



## How the U.S. Economy Benefits from International Trade & Investment

### Overview

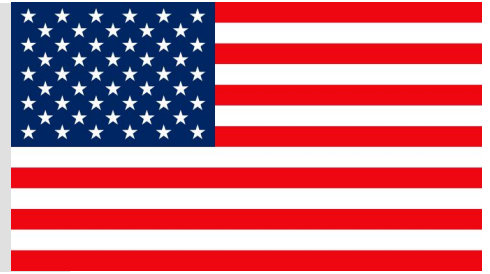
With more than 95 percent of the world's population and 80 percent of the world's purchasing power outside the United States, future economic growth and jobs for the United States increasingly depend on expanding U.S. trade and investment opportunities in the global marketplace.

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 the United States.

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### Why is International Trade & Investment Important to the United States?

- **International trade, including exports and imports, supports 36 million U.S. jobs – nearly 1 in 5.** These trade-related jobs grew 3.9 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 globally engaged firms. *(See U.S. Jobs Depend On Two-Way Trade)*
- **The United States exported \$1.5 trillion in goods and \$752 billion in services in 2016,** including aerospace products & parts, petroleum & coal products, motor vehicles and travel services. Of the 294,834 U.S. exporters, 98 percent are small- and medium-sized companies with less than 500 workers. *(See U.S. Businesses Grow With Exports)*
- **Customers in 235 countries and territories buy U.S.-made goods and services,** including billions of dollars in annual exports to top markets like Canada, Mexico and China. U.S. exports have grown nearly 60 percent faster than GDP since 2006. *(See U.S. Companies Export Throughout The World)*
- **Imports lower prices and increase choices for the American companies and families.** Lower raw material and input costs help the American 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 U.S. Companies And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from the United States to partner countries.** In 2016, \$675.8 billion of U.S. goods exports, or 47 percent, went to FTA partners. This represents a 38 percent increase since 2006. *(See The United States Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 6.8 million workers in the United States.** *(See Foreign Investment In the United States Creates Jobs)*



## U.S. 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 the United States

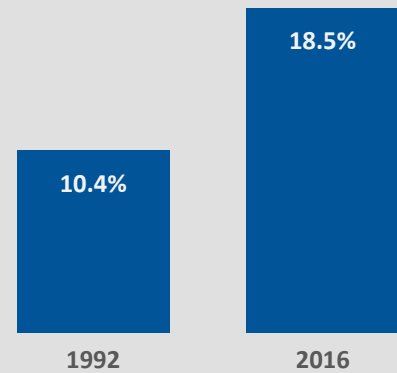
- Export growth increases jobs by generating new business for U.S. manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping U.S. businesses compete and saving American families real dollars at the cash register.
- Nearly one in five U.S. jobs depends upon international trade.
- U.S. trade-related employment grew 3.9 times faster than total employment from 1992 to 2016.
- 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

**35,852,100**

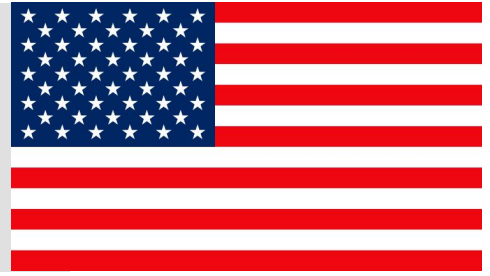
Number of Jobs in the United States Supported by Trade

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



Jobs Tied to Trade Top Sectors, 2016

Trade & Distribution Services	7.6 million
Business & Professional Services	6.1 million
Personal & Recreational Services	3.7 million
Manufacturing	1.8 million
Primary Agriculture	1.4 million



## U.S. Businesses Grow with Exports

### Overview

The United States exported an estimated \$1.5 trillion in goods and \$752.4 billion in services in 2016. Between 2006 and 2016, U.S. goods exports have increased by 41 percent and services exports by 81 percent. Large companies now account for 67 percent of the value of U.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 U.S. Exports

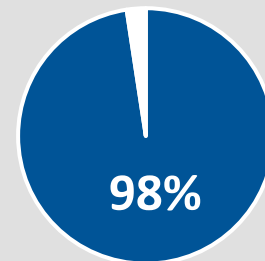
- One of the fastest growing U.S. export categories is oil & gas products, which have increased by 23 percent per year since 2006. In 2016, exports of these products reached \$22.7 billion.
- One of the fastest growing U.S. agricultural export categories is fruits & tree nuts, which have increased by 8 percent per year since 2006. In 2016, exports of these products reached \$13.3 billion.
- One of the fastest growing U.S. services export categories is equipment installation, maintenance and repair, which have increased by 12 percent per year since 2006 – and also did not experience a single year-over-year decline. In 2016, exports of these services reached \$25.6 billion.

