

How Wisconsin's Economy Benefits from International Trade & Investment

WISCONSIN



1848

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 Wisconsin 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 Wisconsin.

Why is International Trade & Investment Important to Wisconsin?

- **International trade, including exports and imports, supports 785,186 Wisconsin jobs – more than 1 in 5.** These trade-related jobs grew 13.6 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 Wisconsin's globally engaged firms. *(See Wisconsin Jobs Depend On Two-Way Trade)*
- **Wisconsin exported \$23.6 billion in goods and \$6.0 billion in services in 2013,** including ag & construction machinery, navigational & meas. instruments, misc. general purpose machinery and travel services. Of Wisconsin's 8,581 exporters, 87 percent are small- and medium-sized companies with less than 500 workers. *(See Wisconsin Businesses Grow With Exports)*
- **Customers in 207 countries buy Wisconsin-made goods and services,** including billions of dollars in annual exports to top markets like Canada, Mexico and China. Wisconsin's goods exports have grown two and a half times faster than state GDP since 2003. *(See Wisconsin Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Wisconsin companies and families.** Lower raw material and input costs help Wisconsin 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 Wisconsin Companies And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Wisconsin to partner countries.** In 2013, \$12.7 billion of Wisconsin's goods exports, or 54 percent, went to FTA partners. This represents a 107 percent increase since 2003. *(See Wisconsin Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 85,600 workers in Wisconsin.** *(See Foreign Investment In Wisconsin Creates Jobs)*



Wisconsin 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 Wisconsin

- Export growth increases jobs by generating new business for Wisconsin's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Wisconsin businesses compete and saving Wisconsin families real dollars at the cash register.
- More than one in five Wisconsin jobs depend upon international trade.
- Wisconsin's trade-related employment grew 13.6 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.

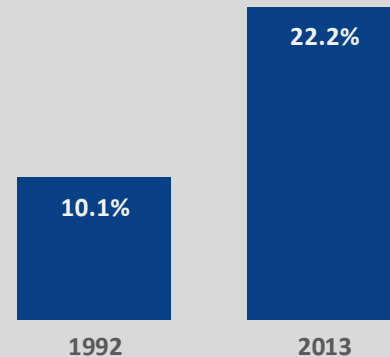
By the Numbers

785,186

Number of Jobs in Wisconsin Supported by Trade

Share of Jobs Tied to Trade

Increased 120% from 1992 to 2013



Jobs Tied to Trade Top Sectors, 2013

Retail	86,500
Manufacturing	73,900
Management, Administrative Services	51,400
Finance, Insurance	40,100
Professional, Scientific, Tech Services	34,900



Overview

Wisconsin exported an estimated \$23.6 billion in goods and \$6.0 billion in services in 2013. Between 2009 and 2013, Wisconsin goods exports have increased by 39 percent and services exports by 39 percent. Large companies now account for 72 percent of the value of Wisconsin'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 Wisconsin Exports

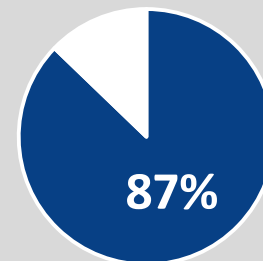
- Wisconsin ranks among the top 5 state exporters in 10 industries, including second in dairy products (\$597 million), HVAC & refrigeration equipment (\$531 million), and misc. animal products (\$235 million), and third in misc. transportation equipment (\$413 million).
- Wisconsin is America's 21st largest exporter of agricultural products. It is the top exporter of furskins and ranks among the top 10 exporters of berries, potatoes, vegetables and melons, and corn.
- One of Wisconsin's fastest growing export categories is pharmaceuticals, which have increased by 18 percent per year since 2003. In 2013, exports of these products reached \$520 million.

By the Numbers

8,581

Number of Wisconsin Businesses that Exported in 2012

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



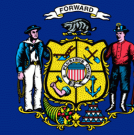
Top Wisconsin Exports, 2013

Goods

Ag & Construction Machinery	\$2.5 billion
Navigational & Meas. Instruments	\$1.7 billion
Misc. General Purpose Machinery	\$1.4 billion
Engines & Turbines	\$1.1 billion
Motor Vehicle Parts	\$885 million

