How Ohio’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 Ohio 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 Ohio.

Why is International Trade & Investment Important to Ohio?

- **International trade, including exports and imports, supports 1.5 million Ohio jobs – more than 1 in 5.** While Ohio’s total employment declined from 2004 to 2013, trade-related jobs grew by 19 percent. These trade-related jobs are at large and small companies, on farms, in factories, and at the headquarters of Ohio's globally engaged firms.  (See Ohio Jobs Depend On Two-Way Trade)

- **Ohio exported $50.6 billion in goods and $13.4 billion in services in 2013,** including motor vehicle parts, aerospace products & parts, motor vehicles and travel services. Of Ohio's 16,345 exporters, 89 percent are small- and medium-sized companies with less than 500 workers.  (See Ohio Businesses Grow With Exports)

- **Customers in 210 countries buy Ohio-made goods and services,** including billions of dollars in annual exports to top markets like Canada, Mexico and China. Ohio's goods exports have grown more than two times faster than state GDP since 2003.  (See Ohio Companies Export Throughout The World)

- **Imports lower prices and increase choices for Ohio companies and families.** Lower raw material and input costs help Ohio 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 Ohio Companies And Workers Use Imports To Compete)

- **Free trade agreements (FTAs) have helped fuel rapid export growth from Ohio to partner countries.** In 2013, $28.8 billion of Ohio's goods exports, or 57 percent, went to FTA partners. This represents a 40 percent increase since 2003.  (See Ohio Needs Trade Agreements To Grow)

- **Foreign-owned companies invest and build facilities and employ 224,000 workers in Ohio.**  (See Foreign Investment In Ohio Creates Jobs)

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www.brt.org/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 Ohio

- Export growth increases jobs by generating new business for Ohio's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Ohio businesses compete and saving Ohio families real dollars at the cash register.
- More than one in five Ohio jobs depend upon international trade.
- While Ohio’s total employment declined from 2004 to 2013, trade-related jobs grew by 19 percent.
- 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

1.5 million
Number of Jobs in Ohio Supported by Trade

Share of Jobs Tied to Trade
Increased 110% from 1992 to 2013

<table>
<thead>
<tr>
<th>Year</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>10.5%</td>
</tr>
<tr>
<td>2013</td>
<td>22.1%</td>
</tr>
</tbody>
</table>

Jobs Tied to Trade
Top Sectors, 2013

- Retail: 159,400
- Management, Administrative Services: 119,300
- Manufacturing: 103,300
- Professional, Scientific, Tech Services: 80,700
- Finance, Insurance: 70,100

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Ohio Businesses Grow with Exports

Overview

Ohio exported an estimated $50.6 billion in goods and $13.4 billion in services in 2013. Between 2009 and 2013, Ohio goods exports have increased by 46 percent and services exports by 27 percent. Large companies now account for 76 percent of the value of Ohio'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 Ohio Exports

- Ohio ranks among the top 5 state exporters in 29 industries, including first in metalworking machinery ($957 million), household appliances ($734 million), paints & adhesives ($577 million), and crowns, closures & seals ($173 million).
- Ohio is America’s 14th largest exporter of agricultural products. It ranks among the top 15 exporters of soybeans, corn, and furskins.
- One of Ohio's fastest growing export categories is nonferrous metals, which have increased by 20 percent per year since 2003. In 2013, exports of these products reached $821 million.

By the Numbers

16,345
Number of Ohio Businesses that Exported in 2012

By the Numbers

89%
Share of Ohio Exporters that are Small- & Medium-Sized Businesses

Top Ohio Exports, 2013

<table>
<thead>
<tr>
<th>Goods</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Vehicle Parts</td>
<td>$5.7 billion</td>
</tr>
<tr>
<td>Aerospace Products &amp; Parts</td>
<td>$5.1 billion</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>$4.8 billion</td>
</tr>
<tr>
<td>Misc. General Purpose Machinery</td>
<td>$2.3 billion</td>
</tr>
<tr>
<td>Oilseeds &amp; Grains</td>
<td>$2.0 billion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>$2.8 billion</td>
</tr>
<tr>
<td>Misc. Financial Services</td>
<td>$1.5 billion</td>
</tr>
<tr>
<td>Industrial Processes Royalties</td>
<td>$1.3 billion</td>
</tr>
</tbody>
</table>

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In 2013, Ohio companies sold their products in 210 international markets.