### By the Numbers

**294,834**

Number of U.S. Businesses that Exported in 2015

### Share of U.S. Exporters that are Small- & Medium-Sized Businesses



### Top U.S. Exports, 2016

#### Goods

Aerospace Products & Parts	\$136.8 billion
Petroleum & Coal Products	\$66.7 billion
Motor Vehicles	\$62.7 billion
Pharmaceuticals & Medicines	\$57.3 billion
Motor Vehicle Parts	\$55.0 billion

#### Services

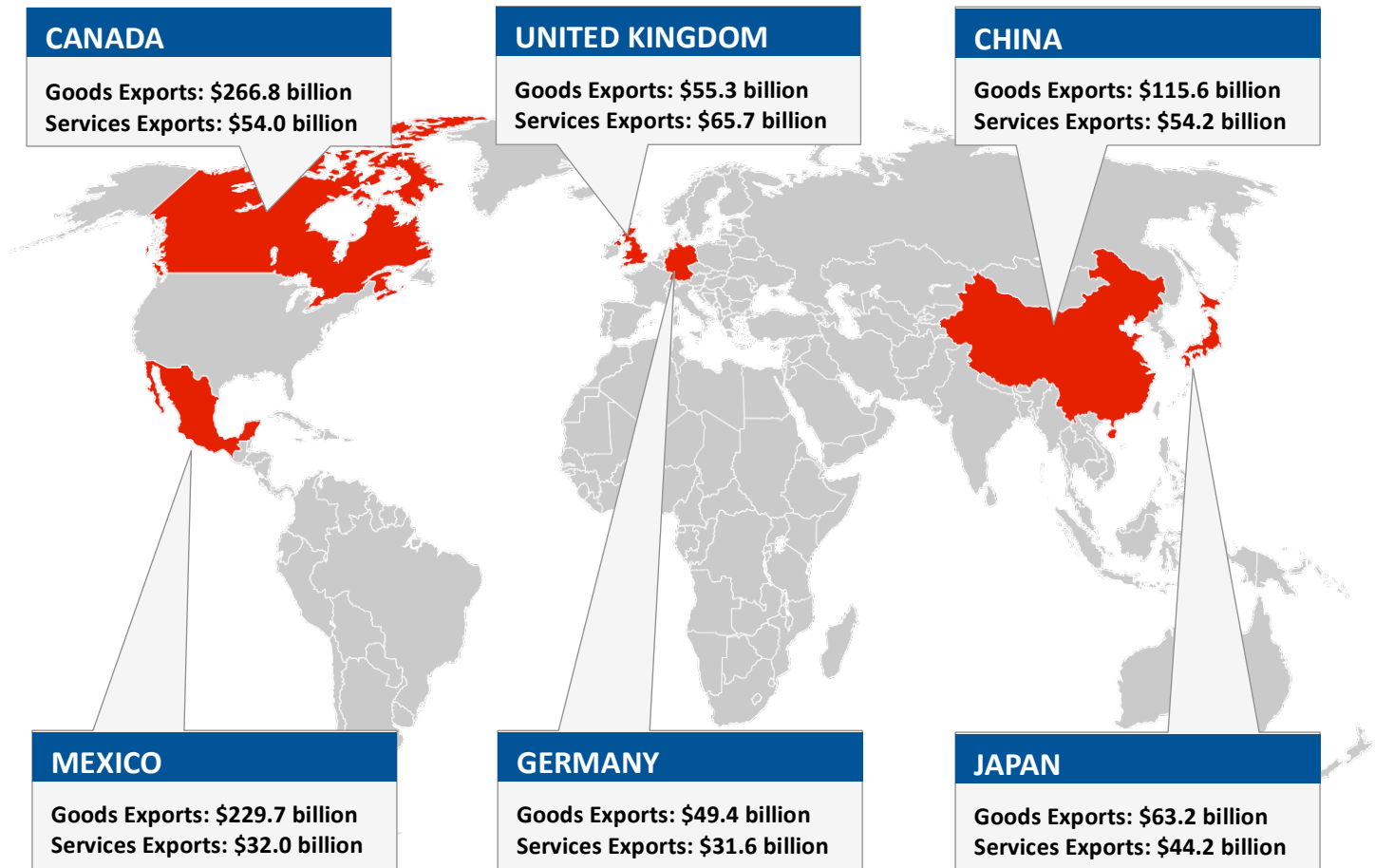
Travel	\$166.5 billion
Industrial Processes Royalties	\$48.7 billion
Passenger Fares	\$43.5 billion