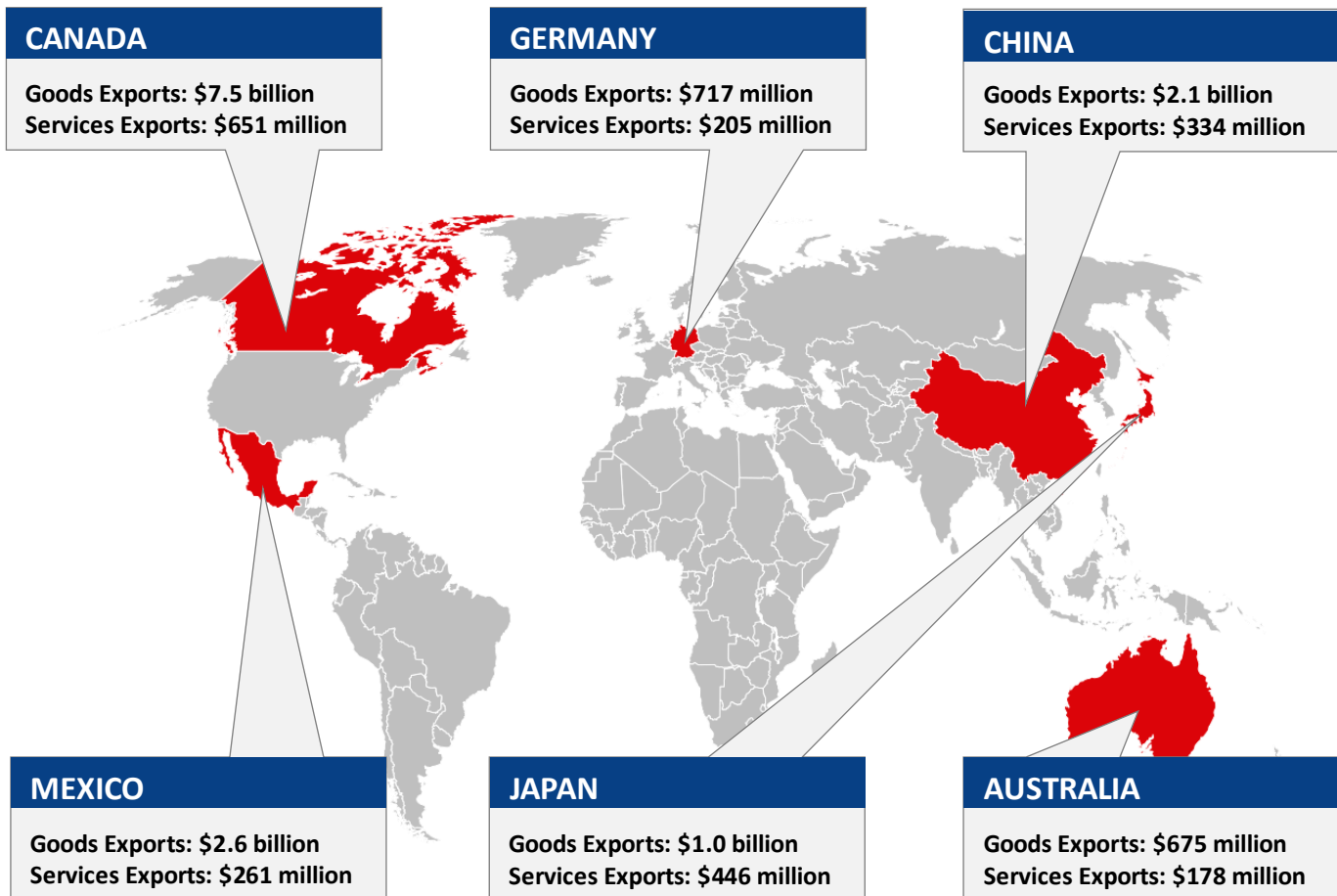
Services

Travel	\$1.4 billion
Computer Software	\$1.2 billion
Insurance Services	\$597 million



Wisconsin Companies Export throughout the World

In 2013, Wisconsin companies sold their products in 207 international markets. Top export markets include:



Fast Facts: How Exports Help the Wisconsin Economy Grow

- Goods exports accounted for 8.3 percent of Wisconsin's state GDP in 2013.
- Wisconsin'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 8.1 percent, while the average annual state GDP growth was 3.3 percent.
- Wisconsin's top export markets for goods are Canada, Mexico, and China. Its top market for services is Canada.
- Among major export markets for Wisconsin's goods, Peru has grown the fastest at 39 percent per year since 2003. Exports to the United Arab Emirates grew by 29 percent per year, while exports to Indonesia grew by 16 percent per year.



Wisconsin 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 Wisconsin.

