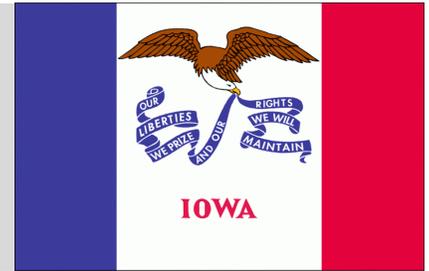


How Iowa's Economy Benefits from International Trade & Investment



Overview

With more than 95 percent of the world's population and 80 percent of the world's purchasing power outside the United States, future economic growth and jobs for Iowa and America increasingly depend on expanding U.S. trade and investment opportunities in the global marketplace.

The following pages feature key facts and figures drawn from new Business Roundtable research, U.S. government data, and other data sources that demonstrate the benefits of international trade and investment to economic growth and jobs in Iowa.

Why is International Trade & Investment Important to Iowa?

- **International trade, including exports and imports, supports 448,445 Iowa jobs – more than 1 in 5.** These trade-related jobs grew 4.8 times faster than total employment from 2004 to 2013 and are at large and small companies, on farms, in factories, and at the headquarters of Iowa's globally engaged firms. *(See Iowa Jobs Depend On Two-Way Trade)*
- **Iowa exported \$17.7 billion in goods and \$3.2 billion in services in 2013,** including oilseeds & grains, ag & construction machinery, meat products and insurance services. Of Iowa's 3,367 exporters, 83 percent are small- and medium-sized companies with less than 500 workers. *(See Iowa Businesses Grow With Exports)*
- **Customers in 195 countries buy Iowa-made goods and services,** including billions of dollars in annual exports to top markets like Canada, China and Mexico. Iowa's goods exports have grown more than two times faster than state GDP since 2003. *(See Iowa Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Iowa companies and families.** Lower raw material and input costs help Iowa companies stay competitive in global markets, while families can stretch paychecks further as trade agreements reduce the cost of products by eliminating costly barriers to trade. *(See Iowa Companies And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Iowa to partner countries.** In 2013, \$8.0 billion of Iowa's goods exports, or 45 percent, went to FTA partners. This represents a 135 percent increase since 2003. *(See Iowa Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 51,200 workers in Iowa.** *(See Foreign Investment In Iowa Creates Jobs)*



Overview

Creating and preserving quality U.S. jobs is a goal shared by all Americans. With more than 95 percent of the world’s population and 80 percent of the world’s purchasing power outside of the United States, future American economic growth and job creation depend on open markets abroad.

Trade Creates & Supports Jobs in Iowa

- Export growth increases jobs by generating new business for Iowa's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Iowa businesses compete and saving Iowa families real dollars at the cash register.
- More than one in five Iowa jobs depend upon international trade.
- Iowa's trade-related employment grew 4.8 times faster than total employment from 2004 to 2013.
- Jobs in U.S. exporting plants pay on average up to 18 percent more than similar jobs in non-exporting plants.
- U.S. exporting plants increase employment 2 to 4 percent faster annually than plants that do not export. Exporting plants also are less likely to go out of business.
- Trade-supported jobs are not just at companies that export and import. Trade supports higher wages for workers and lower costs for companies and consumers, providing them with more money to spend on other things. This spending supports additional jobs throughout the U.S. economy in sectors like entertainment, education and construction.

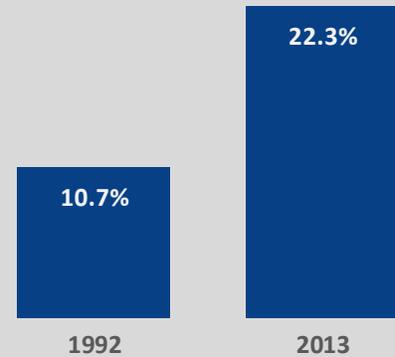
By the Numbers

448,445

Number of Jobs in Iowa Supported by Trade

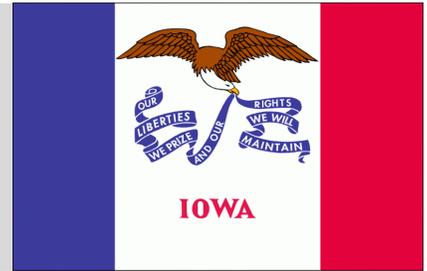
Share of Jobs Tied to Trade

Increased 108% from 1992 to 2013



Jobs Tied to Trade Top Sectors, 2013

Retail	51,700
Manufacturing	33,300
Finance, Insurance	27,300
Management, Administrative Services	23,600
Agriculture	22,300