## U.S. Companies Export throughout the World

In 2016, U.S. companies sold their products in 235 countries and territories.

Top export markets include:



### Fast Facts: How Exports Help the U.S. Economy Grow

- U.S. goods and services exports accounted for 11.8 percent of U.S. GDP in 2016.
- U.S. exports have grown nearly 60 percent faster than GDP since 2006. The average annual export growth during this period was 4.7 percent, while the average annual GDP growth was 3.0 percent.
- The United States' top export markets for goods are Canada, Mexico, and China. Its top market for services is the United Kingdom.
- U.S. goods exports to Vietnam have grown by 26 percent per year since 2006, while U.S. services exports to China have grown by 18 percent per year.



## U.S. 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.

- Services, especially transportation from U.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 American family of four more than \$10,000 per year.
- Imports help keep prices down for U.S. 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 imported products from other countries...**

**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



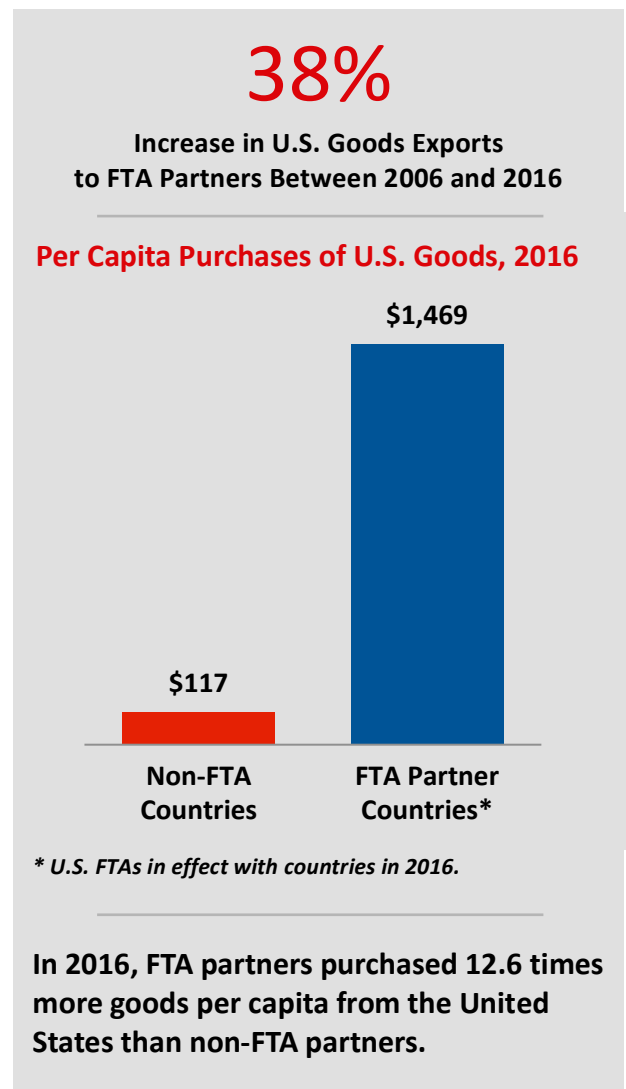
## The United States Needs Trade Agreements to Grow

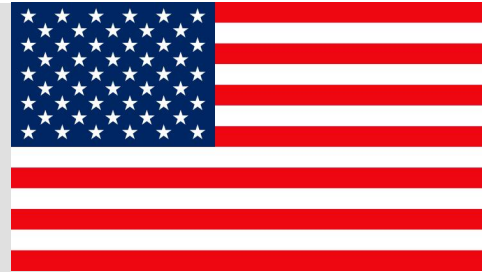
### Overview

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. The United States has increased its exports to FTA partners following implementation of the FTAs with those countries.

