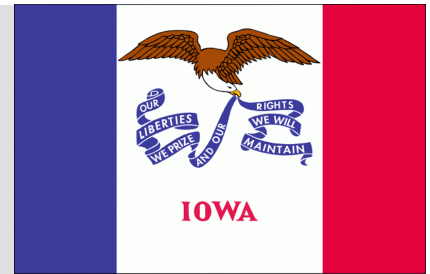


How Iowa's Economy Benefits from International Trade & Investment



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 Iowa 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 Iowa.

Why is International Trade & Investment Important to Iowa?

- **International trade, including exports and imports, supports 456,300 Iowa jobs – more than 1 in 5.** These trade-related jobs grew 4.5 times faster than total employment from 2004 to 2014 and are at large and small companies, on farms, in factories, and at the headquarters of Iowa's globally engaged firms. *(See Iowa Jobs Depend On Two-Way Trade)*
- **Iowa exported \$19.1 billion in goods and \$3.6 billion in services in 2014**, including oilseeds & grains, ag & construction machinery, meat products and insurance services. Of Iowa's 3,420 exporters, 83 percent are small- and medium-sized companies with less than 500 workers. *(See Iowa Businesses Grow With Exports)*
- **Customers in 196 countries and territories buy Iowa-made goods and services**, including billions of dollars in annual exports to top markets like Canada, China and Mexico. Iowa's goods exports have grown more than two and a half times faster than state GDP since 2004. *(See Iowa Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Iowa companies and families.** Lower raw material and input costs help Iowa 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 Iowa Companies And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Iowa to partner countries.** In 2014, \$9.0 billion of Iowa's goods exports, or 47 percent, went to FTA partners. This represents a 117 percent increase since 2004. *(See Iowa Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 54,800 workers in Iowa.** *(See Foreign Investment In Iowa Creates Jobs)*

Iowa Jobs Depend on Two-Way Trade



IOWA

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 Iowa

- Export growth increases jobs by generating new business for Iowa's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Iowa businesses compete and saving Iowa families real dollars at the cash register.
- More than one in five Iowa jobs depends upon international trade.
- Iowa's trade-related employment grew 4.5 times faster than total employment from 2004 to 2014.
- Jobs in more export-intensive industries pay about 16 percent more than jobs in less export-intensive industries.
- 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.

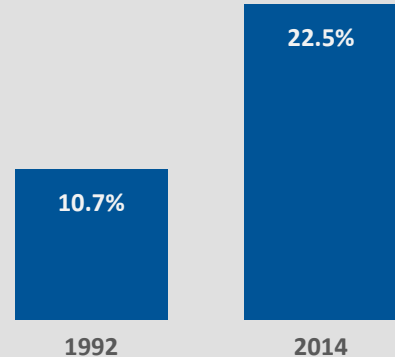
By the Numbers

456,300

Number of Jobs in Iowa
Supported by Trade

Share of Jobs Tied to Trade

Increased 109 percent from 1992 to 2014



Jobs Tied to Trade Top Sectors, 2014

Retail	52,500
Manufacturing	34,200
Finance, Insurance	27,500
Management, Administrative Services	24,500
Agriculture	21,400

Iowa Businesses Grow with Exports



IOWA

Overview

Iowa exported an estimated \$19.1 billion in goods and \$3.6 billion in services in 2014. Between 2009 and 2014, Iowa goods exports have increased by 49 percent and services exports by 54 percent. Large companies now account for 81 percent of the value of Iowa'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 Iowa Exports

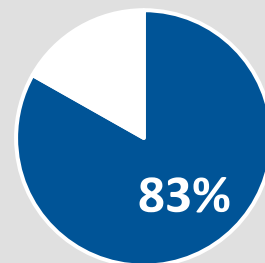
- Iowa ranks among the top 10 state exporters in 17 industries, including first in oilseeds & grains (\$6.0 billion), third in ag & construction machinery (\$2.7 billion), meat products (\$2.0 billion), and foundry products (\$112 million).
- Iowa is America's second largest exporter of agricultural products. It is the largest exporter of soybeans, corn, and swine and the fourth largest exporter of cattle.
- One of Iowa's fastest growing export categories is beverages, which have increased by 38 percent per year since 2004. In 2014, exports of these products reached \$238 million.

