

How Wisconsin's Economy Benefits from International Trade & Investment

WISCONSIN



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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 Wisconsin 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 Wisconsin.

Why is International Trade & Investment Important to Wisconsin?

- **International trade, including exports and imports, supports 687,700 Wisconsin jobs – nearly one in five.** These trade-related jobs grew five 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 Wisconsin's globally engaged firms. *(See Wisconsin Jobs Depend On Two-Way Trade)*
- **Wisconsin exported \$21.3 billion in goods and \$6.4 billion in services in 2016**, including navigational & measuring instruments, ag. & construction machinery, miscellaneous general purpose machinery and travel services. Of Wisconsin's 8,634 exporters, 86 percent are small- and medium-sized companies with less than 500 workers. *(See Wisconsin Businesses Grow With Exports)*
- **Customers in 202 countries and territories buy Wisconsin-made goods and services**, including billions of dollars in annual exports to top markets like Canada, Mexico and China. Wisconsin's goods exports have grown more than 20 percent faster than state GDP since 2006. *(See Wisconsin Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Wisconsin companies and families.** Lower raw material and input costs help Wisconsin 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 Wisconsin Companies And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Wisconsin to partner countries.** In 2016, \$12 billion of Wisconsin's goods exports, or 55 percent, went to FTA partners. This represents an increase of 30 percent since 2006. *(See Wisconsin Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 93,000 workers in Wisconsin.** *(See Foreign Investment In Wisconsin Creates Jobs)*



Wisconsin 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 Wisconsin

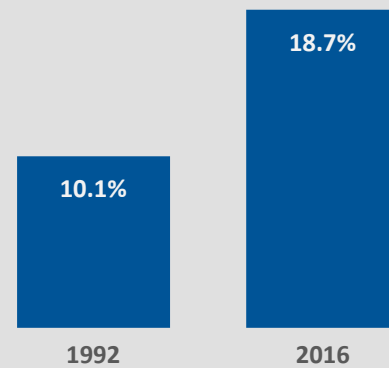
- Export growth increases jobs by generating new business for Wisconsin's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Wisconsin businesses compete and saving Wisconsin families real dollars at the cash register.
- Nearly one in five Wisconsin jobs depends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

687,700

Number of Jobs in Wisconsin Supported by Trade

Share of Jobs Tied to Trade Increased 86 percent from 1992 to 2016



Jobs Tied to Trade Top Sectors, 2016

Trade & Distribution	147,000
Professional, Scientific, Tech. Services	90,300
Manufacturing	65,300
Personal & Recreational Services	62,500
Agriculture	40,200



Overview

Wisconsin exported an estimated \$21.3 billion in goods and \$6.4 billion in services in 2016. Between 2006 and 2016, Wisconsin goods exports have increased by 24 percent and services exports by 92 percent. Large companies now account for 73 percent of the value of Wisconsin'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 Wisconsin Exports

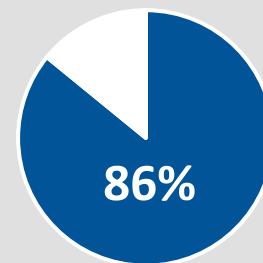
- Wisconsin ranks among the top 10 state exporters in 25 industries, including first in miscellaneous animal products (\$226 million), third in dairy products (\$393 million), fourth in nonmetallic minerals (\$91 million), and fourth in preserves & specialty foods (\$354 million).
- Wisconsin is America's 21st largest exporter of agricultural products. It is the largest exporter of miscellaneous animal products, the 10th largest exporter of vegetables & melons, the 12th largest exporter of fruits & tree nuts, and the 13th largest exporter of cattle.
- One of Wisconsin's fastest growing export categories is basic chemicals, which have increased by 16 percent per year since 2006. In 2016, exports of these products reached \$603 million.

By the Numbers

8,634

Number of Wisconsin Businesses that Exported in 2015

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



Top Wisconsin Exports, 2016

Goods

Navigational & Meas. Instruments	\$1.8 billion
Ag. & Construction Machinery	\$1.2 billion
Misc. General Purpose Machinery	\$1.0 billion
Motor Vehicle Parts	\$839 million
Plastics Products	\$819 million