- In 2016, \$675.8 billion of U.S. goods exports, or 47 percent, went to FTA partners.
- Since 2006 U.S. goods exports to countries with FTAs in effect with the United States in 2016 have increased by 38 percent.
- U.S. goods exports to Canada and Mexico have increased by \$354.7 billion (250 percent) since NAFTA went into effect in 1994.
- U.S. goods exports to Chile have increased by 376 percent since the U.S.-Chile FTA took effect in 2004.
- U.S. exports to Singapore of medical equipment have increased from \$170 million to \$1.0 billion, or by 497 percent, since the FTA with Singapore went into effect in 2004.
- South Korea bought 15 percent of U.S. exports of industrial machinery in 2016.
- In 2016, \$176.1 billion of U.S. services exports, or 23 percent, went to FTA partners.
- U.S. exports to Singapore of R&D and testing services have increased from \$189 million to \$4.9 billion, or by over 2,500 percent, since 2006 (earliest year available).

### By the Numbers





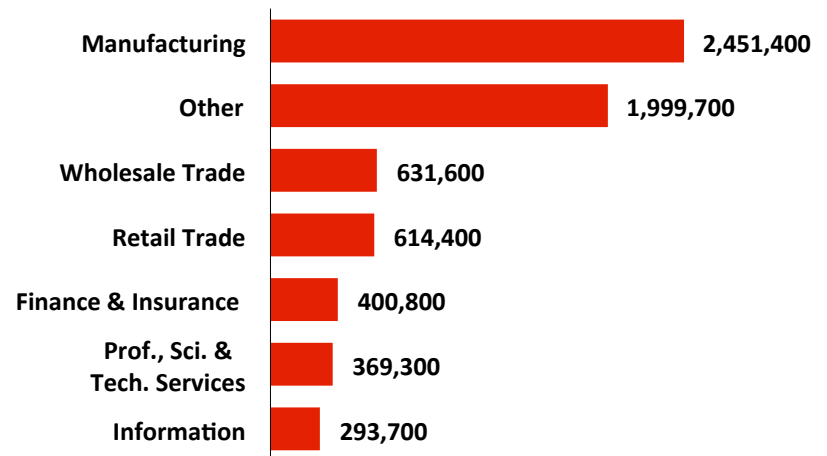
## Foreign Investment in the United States Creates Jobs

### Overview

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

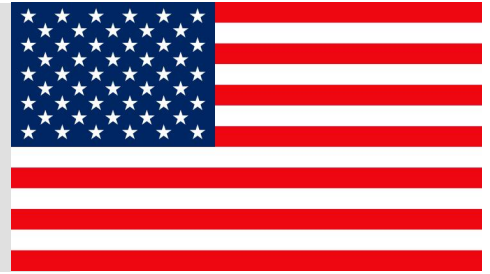
- 1.1 million workers employed by companies based in the United Kingdom;
- 856,100 workers employed by companies based in Japan;
- 677,500 workers employed by companies based in France;
- 673,900 workers employed by companies based in Germany;
- 636,100 workers employed by companies based in Canada.

### Foreign-Owned Companies Employ 6.8 Million Workers Across Many Industries



### Selected Foreign-Owned Companies Employing Workers in the United States

Company	Industry	Country
ABB Inc.	Electrical Equipment Manufacturing	Switzerland
BAE Systems	Aerospace Manufacturing	United Kingdom
Cemex	Cement Manufacturing	Mexico
Gerdau Ameristeel	Steel Manufacturing	Brazil
Holiday Inn	Hotel Services	United Kingdom
Honda Manufacturing	Automotive Manufacturing	Japan
Infosys Technology Ltd.	IT/Business Services	India
KPMG LLP	Consulting Services	Netherlands
Mercedes-Benz US International	Automotive Manufacturing	Germany
SAP America	Business Software Development	Germany
Siemens	Electrical Equipment Manufacturing	Germany
Sims Metal Management	Metal Recycling Services	Australia
Toyota Motor Manufacturing	Motor Vehicle Manufacturing	Japan
UBS Financial Services	Financial Services	Switzerland



## Data Sources

### U.S. 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>)

### U.S. 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/exh1a.pdf>)

### U.S. 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>)

### U.S. 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/exh1d.pdf>)

**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/>)

### THE UNITED STATES NEEDS TRADE AGREEMENTS TO GROW

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

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

### FOREIGN INVESTMENT IN THE UNITED STATES 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>)