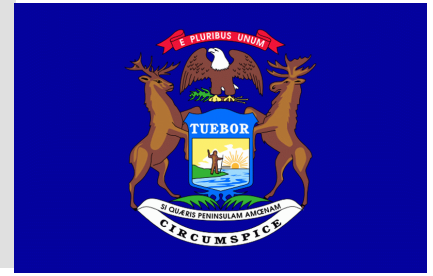


How Michigan's Economy Benefits from International Trade & Investment



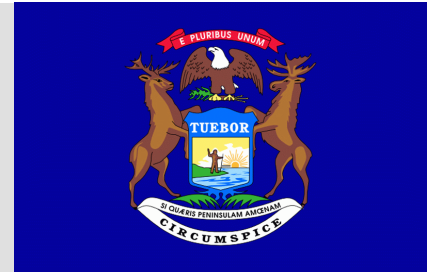
Overview

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 1,029,400 Michigan jobs – nearly one in five.** These trade-related jobs grew six times faster than total employment from 1992 to 2016 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 \$55.3 billion in goods and \$12.6 billion in services in 2016,** including motor vehicle parts, motor vehicles, motor vehicle bodies & trailers and travel services. Of Michigan's 14,680 exporters, 89 percent are small- and medium-sized companies with less than 500 workers. *(See Michigan Businesses Grow With Exports)*
- **Customers in 211 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 two times faster than state GDP since 2006. *(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 2016, \$38 billion of Michigan's goods exports, or 69 percent, went to FTA partners. This represents an increase of 28 percent since 2006. *(See Michigan Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 238,100 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

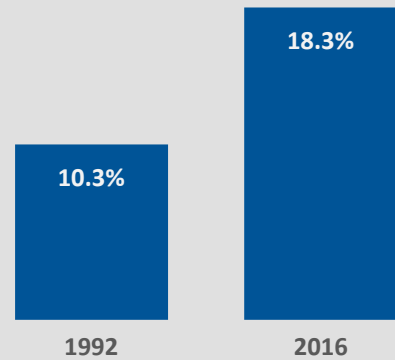
- Export growth increases jobs by generating new business for Michigan's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Michigan businesses compete and saving Michigan families real dollars at the cash register.
- Nearly one in five Michigan jobs depends upon international trade.
- Michigan's trade-related employment grew six times faster than total employment from 1992 to 2016.
- Jobs in export-dependent 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

1,029,400

Number of Jobs in Michigan Supported by Trade

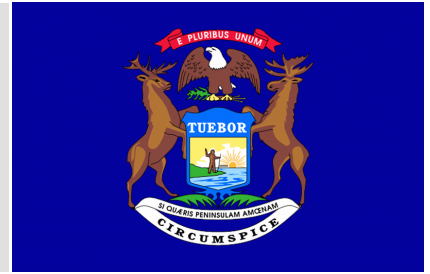
Share of Jobs Tied to Trade Increased 78 percent from 1992 to 2016



Jobs Tied to Trade Top Sectors, 2016

Trade & Distribution	220,000
Professional, Scientific, Tech. Services	180,100
Personal & Recreational Services	103,700
Manufacturing	82,900
Finance, Insurance	43,600

Michigan Businesses Grow with Exports



Overview

Michigan exported an estimated \$55.3 billion in goods and \$12.6 billion in services in 2016. Between 2006 and 2016, Michigan goods exports have increased by 36 percent and services exports by 68 percent. Large companies now account for 76 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

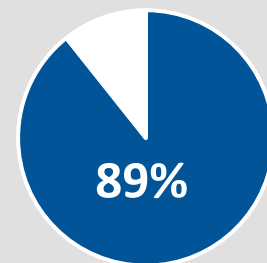
- Michigan ranks among the top 5 state exporters in 21 industries, including first in glass & glass products (\$1.0 billion), first in metalworking machinery (\$891 million), first in motor vehicles (\$11 billion), and first in motor vehicle bodies & trailers (\$2.9 billion).
- Michigan is America's 17th largest exporter of agricultural products. It is the fourth largest exporter of greenhouse & nursery products, the sixth largest exporter of fruits & tree nuts, the ninth largest exporter of vegetables & melons, and the 12th largest exporter of oilseeds & grains.
- One of Michigan's fastest growing export categories is electrical equipment & components, which have increased by 19 percent per year since 2006. In 2016, exports of these products reached \$1.2 billion.

