

## How Texas' Economy Benefits from International Trade & Investment

### Overview

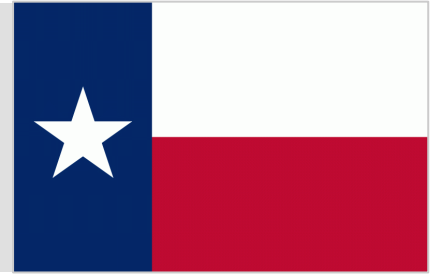
With more than 95 percent of the world's population and 80 percent of the world's purchasing power outside the United States, future economic growth and jobs for Texas and America increasingly depend on expanding U.S. trade and investment opportunities in the global marketplace.

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 Texas.

---

### Why is International Trade & Investment Important to Texas?

- **International trade, including exports and imports, supports 3,150,600 Texas jobs – nearly 1 in 5.** These trade-related jobs grew 1.5 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 Texas' globally engaged firms. *(See Texas Jobs Depend On Two-Way Trade)*
- **Texas exported \$283.7 billion in goods and \$53.6 billion in services in 2014,** including petroleum & coal products, basic chemicals, oil & gas and travel services. Of Texas' 41,558 exporters, 93 percent are small- and medium-sized companies with less than 500 workers. *(See Texas Businesses Grow With Exports)*
- **Customers in 225 countries and territories buy Texas-made goods and services,** including billions of dollars in annual exports to top markets like Mexico, Canada and Brazil. Texas' goods exports have grown more than 60 percent faster than state GDP since 2004. *(See Texas Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Texas companies and families.** Lower raw material and input costs help Texas 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 Texas Companies And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Texas to partner countries.** In 2014, \$174.3 billion of Texas' goods exports, or 61 percent, went to FTA partners. This represents a 143 percent increase since 2004. *(See Texas Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 512,800 workers in Texas.** *(See Foreign Investment In Texas Creates Jobs)*



## Texas 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 Texas

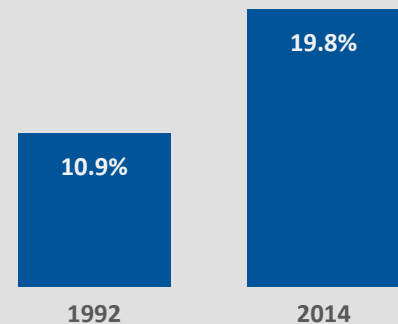
- Export growth increases jobs by generating new business for Texas' manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Texas businesses compete and saving Texas families real dollars at the cash register.
- Nearly one in five Texas jobs depends upon international trade.
- Texas' trade-related employment grew 1.5 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

**3,150,600**

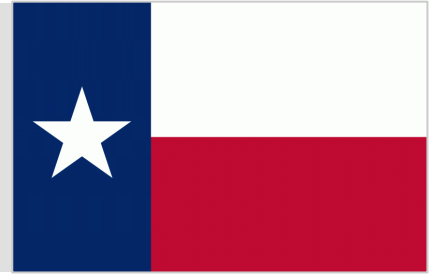
Number of Jobs in Texas Supported by Trade

Share of Jobs Tied to Trade Increased 82 percent from 1992 to 2014



#### Jobs Tied to Trade Top Sectors, 2014

Retail	366,400
Management, Administrative Services	268,700
Professional, Scientific, Tech. Services	228,500
Finance, Insurance	195,900
Real Estate, Rental Services	153,500



## Texas Businesses Grow with Exports

### Overview

Texas exported an estimated \$283.7 billion in goods and \$53.6 billion in services in 2014. Between 2009 and 2014, Texas goods exports have increased by 78 percent and services exports by 40 percent. Large companies now account for 65 percent of the value of Texas' 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 Texas Exports

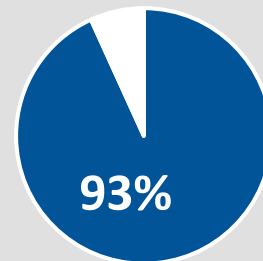
- Texas ranks among the top five state exporters in 70 industries, including first in petroleum & coal products (\$59.1 billion), basic chemicals (\$25.0 billion), oil & gas (\$18.7 billion), computer equipment (\$16.0 billion), and others.
- Texas is America's 14th largest exporter of agricultural products. It is the largest exporter of cotton, miscellaneous grains, and cattle and the third largest exporter of greenhouse, nursery, and floriculture products.
- One of Texas' fastest growing export categories is pharmaceuticals & medicines, which have increased by 20 percent per year since 2004. In 2014, exports of these products reached \$1.4 billion.

