Business Roundtable℠

Trade Creates Jobs for Texas

Creating and preserving quality U.S. jobs is a goal shared by all Americans. With 95 percent of the world's consumers living outside of the United States, it makes sense for small and large businesses to partner to build stronger trade ties with countries seeking U.S. goods and services.

Trade creates jobs for Texans. **Export growth** increases jobs by generating new business for Texas's manufacturers, services providers and farmers. **Imports** support jobs and keep costs low, helping Texas businesses compete and saving Texas families real dollars at the cash register. **Foreign investment** in Texas creates good jobs across a range of sectors.

MORE THAN 1 IN 5 TEXAS JOBS DEPENDS ON TRADE

Texas workers need trade to maintain and create **jobs**.

- Today, 3.0 million jobs in Texas depend on trade.
- In 2008, 20.5 percent of jobs in Texas depended on trade, up from 10.9 percent in 1992.
- Texas' trade-related employment grew **more than twice as fast** as total employment from 2004 to 2008.

Texas Jobs Tied to Trade, 2008

Wholesale & Retail Trade	477,700
Finance & Insurance	156,100
Prof., Sci., & Tech. Services	146,800
Transp. & Warehousing	138,800
Information	76,300
Manufacturing	48,200

Small and Large Employers Partner to Export

Small and medium-sized enterprises (SME) and workers in Texas supply goods and services to large U.S. companies in and out of the State. Those bigger companies use the SME goods and services to make other products and services that they, in turn, export to customers around the world.

Trade through Texas **ports** support hundreds of thousands of jobs. The **Port of Houston,** which ranks first in the United States in foreign tonnage, alone provides **more than 785,000 jobs**, and generates **$117.6 billion in economic activity** and **$3.7 billion in state and local taxes** in the State of Texas.

Jobs in **exporting plants pay** on average up to 18 percent more than similar jobs in non-exporting plants.

Newly **exporting firms increase employment** almost four times faster than non-exporting firms.

TEXAS' INDUSTRIES, SMALL BUSINESSES AND FARMERS GROW WITH EXPORTS

According to the U.S. Department of Commerce, Texas ranked first in the United States with **total exports** valued at **$192.2 billion** in 2008**.**

- **Chemicals** was Texas' leading export category in 2008 accounting for 20.0 percent of total exports.
- One of the fastest growing export categories for Texas is **petroleum & coal products**, increasing at an average annual rate of 39.7 percent since 2002.
- In 2008, Texas companies sold their products in **over 220 foreign markets.**
- Texas' leading export market is **Mexico** ($62.1 billion). Other leading markets include **Canada** ($19.4 billion) and **China** ($8.4 billion).
- The **Netherlands** is one of Texas' fastest growing trading partners. In 2008, Texas companies exported **$7.1 billion** worth of goods to the Netherlands, an increase of 314 percent since 2002.
- In 2008, exports accounted for approximately **15.7 percent of Texas' state gross domestic product** (state GDP).
- Since 2002, exports have increased **nearly twice as fast** as state GDP.

Services exports are also important to Texas, including port services, education of foreign students at Texas colleges and universities, and spending by foreign visitors to tourist destinations in Texas, including the **Alamo, Austin,** and **Big Bend National Park**. Services companies employ 9.8 million workers in Texas. In 2008, 2.2 million Texas services jobs depended on trade.

Texas is a major exporter of **agricultural products**, ranking fourth in the U.S. for total agricultural exports in 2008. Leading markets are Mexico, Canada, the European Union, and Iraq. The State dominates U.S. exports of **cotton and cottonseed,** and **cotton and linters,** accounting for 36.0 and 34.3 percent, respectively, of U.S. exports in those categories. Texas is a leading exporter of virtually every other crop category, including **feed grains, feeds and fodders**, **peanuts and products**, **live animals and meat**, and **wheat and products.** These exports directly benefit Texas' farmers in r the **Panhandle,** the **Gulf Coast**, and **eastern Texas**.

TEXAS' SMALL AND MEDIUM BUSINESSES PARTNER WITH LARGE BUSINESSES TO EXPORT

Exports particularly benefit workers at Texas' **small- and mid-size companies**. In 2007, 21,797 – 91.6 percent – of Texas' exporting companies were small- or mid-sized companies.

Larger Texas companies are also important exporters. For the United States generally, half of U.S. exports are generated by U.S. multinationals.

Small and medium-sized Texas companies also indirectly export when they supply goods and services to larger Texas exporters. Every job at a Texas worldwide company supports nearly two others at companies that are part of its supply chain.