Top export markets include:

- **CANADA**
  - Goods Exports: $19.8 billion
  - Services Exports: $1.4 billion

- **UNITED KINGDOM**
  - Goods Exports: $1.5 billion
  - Services Exports: $1.2 billion

- **CHINA**
  - Goods Exports: $3.9 billion
  - Services Exports: $867 million

- **MEXICO**
  - Goods Exports: $5.2 billion
  - Services Exports: $575 million

- **BRAZIL**
  - Goods Exports: $1.5 billion
  - Services Exports: $440 million

- **FRANCE**
  - Goods Exports: $2.0 billion
  - Services Exports: $367 million

**Fast Facts: How Exports Help the Ohio Economy Grow**

- Goods exports accounted for 9.0 percent of Ohio's state GDP in 2013.
- Ohio's goods exports have grown more than two times faster than state GDP since 2003. The average annual export growth during this period was 6.1 percent, while the average annual state GDP growth was 2.9 percent.
- Ohio's top export markets for goods are Canada, Mexico, and China. Its top market for services is Canada.
- Among major export markets for Ohio's goods, Russia has grown the fastest at 43 percent per year since 2003. Exports to Saudi Arabia grew by 30 percent per year, while exports to the United Arab Emirates grew by 29 percent per year.
Ohio 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 Ohio.

- Services, especially transportation from Ohio'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 Ohio family of four more than $10,000 per year.
- Imports help keep prices down for Ohio 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 9,495 in Ohio) 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

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

• In 2013, $28.8 billion of Ohio's goods exports, or 57 percent, went to FTA partners.

• Since 2003 Ohio's goods exports to countries with FTAs in effect with the United States in 2012 have increased by 40 percent.

• Ohio's exports to Canada and Mexico have increased by $16.3 billion (187 percent) since NAFTA went into effect in 1994.

• Ohio's exports to Chile have increased by 364 percent since the FTA with Chile took effect in 2004.

• Ohio's exports to Korea of motor vehicles have increased fivefold, from $26 million to $141 million, in the two years since the FTA with Korea went into effect.

• Canada and Mexico combined to buy 87 percent of Ohio's exports of motor vehicle parts in 2013.

• Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased $36.5 billion, or 72 percent, of Ohio's goods exports in 2013.

By the Numbers

40% Increase in Ohio Goods Exports to FTA Partners Between 2003 and 2013

Per Capita Purchases of U.S Goods, 2013

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Non-FTA Countries</td>
<td>$3.43</td>
</tr>
<tr>
<td>FTA Partner Countries*</td>
<td>$65.36</td>
</tr>
</tbody>
</table>

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

In 2013, FTA partners purchased 19.0 times more goods per capita from Ohio than non-FTA partners.

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Foreign Investment in Ohio Creates Jobs

Overview

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

- 53,100 workers employed by companies based in Japan;
- 36,800 workers employed by companies based in the United Kingdom;
- 30,800 workers employed by companies based in Germany;
- 19,700 workers employed by companies based in Canada;
- 17,300 workers employed by companies based in Switzerland.

Foreign-Owned Companies Employ 224,000 Ohio Workers Across Many Industries

<table>
<thead>
<tr>
<th>Industry</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>123,600</td>
</tr>
<tr>
<td>Other</td>
<td>48,300</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>16,500</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>14,400</td>
</tr>
<tr>
<td>Prof., Sci. &amp;...</td>
<td>9,300</td>
</tr>
<tr>
<td>Information</td>
<td>6,000</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>5,900</td>
</tr>
</tbody>
</table>

Selected Foreign-Owned Companies Employing Workers in Ohio

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABB Inc.</td>
<td>Power Distribution Services &amp; Equip.</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Akzo Nobel Coatings Inc.</td>
<td>Chemicals Manufacturing</td>
<td>Netherlands</td>
</tr>
<tr>
<td>Allied Building Products</td>
<td>Building Products Manufacturing</td>
<td>Ireland</td>
</tr>
<tr>
<td>Amcor Rigid Plastics</td>
<td>Packaging Products Manufacture</td>
<td>Australia</td>
</tr>
<tr>
<td>Charter One Bank</td>
<td>Financial Services</td>
<td>Scotland</td>
</tr>
<tr>
<td>Ernst &amp; Young</td>
<td>Accounting Services</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Fauericia Emissions Control</td>
<td>Motor Vehicle Parts Manufacturer</td>
<td>France</td>
</tr>
<tr>
<td>Honda of America Manufacturing</td>
<td>Motor Vehicle Manufacturing</td>
<td>Japan</td>
</tr>
<tr>
<td>Husky Energy Inc.</td>
<td>Energy Production</td>
<td>Canada</td>
</tr>
<tr>
<td>Lee Hecht Harrison</td>
<td>Employment Services</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Siemens Energy &amp; Automation</td>
<td>Electronics and Engineering Services</td>
<td>Germany</td>
</tr>
<tr>
<td>Trader Joe’s</td>
<td>Food Retailing</td>
<td>Germany</td>
</tr>
</tbody>
</table>

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OHIO JOBS DEPEND ON TWO-WAY TRADE


OHIO 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).


OHIO COMPANIES EXPORT THROUGHOUT THE WORLD


OHIO COMPANIES & WORKERS USE IMPORTS TO COMPETE IN INTERNATIONAL MARKETS


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


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

OHIO NEEDS TRADE AGREEMENTS TO GROW


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


FOREIGN INVESTMENT IN OHIO CREATES JOBS
