

How Ohio's Economy Benefits from International Trade & Investment

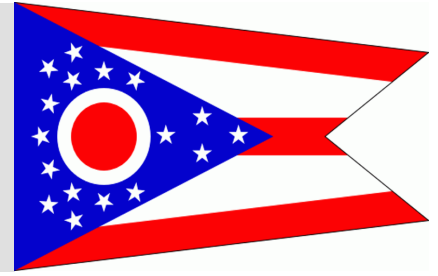
Overview

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 1,502,600 Ohio jobs – more than 1 in 5.** These trade-related jobs grew 15.8 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 Ohio's globally engaged firms. *(See Ohio Jobs Depend On Two-Way Trade)*
- **Ohio exported \$51.8 billion in goods and \$14.4 billion in services in 2014**, including motor vehicles, aerospace products & parts, motor vehicle parts and travel services. Of Ohio's 16,452 exporters, 89 percent are small- and medium-sized companies with less than 500 workers. *(See Ohio Businesses Grow With Exports)*
- **Customers in 213 countries and territories 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 2004. *(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 2014, \$30.5 billion of Ohio's goods exports, or 59 percent, went to FTA partners. This represents a 50 percent increase since 2004. *(See Ohio Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 242,900 workers in Ohio.** *(See Foreign Investment In Ohio Creates Jobs)*



Ohio 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 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 depends upon international trade.
- Ohio's trade-related employment grew 15.8 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.

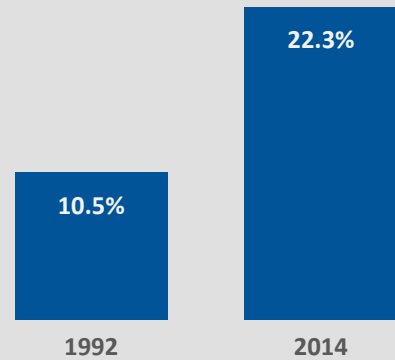
By the Numbers

1,502,600

Number of Jobs in Ohio Supported by Trade

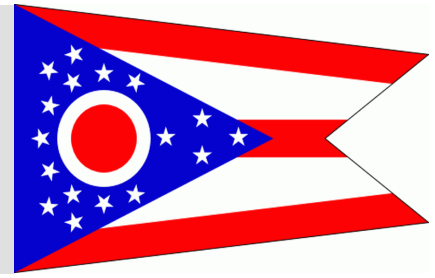
Share of Jobs Tied to Trade

Increased 113 percent from 1992 to 2014



Jobs Tied to Trade Top Sectors, 2014

| | |
|--|---------|
| Retail | 162,100 |
| Management, Administrative Services | 124,600 |
| Manufacturing | 107,300 |
| Professional, Scientific, Tech. Services | 83,000 |
| Finance, Insurance | 69,900 |



Ohio Businesses Grow with Exports

Overview

Ohio exported an estimated \$51.8 billion in goods and \$14.4 billion in services in 2014. Between 2009 and 2014, Ohio goods exports have increased by 49 percent and services exports by 36 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

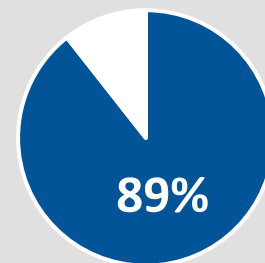
- Ohio ranks among the top five state exporters in 32 industries, including first in paints, coatings & adhesives (\$535 million) and crowns, closures & seals (\$240 million), second in HVAC & refrigeration equipment (\$566 million), and third in motor vehicle parts (\$4.5 billion).
- Ohio is America's 11th largest exporter of agricultural products. It is the sixth largest exporter of soybeans, the seventh largest exporter of corn, and the 18th largest exporter of wheat.
- One of Ohio's fastest growing export categories is apparel, which has increased by 29 percent per year since 2004. In 2014, exports of these products reached \$352 million.