By the Numbers

3,420

**Number of Iowa Businesses
that Exported in 2013**

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



Top Iowa Exports, 2014

Goods

Oilseeds & Grains	\$6.0 billion
Ag & Construction Machinery	\$2.7 billion
Meat Products	\$2.0 billion
Grain & Oilseed Milling Products	\$998 million
Basic Chemicals	\$588 million

Services

Insurance Services	\$651 million
Industrial Processes Royalties	\$632 million
Travel	\$534 million

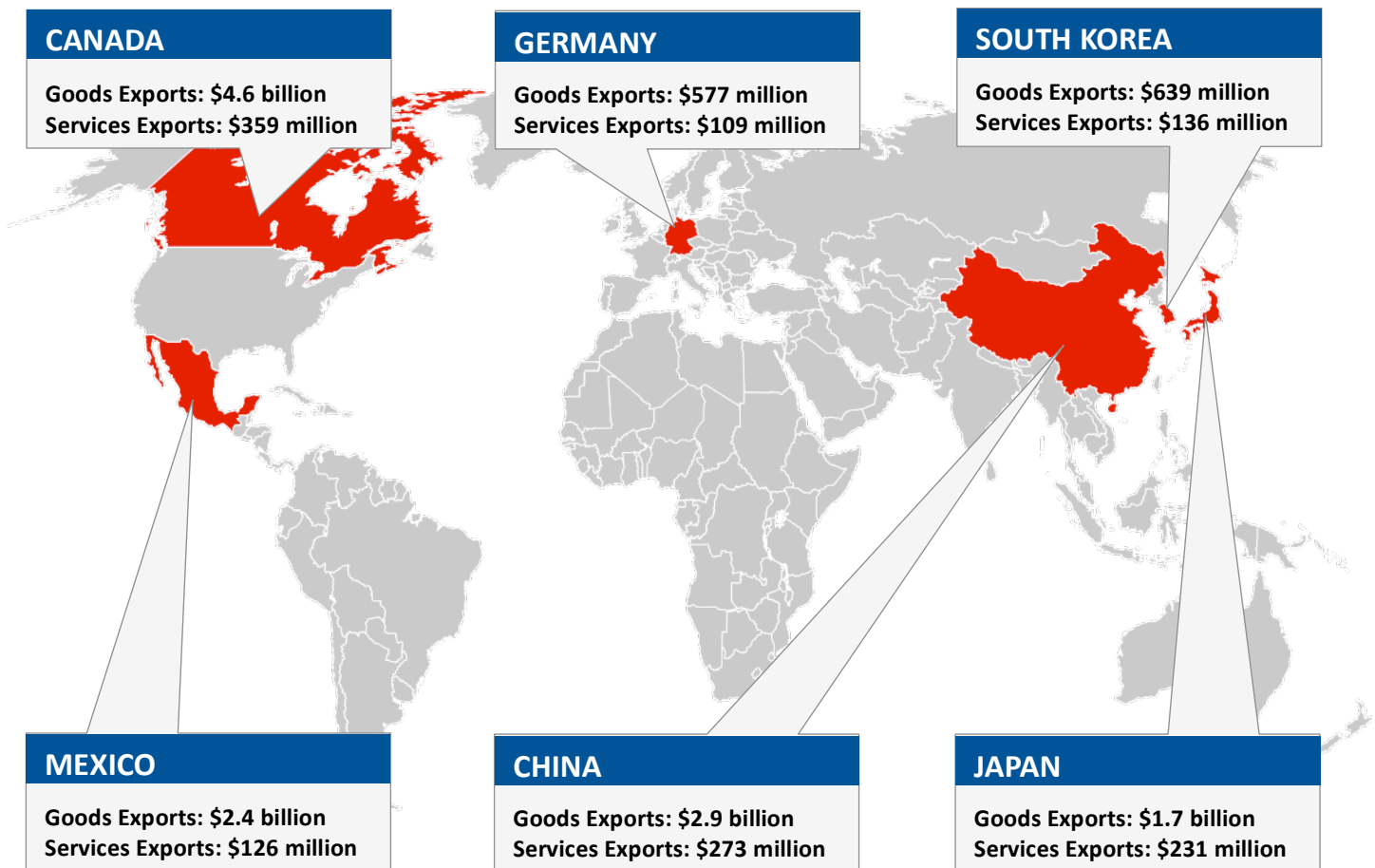
Iowa Companies Export throughout the World