Services

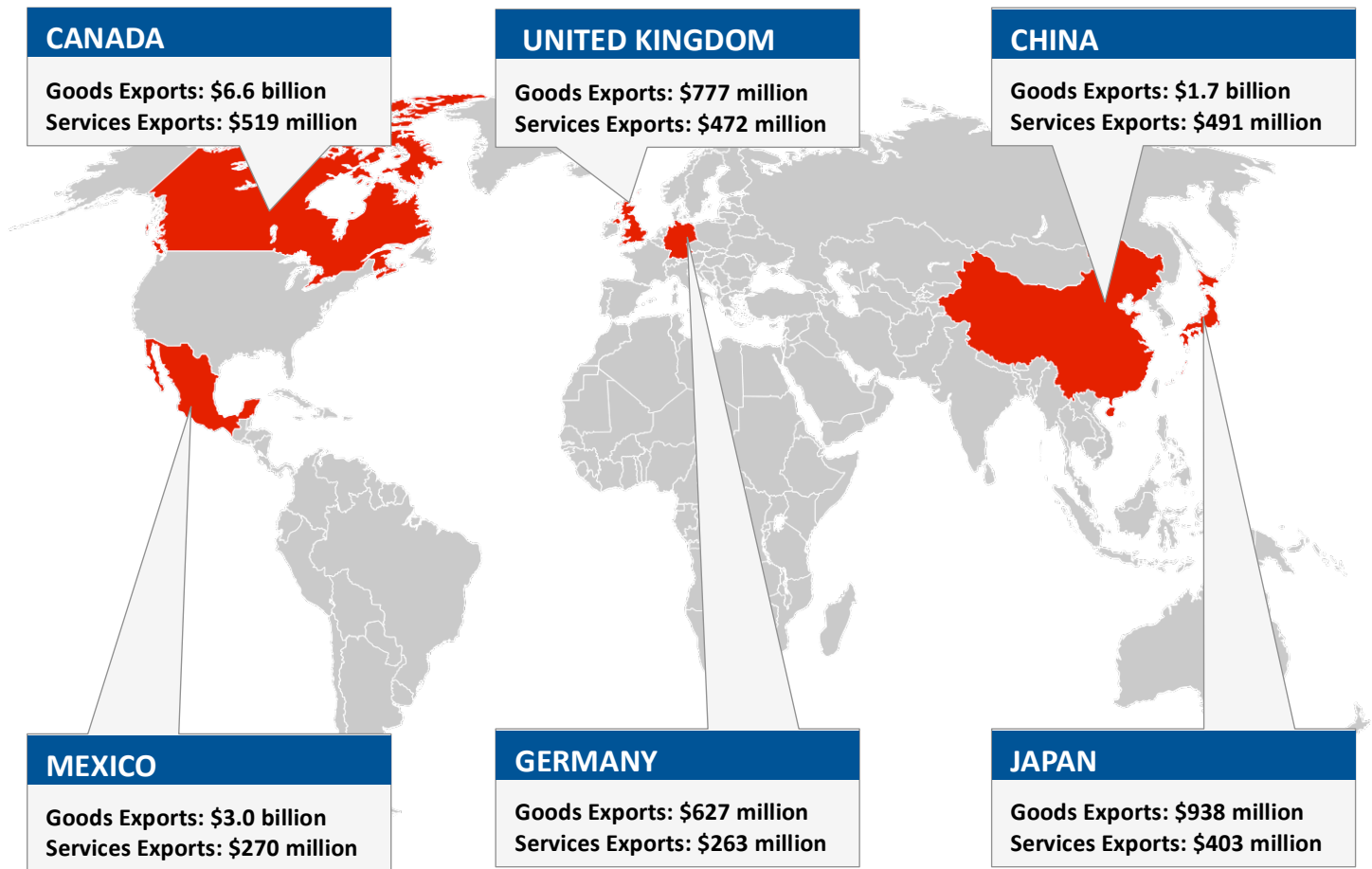
Travel	\$1.5 billion
Computer Software	\$1.2 billion
Insurance Services	\$619 million



Wisconsin Companies Export throughout the World

In 2016, Wisconsin companies sold their products in 202 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Wisconsin Economy Grow

- Goods and services exports accounted for 8.9 percent of Wisconsin's state GDP in 2016.
- Wisconsin's exports have grown more than 20 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 2.9 percent.
- Wisconsin's top export markets for goods are Canada, Mexico, and China. Its top market for services is Ireland.
- Wisconsin's goods exports to Vietnam have grown by 16 percent per year since 2006, while Wisconsin's services exports to China have grown by 20 percent per year.



Wisconsin 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 Wisconsin.

- Services, especially transportation from Wisconsin'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 Wisconsin family of four more than \$10,000 per year.
- Imports help keep prices down for Wisconsin 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 5,687 in Wisconsin) 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



