



HOW TEXAS' ECONOMY BENEFITS FROM INTERNATIONAL TRADE AND INVESTMENT

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 and U.S. government data that help explain the benefits of international trade and investment and the importance of active trade and investment initiatives to U.S. economic growth and jobs, including in Texas.

Why Is International Trade and Investment so Important to Texas?

- International trade – both exports and imports – supports **2.9 million Texas jobs**. These trade-related jobs 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 exports hundreds of billions of dollars** in goods and services annually, including petroleum products, chemicals, farm products, royalties from industrial processes, and travel-related services. The vast majority of Texas exporters are small and medium-sized companies with less than 500 workers. *See Texas Businesses Grow With Exports.*
- Customers in **223 countries** around the world buy Texas-grown and manufactured goods and services. Top markets like **Mexico, Canada** and **China** buy tens of billions of dollars of Texas products and services annually. *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 led to **rapid export growth** to partner countries. America's **FTA partners purchased 22.4 times more goods per capita from Texas** than non-FTA countries did in 2012. *See Texas Needs Trade Agreements To Grow.*
- **Foreign-owned companies** invest in Texas and **employ more than 425,000 Texans**. *See Foreign Investment In Texas Creates Jobs.*

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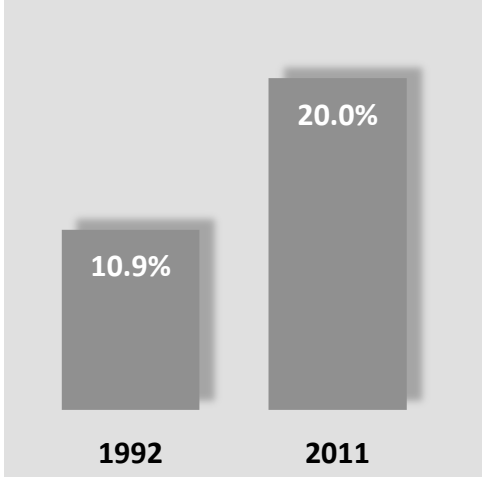
TEXAS JOBS DEPEND ON TWO-WAY TRADE

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 and 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. **Foreign investment** in Texas creates good jobs across a range of sectors.

Today, 2.9 million jobs in Texas depend on trade.

Share of Texas Jobs Tied to Trade Nearly Doubled from 1992 to 2011



One in five Texas jobs depend on international trade.

- Texas’ **trade-related employment grew two times faster** than total employment from 2004 to 2011.
- **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.

Small and Large Employers Partner to Export

In addition to exporting directly themselves, more than 6,000 American small- and medium-sized enterprises (SMEs) export indirectly when they sell goods and services to large U.S. companies that export. SMEs account for nearly a quarter of the value of purchases by large companies, which in turn often export finished goods and services to customers around the world.

Top Sectors for Texas Jobs Tied to Trade, 2011

Consumer Services	613,400
Prof., Sci. & Tech. Services	535,700
Wholesale & Retail Trade	452,300
Construction	255,900
Finance & Insurance	172,100
Transportation & Warehousing	118,600

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TEXAS BUSINESSES GROW WITH EXPORTS

Texas ranked first in the United States in **goods exports** in 2012, with an estimated value of **\$262.3 billion**, and third in **services exports**, with an estimated value of **\$50.0 billion** in 2011. Large companies account for 65 percent of the value of Texas' merchandise exports, with the rest provided by small- and medium-sized enterprises (SMEs).

Top Goods Exports, 2012

- Petroleum & Coal Products: \$57.2 billion
- Basic Chemicals: \$26.2 billion
- Synthetic Rubbers & Resins: \$14.7 billion
- Semiconductors & Components: \$14.0 billion
- Computer Equipment: \$12.8 billion

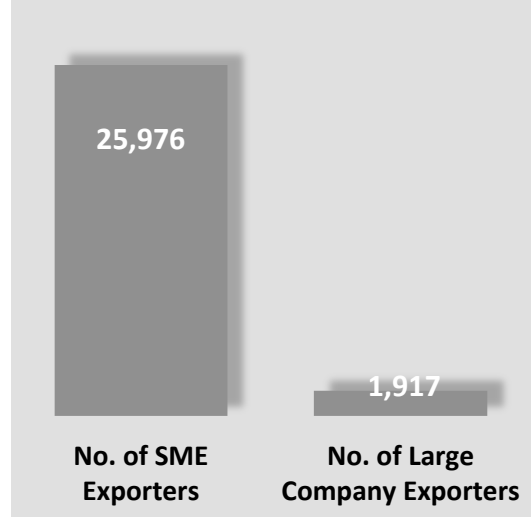
Top Services Exports, 2011

- Travel: \$9.1 billion
- Industrial Processes Royalties: \$5.5 billion
- Port & Freight Services: \$5.3 billion

Leading Export Products

Petroleum and coal products was Texas' leading export category in 2012, accounting for 21.8 percent of total merchandise exports.

