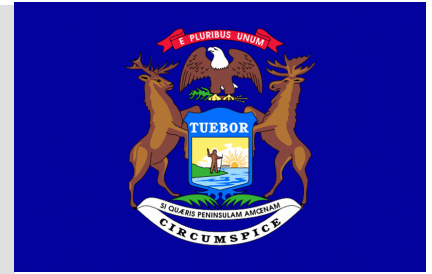


How Michigan's Economy Benefits from International Trade & Investment



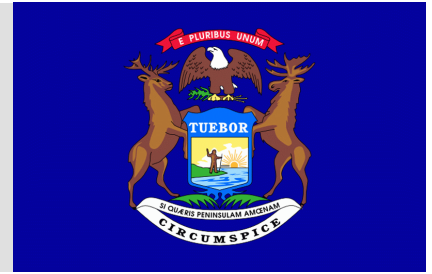
Overview

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 Michigan 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 Michigan.

Why is International Trade & Investment Important to Michigan?

- **International trade, including exports and imports, supports 1,187,900 Michigan jobs – more than 1 in 5.** Trade-related jobs grew 17 percent from 2004 to 2014 while total employment declined by 1 percent. These jobs and are at large and small companies, on farms, in factories, and at the headquarters of Michigan's globally engaged firms. *(See Michigan Jobs Depend On Two-Way Trade)*
- **Michigan exported \$56.3 billion in goods and \$13.5 billion in services in 2014**, including motor vehicles, motor vehicle parts, motor vehicle bodies & trailers and travel services. Of Michigan's 14,843 exporters, 89 percent are small- and medium-sized companies with less than 500 workers. *(See Michigan Businesses Grow With Exports)*
- **Customers in 207 countries and territories buy Michigan-made goods and services**, including billions of dollars in annual exports to top markets like Canada, Mexico and China. Michigan's goods exports have grown nearly three and a half times faster than state GDP since 2004. *(See Michigan Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Michigan companies and families.** Lower raw material and input costs help Michigan 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 Michigan Companies And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Michigan to partner countries.** In 2014, \$39.5 billion of Michigan's goods exports, or 70 percent, went to FTA partners. This represents a 46 percent increase since 2004. *(See Michigan Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 208,900 workers in Michigan.** *(See Foreign Investment In Michigan Creates Jobs)*



Michigan 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 Michigan

- Export growth increases jobs by generating new business for Michigan's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Michigan businesses compete and saving Michigan families real dollars at the cash register.
- More than one in five Michigan jobs depends upon international trade.
- Michigan's trade-related employment grew 17 percent, while total employment declined by 1 percent, 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.

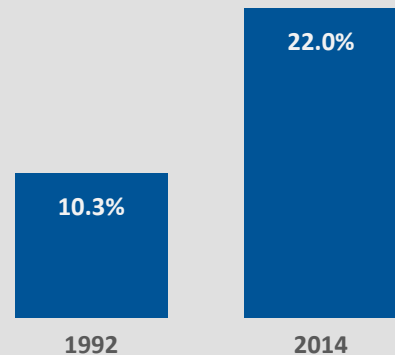
By the Numbers

1,187,900

Number of Jobs in Michigan Supported by Trade

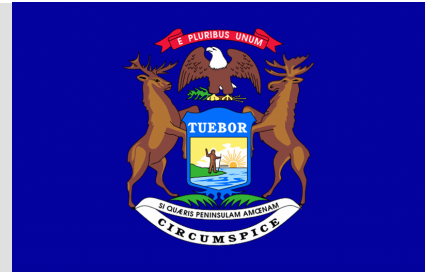
Share of Jobs Tied to Trade

Increased 114 percent from 1992 to 2014



Jobs Tied to Trade Top Sectors, 2014

Retail	131,500
Management, Administrative Services	97,000
Professional, Scientific, Tech. Services	83,600
Manufacturing	75,500
Finance, Insurance	52,300



Michigan Businesses Grow with Exports

Overview

Michigan exported an estimated \$56.3 billion in goods and \$13.5 billion in services in 2014. Between 2009 and 2014, Michigan goods exports have increased by 71 percent and services exports by 49 percent. Large companies now account for 79 percent of the value of Michigan'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 Michigan Exports

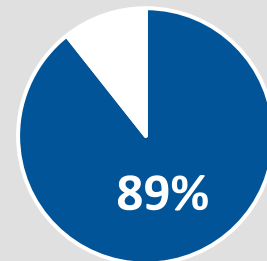
- Michigan ranks among the top 5 state exporters in 21 industries, including first in motor vehicles (\$11.2 billion), motor vehicle parts (\$10.5 billion), motor vehicle bodies & trailers (\$3.1 billion), and glass & glass products (\$909 million).
- Michigan is America's 18th largest exporter of agricultural products. It is the second largest exporter of dry peas and beans, the third largest exporter of apples and sugar beets, and the fifth largest exporter of berries (excluding strawberries).
- One of Michigan's fastest growing export categories is household appliances, which have increased by 20 percent per year since 2004. In 2014, exports of these products reached \$481 million.

