

How Texas' Economy Benefits from International Trade & Investment

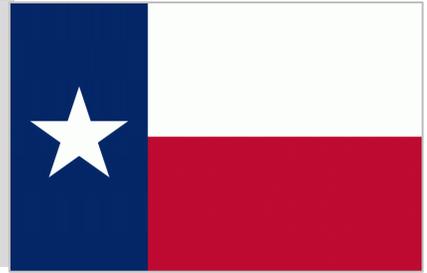
Overview

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 Texas 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 Texas.

Why is International Trade & Investment Important to Texas?

- **International trade, including exports and imports, supports 3.0 million Texas jobs – more than 1 in 5.** These trade-related jobs grew 1.6 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 Texas' globally engaged firms. *(See Texas Jobs Depend On Two-Way Trade)*
- **Texas exported \$274.9 billion in goods and \$51.1 billion in services in 2013,** including basic chemicals, computer equipment, resins & synthetic fibers and travel services. Of Texas' 40,737 exporters, 93 percent are small- and medium-sized companies with less than 500 workers. *(See Texas Businesses Grow With Exports)*
- **Customers in 221 countries buy Texas-made goods and services,** including billions of dollars in annual exports to top markets like Mexico, Canada and China. Texas' goods exports have grown nearly two times faster than state GDP since 2003. *(See Texas Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Texas companies and families.** Lower raw material and input costs help Texas 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 Texas Companies And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Texas to partner countries.** In 2013, \$166.9 billion of Texas' goods exports, or 61 percent, went to FTA partners. This represents a 174 percent increase since 2003. *(See Texas Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 476,400 workers in Texas.** *(See Foreign Investment In Texas Creates Jobs)*



Texas Jobs Depend on Two-Way Trade

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 Texas

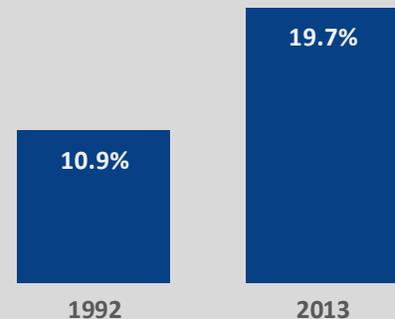
- Export growth increases jobs by generating new business for Texas’ manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Texas businesses compete and saving Texas families real dollars at the cash register.
- Nearly one in five Texas jobs depend upon international trade.
- Texas’ trade-related employment grew 1.6 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

3.0 million

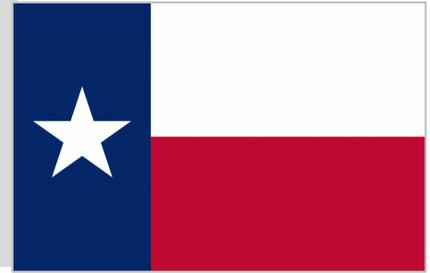
Number of Jobs in Texas Supported by Trade

Share of Jobs Tied to Trade Increased 81% from 1992 to 2013



Jobs Tied to Trade Top Sectors, 2013

Retail	352,500
Management, Administrative Services	252,500
Professional, Scientific, Tech Services	215,900
Finance, Insurance	192,100
Real Estate, Rental	146,000



Texas Businesses Grow with Exports

Overview

Texas exported an estimated \$274.9 billion in goods and \$51.1 billion in services in 2013. Between 2009 and 2013, Texas goods exports have increased by 72 percent and services exports by 34 percent. Large companies now account for 69 percent of the value of Texas' 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 Texas Exports

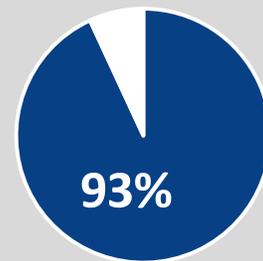
- Texas ranks among the top 5 state exporters in 73 industries, including first in petroleum & coal products (\$61.0 billion), basic chemicals (\$26.5 billion), computer equipment (\$16.0 billion), and resins & synthetic fibers (\$15.1 billion).
- Texas is America's 13th largest exporter of agricultural products. It is the top exporter of cotton, misc. grains, and cattle and ranks among the top 10 exporters of greenhouse products, peanuts, rice, and misc. agricultural products.
- One of Texas' fastest growing export categories is motor vehicle bodies, which have increased by 23 percent per year since 2003. In 2013, exports of these products reached \$303 million.