93 Percent of Texas Exporters Are Small- or Medium-Sized Companies



- Texas **ranks among the top 10 state exporters in 93 industries**, including first in petroleum and coal products (\$57.2 billion), basic chemicals (\$26.2 billion), synthetic rubbers and resins (\$14.7 billion), semiconductors and components (\$14 billion), and communications equipment (\$8.9 billion).
- Texas is **America's eighth largest exporter of agricultural products**. It is the **top exporter of cotton, cattle, and other live animals** and ranks among the top 10 in 15 other categories.
- One of Texas' fastest growing export categories is **iron, steel, and ferroalloys**, which has increased by 17 percent per year since 2002. In 2012, exports of these products reached \$3.7 billion.

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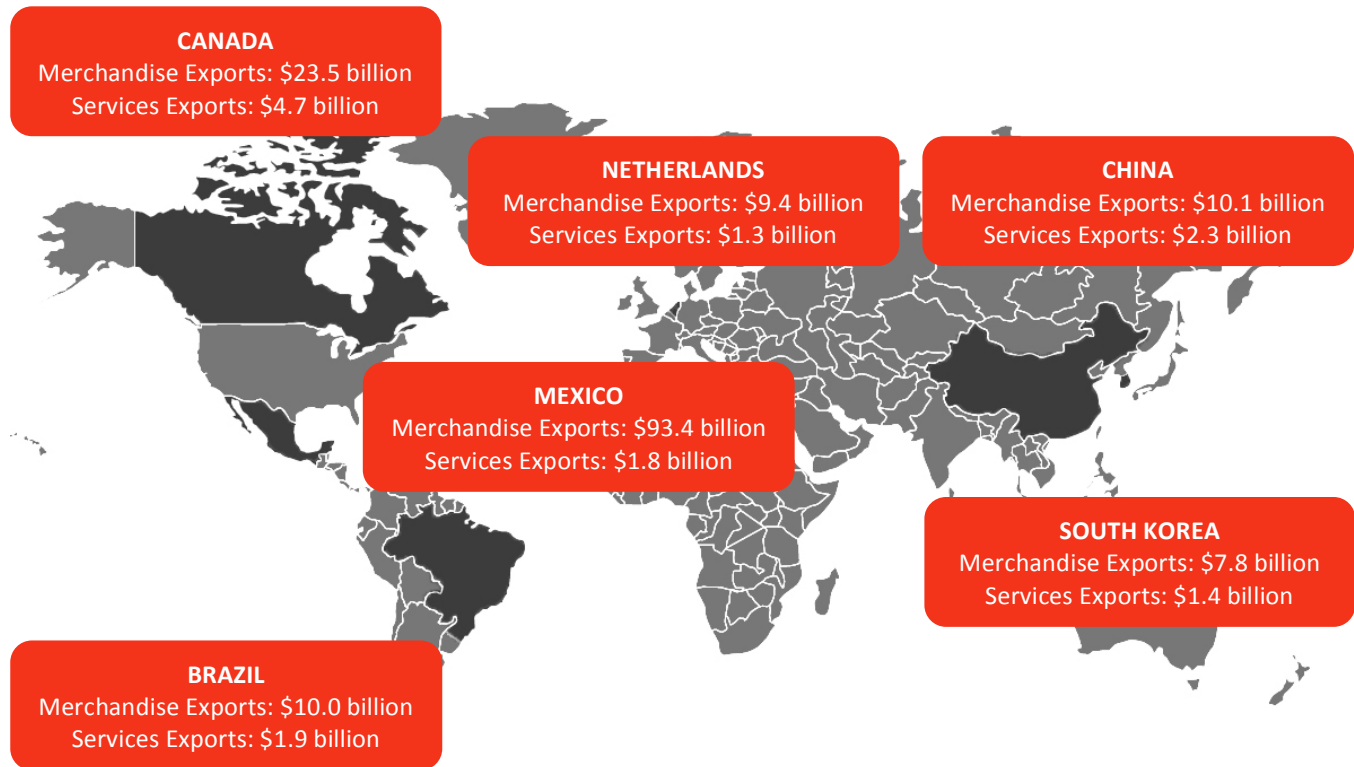
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TEXAS COMPANIES EXPORT THROUGHOUT THE WORLD

In 2012, Texas companies sold their products in **223 international markets**.

Top Export Markets*



- Texas’ top export market for goods is **Mexico** and its top market for services is **Canada**. Other leading markets include **China** and **Brazil**.
- Among Texas’ top export markets for goods, **Panama** has grown the fastest at **36 percent per year** since 2002. Exports to **Chile** grew by **35 percent per year**, while exports to **Costa Rica** grew by **33 percent per year**.
- Texas’ **goods exports have grown two times faster than state GDP** since 2002. The average annual export growth during this period was 11.9 percent, while the average annual state GDP growth was 6.0 percent.
- Goods exports accounted for **18.8 percent of Texas’ state GDP** in 2011.