By the Numbers

14,843

Number of Michigan Businesses that Exported in 2013

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



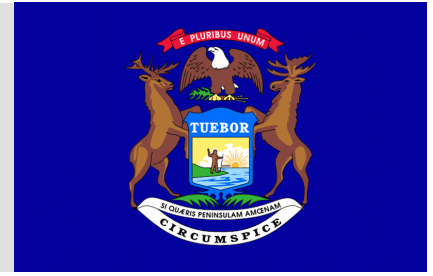
Top Michigan Exports, 2014

Goods

Motor Vehicles	\$11.2 billion
Motor Vehicle Parts	\$10.5 billion
Motor Vehicle Bodies & Trailers	\$3.1 billion
Oil & Gas	\$2.1 billion
Misc. General Purpose Machinery	\$1.6 billion

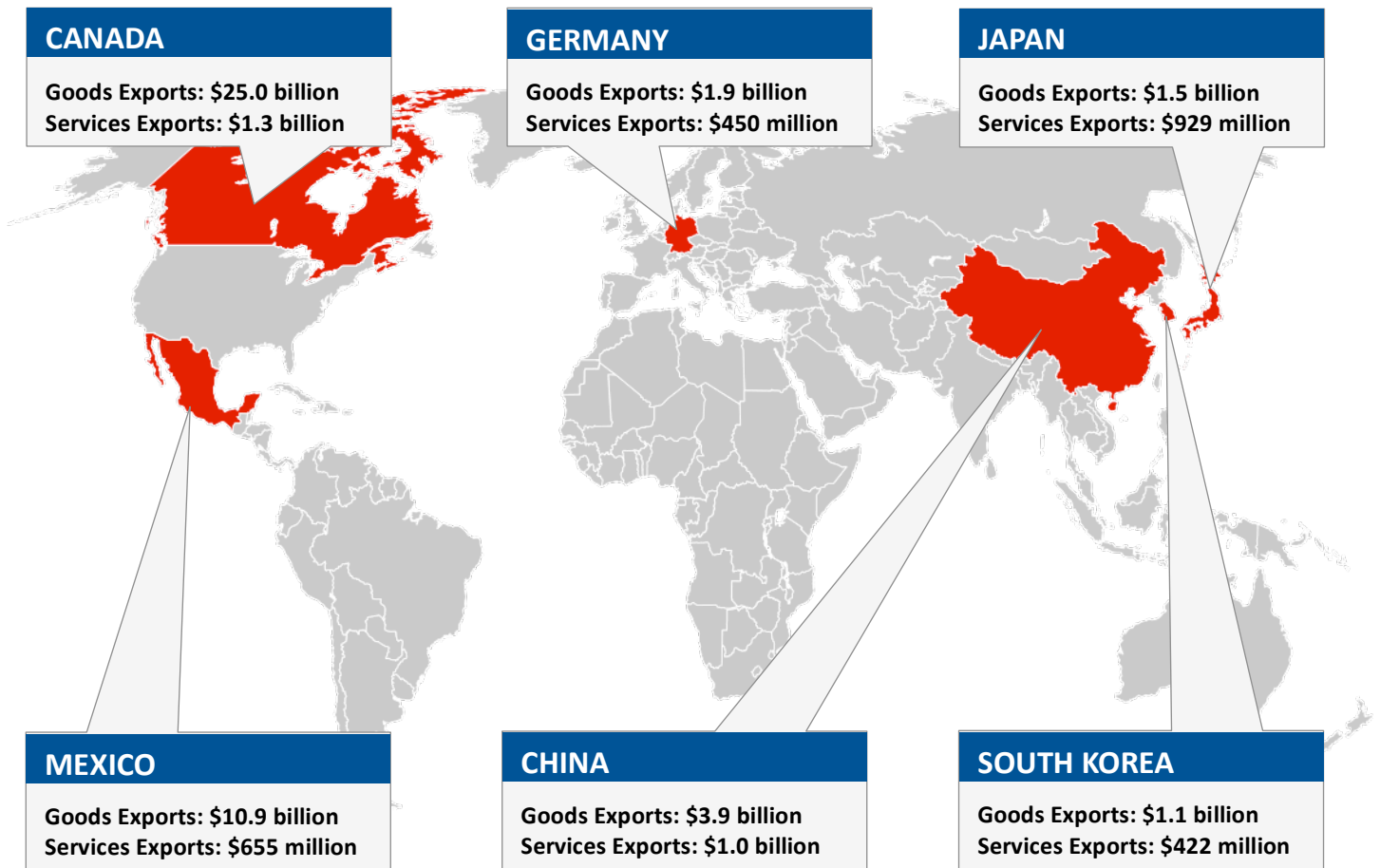
Services

Travel	\$2.8 billion
Passenger Fares	\$1.5 billion
Industrial Processes Royalties	\$1.0 billion



