



Trade Creates Jobs for Indiana

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

MORE THAN 1 IN 5 INDIANA JOBS DEPENDS ON TRADE

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

- Today, 761,500 jobs in Indiana depend on trade.
- In 2008, 20.5 percent of jobs in Indiana depended on trade, up from 10.0 percent in 1992.
- Indiana's trade-related employment grew **more than five times faster** than total employment from 2004 to 2008.

Indiana Jobs Tied to Trade, 2008

Wholesale & Retail Trade	124,300
Transp. & Warehousing	38,000
Finance & Insurance	29,100
Manufacturing	27,800
Prof., Sci., & Tech. Services	25,700

Small and Large Employers Partner to Export

Small and medium-sized enterprises (SME) and workers in Indiana 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 Indiana's ports supports over **10,500 jobs** in the State, paying over **\$400 million in wages** to Indiana workers.

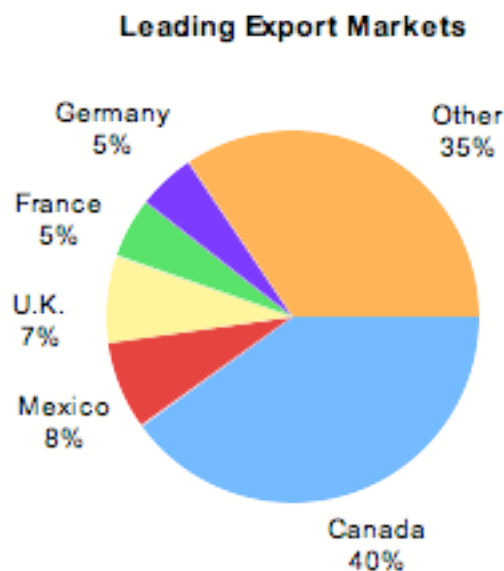
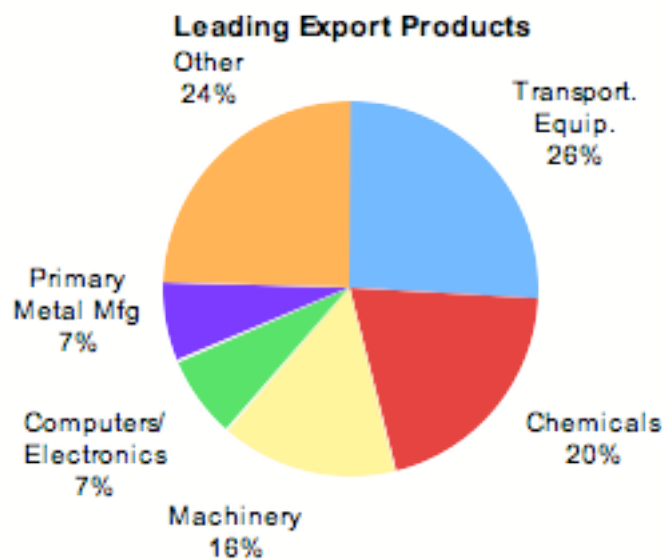
Jobs in exporting plants pay on average up to 18 percent more than similar jobs in non-exporting plants.

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

INDIANA'S INDUSTRIES, SMALL BUSINESSES AND FARMERS GROW WITH EXPORTS

According to the U.S. Department of Commerce, Indiana ranked 14th in the United States with **total exports** valued at **\$26.5 billion** in 2008.

- **Transportation equipment** was Indiana's leading export category in 2008, accounting for 25.8 percent of total exports.
- One of the fastest growing export categories for Indiana is **primary metal manufacturing**, increasing at an average annual rate of 23.3 percent since 2002.
- In 2008, Indiana companies sold their products in **nearly 200 foreign markets**.
- The top export market is **Canada** (\$10.6 billion). Other leading markets include **Mexico** (\$2.1 billion) and the **United Kingdom** (\$2.0 billion).
- **China** is one of Indiana's fastest growing trading partners. In 2008, Indiana companies exported **\$929.5 million** worth of goods to China, an increase of 396 percent since 2002.
- In 2008, exports accounted for approximately **10.4 percent of Indiana's state gross domestic product** (state GDP).
- Since 2002, exports have increased **more than three times faster** than state GDP.



Services exports are also important to Indiana, including port services, education of foreign students at state colleges and universities, and spending by foreign visitors to tourist destinations in Indiana, including the **Indianapolis Motor Speedway**. Services companies employ 2.4 million workers in Indiana. In 2008, 568,100 Indiana services jobs depended on trade.

Indiana is a major exporter of **agricultural products**, ranking ninth in the United States for total agricultural exports in 2008. Leading markets are Canada, the European Union, China, Indonesia and Mexico. The State is a leading exporter of **soybeans, feed grains, wheat, seeds** and **animal and poultry products**. These exports directly benefit Indiana's farmers in the northeast.