By the Numbers

40,737

Number of Texas Businesses that Exported in 2012

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



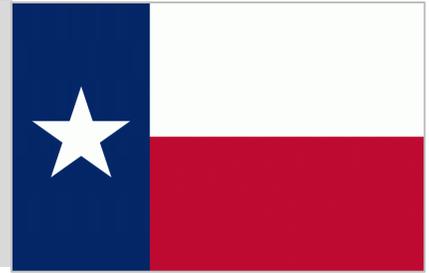
Top Texas Exports, 2013

Goods

Petroleum & Coal Products	\$61.0 billion
Basic Chemicals	\$26.5 billion
Computer Equipment	\$16.0 billion
Resins & Synthetic Fibers	\$15.1 billion
Semiconductors & Components	\$14.5 billion

Services

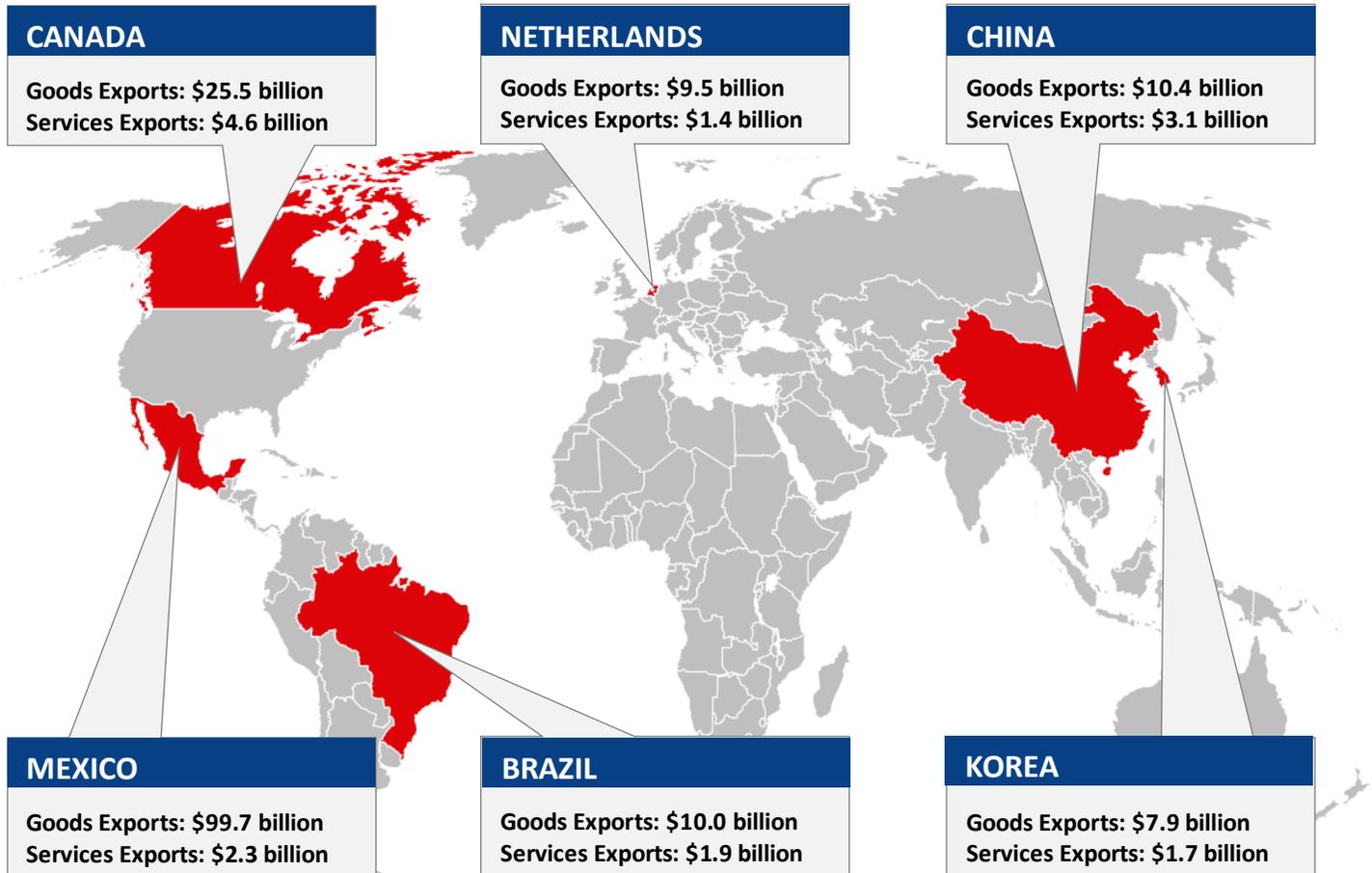
Travel	\$8.3 billion
Passenger Fares	\$6.6 billion
Industrial Processes Royalties	\$6.3 billion



Texas Companies Export throughout the World

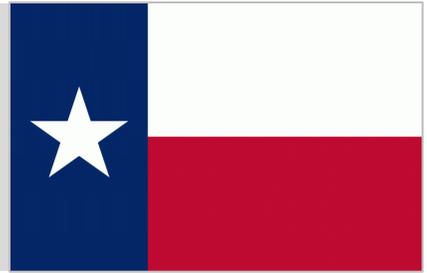
In 2013, Texas companies sold their products in 184 international markets.

