

HOW THE U.S. ECONOMY BENEFITS FROM INTERNATIONAL TRADE AND INVESTMENT

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 America increasingly depend on expanding U.S. trade and investment opportunities in the global marketplace.

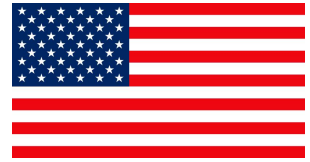
The following pages feature key facts and figures drawn from new Business Roundtable research and U.S. government data that help explain the benefits of international trade and investment and the importance of active trade and investment initiatives to U.S. economic growth and jobs.

Why Is International Trade and Investment so Important for the United States?

- International trade – both exports and imports – supports **38.1 million American jobs**. These trade-related jobs 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 exports trillions of dollars** in goods and services annually, including petroleum products, transportation equipment, farm products, travel services, and royalties from industrial processes. The vast majority of U.S. exporters are small and medium-sized companies with less than 500 workers. *See U.S. Businesses Grow With Exports.*
- Customers in **234 countries** around the world buy American-grown and manufactured goods and services. Top markets like **Canada, Mexico** and **China** buy hundreds of billions of dollars of U.S. products and services annually. *See U.S. Companies Export Throughout The World.*
- **Imports lower prices and increase choices for United States companies and families.** Lower raw material and input costs help U.S. 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 led to **rapid export growth** to partner countries. America's **FTA partners purchased 12.8 times more goods per capita from the United States** than non-FTA countries did in 2012. *See The United States Needs Trade Agreements To Grow.*
- **Foreign-owned companies** invest in the United States and **employ 5.3 million Americans**. *See Foreign Investment In The United States Creates Jobs.*

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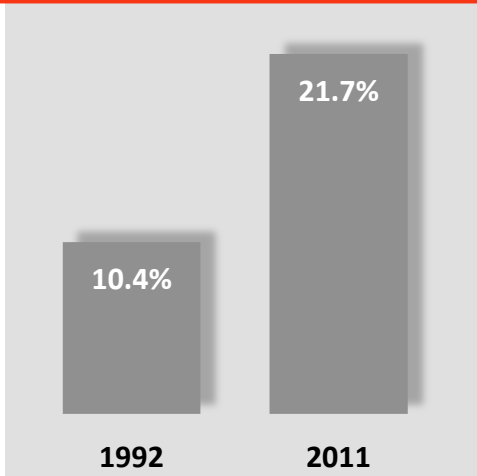
U.S. JOBS DEPEND ON TWO-WAY TRADE

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 and 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. **Foreign investment** in the United States creates good jobs across a range of sectors.

Today, 38.1 million jobs in the United States depend on trade.

Share of U.S. Jobs Tied to Trade More than Doubled from 1992 to 2011



More than one in five U.S. jobs depend on international trade.

- U.S. **trade-related employment grew six and a half times faster** than total employment between 2004 and 2011.
- **Jobs in U.S. exporting plants pay on average up to 18 percent more** than similar jobs in non-exporting plants.
- **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.

Small and Large Employers Partner to Export

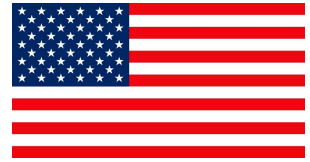
In addition to exporting directly themselves, more than 6,000 American small- and medium-sized enterprises (SMEs) export indirectly when they sell goods and services to large U.S. companies that export. SMEs account for nearly a quarter of the value of purchases by large companies, which in turn often export finished goods and services to customers around the world.

Top Sectors for U.S. Jobs Tied to Trade, 2011

Consumer Services	7.7 million
Prof., Sci. & Tech. Services	6.8 million
Wholesale & Retail Trade	5.4 million
Construction	2.4 million
Finance & Insurance	1.9 million
Manufacturing	1.5 million

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U.S. BUSINESSES GROW WITH EXPORTS

U.S. exports of **goods and services** reached **\$2.2 trillion** in 2012, with **goods exports** totaling **\$1.6 trillion** and **services exports** totaling **\$632 billion**. Large companies account for 66 percent of the value of U.S. merchandise exports, with the rest provided by small- and medium-sized enterprises (SMEs).

