

How Missouri'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 Missouri 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 Missouri.

Why is International Trade & Investment Important to Missouri?

- **International trade, including exports and imports, supports 815,374 Missouri jobs – more than 1 in 5.** These trade-related jobs grew 8.0 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 Missouri's globally engaged firms. *(See Missouri Jobs Depend On Two-Way Trade)*
- **Missouri exported \$14.6 billion in goods and \$8.6 billion in services in 2013,** including oilseeds & grains, motor vehicles, basic chemicals and travel services. Of Missouri's 5,999 exporters, 85 percent are small- and medium-sized companies with less than 500 workers. *(See Missouri Businesses Grow With Exports)*
- **Customers in 196 countries buy Missouri-made goods and services,** including billions of dollars in annual exports to top markets like Canada, Mexico and China. Missouri's goods exports have grown two and a half times faster than state GDP since 2003. *(See Missouri Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Missouri companies and families.** Lower raw material and input costs help Missouri 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 Missouri Companies And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Missouri to partner countries.** In 2013, \$7.4 billion of Missouri's goods exports, or 51 percent, went to FTA partners. This represents a 65 percent increase since 2003. *(See Missouri Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 89,600 workers in Missouri.** *(See Foreign Investment In Missouri Creates Jobs)*



Missouri 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 Missouri

- Export growth increases jobs by generating new business for Missouri's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Missouri businesses compete and saving Missouri families real dollars at the cash register.
- More than one in five Missouri jobs depend upon international trade.
- Missouri's trade-related employment grew 8.0 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.

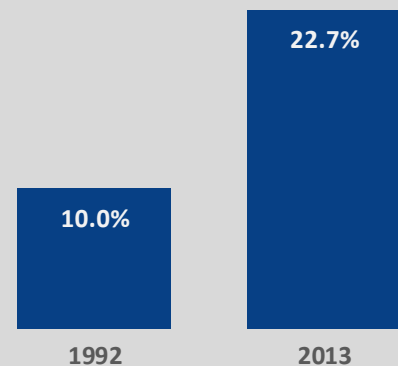
By the Numbers

815,374

**Number of Jobs in Missouri
Supported by Trade**

Share of Jobs Tied to Trade

Increased 127% from 1992 to 2013



Jobs Tied to Trade Top Sectors, 2013

| | |
|---|--------|
| Retail | 87,000 |
| Management, Administrative Services | 58,000 |
| Manufacturing | 44,500 |
| Finance, Insurance | 44,100 |
| Professional, Scientific, Tech Services | 42,300 |

Missouri Businesses Grow with Exports



Overview

Missouri exported an estimated \$14.6 billion in goods and \$8.6 billion in services in 2013. Between 2009 and 2013, Missouri goods exports have increased by 35 percent and services exports by 24 percent. Large companies now account for 77 percent of the value of Missouri'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 Missouri Exports

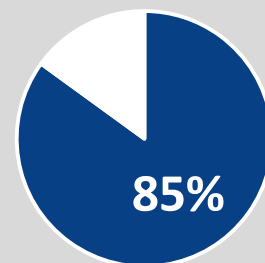
- Missouri ranks among the top 10 state exporters in 10 industries, including fourth in misc. transportation equipment (\$311 million), fifth in animal foods (\$164 million), and sixth in coal & petroleum gases (\$516 million) and leather & hides (\$129 million).
- Missouri is America's 11th largest exporter of agricultural products. It is the fourth leading exporter of rice and ranks among the top 10 exporters of soybeans, poultry, cotton, and corn.
- One of Missouri's fastest growing export categories is beverages, which have increased by 22 percent per year since 2003. In 2013, exports of these products reached \$124 million.

By the Numbers

5,999

**Number of Missouri Businesses
that Exported in 2012**

**Share of Missouri Exporters that are
Small- & Medium-Sized Businesses**



Top Missouri Exports, 2013

Goods

| | |
|---------------------------------|---------------|
| Oilseeds & Grains | \$1.7 billion |
| Motor Vehicles | \$1.6 billion |
| Basic Chemicals | \$888 million |
| Pharmaceuticals & Medicines | \$766 million |
| Misc. General Purpose Machinery | \$552 million |

