



# Trade Creates Jobs for Nebraska

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

## MORE THAN 1 IN 5 NEBRASKA JOBS DEPENDS ON TRADE

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

- Today, 263,500 jobs in Nebraska depend on trade.
- In 2008, 21.2 percent of jobs in Nebraska depended on trade, up from 11.2 percent in 1992.
- Nebraska’s trade-related employment grew **three and a half times faster** than total employment from 2004 to 2008.

### Nebraska Jobs Tied to Trade, 2008

Wholesale & Retail Trade	42,100
Transp. & Warehousing	16,400
Finance & Insurance	15,400
Manufacturing	12,700
Prof., Sci., & Tech. Services	9,800
Information	6,300

### Small and Large Employers Partner to Export

Small and medium-sized enterprises (SME) and workers in Nebraska 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.

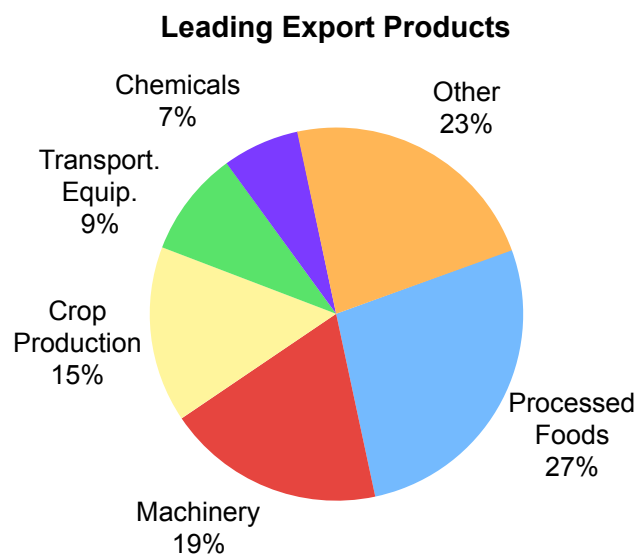
Jobs in **exporting plants pay** on average up to 18 percent more than similar jobs in non-exporting plants.

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

## NEBRASKA'S INDUSTRIES, SMALL BUSINESSES AND FARMERS GROW WITH EXPORTS

According to the U.S. Department of Commerce, Nebraska ranked 36<sup>th</sup> in the United States with **total exports** valued at **\$5.4 billion** in 2008.

- **Processed foods** was Nebraska's leading export category in 2008 accounting for 27.3 percent of total exports.
- One of the fastest growing export categories for Nebraska is **machinery**, increasing at an average annual rate of 24.9 percent since 2002.
- In 2008, Nebraska companies sold their products in **nearly 180 foreign markets**.
- The top export market is **Canada** (\$1.5 billion). Other leading markets include **Mexico** (\$1.1 billion) and **Japan** (\$398.4 million).
- **Russia** is one of Nebraska's fastest growing trading partners. In 2008, Nebraska companies exported **\$145.6 million** worth of goods to Russia, an increase of nearly 2200 percent since 2002.
- In 2008, exports accounted for approximately **6.5 percent of Nebraska's state gross domestic product** (state GDP).
- Since 2002, exports have increased **nearly three times faster** than state GDP.



**Services exports** are also important to Nebraska, including education of foreign students at Nebraska colleges and universities, and spending by foreign visitors to tourist destinations in **Lincoln, Omaha**, and other parts of Nebraska. Services companies employ 839,100 workers in Nebraska. In 2008, 196,700 Nebraska services jobs depended on trade.

Nebraska is the fifth leading state exporter of **agricultural products**. The State is the largest exporter of **hides and skins** in the United States, accounting for more than 18 percent of total U.S. hide exports. Nebraska also ranks among the top five U.S. exporters of **wheat, feed grains, soybeans**, and **fodder**. Leading markets are Mexico, Cuba, Taiwan, and Canada. These exports directly benefit farms and ranches across Nebraska, which occupy more than 93 percent of the State's total land.

## NEBRASKA'S SMALL AND MEDIUM BUSINESSES PARTNER WITH LARGE BUSINESSES TO EXPORT

Exports particularly benefit workers at Nebraska's **small- and mid-size companies**. In 2007, 971 – 80.0 percent – of Nebraska's exporting companies were small- or mid-sized companies.