**Goods data are for 2012; services data are for 2011*

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TEXAS COMPANIES AND WORKERS USE IMPORTS TO COMPETE

In 2012, 61 percent 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.

\$1.3 trillion of U.S. imported goods in 2012 were inputs or materials used by U.S. producers.

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.

19,811 Texas companies imported products in 2010.

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 2010, nearly **64 percent** of identified 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.



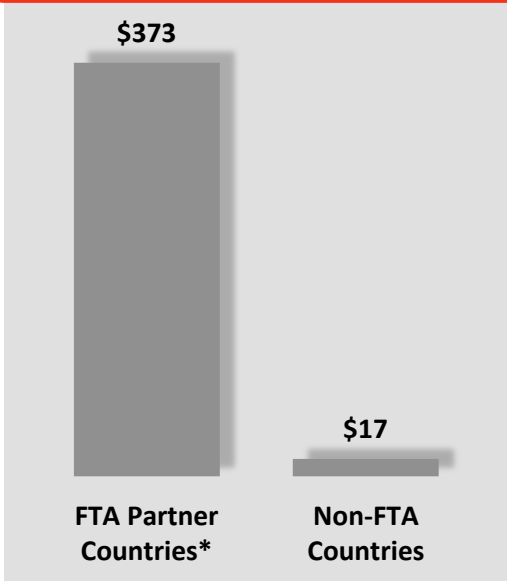


TEXAS NEEDS TRADE AGREEMENTS TO GROW

The United States has some of the lowest trade barriers in the world. Overall U.S. trade with 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 partner countries following implementation of the U.S. FTAs with those countries.

Since 2002, **Texas’ goods exports to FTA partners** in effect in 2012 have **increased by 170 percent**. In 2012, **\$158 billion of Texas’ merchandise exports**, or 60 percent, went to FTA partners.

Per Capita Purchases of Texas Goods, 2012



**U.S. FTAs in effect with countries in 2012.*

FTA partners purchased 22.4 times more goods per capita from Texas than non-FTA partners in 2012.

- Texas’ **exports to Canada and Mexico have increased by \$93.8 billion** (407 percent) since NAFTA went into effect in 1994. Exports to Canada have increased \$19.4 billion (476 percent), while exports to Mexico have increased \$74.4 billion (392 percent).
- Texas’ **exports to Morocco** have experienced very strong growth, **increasing by 1,828 percent** since the U.S.-Morocco FTA took effect in 2005.
- Texas’ **exports to Australia** of agricultural and construction machinery, one of its top exports, have **increased fivefold to \$622 million** since 2005 when the U.S.-Australia FTA entered into effect.
- FTA partners bought **89 percent** of Texas’ exports of ships and boats in 2012, led by **Singapore (61 percent)** and **Israel (26 percent)**.
- The **Trans-Pacific Partnership (TPP) countries** that are not current FTA partners — Brunei, Malaysia, New Zealand and Vietnam — were Texas’ 23rd largest export market in 2011 with a **combined value of \$2.4 billion**.



FOREIGN INVESTMENT IN TEXAS CREATES JOBS

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:

- **67,100 by companies based in the United Kingdom**
- **38,300 by companies based in Canada**
- **38,200 by companies based in France**
- **38,000 by companies based in the Netherlands**
- **35,500 by companies based in Germany**

Foreign-Owned Companies Employ a Total of 428,100 Texas Workers Across Many Industries

Manufacturing		166,500
Other		131,000
Wholesale Trade		54,200
Prof., Sci. & Tech. Services		27,900
Finance & Insurance		19,400
Retail Trade		15,200
Information		13,900

Selected Foreign-Owned Companies Employing Workers in Texas

<u>Company</u>	<u>Industry</u>	<u>Country</u>
ABB Inc.	Electrical Equipment Manufacturing	Switzerland
Accor North America	Hotel Services	France
Alcon Laboratories	Healthcare Products Manufacturer	Switzerland
BAE Systems Inc.	Defense/Security/Aerospace Services	United Kingdom
BASF Corp.	Chemicals Manufacturing	Germany
Core Laboratories Inc.	Energy Services	Netherlands
Equistar Chemicals LP	Chemicals Manufacturing	Netherlands
Ericsson Inc.	Communications Equipment Manuf.	Sweden
Hynix Semiconductor America Inc.	Semiconductor Manufacturing	Korea
KPMG LLP	Accounting Services	United Kingdom
Shell Oil Company	Energy Production	Netherlands
Toyota Motor Manufacturing	Motor Vehicle Manufacturing	Japan

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