Overview

Iowa exported an estimated \$17.7 billion in goods and \$3.2 billion in services in 2013. Between 2009 and 2013, Iowa goods exports have increased by 38 percent and services exports by 38 percent as well. Large companies now account for 83 percent of the value of Iowa's goods exports, with the rest provided by small- and medium-sized enterprises (SMEs).

Small & Large Employers Partner to Export

In addition to exporting directly themselves, thousands of American SMEs export indirectly when they sell goods and services to large U.S. exporters. Based on their direct and indirect export activity combined, SMEs represent more than 40 percent of the value of U.S. exports.

Top Iowa Exports

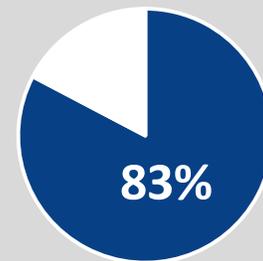
- Iowa ranks among the top 10 state exporters in 14 industries, including first in oilseeds & grains (\$4.7 billion), third in ag & construction machinery (\$3.0 billion), and fourth in meat products (\$1.6 billion) and grain & oilseed milling products (\$1.1 billion).
- Iowa is America's second largest exporter of agricultural products. It is the top exporter of soybeans, corn, and swine and ranks among the top 10 exporters of cattle, poultry, and furskins.
- One of Iowa's fastest growing export categories is motor vehicles, which have increased by 46 percent per year since 2003. In 2013, exports of these products reached \$235 million.

By the Numbers

3,367

Number of Iowa Businesses that Exported in 2012

Share of Iowa Exporters that are Small- & Medium-Sized Businesses



Top Iowa Exports, 2013

Goods

Oilseeds & Grains	\$4.7 billion
Ag & Construction Machinery	\$3.0 billion
Meat Products	\$1.6 billion
Grain & Oilseed Milling Products	\$1.1 billion
Basic Chemicals	\$499 million

