

# International Trade in Services

## Benefits Arizona'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 ARIZONA ECONOMY

- The services sector represents 71 percent of sales by Arizona businesses, employs 74 percent of the workforce, and pays 75 percent of the state's \$51 billion in wages.<sup>1</sup>
- Services exporters in Arizona employed over 26,000 people and generated \$367 million in export revenues in 2002.<sup>2</sup> For example:
  - Professional, scientific and technical industry exporters from Arizona employed over 10,200 people and generated \$161 million in export revenues.
  - Telecommunications exporters from Arizona employed 10,800 people and generated \$115 million in export revenues.
  - Administrative and support services exporters from Arizona employed 2,200 people and generated \$35 million in export revenues.
  - Publishing exporters from Arizona employed 1,800 people and generated \$36 million in export revenues.
- Affiliates of foreign services companies are part of this success. In 2004, they had over \$1 billion invested in property, plants, and equipment (PPE) in Arizona and supported over 8,200 jobs.<sup>3</sup> Some of the important sectors and companies include:

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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/>.

- **Wholesale trade** (2003: 5,900 employed, \$774 million PPE). Major foreign food and beverage firms such as Nestle (Swiss) and Sodexho (French) participate in the Arizona wholesale industry.
- **Information** (2003: 2,300 employed, \$326 million PPE). This highly varied sector includes telecommunication firms such as Deutsche Telekom (German).