By the Numbers

14,680

Number of Michigan Businesses that Exported in 2015

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



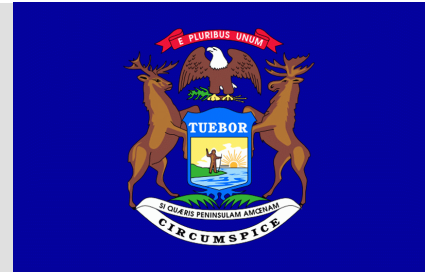
Top Michigan Exports, 2016

Goods

Motor Vehicle Parts	\$12 billion
Motor Vehicles	\$11 billion
Motor Vehicle Bodies & Trailers	\$2.9 billion
Misc. General Purpose Machinery	\$1.7 billion
Navigational & Meas. Instruments	\$1.6 billion

Services

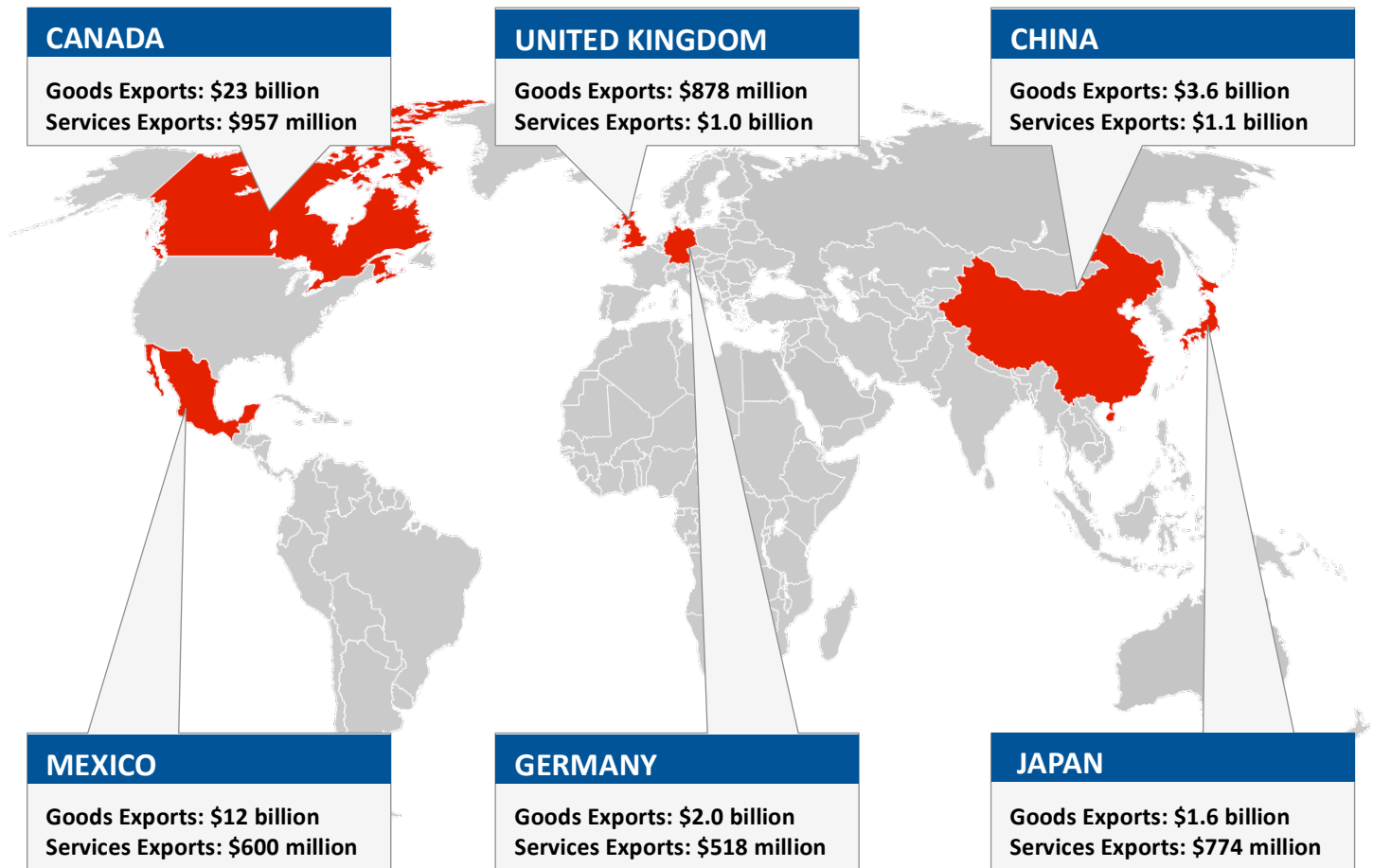
Travel	\$2.9 billion
Royalties from Industrial Processes	\$1.1 billion
Education	\$1.1 billion