INDIANA'S SMALL AND MEDIUM BUSINESSES PARTNER WITH LARGE BUSINESSES TO EXPORT

Exports particularly benefit workers at Indiana's **small- and mid-size companies**. In 2007, 5,129 – 84.7 percent – of Indiana's exporting companies were small- or mid-sized companies.

Larger Indiana 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 Indiana companies also indirectly export when they supply goods and services to larger Indiana exporters. Every job at an Indiana worldwide company supports nearly two others at companies that are part of its supply chain.

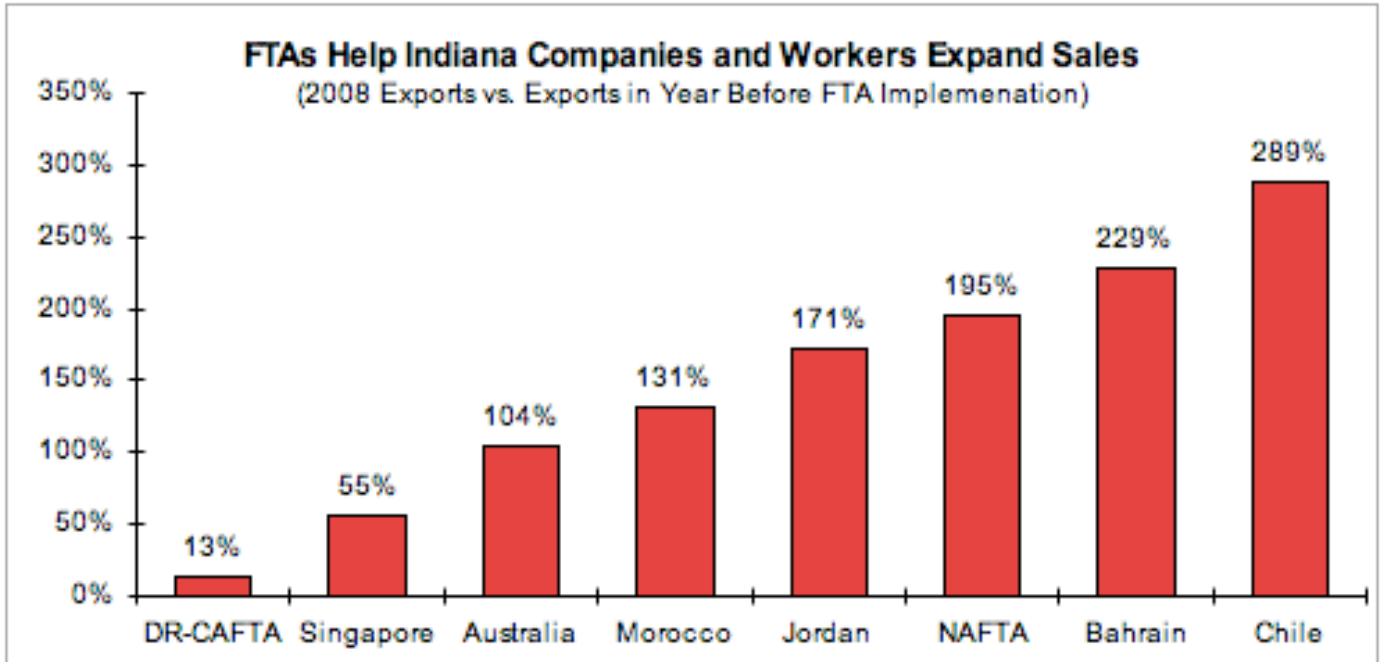
Leading Indiana Exporters

Company	Products	Foreign Markets
Abro Industries Inc. (South Bend)	Adhesives, machinery	Nigeria, Saudi Arabia
Eli Lilly (Indianapolis)	Animal feed supplements	UK, Brazil, Australia
Dow Chemical (Indianapolis)	Synthetic resins, plastics	Argentina, Brazil, Italy
Indiana Packers Corp. (Delphi)	Chilled, frozen pork	Japan
Cummins, Inc. (Columbus)	Diesel engines, parts	UK, Australia, China, Japan
Allison Transmission (Indianapolis)	Transmissions & parts	India, Hungary, Turkey
Cemtura Corp. (Indianapolis)	Chemicals	Japan, China, Korea
Calumet Lubricants (Indianapolis)	Base oils	India, Japan