### By the Numbers

**41,558**

Number of Texas Businesses that Exported in 2013

### Share of Texas Exporters that are Small- & Medium-Sized Businesses



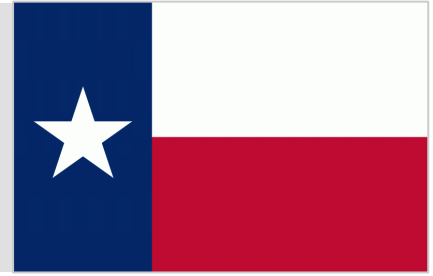
### Top Texas Exports, 2014

#### Goods

Petroleum & Coal Products	\$59.1 billion
Basic Chemicals	\$25.0 billion
Oil & Gas	\$18.7 billion
Computer Equipment	\$16.0 billion
Resins & Synthetic Fibers	\$14.7 billion

#### Services

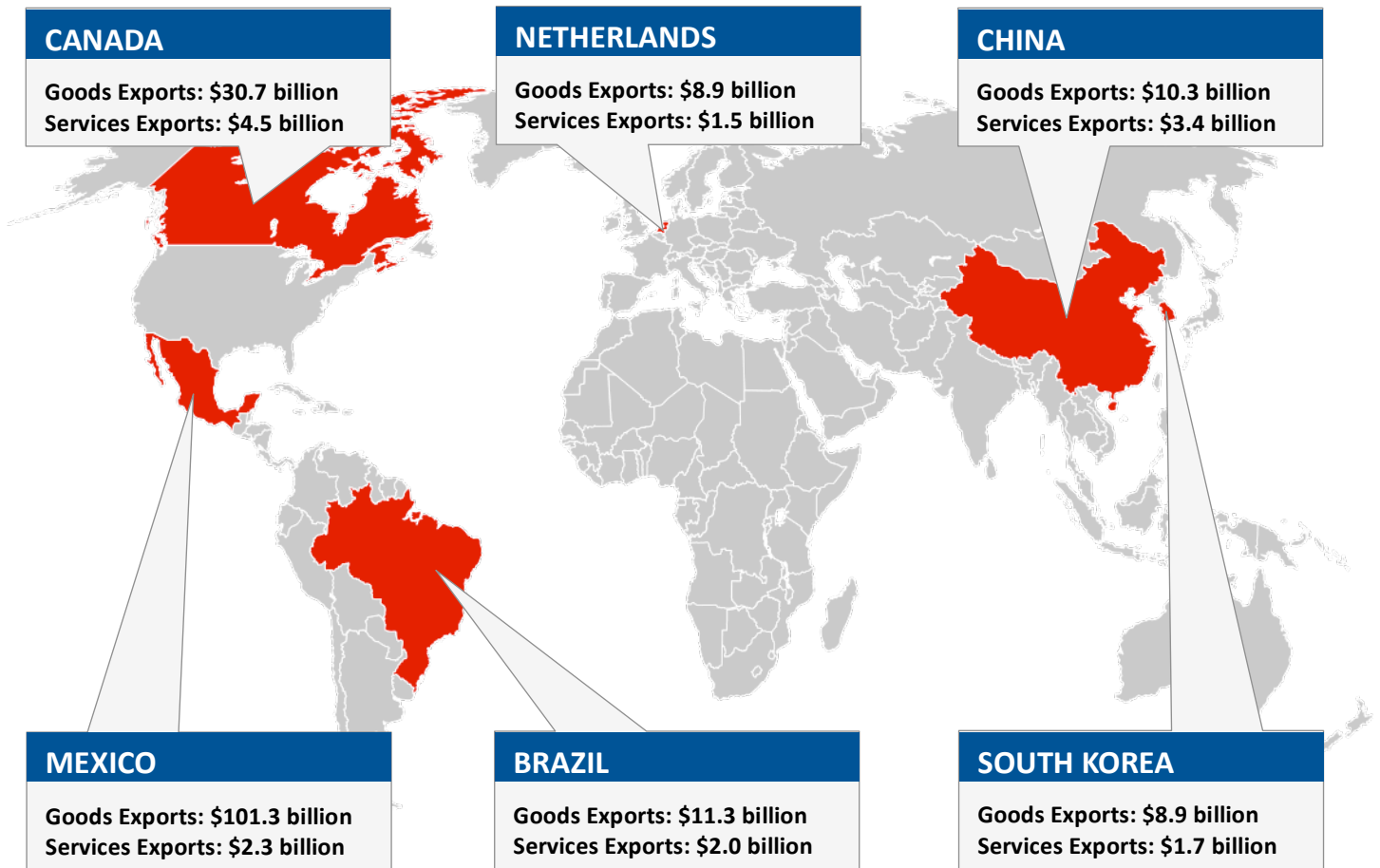
Travel	\$8.5 billion
Industrial Processes Royalties	\$7.0 billion
Passenger Fares	\$6.6 billion



## Texas Companies Export throughout the World

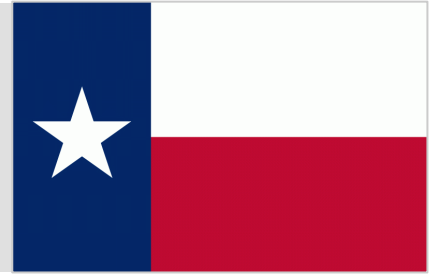
In 2014, Texas companies sold their products in 225 countries and territories.