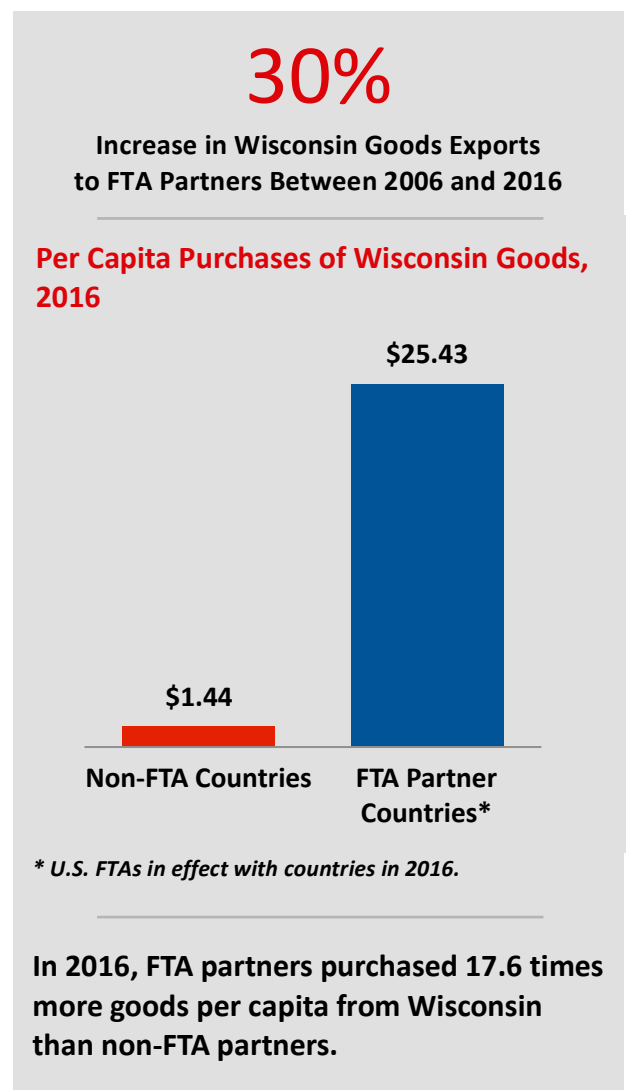
Wisconsin Needs Trade Agreements to Grow

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

- In 2016, \$12 billion of Wisconsin's goods exports, or 55 percent, went to FTA partners.
- Since 2006, Wisconsin's goods exports to countries with FTAs in effect with the United States in 2016 have increased by 30 percent.
- Wisconsin's exports to Canada and Mexico have increased by \$7.0 billion (270 percent) since NAFTA went into effect in 1994.
- Wisconsin's exports to the Dominican Republic have increased by 140 percent since the FTA with the Dominican Republic took effect in 2007.
- Wisconsin's exports to Korea of motor vehicle parts have increased from \$4.6 million to \$24 million since the FTA with Korea went into effect in 2012.
- Australia bought 22 percent of Wisconsin's exports of motor vehicles in 2016.
- In 2016, \$1.6 billion of Wisconsin's services exports, or 25 percent, went to FTA partners.
- Wisconsin's exports to Singapore of R&D & testing services have increased from \$1.5 million to \$48 million, or by over 3,004 percent, since 2006 (earliest year available).

By the Numbers





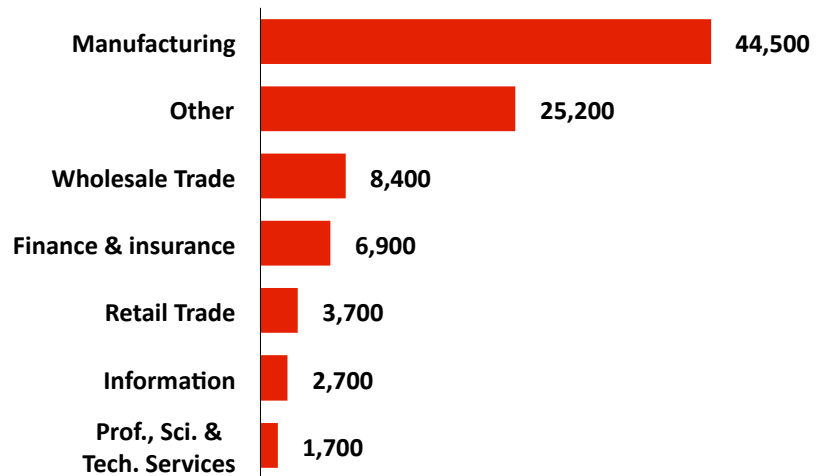
Foreign Investment in Wisconsin Creates Jobs

Overview

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

- 14,900 workers employed by companies based in Canada;
- 14,700 workers employed by companies based in the United Kingdom;
- 9,500 workers employed by companies based in Germany;
- 8,500 workers employed by companies based in Switzerland;
- 7,800 workers employed by companies based in France.

Foreign-Owned Companies Employed 93,000 Wisconsin Workers Across Many Industries, 2015



Selected Foreign-Owned Companies Employing Workers in Wisconsin

Company	Industry	Country
ABB Inc.	Electrical Equipment Manufacturing	Switzerland
Adecco Staffing	Employment Services	Switzerland
Alta Genetics Inc.	Animal Products	Canada
Arla Foods Hollandtown Dairy	Dairy Products	Denmark
CNH North America	Agricultural/Construction Equip. Mfg.	Netherlands
Domtar Industries	Paper Manufacturing	Canada
Emmi-Roth USA	Cheese Manufacturer	Switzerland
Harris Rebar	Steel Product Manufacturing	Canada
Luvata Appleton	Wire Product Manufacturing	United Kingdom
McCain Foods USA	Food Processing/Packaging Products	Canada
QBE Insurance Corp.	Insurance Services	Australia
Veolia Environmental Services	Waste Management Services	France



WISCONSIN 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>)

WISCONSIN 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/>)

WISCONSIN 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>)

WISCONSIN 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/>)

WISCONSIN NEEDS TRADE AGREEMENTS TO GROW

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

Per Capita Purchases of Wisconsin 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 WISCONSIN 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>)