Identification, Qualifications and Introductions:** qualified partners, distributors, agents, buyers, government officials
- **International Events:** exhibitions, missions, in-bound buyer delegations
  - 25 events organized annually
- **On-The-Ground, In-Country Support:** trip logistics, appointment scheduling, post-trip support

A Proven Approach: Results for FY 2013-2014

Jobs & Tax Revenue

CTD's programs and services helped generate **$52.42 million** in state and local tax revenue and create or retain **7,494 jobs** in Pennsylvania

Export Sales

Companies reported **$865 million** in export sales as a result of the assistance they received through CTD

- Over 55% of sales are attributed to the services of PA's Authorized Trade Representatives

Outreach

1,364 companies utilized CTD's program and services

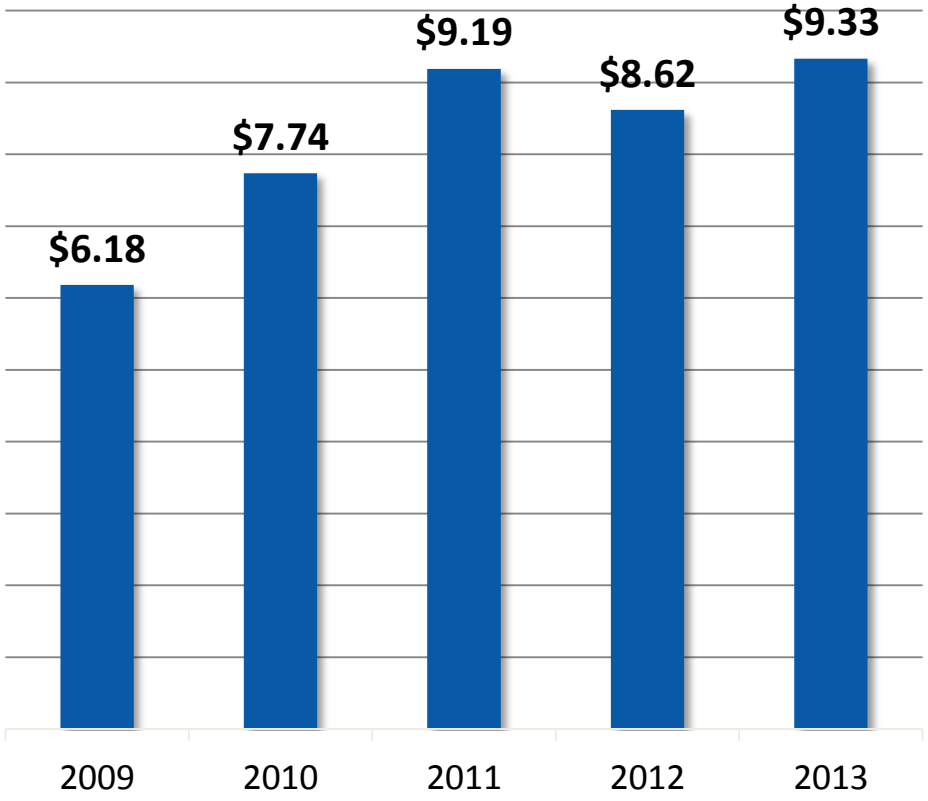
- Of these, 244 (18%) were new clients

Pennsylvania Exports: European Union

- PA exports to the European Union have **increased 50%** since 2009.
- In 2013, PA exports to the European Union reached an all-time high of **$9.33 billion.**
  - Exports to the EU account for 23% of PA's total exports worldwide ($40.9 billion in 2013.)
- PA ranks **7th** among U.S. States in the value of exported goods to the European Union.
- Top PA exports to the European Union include: oil & coal, organic chemicals, medical & surgical instruments, pharmaceuticals, industrial & electrical machinery