Top export markets include:



Fast Facts: How Exports Help the Texas Economy Grow

- Goods exports accounted for 17.9 percent of Texas' state GDP in 2013.
- Texas' goods exports have grown nearly two times faster than state GDP since 2003. The average annual export growth during this period was 11.6 percent, while the average annual state GDP growth was 6.2 percent.
- Texas' top export markets for goods are Mexico, Canada, and China. Its top market for services is Canada.
- Among major export markets for Texas' goods, Nigeria has grown the fastest at 27 percent per year since 2003. Exports to Colombia and Peru each grew by 26 percent per year.



Texas 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 Texas.

- Services, especially transportation from Texas' ports, finance and insurance, marketing and legal services are needed to bring imported goods to American 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 Texas family of four more than \$10,000 per year.
- Imports help keep prices down for Texas 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 21,667 in Texas) 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%

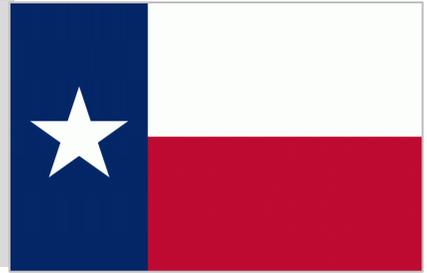
Decrease in the Price of Computers Between 2003 and 2013.



-41.9%

Decrease in the Price of Toys Between 2003 and 2013.

Imports Increase Choices for Goods & Services



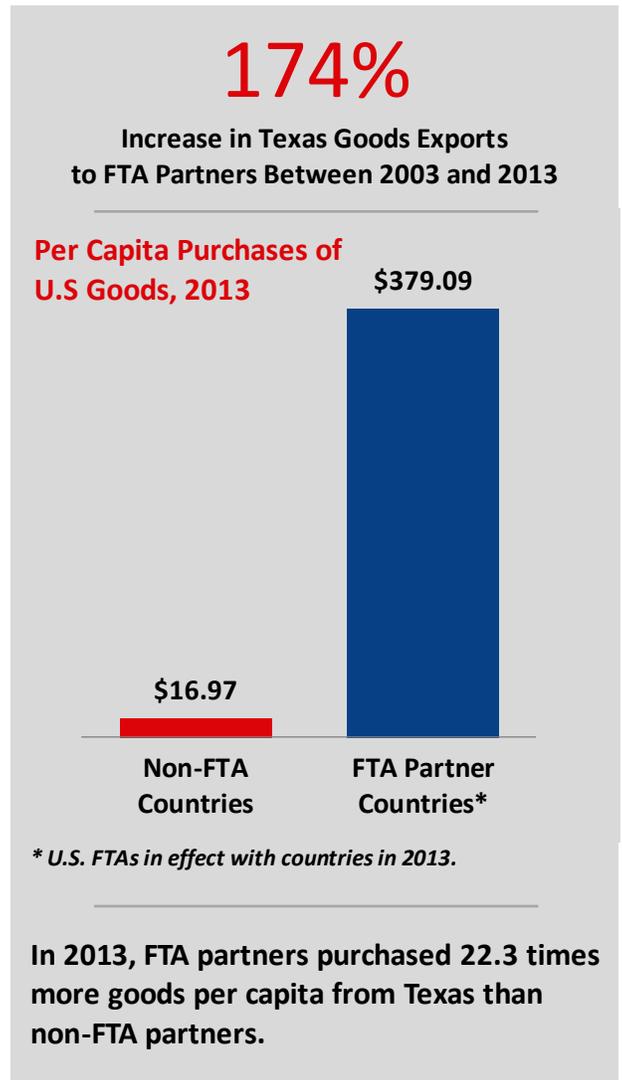
Texas Needs Trade Agreements to Grow

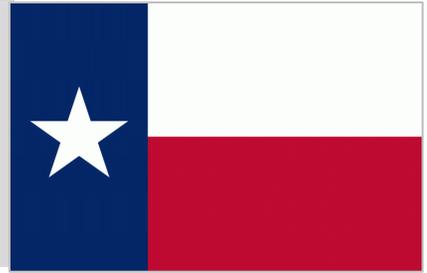
Overview

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. Texas has increased its exports to FTA partners following implementation of the U.S. FTAs with those countries.