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

### Leading Nebraska Exporters

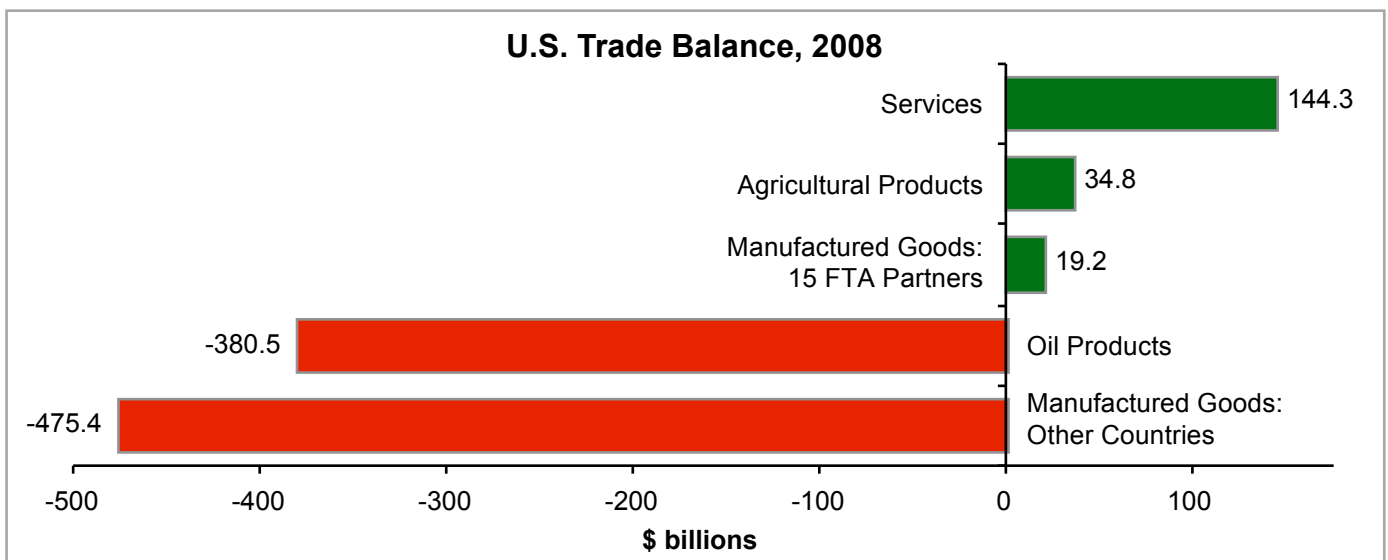
<u>Company</u>	<u>Products</u>	<u>Foreign Markets</u>
Ag Processing Inc. (Omaha)	Corn, soybeans, meal	Venezuela, Turkey, Yemen
Valmont Industries (Valley)	Irrigation equipment	China, Spain, Argentina, UAE
Gavilon LLC (Omaha)	Meal, feeds, and grains	Indonesia, China, Vietnam
Darling International (Omaha)	Animal feeds	Indonesia, Chile, Bangladesh
Evonik Degussa (Blair)	Lysine chemicals	Argentina, Nicaragua, Brazil
Conagra Foods (Omaha)	Popcorn, foodstuffs	Bahamas, China, Iceland
International Nutrition (Omaha)	Animal supplements	Vietnam, China, Korea
Tenaska Biofuels (Omaha)	Corn oil	Turkey, Egypt
The Scoular Company (Omaha)	Corn, wheat, grains	Hong Kong, Japan, Korea
MFS York Stormor (Grand Island)	Silos, grain bins	Uruguay, Thailand, India

## MORE OF A GOOD THING FOR NEBRASKA – 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. Nebraska has increased its exports to partner countries following the implementation of the U.S. bilateral and regional free trade agreements (FTAs).

- Exports to **Morocco** experienced the strongest growth, increasing at an average annual rate of 103 percent since the FTA's implementation.
- Since the **North American Free Trade Agreement** went into effect in 1994, Nebraska's exports to Canada have increased \$1.2 billion (379 percent), while exports to Mexico have increased \$1.0 million (1001 percent).
- Since 2002, exports of Nebraska's top export category – **processed foods** – to FTA partners increased by 85 percent to \$538.5 million. The percentage increase was more than triple that of Nebraska's processed food exports to the rest of the world.
- Since the implementation of the **U.S.-Chile FTA** in 2004, Nebraska's exports of each of the following categories have at least **tripled**: machinery, transportation equipment, fabricated metals, agricultural products, electrical equipment, miscellaneous manufactures, and others.

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 Nebraska

## FOREIGN INVESTMENT IN NEBRASKA CREATES JOBS

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

These companies employ **18,700 workers**, more than 2 percent of all Nebraska employees in the private sector.

- Foreign-owned **manufacturing** accounts for **8,700 jobs**, representing almost 9 percent of all manufacturing jobs in Nebraska.
- 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 Nebraska

<u>Company</u>	<u>Industry</u>	<u>Country</u>
BAE Systems, Inc.	Defense/Aerospace	United Kingdom
Bridgestone Americas	Rubber Products	Japan
Cadbury Schweppes	Food Products	United Kingdom
Case New Holland	Farm/Construction Equip.	Italy
McCain	Food Products	Canada
Nestle USA, Inc.	Food Products	Switzerland
Novartis	Pharmaceuticals	Switzerland
Sodexo	Food/Facilities Management	France
Square D	Electrical Equipment	France
Syngenta	Crop Protection	Switzerland
Zurich North America	Financial Services	Switzerland

## NEBRASKA 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 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 Nebraska.
- **Services**, especially transportation, 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 Nebraska's growth, and account for 41.9 percent of state GDP, more than three and a half times as much as manufacturing.

## EXPORTS AND IMPORTS HELP NEBRASKA 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 Nebraska 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 Nebraska family of four.

### Imports Keep Inflation Low (1999-2008)

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

## SOURCES

### JOBS

Laura Baughman and Joseph Francois, Trade Partnership Worldwide, LLC (<http://www.businessroundtable.org>)  
U.S. Department of Labor (<http://www.bls.gov/lau/home.htm>)  
U.S. Department of Commerce (<http://ita.doc.gov/td/industry/otea/jobs/index.html>),  
(<http://ita.doc.gov/td/industry/otea/edb/index.html>), (<http://www.bea.gov/regional/index.htm>)

### 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/bea/regional/gsp/>)  
Andrew B. Bernard, J. Bradford Jensen, and Peter K. Schott (<http://www.iie.com/publications/wp/wp05-10.pdf>)  
PIERS Trade Intelligence database (<http://www.piers.com/>)  
Nebraska Department of Agriculture (<http://www.agr.state.ne.us/facts.pdf>)

### 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/bea/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>)

**Contact: David Thomas**  
**Director, Public Policy**  
**Business Roundtable**  
**202.496.3262**  
[dthomas@businessroundtable.org](mailto:dthomas@businessroundtable.org)

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<http://trade.businessroundtable.org>