

How Missouri'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 Missouri 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 Missouri.

Why is International Trade & Investment Important to Missouri?

- **International trade, including exports and imports, supports 706,800 Missouri jobs – nearly one in five.** These trade-related jobs grew 5.5 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 Missouri's globally engaged firms. *(See Missouri Jobs Depend On Two-Way Trade)*
- **Missouri exported \$15.4 billion in goods and \$9.6 billion in services in 2016,** including oilseeds & grains, motor vehicles, aerospace products & parts and travel services. Of Missouri's 6,008 exporters, 85 percent are small- and medium-sized companies with less than 500 workers. *(See Missouri Businesses Grow With Exports)*
- **Customers in 200 countries and territories buy Missouri-made goods and services,** including billions of dollars in annual exports to top markets like Canada, Mexico and China. Missouri's goods exports have grown nearly 40 percent faster than state GDP since 2006. *(See Missouri Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Missouri companies and families.** Lower raw material and input costs help Missouri 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 Missouri Companies And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Missouri to partner countries.** In 2016, \$8.8 billion of Missouri's goods exports, or 57 percent, went to FTA partners. This represents an increase of 5 percent since 2006. *(See Missouri Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 110,000 workers in Missouri.** *(See Foreign Investment In Missouri Creates Jobs)*



Missouri 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 Missouri

- Export growth increases jobs by generating new business for Missouri's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Missouri businesses compete and saving Missouri families real dollars at the cash register.
- Nearly one in five Missouri jobs depends upon international trade.
- Missouri's trade-related employment grew 5.5 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.

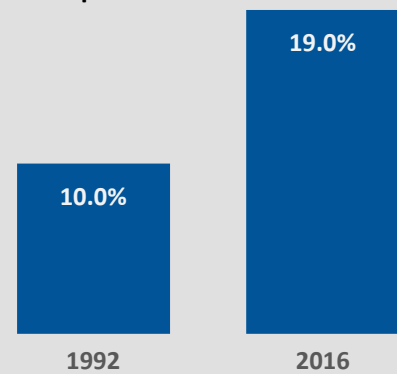
By the Numbers

706,800

Number of Jobs in Missouri Supported by Trade

Share of Jobs Tied to Trade

Increased 90 percent from 1992 to 2016



Jobs Tied to Trade Top Sectors, 2016

Trade & Distribution	150,400
Professional, Scientific, Tech. Services	106,000
Personal & Recreational Services	67,400
Agriculture	43,700
Manufacturing	39,800



Missouri Businesses Grow with Exports

Overview

Missouri exported an estimated \$15.4 billion in goods and \$9.6 billion in services in 2016. Between 2006 and 2016, Missouri goods exports have increased by 14 percent and services exports by 95 percent. Large companies now account for 73 percent of the value of Missouri'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 Missouri Exports

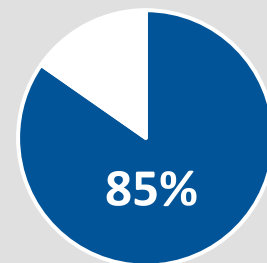
- Missouri ranks among the top 10 state exporters in 12 industries, including second in leather & hide tanning (\$176 million), fourth in miscellaneous transportation equipment (\$365 million), sixth in swine (\$635,000), and seventh in animal foods (\$145 million).
- Missouri is America's 11th largest exporter of agricultural products. It is the sixth largest exporter of swine, the ninth largest exporter of cattle, the ninth largest exporter of poultry & eggs, and the ninth largest exporter of aquaculture.
- One of Missouri's fastest growing export categories is soaps, cleaning agents & toiletries, which have increased by 13 percent per year since 2006. In 2016, exports of these products reached \$207 million.