- In 2013, \$166.9 billion of Texas' goods exports, or 61 percent, went to FTA partners.
- Since 2003 Texas' goods exports to countries with FTAs in effect with the United States in 2012 have increased by 174 percent.
- Texas' exports to Canada and Mexico have increased by \$102.1 billion (443 percent) since NAFTA went into effect in 1994.
- Texas' exports to Chile have increased by 1,277 percent, from \$332 million to \$4.6 billion, since the FTA with Chile took effect in 2004.
- Texas' exports to Korea of general purpose machinery jumped from \$107 million to \$596 million in the two years since the FTA with Korea went into effect.
- Canada and Mexico combined to buy 91 percent of Texas' exports of audio & video equipment in 2013.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased \$177.7 billion, or 65 percent, of Texas' goods exports in 2013.

By the Numbers





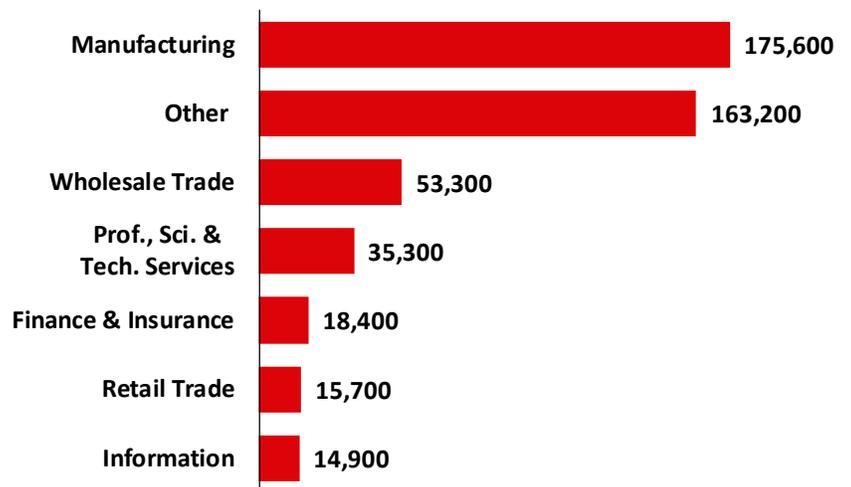
Foreign Investment in Texas Creates Jobs

Overview

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

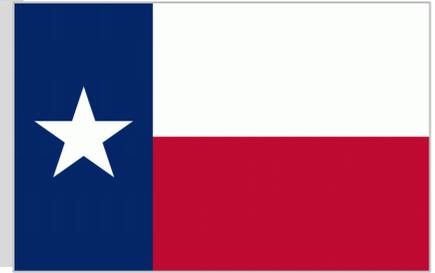
- 86,500 workers employed by companies based in the United Kingdom;
- 44,700 workers employed by companies based in Switzerland;
- 39,900 workers employed by companies based in France;
- 39,400 workers employed by companies based in Canada;
- 39,300 workers employed by companies based in Germany.

Foreign-Owned Companies Employ 476,400 Texas Workers Across Many Industries



Selected Foreign-Owned Companies Employing Workers in Texas

Company	Industry	Country
ABB Inc.	Electrical Equipment Manufacturing	Switzerland
Accor North America	Hotel Services	France
BAE Systems Inc.	Defense/Security/Aerospace Services	United Kingdom
BASF Corp.	Chemicals Manufacturing	Germany
Core Laboratories Inc.	Energy Services	Netherlands
Ericsson Inc.	Communications Equipment Manuf.	Sweden
KPMG LLP	Accounting Services	United Kingdom
Mitel Networks	Telecommunications Services	Canada
Shell Oil Company	Energy Production	Netherlands
SK Hynix America Inc.	Semiconductor Manufacturing	Korea
Toyota Motor Manufacturing	Motor Vehicle Manufacturing	Japan
Trader Joe's	Food Retailing	Germany



Data Sources

TEXAS JOBS DEPEND ON TWO-WAY TRADE

Jobs-Tied-to-Trade: Baughman and Francois, "Trade and American Jobs, The Impact of Trade on U.S. and State-Level Employment: 2014 Update" (2014) (<http://businessroundtable.org/resources/trade-and-american-jobs-2014-update>)

Exporting Firm Wages: Riker, "Do Jobs in Export Industries Still Pay More? And Why?" (2010) (http://www.trade.gov/mas/ian/build/groups/public/@tg_ian/documents/webcontent/tg_ian_003208.pdf)

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>)

TEXAS 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>)

TEXAS 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>)

TEXAS 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/>)

TEXAS NEEDS TRADE AGREEMENTS TO GROW

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

Per Capita Purchases of Texas 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 TEXAS 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>)