Top export markets include:



### Fast Facts: How Exports Help the Texas Economy Grow

- Goods exports accounted for 17.3 percent of Texas' state GDP in 2014.
- Texas' goods exports have grown more than 60 percent faster than state GDP since 2004. The average annual export growth during this period was 10.0 percent, while the average annual state GDP growth was 6.1 percent.
- Texas' top export markets for goods are Mexico, Canada, and Brazil. Its top market for services is the United Kingdom.
- Texas' goods exports to Panama have grown by 30 percent per year since 2004. Exports to Ecuador grew by 27 percent per year, while exports to Brazil grew by 22 percent per year.



## Texas 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 Texas.

- Services, especially transportation from Texas' 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 Texas family of four more than \$10,000 per year.
- Imports help keep prices down for Texas 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 22,144 in Texas) 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%**

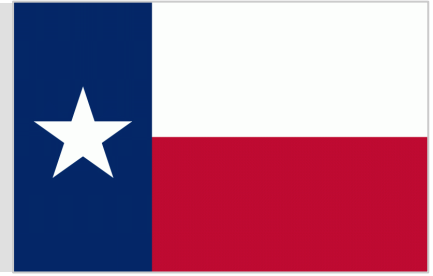
Decrease in the Price of Computers Between 2004 and 2014.



**-42.9%**

Decrease in the Price of Toys Between 2004 and 2014.