By the Numbers

16,452

Number of Ohio Businesses that Exported in 2013

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



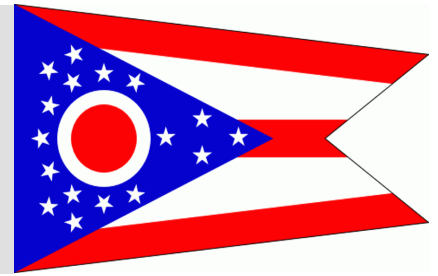
Top Ohio Exports, 2014

Goods

| | |
|---------------------------------|---------------|
| Motor Vehicles | \$5.1 billion |
| Aerospace Products & Parts | \$4.6 billion |
| Motor Vehicle Parts | \$4.5 billion |
| Oilseeds & Grains | \$2.4 billion |
| Misc. General Purpose Machinery | \$2.0 billion |

Services

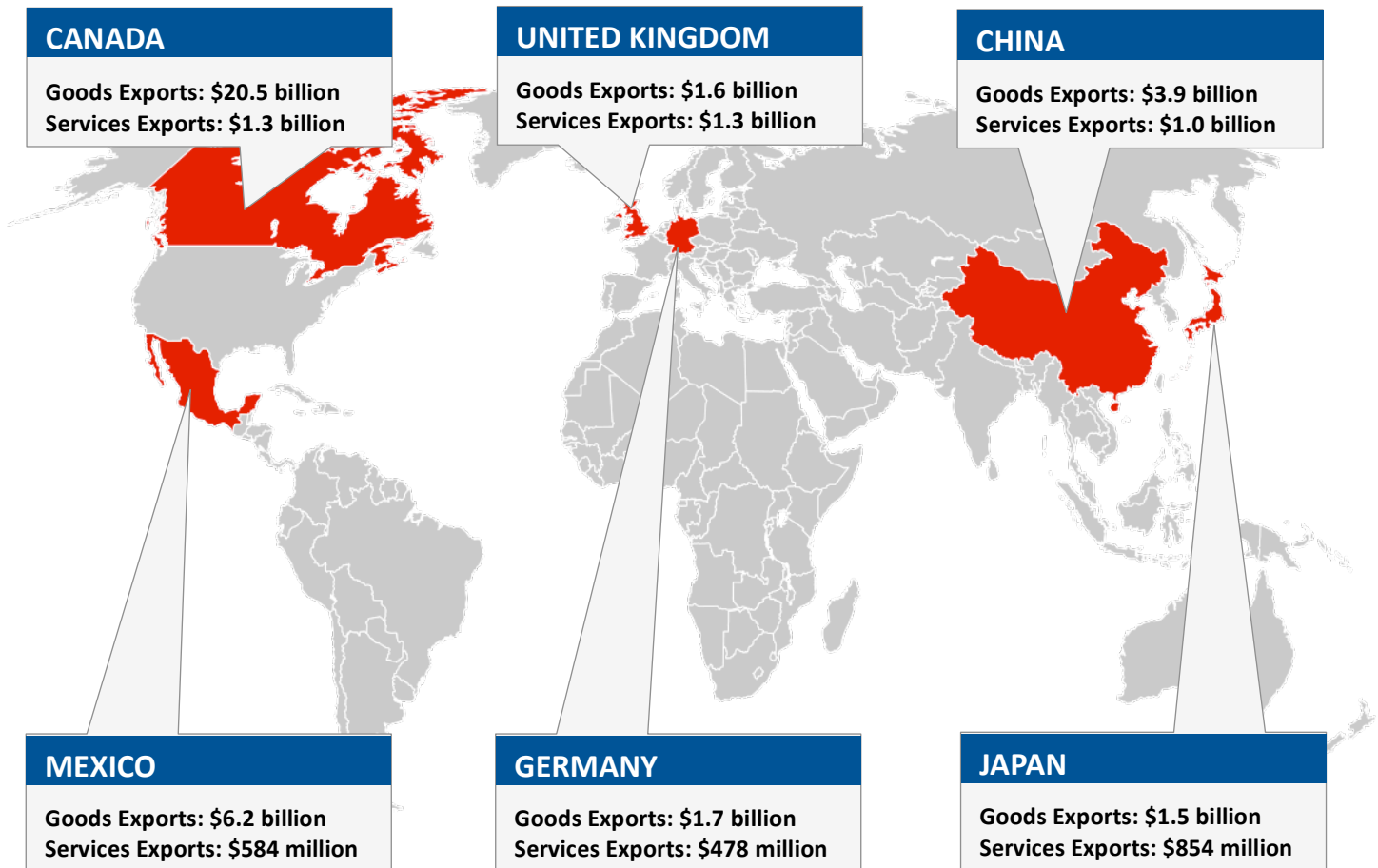
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| Travel | \$2.9 billion |
| Other Financial Services | \$1.6 billion |
| Credit-Related Services | \$1.4 billion |