Services

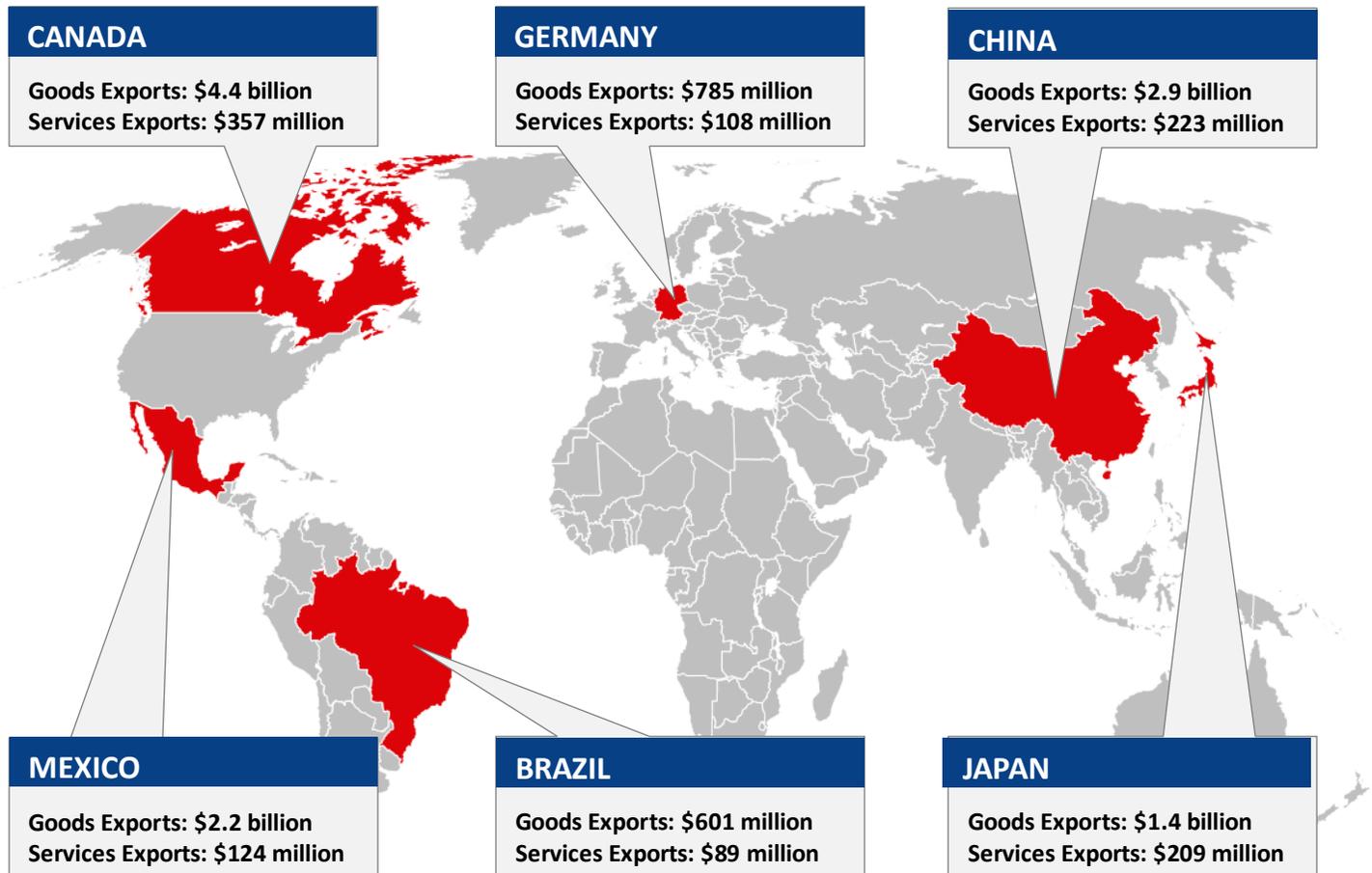
Insurance Services	\$576 million
Industrial Processes Royalties	\$569 million
Travel	\$540 million



Iowa Companies Export throughout the World

In 2013, Iowa companies sold their products in 195 international markets.

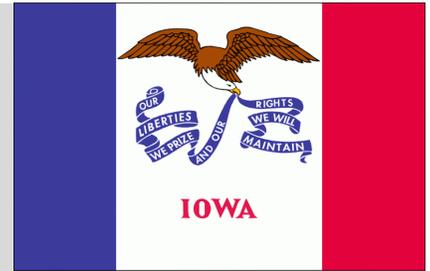
Top export markets include:



Fast Facts: How Exports Help the Iowa Economy Grow

- Goods exports accounted for 10.7 percent of Iowa's state GDP in 2013.
- Iowa's goods exports have grown more than two times faster than state GDP since 2003. The average annual export growth during this period was 9.9 percent, while the average annual state GDP growth was 4.5 percent.
- Iowa's top export markets for goods are Canada, China, and Mexico. Its top market for services is Canada.
- Among major export markets for Iowa's goods, India has grown the fastest at 21 percent per year since 2003. Exports to the Netherlands grew by 14 percent per year, while exports to Germany grew by 13 percent per year.

Iowa Companies & Workers Use Imports to Make Products and Compete in International Markets



Overview

In 2013, 60 percent (\$1.3 trillion) of the products imported into the United States were inputs and components used by American producers. Lower cost inputs keep U.S. manufacturing competitive in international markets. Imports frequently contain components (like cotton or semiconductors) and services inputs (like design) provided by U.S. companies and farmers, including companies and farmers in Iowa.