Michigan Companies Export throughout the World

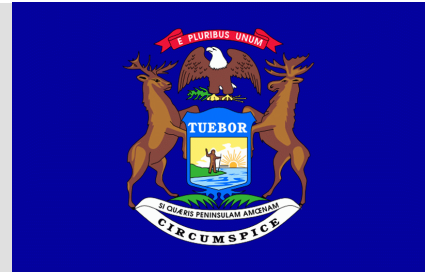
In 2014, Michigan companies sold their products in 207 countries and territories.
Top export markets include:



Fast Facts: How Exports Help the Michigan Economy Grow

- Goods exports accounted for 12.6 percent of Michigan's state GDP in 2014.
- Michigan's goods exports have grown nearly three and a half times faster than state GDP since 2004. The average annual export growth during this period was 5.8 percent, while the average annual state GDP growth was 1.7 percent.
- Michigan's top export markets for goods are Canada, Mexico, and China. Its top market for services is Canada.
- Michigan's goods exports to Italy have grown by 18 percent per year since 2004. Exports to India grew by 17 percent per year, while exports to Argentina grew by 17 percent per year.

Michigan 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 Michigan.

- Services, especially transportation from Michigan's ports, finance and insurance, marketing and legal services are needed to bring imported goods to American 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 Michigan family of four more than \$10,000 per year.
- Imports help keep prices down for Michigan 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 8,031 in Michigan) 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%

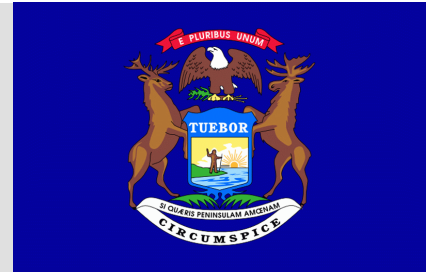
Decrease in the Price of Computers Between 2004 and 2014.



-42.9%

Decrease in the Price of Toys Between 2004 and 2014.

Imports Increase Choices for Goods & Services



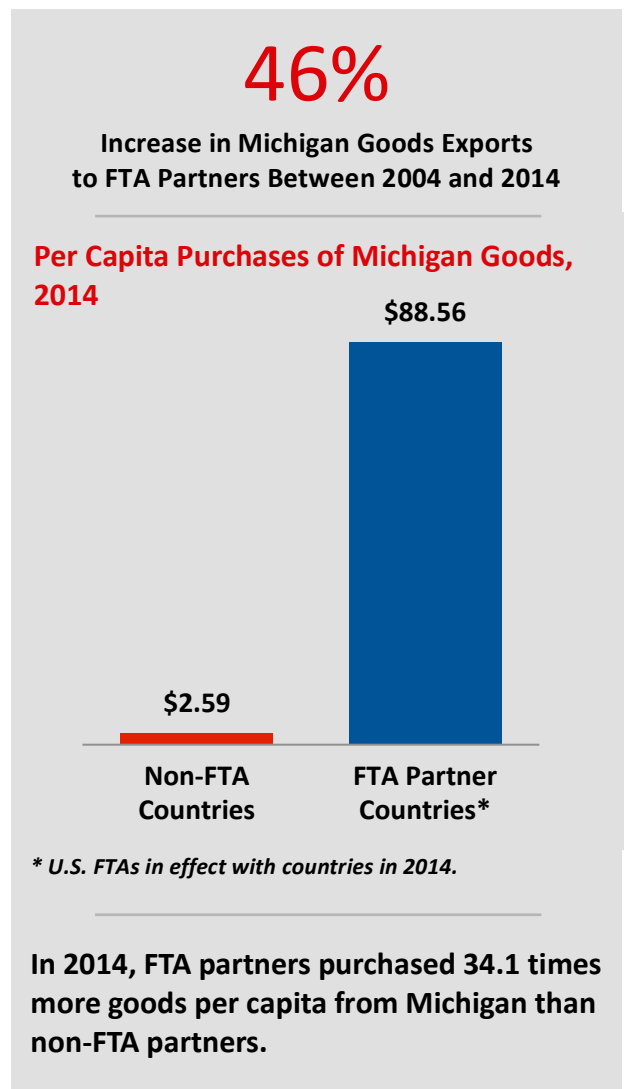
Michigan Needs Trade Agreements to Grow

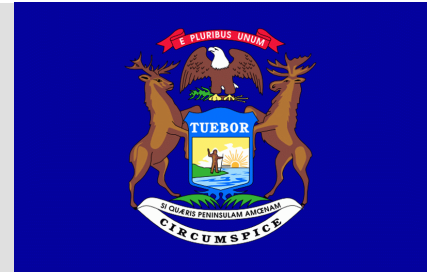
Overview

The United States has some of the lowest trade barriers in the world. Overall U.S. trade with our 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. Michigan has increased its exports to FTA partners following implementation of the U.S. FTAs with those countries.