Top Goods Exports, 2012

- Petroleum & Coal Products: \$111.6 billion
- Aerospace Products & Parts: \$105.6 billion
- Motor Vehicles: \$69.5 billion
- Basic Chemicals: \$66.9 billion
- Semiconductors & Components: \$59.0 billion

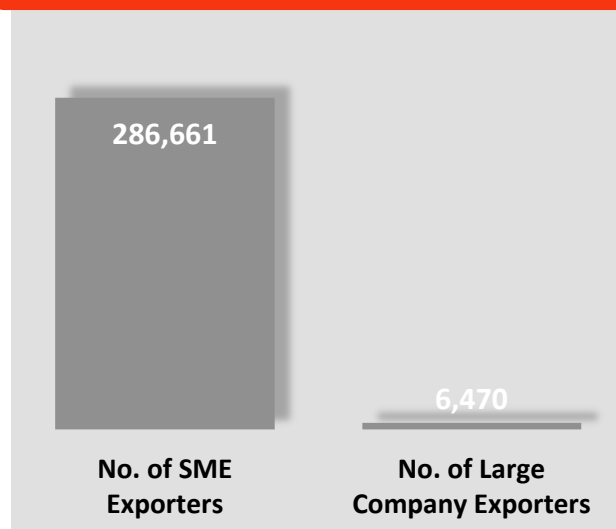
Top Services Exports, 2011

- Travel: \$116.1 billion
- Industrial Processes Royalties: \$44.0 billion
- Freight & Port Services: \$43.1 billion

Leading Export Products

Transportation equipment (including aerospace products and motor vehicles) was the leading U.S. export category in 2012, accounting for 26.0 percent of total merchandise exports.

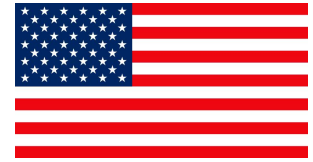
98 Percent of U.S. Exporters are Small- or Medium-Sized Companies



- One of the fastest growing U.S. goods export categories is **petroleum and coal products**, which has increased by 34 percent per year since 2002. In 2012, exports of these products reached \$111.6 billion.
- One of the fastest growing U.S. agricultural export categories is **oilseeds and grains** (e.g., soybeans and wheat), which has increased by 13 percent per year since 2002. In 2012, exports of these products reached \$45.3 billion.
- One of the fastest growing U.S. services export categories is **insurance**, which has increased by 15 percent per year since 2002. In 2011, exports of these services reached \$15.5 billion.

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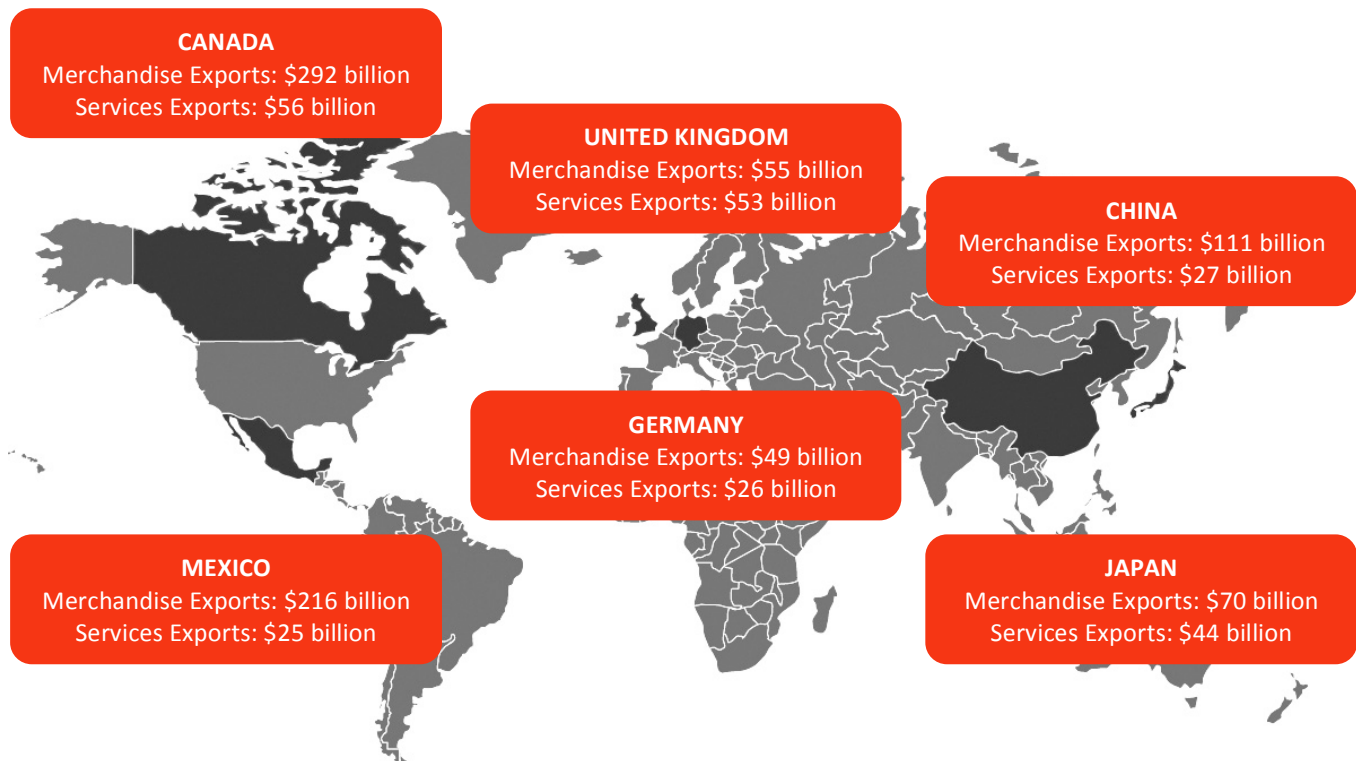
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U.S. COMPANIES EXPORT THROUGHOUT THE WORLD