Services

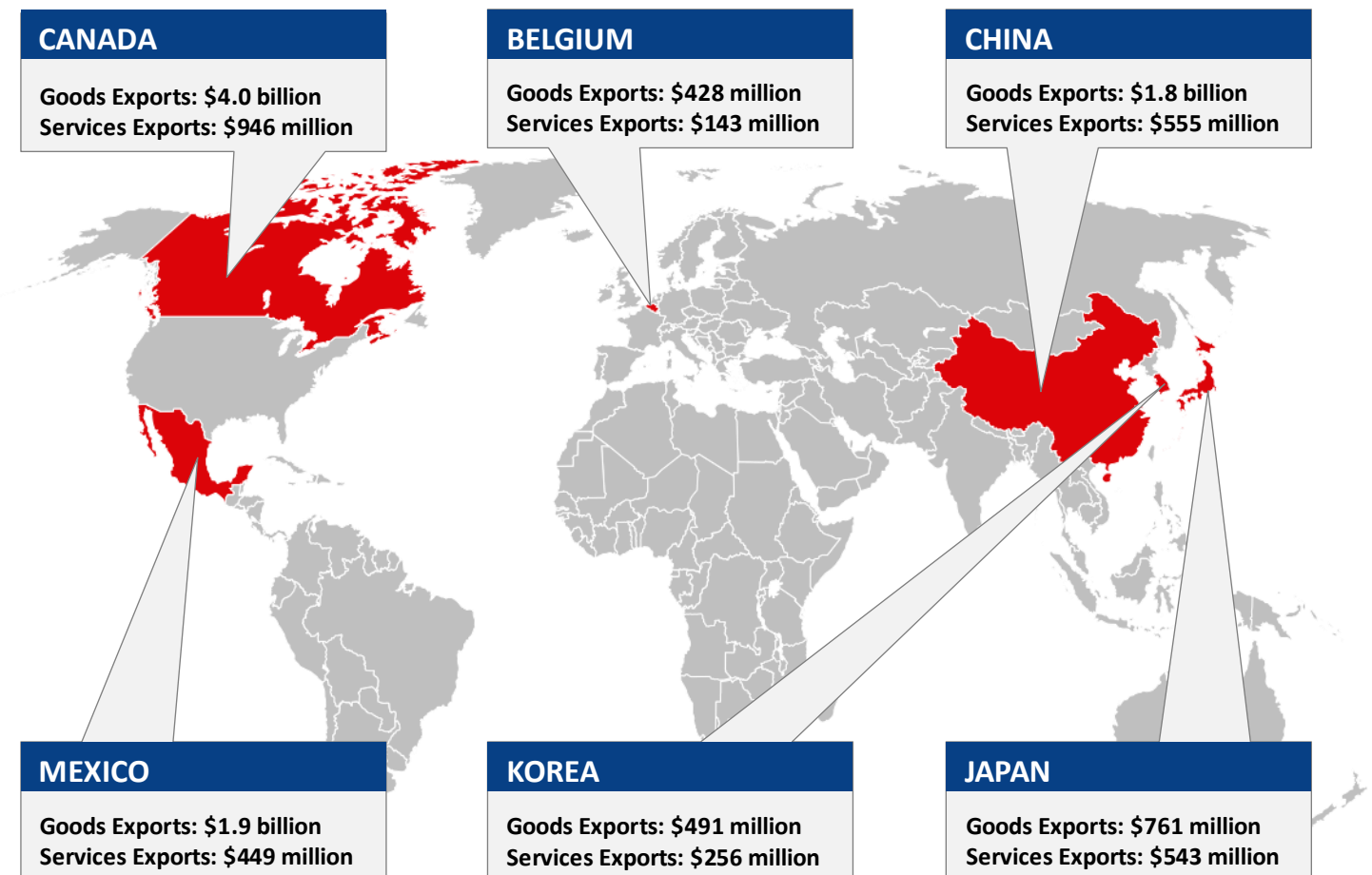
| | |
|--------------------------|---------------|
| Travel | \$2.9 billion |
| Misc. Financial Services | \$559 million |
| Education | \$509 million |



Missouri Companies Export throughout the World

In 2013, Missouri companies sold their products in 196 international markets.

Top export markets include:



Fast Facts: How Exports Help the Missouri Economy Grow

- Goods exports accounted for 5.3 percent of Missouri's state GDP in 2013.
- Missouri's goods exports have grown two and a half times faster than state GDP since 2003. The average annual export growth during this period was 7.2 percent, while the average annual state GDP growth was 3.0 percent.
- Missouri's top export markets for goods are Canada, Mexico, and China. Its top market for services is Canada.
- Among major export markets for Missouri's goods, India has grown the fastest at 23 percent per year since 2003. Exports to Indonesia grew by 16 percent per year, while exports to Thailand grew by 10 percent per year.



Missouri 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 Missouri.

- Services, especially transportation from Missouri's 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 Missouri family of four more than \$10,000 per year.
- Imports help keep prices down for Missouri 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 4,530 in Missouri) 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