IOWA

In 2014, Iowa companies sold their products in 196 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Iowa Economy Grow

- Goods exports accounted for 11.3 percent of Iowa's state GDP in 2014.
- Iowa's goods exports have grown more than two and a half times faster than state GDP since 2004. The average annual export growth during this period was 9.4 percent, while the average annual state GDP growth was 3.7 percent.
- Iowa's top export markets for goods are Canada, China, and Mexico. Its top market for services is Canada.
- Iowa's goods exports to Vietnam have grown by 46 percent per year since 2004. Exports to Colombia grew by 27 percent per year, while exports to Hong Kong grew by 21 percent per year.

Iowa Companies & Workers Use Imports to Make Products and Compete in International Markets



Overview

In 2014, 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 Iowa.

- Services such as transportation, finance and insurance, marketing, and legal services are needed to bring imported goods to Iowa's manufacturers and households.
- In 2013, 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 Iowa family of four more than \$10,000 per year.
- Imports help keep prices down for Iowa families while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.

In 2013, about 184,000 U.S. companies (including 2,387 in Iowa) 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



-87.0%

Decrease in the Price of Televisions Between 2004 and 2014.



-69.2%

Decrease in the Price of Computers Between 2004 and 2014.



-42.9%

Decrease in the Price of Toys Between 2004 and 2014.

Imports Increase Choices for Goods & Services

Iowa Needs Trade Agreements to Grow



IOWA

Overview

The United States has some of the lowest trade barriers in the world. Overall U.S. trade with our free trade agreement (FTA) partner countries supports more than 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. Iowa has increased its exports to FTA partners following implementation of the U.S. FTAs with those countries.

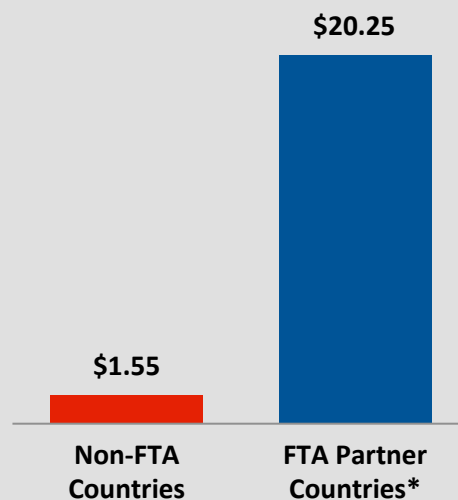
- In 2014, \$9.0 billion of Iowa's goods exports, or 47 percent, went to FTA partners.
- Since 2004 Iowa's goods exports to countries with FTAs in effect with the United States in 2014 have increased by 117 percent.
- Iowa's exports to Canada and Mexico have increased by \$5.9 billion (534 percent) since NAFTA went into effect in 1994.
- Iowa's exports to Peru have increased by 329 percent since the U.S.-Peru FTA took effect in 2009.
- Iowa's exports to Colombia of meat products have increased every year, from \$3.9 million to \$22 million, since the FTA with Colombia went into effect in 2012.
- Canada bought 91 percent of Iowa's exports of iron, steel & ferroalloys in 2014.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased \$12.1 billion, or 63 percent, of Iowa's goods exports in 2014.