In 2012, U.S. companies sold their products in **234 international markets**.

Top Export Markets*

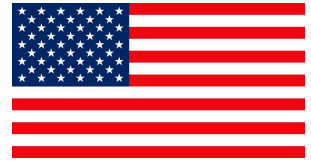


- The top U.S. export market for goods and services is **Canada**. Other leading markets include **Mexico** and **China**.
- Among the top U.S. export markets for goods, **Chile** and the **United Arab Emirates** have grown the fastest at **24 percent per year** since 2002, while exports to **Panama** and **Argentina** grew by **23 percent per year**.
- U.S. **exports have grown more than twice as fast as GDP** since 2002. The average annual export growth during this period was 8.8 percent, while the average annual GDP growth was 4.0 percent.
- Exports accounted for **14.0 percent of U.S. GDP** in 2012.

**Goods data are for 2012; services data are for 2011*

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U.S. COMPANIES AND WORKERS USE IMPORTS TO COMPETE

In 2012, 61 percent 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.

\$1.3 trillion of U.S. imported goods in 2012 were inputs or materials used by U.S. producers.

Imports frequently contain components (like cotton or semiconductors) and services inputs (like design) provided by U.S. companies and farmers.

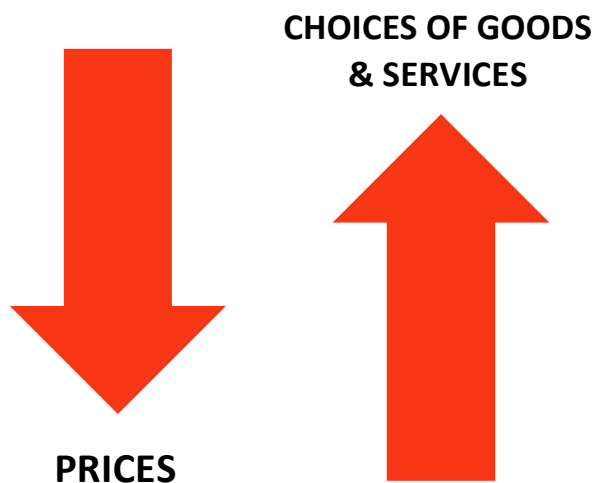
Nearly 182,000 U.S. companies imported products in 2010.

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 2010, nearly **64 percent** of identified importers were very **small businesses** with less than 20 employees.

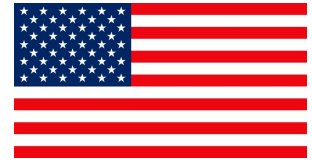
Trade and investment liberalization policies **save the average American family** of four more than **\$10,000 per year**.

