

International Trade in Services

Benefits Kentucky'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 KENTUCKY ECONOMY

- The services sector represents 56 percent of sales by Kentucky businesses, employs 73 percent of the workforce, and pays 65 percent of the state's \$40 billion in wages.¹
- Services exporters in Kentucky employed over 5,700 people and generated \$89 million in export revenues in 2002.² For example:
 - Professional, scientific and technical industry exporters from Kentucky employed 2,000 people and generated \$17 million in export revenues.
 - Telecommunications exporters from Kentucky employed 1,000 people and generated \$7.2 million in export revenues.
 - Publishing industry exports from Kentucky employed 2,100 people and generated \$33 million in export revenues.
- Affiliates of foreign services companies are part of this success. In 2003, companies such as Nestlé (Switzerland) and Deutsche Telekom (Germany) had over \$7 billion invested in property, plants, and equipment (PPE) in Kentucky and supported over 17,000 Kentucky jobs.³

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/>.