- Services, such as transportation, finance and insurance, marketing, and legal services are needed to bring imported goods to Iowa's manufacturers and households.
- In 2012, about 75 percent of identified U.S. importers were very small businesses with less than 20 employees.
- Trade and investment liberalization policies save the average Iowa family of four more than \$10,000 per year.
- Imports help keep prices down for Iowa families while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.

In 2012, nearly 186,000 U.S. companies (including 2,353 in Iowa) imported products...

And roughly three-quarters of U.S. importers were very small businesses with less than 20 employees.

Imports Decrease Prices for Goods & Services



-86.9%

Decrease in the Price of Televisions Between 2003 and 2013.



-71.2%

Decrease in the Price of Computers Between 2003 and 2013.



-41.9%

Decrease in the Price of Toys Between 2003 and 2013.

Imports Increase Choices for Goods & Services



Overview

The United States has some of the lowest trade barriers in the world. Overall U.S. trade with our 20 free trade agreement (FTA) partner countries supports 17.7 million American jobs. Trade agreements level the playing field by lowering other nations' trade barriers, opening up foreign markets to U.S. exports and setting strong, enforceable rules for trade between the United States and those other countries. Iowa has increased its exports to FTA partners following implementation of the U.S. FTAs with those countries.

- In 2013, \$8.0 billion of Iowa's goods exports, or 45 percent, went to FTA partners.
- Since 2003 Iowa's goods exports to countries with FTAs in effect with the United States in 2012 have increased by 135 percent.
- Iowa's exports to Canada and Mexico have increased by \$5.5 billion (502 percent) since NAFTA went into effect in 1994.
- Iowa's exports to Chile have increased by 290 percent since the FTA with Chile took effect in 2004.
- Iowa's exports to Korea of nonferrous metals have increased tenfold, from just \$4 million to \$45 million, in the two years since the FTA with Korea went into effect.
- Canada and Mexico combined to buy 89 percent of Iowa's exports of grain & oilseed milled products in 2013.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased \$11.3 billion, or 64 percent, of Iowa's goods exports in 2013.

By the Numbers

135%

Increase in Iowa Goods Exports to FTA Partners Between 2003 and 2013

Per Capita Purchases of U.S. Goods, 2013



* U.S. FTAs in effect with countries in 2013.

In 2013, FTA partners purchased 12.0 times more goods per capita from Iowa than non-FTA partners.



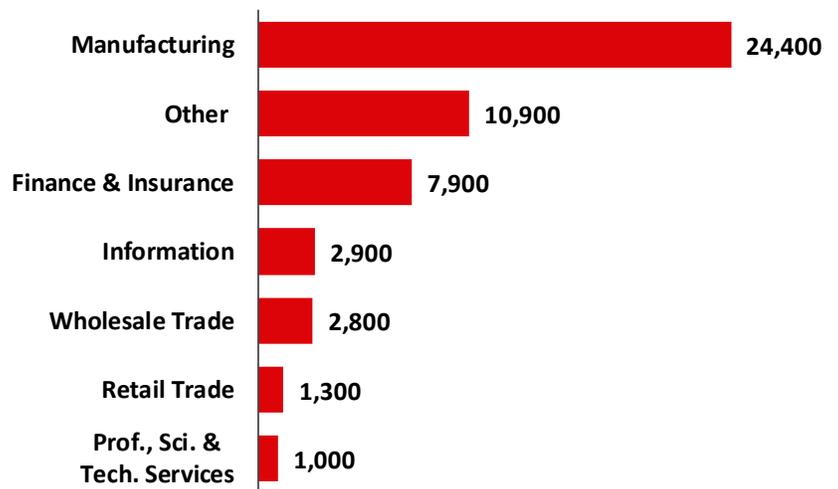
Foreign Investment in Iowa Creates Jobs

Overview

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Iowa every year. Foreign-owned companies from around the world employ tens of thousands of workers in Iowa, including:

- 10,500 workers employed by companies based in the United Kingdom;
- 5,600 workers employed by companies based in the Netherlands;
- 5,600 workers employed by companies based in Japan;
- 4,500 workers employed by companies based in Germany;
- 4,400 workers employed by companies based in Canada.