Pennsylvania Exports to the European Union

goods, in billions

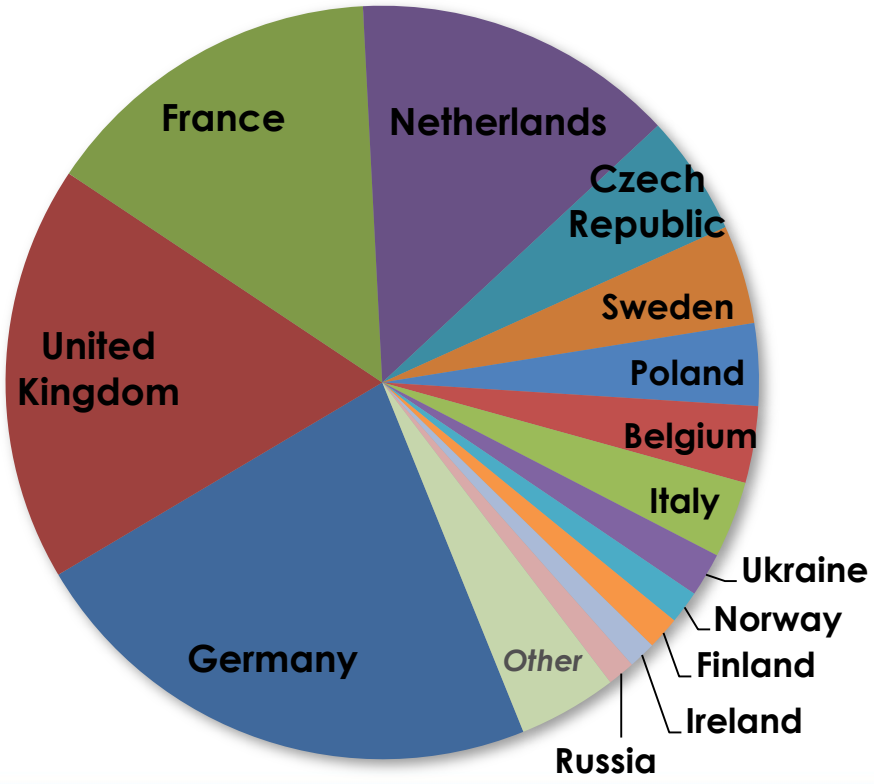


Source: WISER Trade, Sept 2014

Pennsylvania Clients & Projects in Europe

- Last year, Pennsylvania's Trade Representatives in Europe worked with **185 companies** on more than **445 projects.**
  - Requests for assistance were received from companies in *every region* of Pennsylvania.