Michigan Companies Export throughout the World

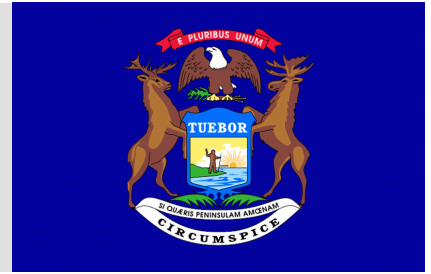
In 2016, Michigan companies sold their products in 211 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Michigan Economy Grow

- Goods and services exports accounted for 13.8 percent of Michigan's state GDP in 2016.
- Michigan's exports have grown nearly two times faster than state GDP since 2006. The average annual export growth during this period was 4.4 percent, while the average annual state GDP growth was 2.2 percent.
- Michigan's top export markets for goods are Canada, Mexico, and China. Its top market for services is China.
- Michigan's goods exports to Poland have grown by 28 percent per year since 2006, while Michigan's services exports to China have grown by 19 percent per year.



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

Overview

In 2016, 56 percent (\$1.2 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 2015, 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 2015, about 197,000 U.S. companies (including 8,846 in Michigan) imported products...

And roughly three-quarters of U.S. importers were very small businesses with less than 20 employees.

Imports Decrease Prices



-87.9%

Decrease in the Price of Televisions Between 2006 and 2016.



-63.3%

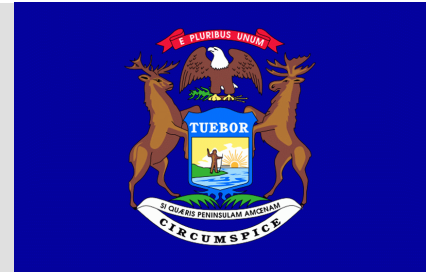
Decrease in the Price of Computers Between 2006 and 2016.



-44.7%

Decrease in the Price of Toys Between 2006 and 2016.