By the Numbers

117%

**Increase in Iowa Goods Exports
to FTA Partners Between 2004 and 2014**

Per Capita Purchases of Iowa Goods, 2014



** U.S. FTAs in effect with countries in 2014.*

In 2014, FTA partners purchased 13.0 times more goods per capita from Iowa than non-FTA partners.

Foreign Investment in Iowa Creates Jobs



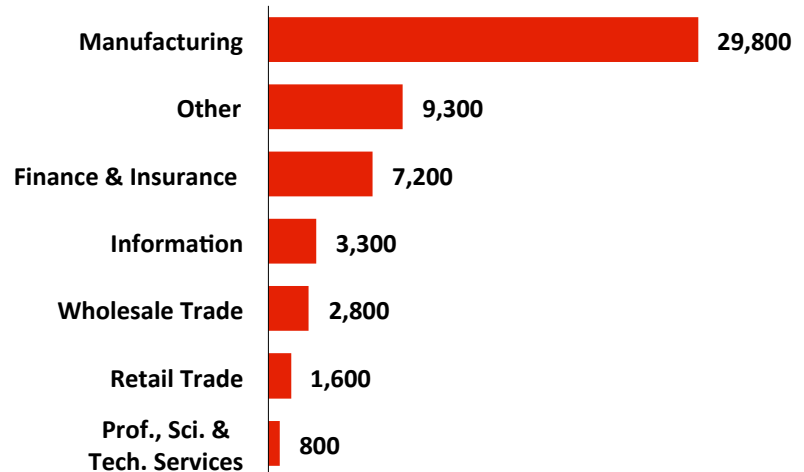
IOWA

Overview

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

- 7,300 workers employed by companies based in the United Kingdom;
- 6,800 workers employed by companies based in the Netherlands;
- 5,400 workers employed by companies based in Japan;
- 4,800 workers employed by companies based in Germany;
- 4,600 workers employed by companies based in Canada.

Foreign-Owned Companies Employ 54,800 Iowa Workers Across Many Industries



Selected Foreign-Owned Companies Employing Workers in Iowa

Company	Industry	Country
Adecco Staffing	Employment Services	Switzerland
Agrium Advanced Technologies	Agricultural and Chemical Products	Canada
Ajinomoto Food Ingredients	Food Manufacturing	Japan
Cemex	Cement Products Manufacturing	Mexico
Ernst & Young	Accounting Services	United Kingdom
Gerdau Ameristeel	Steel Product Manufacturing	Brazil
Great Western Bank	Banking Services	Australia
Holiday Inn	Hotel Services	United Kingdom
Hubbard Feeds	Animal Feed	Canada
KPMG LLP	Accounting Services	Netherlands
Schneider Electric	Power Distribution Equipment Manufacturer	France
Siemens Industry	Engineering Services	Germany
UBS Financial Services	Banking Services	Switzerland



IOWA 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" (2016) (<http://businessroundtable.org/resources/trade-and-american-jobs-2016-update>)

Exporting Firm Wages: Riker, "Export-Intensive Industries Pay More on Average: An Update" (2015) (<https://www.usitc.gov/publications/332/ec201504a.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>)

IOWA 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, 2012 – 2013" (<http://www.census.gov/foreign-trade/Press-Release/edb/2013>)

IOWA 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>)

IOWA COMPANIES & WORKERS USE IMPORTS TO COMPETE IN INTERNATIONAL MARKETS

Importing Company Information: Census, "A Profile of U.S. Importing and Exporting Companies, 2012 – 2013" (<http://www.census.gov/foreign-trade/Press-Release/edb/2013>)

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/>)

IOWA NEEDS TRADE AGREEMENTS TO GROW

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

Per Capita Purchases of Iowa 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/wp-content/uploads/2014/06/opening_markets_creating_jobs_USChamber.pdf)

FOREIGN INVESTMENT IN IOWA 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>)