Business Development Projects
by Country

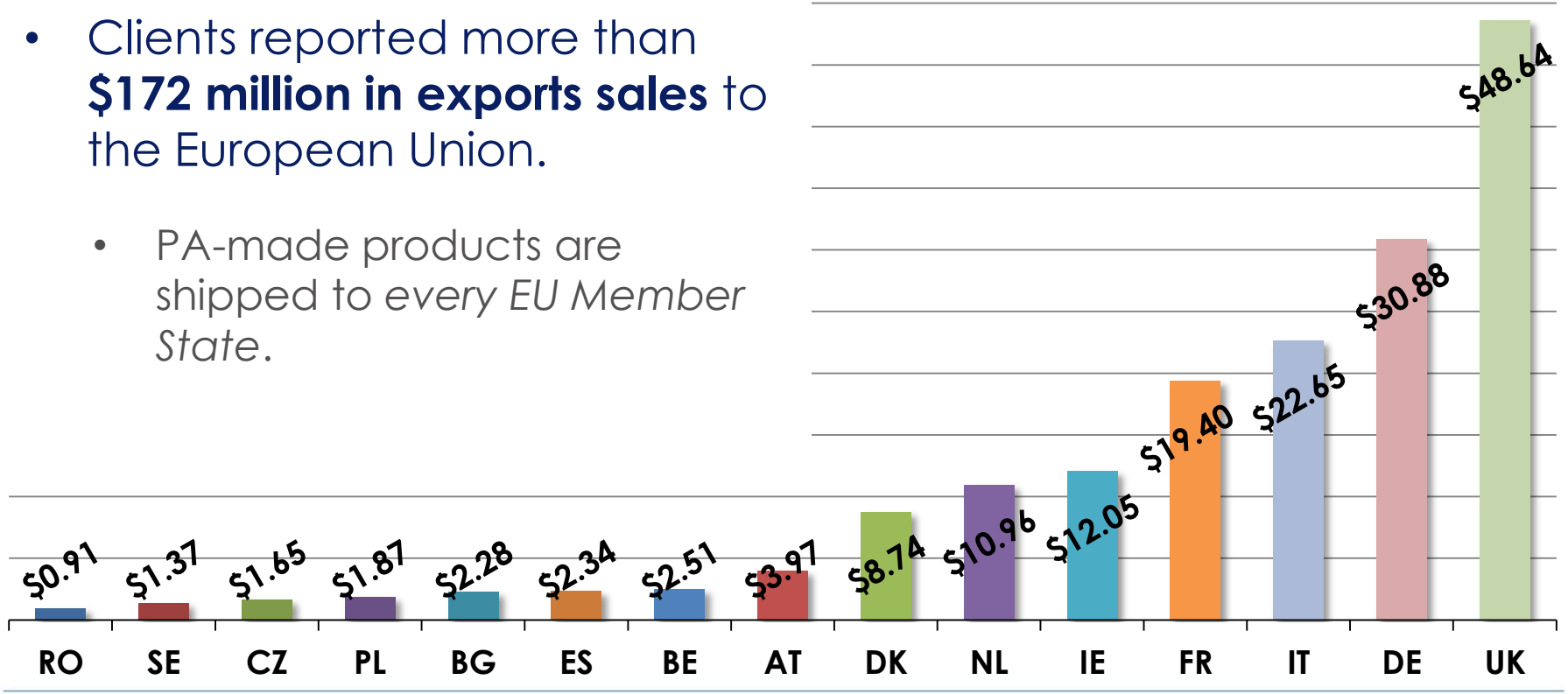


Pennsylvania Clients & Export Sales to Europe

- Clients reported more than **$172 million in exports sales** to the European Union.
  - PA-made products are shipped to *every EU Member State*.

Value of Export Sales by Market

as reported by clients, in millions US$



Pennsylvania's Investment Representatives in Europe

Five (5) Investment Representatives, covering 15 markets

- Lyon, **FRANCE**
  - Territory: France, Belgium (Wallonia), Switzerland
- Berlin, **GERMANY**
  - Territory: Germany, Austria, Switzerland, Poland
- Bologna, **ITALY**
  - Territory: Italy
- Well, **THE NETHERLANDS**
  - Territory: The Netherlands, Belgium (Flanders), Denmark, Finland, Norway, Sweden
- London, England, **UNITED KINGDOM**
  - Territory: United Kingdom, Ireland

Services: Attracting Foreign Investment

The **Center for Direct Investment (CDI)** and its partners work together to provide the overall support and technical assistance required by international companies.

- Helps foreign investors **set-up a U.S. business entity**
- Provides **information about Pennsylvania**
  - Labor force, average wages, business tax structure, more
- Coordinates **site & building searches**
- Offers **customized financial assistance**
  - Grants, low interest loans, tax credits, bond financing & job training
- Networks with **potential partners**
  - Suppliers, educational institutions, law firms, accounting firms, banks, real estate professionals, construction & engineering firms, regional economic development experts

A Proven Approach: Results for FY 2013-2014

Jobs & Tax Revenue

CDI's work with foreign investors helped generate **$45.6 million** in state and local tax revenue and create or retain **3,112 jobs** in Pennsylvania