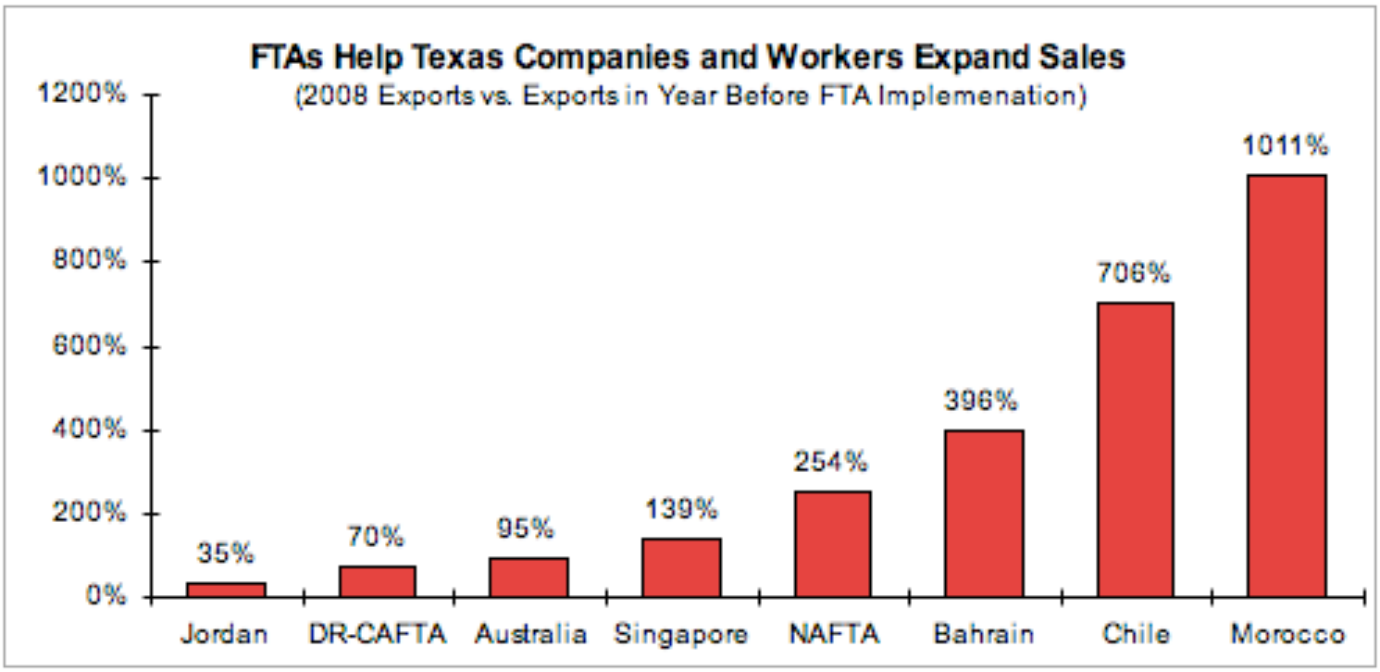
Leading Texas Exporters

Company	Products	Foreign Markets
Occidental Chemicals (Dallas)	Caustic soda	Brazil, Chile, Mexico, India
Tauber Oil (Houston)	Carbon black feedstock	India, Korea, France
Mitsubishi International (Houston)	Ehtylene	Brazil, Korea, China, UAE
Columbia Oilfield Supply (Houston)	Oilwell drilling equip.	Russia, Algeria
Maruheni (Houston)	Caustic soda	Brazil
Enjet (Houston)	Carbon black feedstock	India, Korea, South Africa
Shell Oil (Houston)	Chemicals, gas	Mexico, France, China
Omega Protein (Houston)	Fish meal, fish oil	Saudi Arabia, Netherlands
Plains Cotton Coop. Assn. (Lubbock)	Cotton, cotton textiles	Turkey, China
Vitol (Houston)	Fuel oil	Singapore, Netherlands, Korea