### Imports Increase Choices for Goods & Services



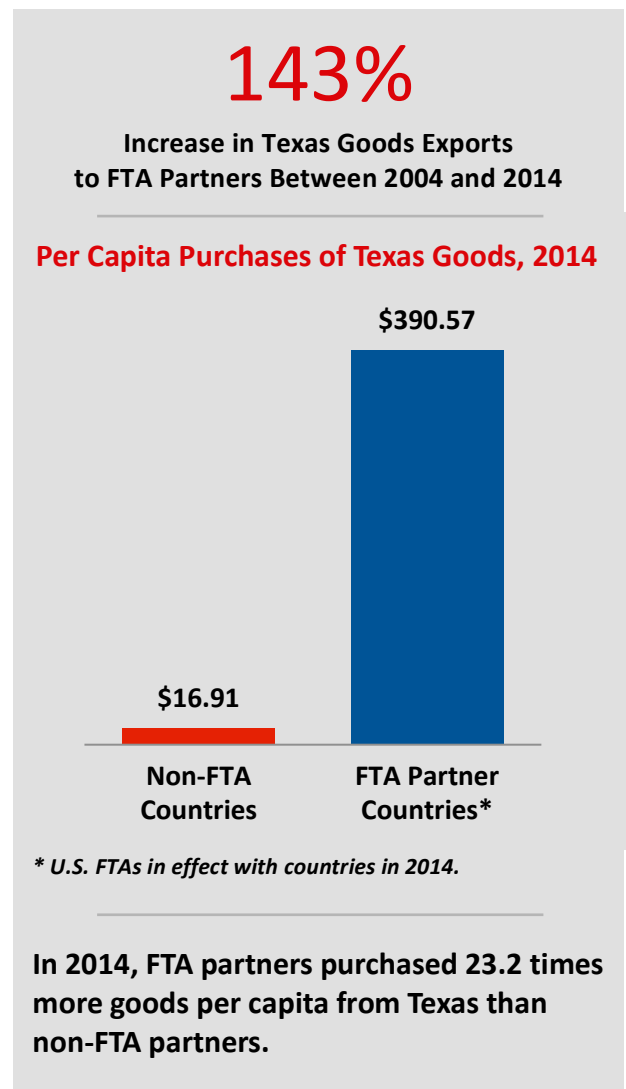
## Texas Needs Trade Agreements to Grow

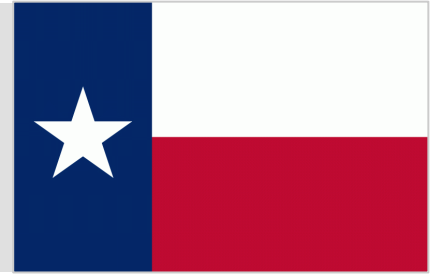
### Overview

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

- In 2014, \$174.3 billion of Texas' goods exports, or 61 percent, went to FTA partners.
- Since 2004 Texas' goods exports to countries with FTAs in effect with the United States in 2014 have increased by 143 percent.
- Texas' exports to Canada and Mexico have increased by \$109.0 billion (473 percent) since NAFTA went into effect in 1994.
- Texas' exports to Dominican Republic have increased by 154 percent since the U.S.-Dominican Republic FTA took effect in 2007.
- Texas' exports to Morocco of petroleum & coal products have increased from \$1.8 million to \$507 million since the FTA with Morocco went into effect in 2005.
- Mexico bought 79 percent of Texas' exports of computer equipment in 2014.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased \$184.8 billion, or 65 percent, of Texas' goods exports in 2014.

### By the Numbers





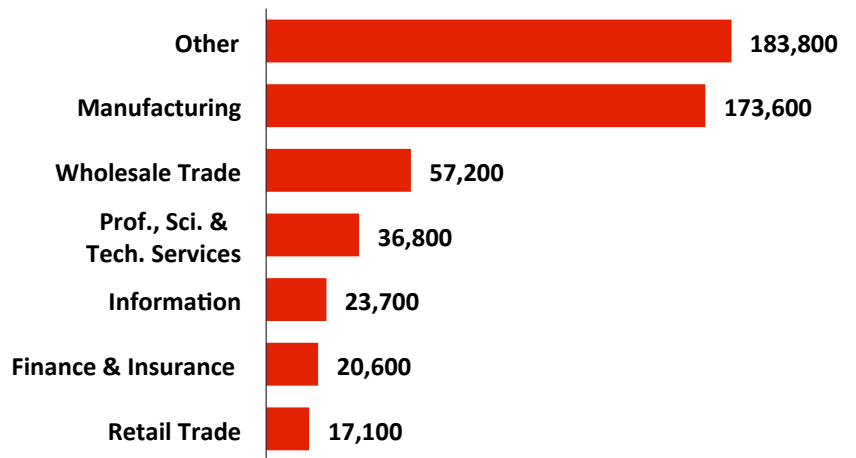
## Foreign Investment in Texas Creates Jobs

### Overview

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

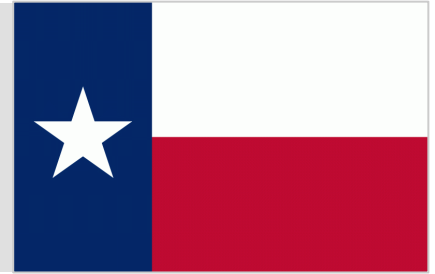
- 102,200 workers employed by companies based in the United Kingdom;
- 45,200 workers employed by companies based in Japan;
- 44,700 workers employed by companies based in France;
- 41,300 workers employed by companies based in Switzerland;
- 40,800 workers employed by companies based in Germany.

### Foreign-Owned Companies Employ 512,800 Texas Workers Across Many Industries



### Selected Foreign-Owned Companies Employing Workers in Texas

Company	Industry	Country
ABB Inc.	Electrical Equipment Manufacturing	Switzerland
BASF Corp.	Chemicals Manufacturing	Germany
Celestica	Electronics Manufacturing	Canada
Core Laboratories Inc.	Energy Services	Netherlands
Ericsson Inc.	Communications Equipment Manuf.	Sweden
GuestLogix	Technology Hardware and Software	Canada
KPMG LLP	Accounting Services	United Kingdom
Mitel Networks	Telecommunications Services	Canada
Shell Oil Company	Energy Production	Netherlands
SK Hynix America Inc.	Semiconductor Manufacturing	Korea
Toyota Motor Manufacturing	Motor Vehicle Manufacturing	Japan
Trader Joe's	Food Retailing	Germany



## Data Sources

### TEXAS 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>)

### TEXAS 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>)

### TEXAS 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>)

### TEXAS 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/>)

### TEXAS NEEDS TRADE AGREEMENTS TO GROW

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

**Per Capita Purchases of Texas 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](http://tradepartnership.com/wp-content/uploads/2014/06/opening_markets_creating_jobs_USChamber.pdf))

### FOREIGN INVESTMENT IN TEXAS CREATES JOBS

**Employment Data:** BEA "Direct Investment & Multinational Companies" database ([http://bea.gov/iTable/index\\_MNC.cfm](http://bea.gov/iTable/index_MNC.cfm))

**Foreign Investors:** Uniworld BP database of "Foreign Firms Operating in the United States" (<http://www.uniworldbp.com>)