Imports help keep prices down for American families while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.



Imports Help Lower Prices (2002-2012)

	<u>Price Change</u>
Televisions	-86.5%
Personal Computers	-74.9%
Toys	-42.8%
Furniture & Bedding	-7.1%

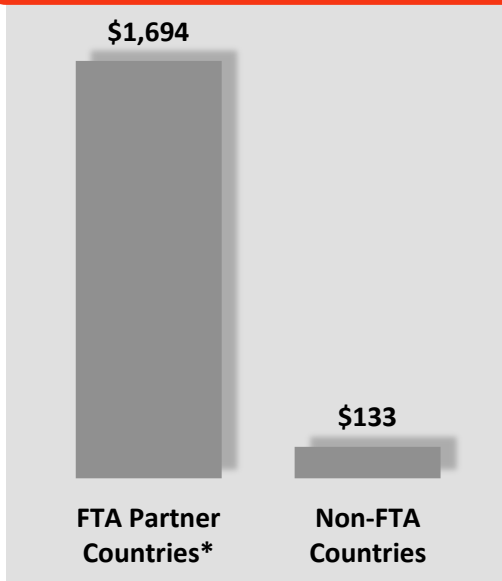


THE UNITED STATES NEEDS TRADE AGREEMENTS TO GROW

The United States has some of the lowest trade barriers in the world. Overall U.S. trade with free trade agreement (FTA) partner countries **supports 17.7 million 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 partner countries following implementation of the U.S. FTAs with those countries.

Since 2002, **U.S. goods exports to FTA partners** in effect in 2012 have **increased by 110 percent**. In 2012, **\$718 billion of U.S. merchandise exports**, or 46 percent, went to FTA partners.

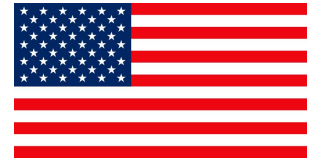
Per Capita Purchases of U.S. Goods, 2012



**U.S. FTAs in effect with countries in 2012.*

FTA partners purchased 12.8 times more goods per capita from the United States than non-FTA partners in 2012.

- U.S. **exports to Canada and Mexico have increased by \$366 billion** (258 percent) since NAFTA went into effect in 1994. Exports to Canada have increased \$191.6 billion (191 percent), while exports to Mexico have increased \$174.7 billion (420 percent).
- U.S. **exports to Chile** have experienced very strong growth, **increasing by 596 percent** since the U.S.-Chile FTA took effect in 2004.
- U.S. **exports to Australia** of agricultural and construction machinery have **nearly quadrupled to \$5.7 billion** since 2005 when the U.S.-Australia FTA went into effect.
- **NAFTA countries** bought **83 percent** of U.S. exports of motor vehicle parts in 2012, while **DR-CAFTA countries** bought **76 percent** of U.S. fiber, yarn, and thread exports.
- The **Trans-Pacific Partnership (TPP) countries** that are not current FTA partners — Brunei, Malaysia, New Zealand and Vietnam — were the 19th largest export market for U.S. goods in 2011 with a **combined value of \$20.9 billion**.

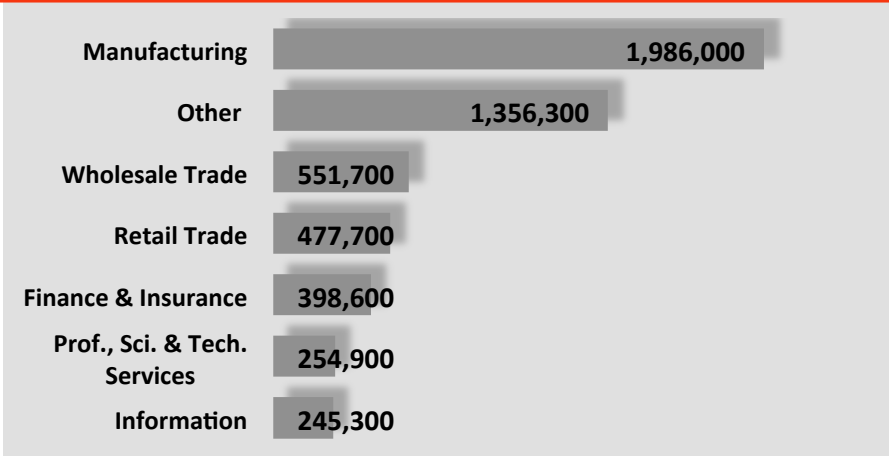


FOREIGN INVESTMENT IN THE UNITED STATES CREATES JOBS

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 American workers**, including:

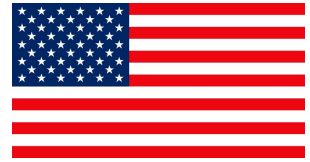
- **879,200 by companies based in the United Kingdom**
- **654,900 by companies based in Japan**
- **569,600 by companies based in Germany**
- **536,700 by companies based in Canada**
- **499,000 by companies based in France**

Foreign-Owned Companies Employ a Total of 5.3 Million American Workers Across Many Industries



Selected Foreign-Owned Companies Employing Workers in the United States

<u>Company</u>	<u>Industry</u>	<u>Country</u>
ABB Inc. USA	Power Distribution Equipment Mfg.	Switzerland
Accenture plc	Consulting Services	Ireland
Bayer AG	Chemicals Manufacturing	Germany
Case New Holland Inc.	Construction Equip. Manufacturing	Italy
Ernst & Young	Accounting Services	United Kingdom
Ingersoll-Rand PLC	Diversified Manufacturing	Ireland
KPMG LLP	Accounting Services	Netherlands
PricewaterhouseCoopers LLP	Consulting Services	United Kingdom
Sanofi-Avantis US LLC	Pharmaceutical Manufacturing	France
SAP America	Business Software Development	Germany
Shell Oil Company	Energy Production	Netherlands
Siemens Corporation	Electrical Equipment Manufacturing	Germany



DATA SOURCES

U.S. JOBS DEPEND ON TWO-WAY TRADE

Jobs-Tied-to-Trade: Baughman and Francois, “Trade and American Jobs, The Impact of Trade on U.S. and State-Level Employment: An Update” (2010) (http://businessroundtable.org/uploads/studies-reports/downloads/Trade_and_American_Jobs.pdf) as further updated by Business Roundtable, “How the U.S. Economy Benefits from International Trade and Investment”

Exporting Firm Wages: Riker, “Do Jobs in Export Industries Still Pay More? And Why?” (2010) (http://www.trade.gov/mas/ian/build/groups/public/.../tg_ian_003208.pdf)

Exporting Firm Growth: Bernard and Jensen, “Exporting and Productivity in the U.S.” (2004) (<http://mba.tuck.dartmouth.edu/pages/faculty/andrew.bernard/exprod.pdf>)

Small and Large Firms Partnering to Export: Slaughter, “American Companies and Global Supply Networks” (2013) (<http://businessroundtable.org/uploads/studies-reports/downloads/BRT-SlaughterPaper-singles-Dec21.pdf>)

U.S. BUSINESSES GROW WITH EXPORTS

Exports, Rankings, and Trends: The Trade Partnership, derived from U.S. Census Bureau (“Census”) data (<http://www.tradepartnership.com/site/data.html>)

Exporting Company Information: Census, “A Profile of U.S. Importing and Exporting Companies, 2009 – 2010” (<http://www.census.gov/foreign-trade/Press-Release/edb/2010/index.html>)

U.S. COMPANIES EXPORT THROUGHOUT THE WORLD

Exports, Rankings, and Trends: The Trade Partnership (<http://www.tradepartnership.com/site/data.html>)

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 AND WORKERS USE IMPORTS TO COMPETE

Importing Company Information: Census, “A Profile of U.S. Importing and Exporting Companies, 2009 – 2010” (<http://www.census.gov/foreign-trade/Press-Release/edb/2010/index.html>)

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/>)

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Exports and Trends: The Trade Partnership (<http://www.tradepartnership.com/site/data.html>)

Per Capita Purchases of U.S. Goods: Derived from The Trade Partnership (<http://www.tradepartnership.com/site/data.html>) 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/pdf_files/US%20Chamber%20-%20Opening%20Markets,%20Creating%20Jobs%20study.pdf)

FOREIGN INVESTMENT IN THE UNITED STATES 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>)

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