Foreign-Owned Companies Employ 51,200 Iowa Workers Across Many Industries



Selected Foreign-Owned Companies Employing Workers in Iowa

Company	Industry	Country
Adecco Staffing	Employment Services	Switzerland
Agrium Advanced Technologies	Agricultural and Chemical Products	Canada
Ajinomoto Food Ingredients	Food Manufacturing	Japan
Cemex	Cement Products Manufacturing	Mexico
Ernst & Young	Accounting Services	United Kingdom
Gerdau Ameristeel	Steel Product Manufacturing	Brazil
Great Western Bank	Banking Services	Australia
Holiday Inn	Hotel Services	United Kingdom
Hubbard Feeds	Animal Feed	Canada
KPMG LLP	Accounting Services	Netherlands
Schneider Electric	Power Distribution Equipment Manufacturer	France
Siemens Industry	Engineering Services	Germany
UBS Financial Services	Banking Services	Switzerland



IOWA JOBS DEPEND ON TWO-WAY TRADE

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Exporting Firm Growth: Bernard and Jensen, “Exporting and Productivity in the USA” (2004) (<http://faculty.tuck.dartmouth.edu/images/uploads/faculty/andrew-bernard/exprod.pdf>)

IOWA BUSINESSES GROW WITH EXPORTS

Small and Large Firms Partnering to Export (for 2007, the most recent year for which data were available): U.S. International Trade Commission, *Small and Medium-Sized Enterprises: Characteristics and Performance*, November 2010, (<http://www.usitc.gov/publications/332/pub4189.pdf>)

Exports, Rankings, and Trends: The Trade Partnership, derived from U.S. Census Bureau (“Census”) data (<http://tradepartnership.com/data/cdxports-and-cdxjobs>)

Exporting Company Information: Census, “A Profile of U.S. Importing and Exporting Companies, 2011 – 2012” (<http://www.census.gov/foreign-trade/Press-Release/edb/2012>)

IOWA COMPANIES EXPORT THROUGHOUT THE WORLD

Exports, Rankings, and Trends: The Trade Partnership (<http://tradepartnership.com/data/cdxports-and-cdxjobs>)

Export vs. GDP Growth: Derived from Census export data and U.S. Bureau of Economic Analysis (BEA) “GDP by State” database (<http://bea.gov/regional/index.htm>)

IOWA COMPANIES & WORKERS USE IMPORTS TO COMPETE IN INTERNATIONAL MARKETS

Importing Company Information: Census, “A Profile of U.S. Importing and Exporting Companies, 2011 – 2012” (<http://www.census.gov/foreign-trade/Press-Release/edb/2012>)

Imports as Components: Derived from Census end-use import data

Savings from Liberalization: Bradford, Grieco, and Hufbauer, “The Payoff to America from Global Integration” (2005) (<http://www.piie.com/publications/papers/2iie3802.pdf>)

Price Changes: Derived from BLS Consumer Price Index database (<http://www.bls.gov/cpi/>)

IOWA NEEDS TRADE AGREEMENTS TO GROW

Exports and Trends: The Trade Partnership (<http://tradepartnership.com/data/cdxports-and-cdxjobs>)

Per Capita Purchases of Iowa Goods: Derived from The Trade Partnership (<http://tradepartnership.com/data/cdxports-and-cdxjobs>) and World Bank population estimates

Jobs-Tied-to-FTAs: U.S. Chamber of Commerce, “Opening Markets, Creating Jobs: Estimated U.S. Employment Effects of Trade with FTA Partners” (2010) (http://tradepartnership.com/pdf_files/US%20Chamber%20-%20Opening%20Markets,%20Creating%20Jobs%20study.pdf)

FOREIGN INVESTMENT IN IOWA CREATES JOBS

Employment Data: BEA “Direct Investment & Multinational Companies” database (http://bea.gov/iTable/index_MNC.cfm)

Foreign Investors: Uniworld BP database of “Foreign Firms Operating in the United States” (<http://www.uniworldbp.com>)