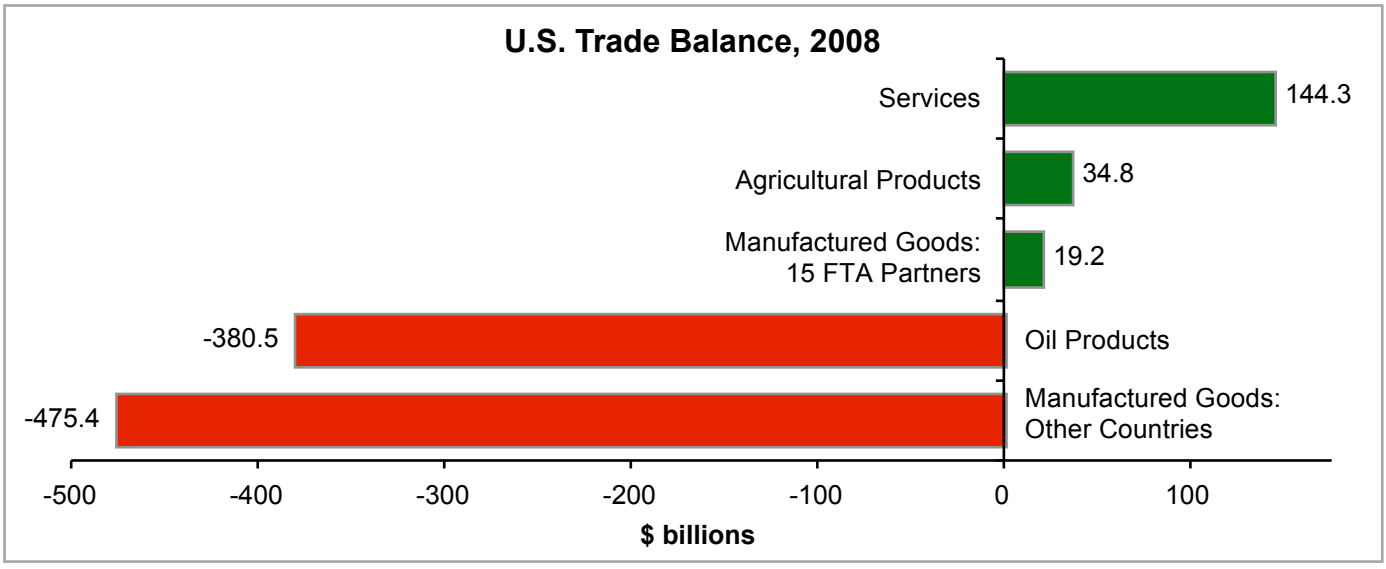
MORE OF A GOOD THING FOR TEXAS – TRADE AGREEMENTS LEVEL THE PLAYING FIELD

The United States has some of the lowest trade barriers in the world. **Trade agreements level the playing field** by lowering other nations' trade barriers and opening up foreign markets to U.S. exports.

- Texas has increased its exports to partner countries following the implementation of each of the U.S. bilateral and regional free trade agreements (FTAs), with exports to Morocco experiencing the strongest growth.



The United States enjoys a trade surplus in manufactured goods with its FTA partners.*



* State-specific data are not available for imports, so this chart cannot be prepared for Texas

FOREIGN INVESTMENT IN TEXAS CREATES JOBS

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Texas every year.

These companies employ **368,200 workers**, about 4 percent of all Texas employees in the private sector.

- Texas ranks third in the United States in the number of workers employed by foreign-owned companies.
- Foreign-owned **manufacturing** accounts for **92,500 jobs**, representing nearly 10 percent of all manufacturing jobs in Texas.
- U.S. subsidiaries of **foreign companies pay** an average compensation of $68,317 per year, **32 percent higher** than U.S. companies.

Selected Multinational Corporations Employing Workers in Texas

Company	Industry	Country
Akzo Nobel	Pharmaceuticals	Netherlands
Bridgestone Americas	Rubber Products	Japan
BAE Systems	Aerospace/Defense	United Kingdom
HSBC	Financial Services	United Kingdom
Honda	Motor Vehicles	Japan
Maersk Inc.	Container Shipping	Denmark
Nestle USA	Food Products	Switzerland
Panasonic	Electronics	Japan
Siemens	Electronics	Germany

TEXAS COMPANIES AND WORKERS USE IMPORTS TO STAY COMPETITVE

- In 2008, 58.5 percent of the products we imported were used by U.S. workers to manufacture goods in the United States. Lower cost inputs **keep U.S. manufacturing competitive** in international markets.
- Imports frequently contain **components** (like cotton or semiconductors) and services (like design) sourced from U.S. companies and farmers, including companies and farmers in Texas.
- **Services**, especially transportation from Texas's ports, finance and insurance, marketing and legal services, are needed to bring imported goods to American manufacturers and households. These importing-related services industries are vital to Texas's growth, and account for 38.3 percent of state GDP, nearly three times as much as manufacturing.

EXPORTS AND IMPORTS HELP TEXAS FAMILIES ENJOY A HIGHER STANDARD OF LIVING

Exports and imports support family incomes.

- **Jobs in exporting plants pay on average up to 18 percent** more than similar jobs in non-exporting plants.
- Imports help keep prices for Texas families down while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.

Imports Keep Inflation Low (1999-2008)

	Price Change
Toys	-45%
Clothing	-10%
Household Appliances	-9%
Footwear	-3%

- Trade and investment liberalization policies are worth **over $10,000 per year** to an average Texas family of four.

SOURCES

JOBS

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STANDARD OF LIVING

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TRADE LIBERALIZATION

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January 2010