Imports Increase Choices



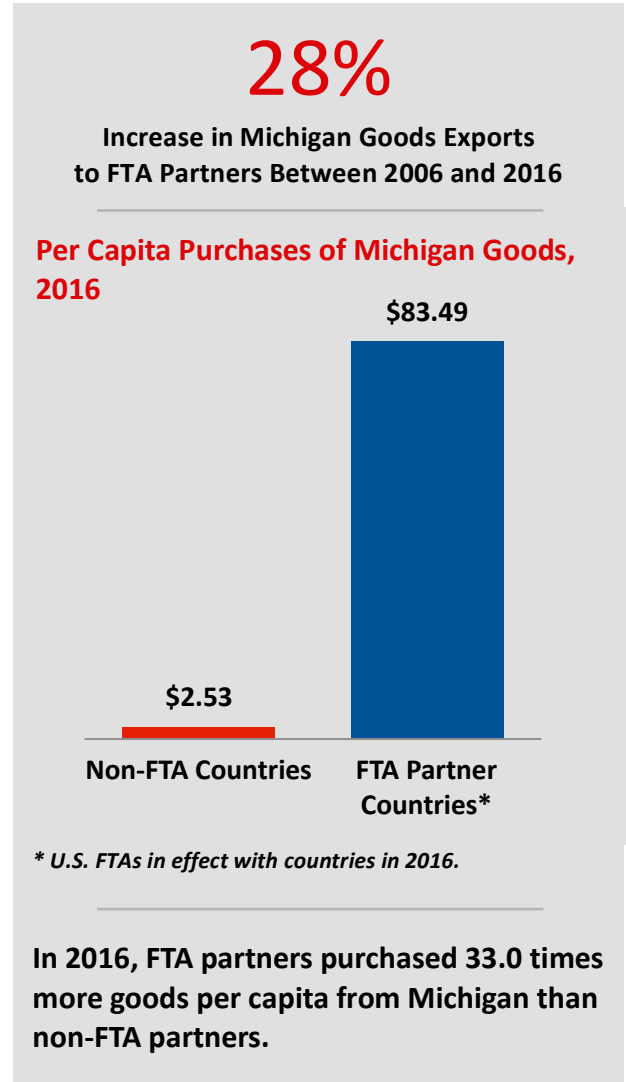
Michigan Needs Trade Agreements to Grow

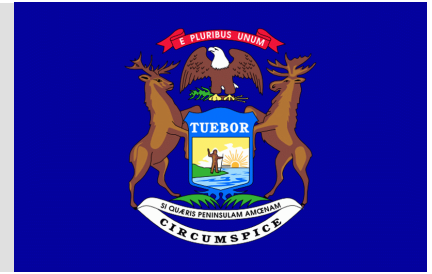
Overview

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 millions of 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 2016, \$38 billion of Michigan's goods exports, or 69 percent, went to FTA partners.
- Since 2006, Michigan's goods exports to countries with FTAs in effect with the United States in 2016 have increased by 28 percent.
- Michigan's exports to Canada and Mexico have increased by \$18 billion (98 percent) since NAFTA went into effect in 1994.
- Michigan's exports to Honduras have increased by 144 percent since the FTA with Honduras took effect in 2006.
- Michigan's exports to Australia of household & institutional furniture have increased from \$4.6 million to \$25 million since the FTA with Australia went into effect in 2005.
- Korea bought 19 percent of Michigan's exports of soaps, cleaning agents & toiletries in 2016.
- In 2016, \$3.1 billion of Michigan's services exports, or 25 percent, went to FTA partners.
- Michigan's exports to Singapore of R&D & testing services have increased from \$3.6 million to \$72 million, or by over 1,867 percent, since 2006 (earliest year available).

By the Numbers





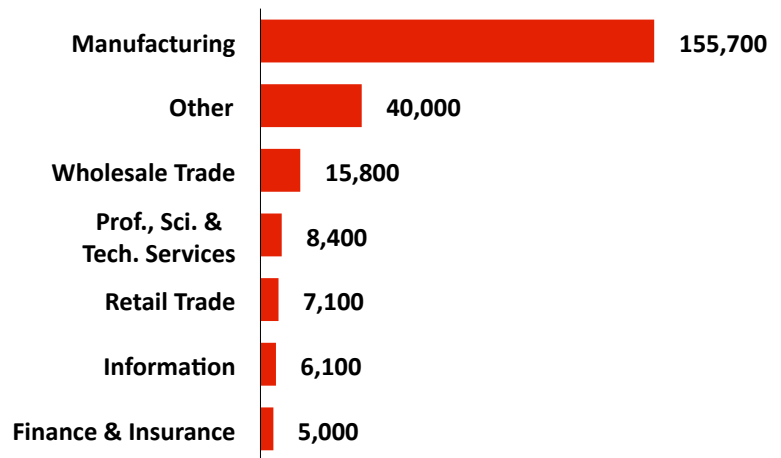
Foreign Investment in Michigan Creates Jobs

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 employed hundreds of thousands of workers in Michigan, including:

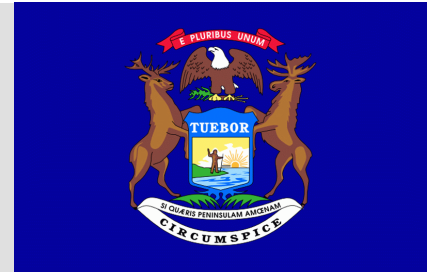
- 38,000 workers employed by companies based in Germany;
- 32,500 workers employed by companies based in Japan;
- 25,400 workers employed by companies based in Canada;
- 24,400 workers employed by companies based in the United Kingdom;
- 18,700 workers employed by companies based in France.

Foreign-Owned Companies Employed 238,100 Michigan Workers Across Many Industries, 2015



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
Chemetall 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
Takata Automotive Systems	Automotive Parts Manufacturing	Japan
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: Boughman and Francois, "Terminating NAFTA: The National and State-by-State Impacts on Jobs, Exports and Output" (2018) (<http://businessroundtable.org/media/news-releases/new-study-withdrawal-nafta-would-jeopardize-american-jobs-and-hurt-u.s.-economy>)

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, 2014 – 2015" (<https://www.census.gov/foreign-trade/Press-Release/edb/2015/>)

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, 2014 – 2015" (<https://www.census.gov/foreign-trade/Press-Release/edb/2015/>)

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

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>)