Capital Investment

Foreign investors committed **$181million**

Outreach

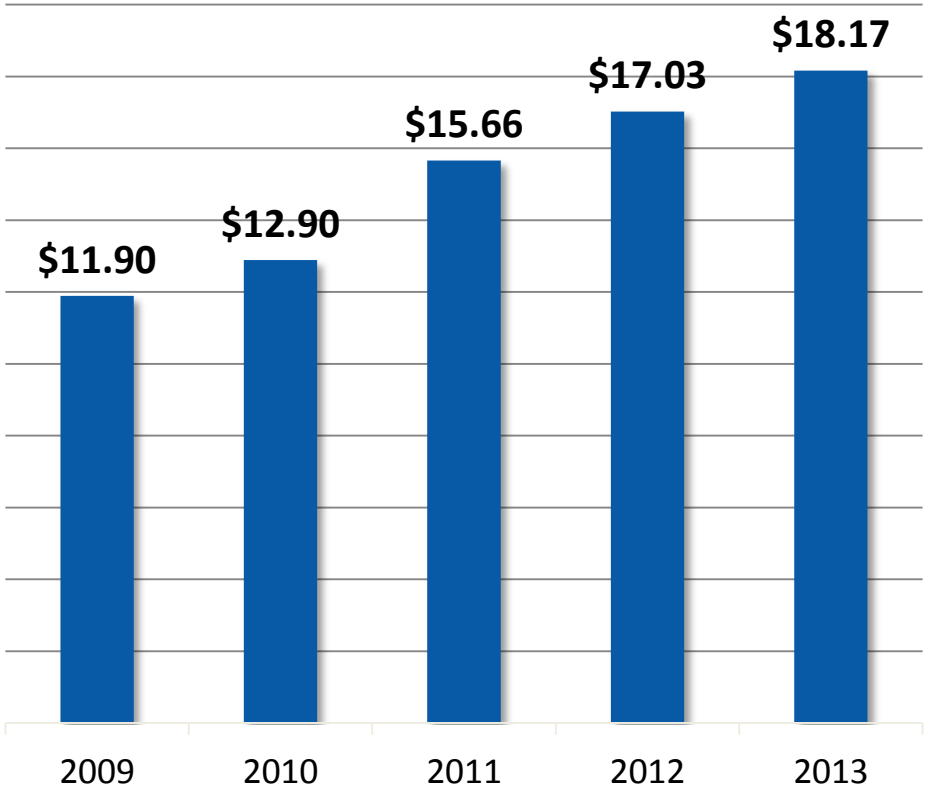
CDI worked with 25 successful foreign company projects

Pennsylvania Imports: European Union

- In 2013, **$18.17 billion** worth of goods were shipped to PA from the European Union.
  - The value of goods shipped to PA from the EU has increased every year since 2009.
- PA ranks **6th** among U.S. States in the value of goods imported from the European Union.
- Top imports into PA from the European Union include: pharmaceuticals, industrial machinery, aircraft / spacecraft & parts, medical & surgical instruments, vehicles

Pennsylvania Imports from the European Union

goods, in billions



Source: WISER Trade, Sept 2014

Investment Successes: European Union

- Top Investment Countries 2003 through 2014
  - United Kingdom (66)
  - Germany (56)
  - France (25)
  - Netherlands (13)
  - Spain (12)
  - Ireland (5)

Total EU Employment: 19, 627

The EU is the largest FDI source in the US and for Pennsylvania. Canada is the PA's # 1 trading partner but #3 investment source

Investment in Pennsylvania: European Union

- Top Industry Clusters*
  - Life Sciences
  - ICT
  - Industrial
  - Environmental Technology
  - Energy

* Where the investment is being used in concentration

Romania

Exports from PA to Romania

- 68th largest export market for PA goods (2013)
- Export value: $28.9 million (2013), up 54% from 2012

  Note that the value of PA export to Romania in 2012 was lower than average, at only $18.7 million. The increase from 2012 to 2013 does not necessarily signal a trend.
- Top export categories include:

1. Fuel oil
2. Aircraft, spacecraft and related parts
3. Industrial Machinery
4. Electrical Machinery
5. Medical and surgical instruments

Romania

Imports from Romania into PA

- Among U.S. States, PA is Romania's 11 largest export market (2013)
- Import value: $58.39 million (2013), up 38.65% from 2012 and the highest value records over the last 10 years
- Top import categories include:

1. Industrial machinery, including computers
2. Footwear
3. Plastics
4. Electrical Machinery
5. Iron and steel

Ireland

Exports from PA to Ireland

- Among US States, PA is the 3rd largest exporter to Ireland
- Export Value: $552.4 MM, down 42% from 2012
- Top Export categories include:

1. Organic Chemicals
2. Pharmaceuticals
3. Plastics
4. Industrial Machinery
5. Medical and Surgical Instruments

Ireland

Imports from Ireland into PA

- Among US States, PA is Ireland's 11th largest export market
- Import Value: $812 M (2013), down 23% from 2012
- Top import categories include:

1. Pharmaceuticals
2. Medical and Surgical Equipment
3. Organic Chemicals
4. Essential Oils and Fragrances

>Irish exports to the US are worth over €18bn ($22.8)

Irish Investment

168 Irish owned companies

7887 jobs in PA

Ranks #9 in total number of firms and 10th in number of jobs

Examples:

Tate Access Floors

Icon Clinical Research

Zenith Technology

What does it mean for Ireland

- The US was Ireland's single-largest export market for goods, consuming over a fifth of goods exports. #11 for PA
- The total value of Irish food and drink exports alone to the US in 2013 was $700 million. The US is also Ireland's largest trading partner in international-traded services, which amounted to more than €30 billion in 2012.
- Ireland exports 80% of everything it produces, meaning tens of thousands of Irish jobs depend on good foreign trade relationships and agreements like the TTIP.
- US firms are playing a major role in Ireland's economic progress and have invested an estimated €189 billion here since 1990. That's more than the combined total of US investments to Brazil, Russia, India and China.
- Since 2010 more that 14% of all US investment to the EU has gone to Ireland. It's a huge figure when you consider that Ireland makes up only about one per cent of the EU population.
- It's estimated that the cost of dealing with bureaucracy can add between 10-20% to the price of goods, and some products and services can't be traded at all because of bureaucratic red tape.

France

Exports from PA to France

- 15th largest market for PA goods (2013)
- Export value: $628.735 million (2013), up 2.15% from 2012
- Top export categories include:

1. Medical and surgical instruments
2. Fuel Oil
3. Organic Chemicals
4. Pharmaceuticals
5. Iron and Steel

France

Imports from France into PA

- Among U.S. States, PA is France's 11th largest export market (2013)
- Import value: $1.48 billion (2013), up 19.2% from 2012
- Top import categories include:

1. Pharmaceuticals
2. Electrical machinery
3. Organic Chemicals
4. Industrial Machinery
5. Medical and surgical instruments

French investment in PA

459 firms
21,389 PA jobs
Almost 8% of foreign owned firms in PA are French
Ranks #4 after UK, Germany, Canada then France
Companies:
Compaignie de Saint Gobain
Sanofi
Arkema
Charles and Alice

Summary slide

Imports and exports establish the market

Often after sales increase forces the issue,

investment follows: proximity to market, speedier deliveries, economies of scale, market growth.

TTIP like other free trade agreements should foster increased trade with the follow on investment.

Pennsylvania Department of Community and Economic Development
Office of International Business Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120 USA
+1-717-787-7190
www.newpa.com/intl
@tradePA @investPA

For more information

http://ibtpartners.com/us/transatlantic-trade/

http://cdn2.hubspot.net/hub/209596/file-392165381-pdf/IBT_Partners_-_Whitepaper_-_TTIP.pdf?utm_source=hs_automation&utm_medium=email&utm_content=9871687&_hsenc=p2ANqtz-9FaAUbjunM2_iVeEq2ZRVx3knfN9aCThxxTuoXyt-IBnF3J1Q4ru-ETRQWzoEJTcTh8zpfhLdGP8UWhJAH_-_rBgSELQ&_hsmi=9871687

http://www.cepii.fr/PDF_PUB/pb/2013/pb2013-01.pdf

http://www.euintheus.org/transatlantic-trade-and-investment-partnership-ttip/

http://ec.europa.eu/trade/policy/in-focus/ttip/

http://www.ustr.gov/about-us/press-office/press-releases/2014/March/US-Objectives-US-Benefits-In-the-TTIP-a-Detailed-View

http://ec.europa.eu/ireland/key-eu-policy-areas/transatlantic-trade-investment-partnership/index_en.htm

http://www.wisertrade.org/home/portal/index.jsp

EU Facts and Investment Prediction - TTIP

- EU's economy could benefit by €119 billion a year – equivalent to an extra €545 for a family of four in the EU. According to the study, the US economy could gain an extra €95 billion a year or €655 per American family.
- Non-Tariff Barriers or NTBs are the sweet spot
- The harmonizing of EU and US technical standards could well provide the basis for global standards
- Increased trade between the two economic giants will raise demand for raw materials, components and other inputs produced by other countries. This is expected to add an extra €100 billion to the world economy in addition to the extra trade between the EU and the US
- As exports rise, there is often a rise in investment as the market is proven and it becomes less expense to produce the product closer to the buyer.

TTIP

- The TTIP negotiations began in July 2013 and are on-going with a goal of completing the process by the end of this year. If successfully concluded, TTIP would be the biggest bilateral trade deal ever negotiated covering more than 40% of global GDP.
- Analysis shows that Mexico, Canada, China and Japan lose export shares in the US industrial market, in machinery, transport equipment and in chemicals Source: CEPII Policy Brief Sept 2013