By the Numbers

6,008

Number of Missouri Businesses that Exported in 2015

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



Top Missouri Exports, 2016

Goods

Oilseeds & Grains	\$1.9 billion
Motor Vehicles	\$1.8 billion
Aerospace Products & Parts	\$1.6 billion
Basic Chemicals	\$945 million
Pharmaceuticals & Medicines	\$797 million

Services

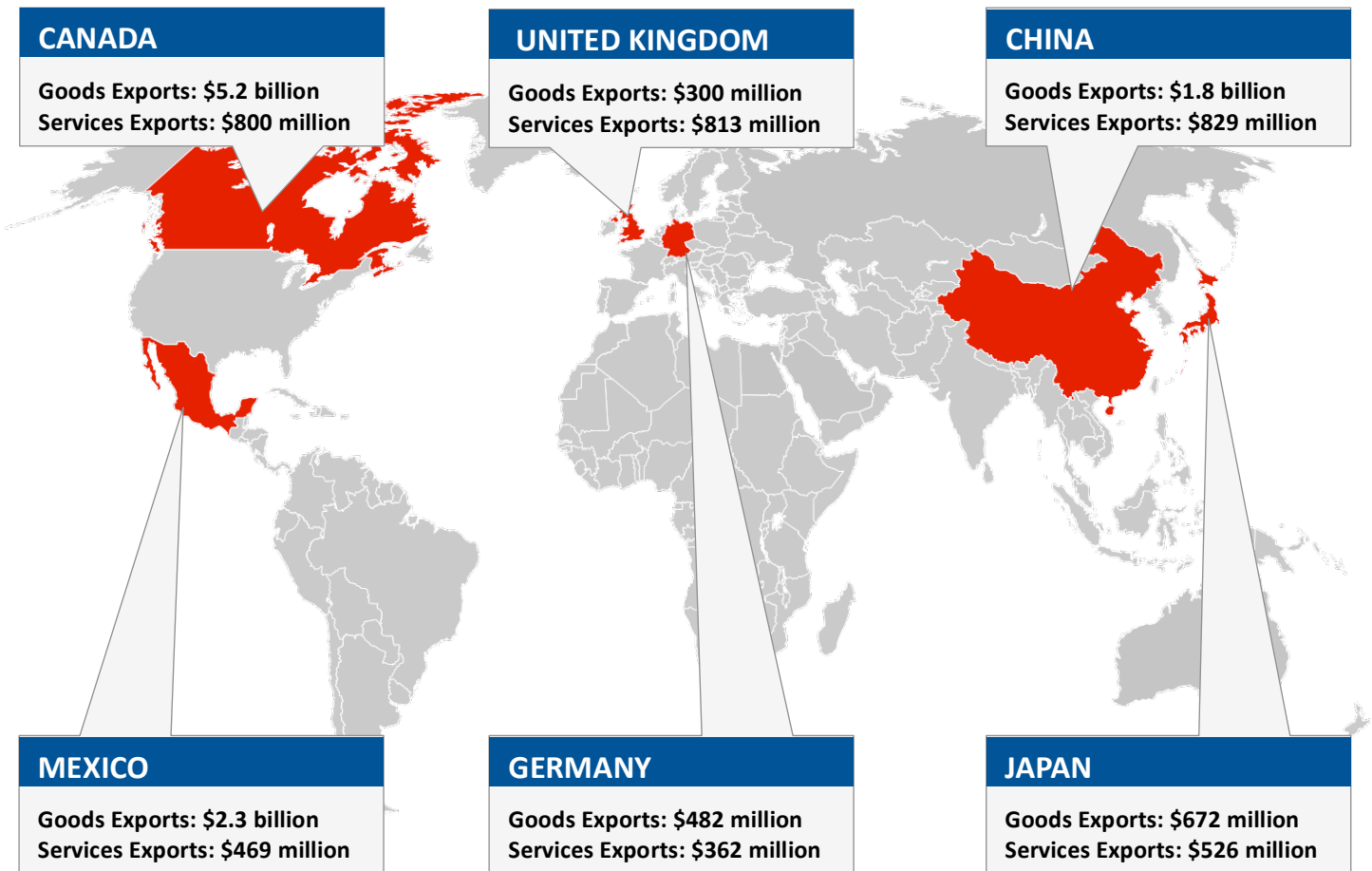
Travel	\$3.0 billion
Royalties from Industrial Processes	\$830 million
Education	\$706 million



Missouri Companies Export throughout the World

In 2016, Missouri companies sold their products in 200 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Missouri Economy Grow

- Goods and services exports accounted for 8.4 percent of Missouri's state GDP in 2016.
- Missouri's exports have grown nearly 40 percent faster than state GDP since 2006. The average annual export growth during this period was 3.5 percent, while the average annual state GDP growth was 2.5 percent.
- Missouri's top export markets for goods are Canada, Mexico, and China. Its top market for services is China.
- Missouri's goods exports to Vietnam have grown by 29 percent per year since 2006, while Missouri's services exports to China have grown by 21 percent per year.