Ohio Companies Export throughout the World

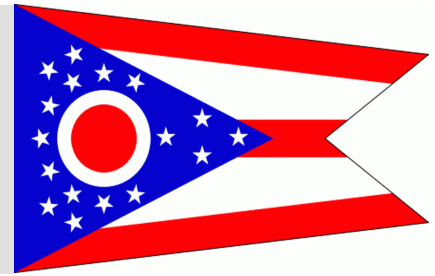
In 2014, Ohio companies sold their products in 213 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Ohio Economy Grow

- Goods exports accounted for 9.0 percent of Ohio's state GDP in 2014.
- Ohio's goods exports have grown more than two times faster than state GDP since 2004. The average annual export growth during this period was 5.7 percent, while the average annual state GDP growth was 2.6 percent.
- Ohio's top export markets for goods are Canada, Mexico, and China. Its top market for services is the United Kingdom.
- Ohio's goods exports to Switzerland have grown by 17 percent per year since 2004. Exports to China grew by 14 percent per year, while exports to Mexico grew by 11 percent per year.



Ohio 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 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 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 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 2013, about 184,000 U.S. companies (including 9,264 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



-87.0%

Decrease in the Price of Televisions Between 2004 and 2014.



-69.2%

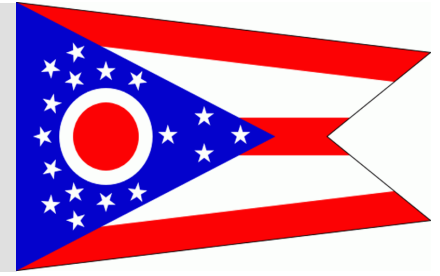
Decrease in the Price of Computers Between 2004 and 2014.



-42.9%

Decrease in the Price of Toys Between 2004 and 2014.