Missouri Needs Trade Agreements to Grow

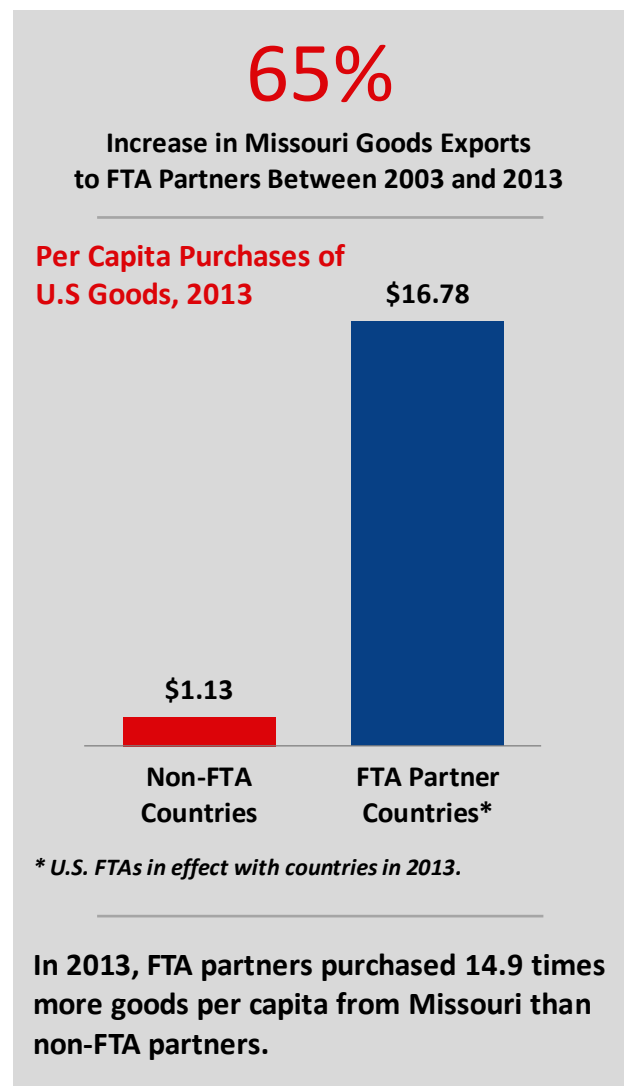


Overview

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

- In 2013, \$7.4 billion of Missouri's goods exports, or 51 percent, went to FTA partners.
- Since 2003 Missouri's goods exports to countries with FTAs in effect with the United States in 2012 have increased by 65 percent.
- Missouri's exports to Canada and Mexico have increased by \$4.0 billion (209 percent) since NAFTA went into effect in 1994.
- Missouri's exports to Chile have tripled since the FTA with Chile took effect in 2004.
- Missouri's exports to Korea of leather products more than tripled to \$46 million in the two years since the FTA with Korea went into effect.
- Canada and Mexico combined to buy 83 percent of Missouri's exports of pesticides & fertilizers in 2013.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased \$9.6 billion, or 66 percent, of Missouri's goods exports in 2013.

By the Numbers





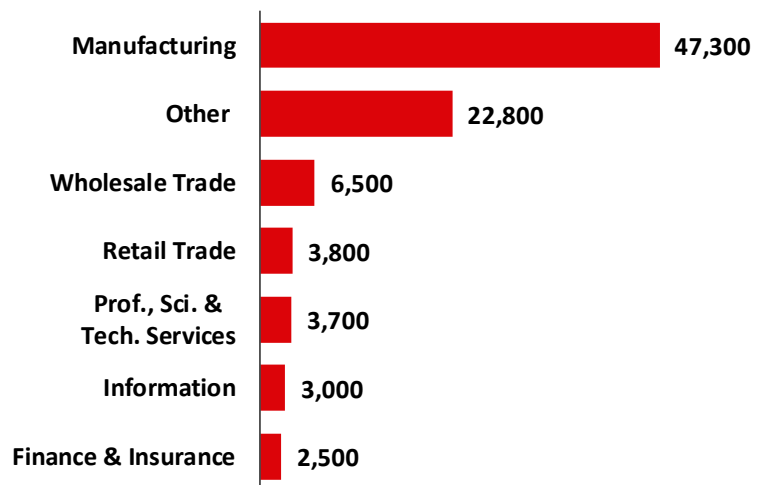
Foreign Investment in Missouri Creates Jobs

Overview

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

- 16,300 workers employed by companies based in the United Kingdom;
- 11,700 workers employed by companies based in Germany;
- 8,700 workers employed by companies based in Canada;
- 8,600 workers employed by companies based in Switzerland;
- 8,600 workers employed by companies based in Japan.

Foreign-Owned Companies Employ 89,600 Missouri Workers Across Many Industries



Selected Foreign-Owned Companies Employing Workers in Missouri

| Company | Industry | Country |
|-------------------------------|-----------------------------------|----------------|
| ABB Inc. | Power Distribution Equipment Mfg. | Switzerland |
| Americold Logistics | Warehousing Services | Canada |
| BASF Corporation | Chemical Manufacturing | Germany |
| Bodine Aluminum | Automotive Parts Manufacturing | Japan |
| Bull Moose Tube Co. | Steel Product Manufacturing | United Kingdom |
| Cemex | Cement Manufacturing | Mexico |
| Gerdau Ameristeel | Steel Manufacturing | Brazil |
| Henkel Corporation | Chemical Manufacturing | Germany |
| Holcim US | Cement Manufacturing | Switzerland |
| Kawasaki Motors Manufacturing | Engine Manufacturing | Japan |
| Northstar Battery Company | Battery Manufacturing | Sweden |
| Robert Bosch | Automotive Parts Manufacturing | Germany |



MISSOURI 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>)

MISSOURI 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>)

MISSOURI 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>)

MISSOURI 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/>)

MISSOURI NEEDS TRADE AGREEMENTS TO GROW

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

Per Capita Purchases of Missouri 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 MISSOURI 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>)