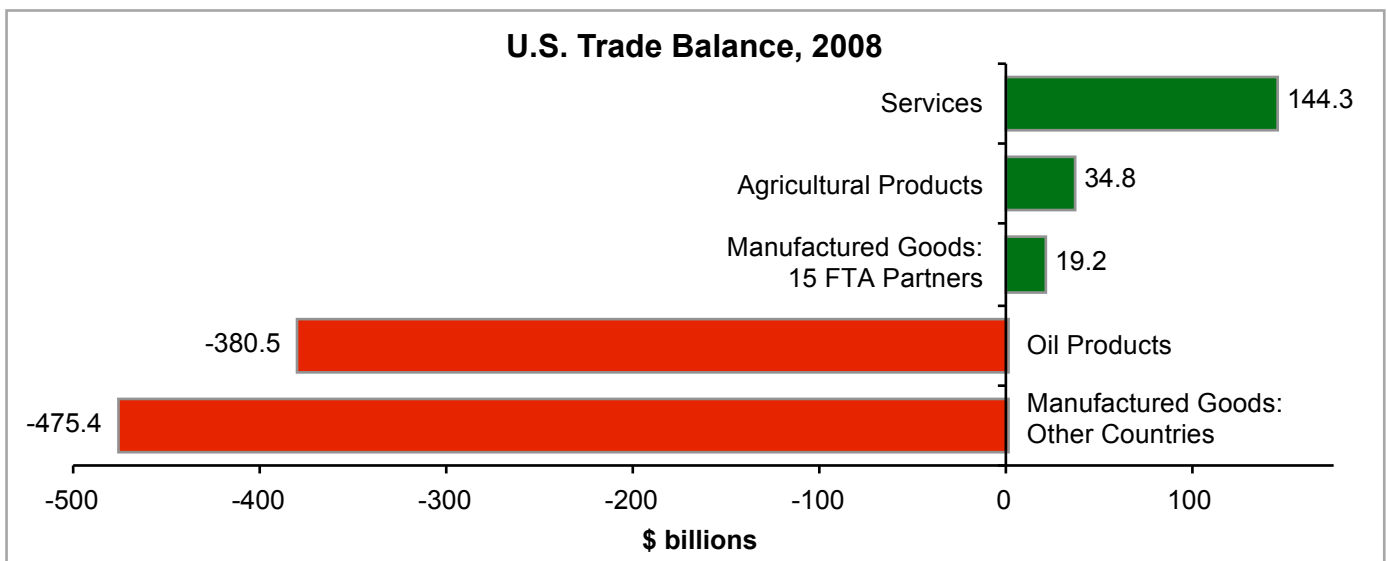
MORE OF A GOOD THING FOR INDIANA – TRADE AGREEMENTS LEVEL THE PLAYING FIELD

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.

- Indiana 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 Chile 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 Indiana

FOREIGN INVESTMENT IN INDIANA CREATES JOBS

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

These companies employ **148,000 workers**, about 6 percent of all Indiana employees in the private sector.

- Employment by foreign-owned companies in Indiana has grown by about 4 percent in five years.
- Foreign-owned **manufacturing** accounts for **86,700 jobs**, representing over 15 percent of all manufacturing jobs in Indiana.
- 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 Indiana

<u>Company</u>	<u>Industry</u>	<u>Country</u>
Bayer	Chemicals	Germany
Cadbury Schweppes	Food & Beverages	United Kingdom
Honda	Transportation Equipment	Japan
HSBC	Financial Services	United Kingdom
Michelin	Transportation Equipment	France
Pernod Ricard USA	Beverages	France
Unilever	Consumer Products	Netherlands

INDIANA COMPANIES AND WORKERS USE IMPORTS TO STAY COMPETITIVE

- 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 Indiana 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 Indiana.
- **Services**, especially transportation from Indiana'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 Indiana's growth, and account for 34.5 percent of state GDP, 25 percent more than manufacturing.

EXPORTS AND IMPORTS HELP INDIANA 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 Indiana families down while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.
- Trade and investment liberalization policies are worth **over \$10,000 per year** to an average Indiana family of four.

Imports Keep Inflation Low (1999-2008)

	<u>Price Change</u>
Toys	-45%
Clothing	-10%
Household Appliances	-9%
Footwear	-3%

SOURCES

JOBS

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Ports of Indiana (http://www.portsofindiana.com/newsroom/media_guide.cfm)
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EXPORTS

U.S. Department of Agriculture (<http://www.ers.usda.gov/StateFacts/>)
U.S. Department of Commerce (<http://tse.export.gov>), (<http://www.usatradeonline.gov>),
(<http://ita.doc.gov/td/industry/otea/edb/index.html>), (<http://www.bea.gov/beat/regional/gsp/>)
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PIERS Trade Intelligence database (<http://www.piers.com/>)

FOREIGN INVESTMENT

Organization for International Investment (<http://www.ofii.org>)

IMPORTS

U.S. Department of Labor (<http://www.bls.gov/mxp/home.htm>)
U.S. Department of Commerce (<http://www.bea.gov/beat/regional/gsp/>)

STANDARD OF LIVING

Council of Economic Advisers (<http://www.gpoaccess.gov/eop/index.html>)
U.S. Department of Labor (<http://www.bls.gov/cpi/home.htm>)
U.S. Department of Commerce (<http://www.bea.gov/>)

TRADE LIBERALIZATION

U.S. Department of Commerce (<http://tse.export.gov>)

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January 2010