- In 2014, \$39.5 billion of Michigan's goods exports, or 70 percent, went to FTA partners.
- Since 2004 Michigan's goods exports to countries with FTAs in effect with the United States in 2014 have increased by 46 percent.
- Michigan's exports to Canada and Mexico have increased by \$17.9 billion (100 percent) since NAFTA went into effect in 1994.
- Michigan's exports to Peru have increased by 415 percent since the U.S.-Peru FTA took effect in 2009.
- Michigan's exports to Honduras of electrical equipment & components have increased from \$283,000 to \$46 million since the FTA with Honduras went into effect in 2006.
- Canada bought 79 percent of Michigan's exports of iron, steel & ferroalloys in 2014.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased \$45.1 billion, or 80 percent, of Michigan's goods exports in 2014.

By the Numbers





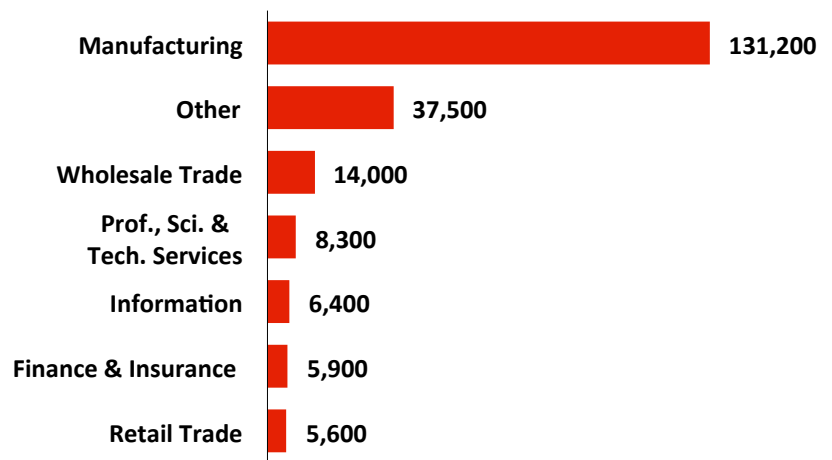
Foreign Investment in Michigan Creates Jobs

Overview

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

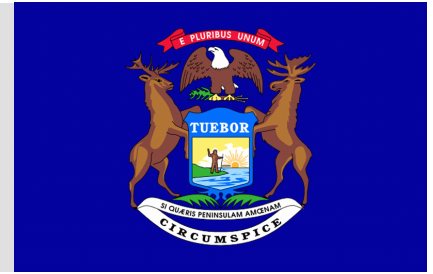
- 31,300 workers employed by companies based in Germany;
- 28,200 workers employed by companies based in Japan;
- 24,500 workers employed by companies based in Canada;
- 21,800 workers employed by companies based in the United Kingdom;
- 16,600 workers employed by companies based in France.

Foreign-Owned Companies Employ 208,900 Michigan Workers Across Many Industries



Selected Foreign-Owned Companies Employing Workers in Michigan

Company	Industry	Country
BASF Corp.	Chemicals Manufacturing	Germany
Benteler Automotive	Automotive Parts Manufacturing	Austria
Charter One Bank	Financial Services	Scotland
Chemtall US, Inc.	Chemicals Manufacturing	Germany
Comau Inc.	Machinery Manufacturing	Italy
Faurecia Interior Systems	Automotive Parts Manufacturing	France
Grupo Antolin-Michigan Inc.	Automotive Parts Manufacturing	Spain
Holcim US Inc.	Cement Manufacturing	Switzerland
Siemens PLM Software	Software Development	Germany
TI Automotive	Automotive Parts Manufacturing	United Kingdom
Yazaki North America Inc.	Automotive Parts Manufacturing	Japan



MICHIGAN 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>)

MICHIGAN 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>)

MICHIGAN 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>)

MICHIGAN 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/>)

MICHIGAN NEEDS TRADE AGREEMENTS TO GROW

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

Per Capita Purchases of Michigan 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 MICHIGAN 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>)