- Services, such as transportation, finance and insurance, marketing, and legal services, are needed to bring imported goods to Wisconsin'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 Wisconsin family of four more than \$10,000 per year.
- Imports help keep prices down for Wisconsin 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 5,242 in Wisconsin) 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



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

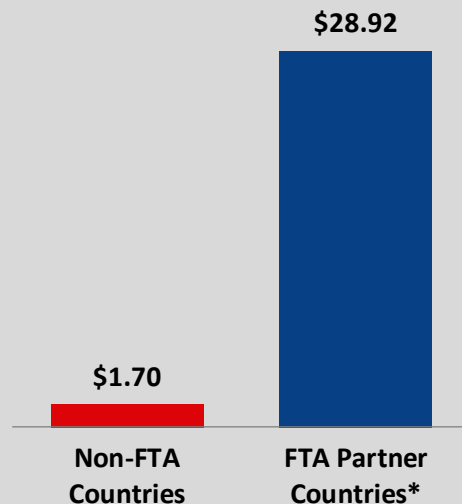
- In 2013, \$12.7 billion of Wisconsin's goods exports, or 54 percent, went to FTA partners.
- Since 2003 Wisconsin's goods exports to countries with FTAs in effect with the United States in 2012 have increased by 107 percent.
- Wisconsin's exports to Canada and Mexico have increased by \$7.4 billion (286 percent) since NAFTA went into effect in 1994.
- Wisconsin's exports to Peru have nearly doubled to \$241 million since the FTA with Peru took effect in 2009.
- Wisconsin's exports to Chile of engines and turbines have increased 732 percent, from less than \$5 million to \$39 million, since 2004 when the FTA with Chile went into effect.
- Canada and Mexico combined to buy 83 percent of Wisconsin's exports of converted paper products in 2013.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased \$16.5 billion, or 70 percent, of Wisconsin's goods exports in 2013.

By the Numbers

107%

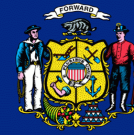
Increase in Wisconsin Goods Exports to FTA Partners Between 2003 and 2013

Per Capita Purchases of U.S. Goods, 2013



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

In 2013, FTA partners purchased 17.0 times more goods per capita from Wisconsin than non-FTA partners.



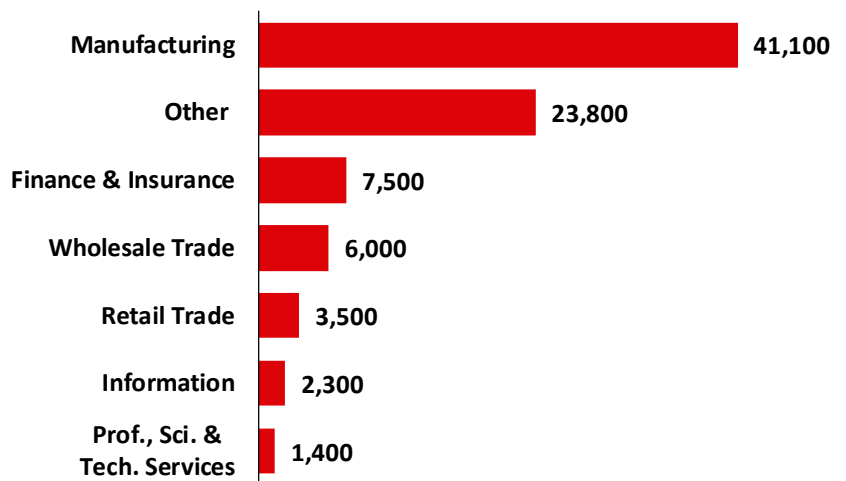
Foreign Investment in Wisconsin Creates Jobs

Overview

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

- 20,500 workers employed by companies based in Canada;
- 11,100 workers employed by companies based in the United Kingdom;
- 8,800 workers employed by companies based in Germany;
- 8,700 workers employed by companies based in Switzerland;
- 6,900 workers employed by companies based in France.

Foreign-Owned Companies Employ 85,600 Wisconsin Workers Across Many Industries



Selected Foreign-Owned Companies Employing Workers in Wisconsin

Company	Industry	Country
Adecco Staffing	Employment Services	Switzerland
Alta Genetics Inc.	Animal Products	Canada
Ambassador Steel	Steel Product Manufacturing	Canada
Arla Foods Holland Town Dairy	Dairy Products	Denmark
Cardiac Science Corp.	Medical Device Manufacturing	India
CNH North America	Agricultural/Construction Equip. Mfg.	Netherlands
Domtar Industries	Paper Manufacturing	Canada
Emmi-Roth USA	Cheese Manufacturer	Switzerland
Luvata Appleton	Wire Product Manufacturing	United Kingdom
McCain Foods USA	Food Processing/Packaging Products	Canada
QBE Insurance Corp.	Insurance Services	Australia
Veolia Environmental Services	Waste Management Services	France



WISCONSIN 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>)

WISCONSIN 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>)

WISCONSIN 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>)

WISCONSIN 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/>)

WISCONSIN NEEDS TRADE AGREEMENTS TO GROW

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

Per Capita Purchases of Wisconsin 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 WISCONSIN 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>)