Missouri 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 Missouri.

- Services, especially transportation from Missouri'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 Missouri family of four more than \$10,000 per year.
- Imports help keep prices down for Missouri 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 5,142 in Missouri) 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



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

- In 2016, \$8.8 billion of Missouri's goods exports, or 57 percent, went to FTA partners.
- Since 2006, Missouri's goods exports to countries with FTAs in effect with the United States in 2016 have increased by 5 percent.
- Missouri's exports to Canada and Mexico have increased by \$5.6 billion (295 percent) since NAFTA went into effect in 1994.
- Missouri's exports to Morocco have increased by 457 percent since the FTA with Morocco took effect in 2005.
- Missouri's exports to Australia of aerospace products & parts have increased from \$10 million to \$79 million since the FTA with Australia went into effect in 2005.
- Korea bought 11 percent of Missouri's exports of leather & hide tanning in 2016.
- In 2016, \$2.5 billion of Missouri's services exports, or 25 percent, went to FTA partners.
- Missouri's exports to Singapore of R&D & testing services have increased from \$1.3 million to \$52 million, or by over 3,856 percent, since 2006 (earliest year available).

By the Numbers





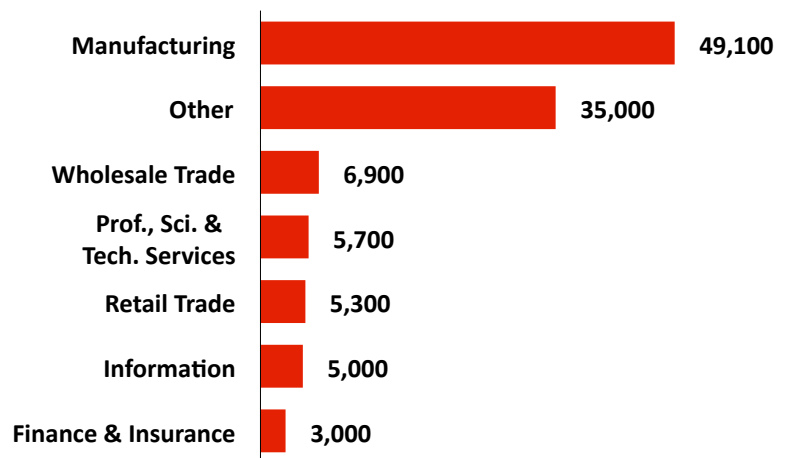
Foreign Investment in Missouri Creates Jobs

Overview

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Missouri every year. Foreign-owned companies from around the world employed more than 100,000 workers in Missouri, including:

- 23,400 workers employed by companies based in the United Kingdom;
- 11,700 workers employed by companies based in Germany;
- 10,100 workers employed by companies based in Japan;
- 10,000 workers employed by companies based in France;
- 9,500 workers employed by companies based in Canada.

Foreign-Owned Companies Employed 110,000 Missouri Workers Across Many Industries, 2015



Selected Foreign-Owned Companies Employing Workers in Missouri

Company	Industry	Country
ABB Inc.	Power Distribution Equipment Mfg.	Switzerland
Americold Logistics	Warehousing Services	Canada
Bodine Aluminum	Automotive Parts Manufacturing	Japan
Bull Moose Tube Co.	Steel Product Manufacturing	United Kingdom
Cemex	Cement Manufacturing	Mexico
Dassault Falcon Jet Corp.	Aerospace Products Manufacturing	France
Henkel Corporation	Chemical Manufacturing	Germany
Holcim US	Cement Manufacturing	Switzerland
Kawasaki Motors Manufacturing	Engine Manufacturing	Japan
Northstar Battery Company	Battery Manufacturing	Sweden
Robert Bosch	Automotive Parts Manufacturing	Germany
Toyota Motor Manufacturing	Automotive Manufacturing	Japan



MISSOURI 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>)

MISSOURI 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/>)

MISSOURI 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>)

MISSOURI 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/>)

MISSOURI NEEDS TRADE AGREEMENTS TO GROW

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

Per Capita Purchases of Missouri Goods: Derived from The Trade Partnership (<http://tradepartnership.com/data/cdxports-and-cdxjobs>) and World Bank population estimates

FOREIGN INVESTMENT IN MISSOURI 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>)