Imports Increase Choices for Goods & Services



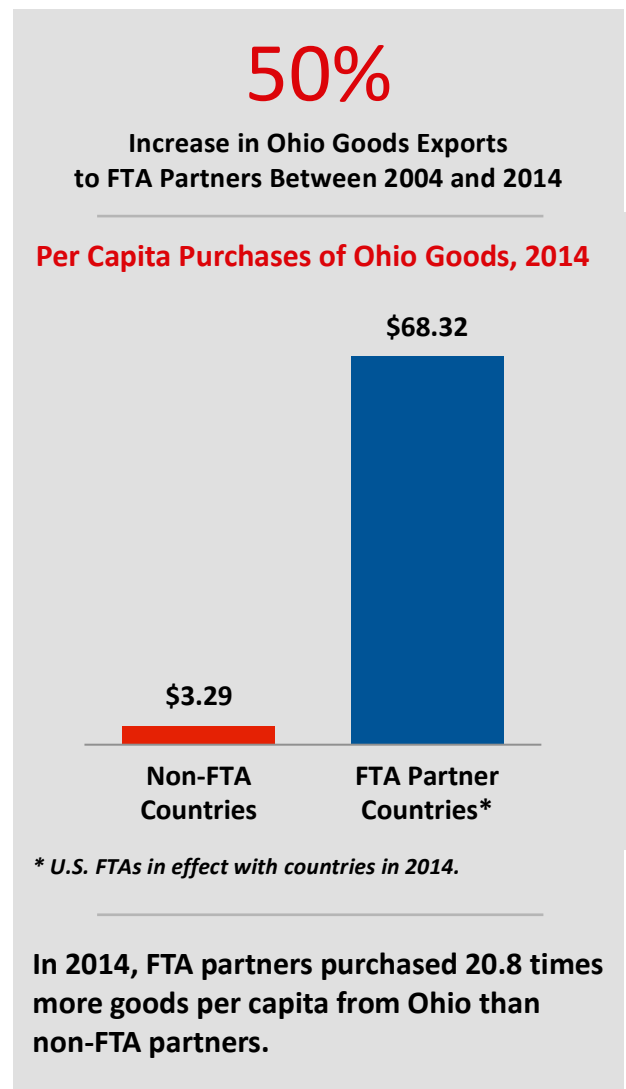
Ohio Needs Trade Agreements to Grow

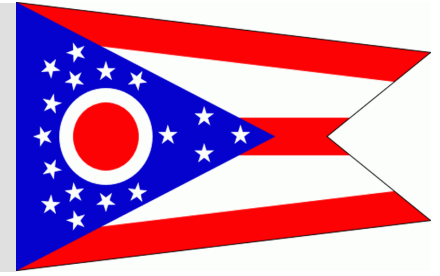
Overview

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

- In 2014, \$30.5 billion of Ohio's goods exports, or 59 percent, went to FTA partners.
- Since 2004 Ohio's goods exports to countries with FTAs in effect with the United States in 2014 have increased by 50 percent.
- Ohio's exports to Canada and Mexico have increased by \$18.0 billion (207 percent) since NAFTA went into effect in 1994.
- Ohio's exports to El Salvador have increased by 128 percent since the U.S.-El Salvador FTA took effect in 2006.
- Ohio's exports to Singapore of misc. general purpose machinery have increased from \$14 million to \$80 million since the FTA with Singapore went into effect in 2004.
- Canada bought 63 percent of Ohio's exports of soaps, cleaning agents & toiletries in 2014.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased \$38.7 billion, or 75 percent, of Ohio's goods exports in 2014.

By the Numbers





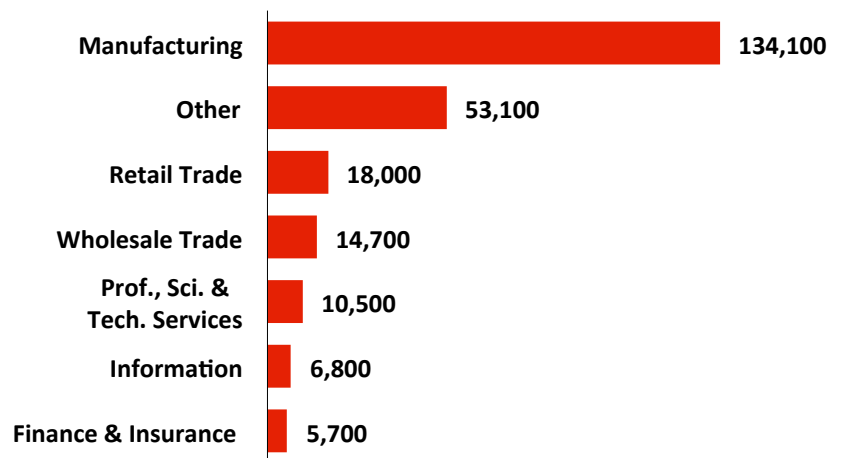
Foreign Investment in Ohio Creates Jobs

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:

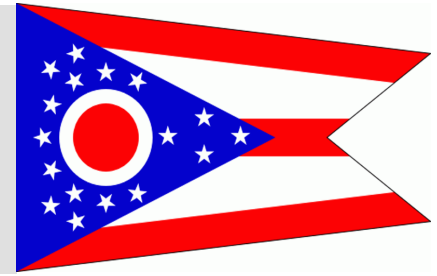
- 60,200 workers employed by companies based in Japan;
- 39,300 workers employed by companies based in the United Kingdom;
- 31,000 workers employed by companies based in Germany;
- 19,400 workers employed by companies based in Canada;
- 17,700 workers employed by companies based in France.

Foreign-Owned Companies Employ 242,900 Ohio Workers Across Many Industries



Selected Foreign-Owned Companies Employing Workers in Ohio

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



Data Sources

OHIO JOBS DEPEND ON TWO-WAY TRADE

Jobs-Tied-to-Trade: Boughman 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>)

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>)

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>)

OHIO 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>)

OHIO 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/>)

OHIO NEEDS TRADE AGREEMENTS TO GROW

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

Per Capita Purchases of Ohio 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 OHIO 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>)