

How Alabama's Economy Benefits from International Trade & Investment



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 Alabama 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 Alabama.

Why is International Trade & Investment Important to Alabama?

- **International trade, including exports and imports, supports 567,500 Alabama jobs – more than 1 in 5.** These trade-related jobs grew 6.4 times faster than total employment from 2004 to 2014 and are at large and small companies, on farms, in factories, and at the headquarters of Alabama's globally engaged firms. *(See Alabama Jobs Depend On Two-Way Trade)*
- **Alabama exported \$19.4 billion in goods and \$4.6 billion in services in 2014,** including motor vehicles, basic chemicals, iron, steel & ferroalloys and travel services. Of Alabama's 3,964 exporters, 81 percent are small- and medium-sized companies with less than 500 workers. *(See Alabama Businesses Grow With Exports)*
- **Customers in 196 countries and territories buy Alabama-made goods and services,** including billions of dollars in annual exports to top markets like Canada, China and Mexico. Alabama's goods exports have grown more than three times faster than state GDP since 2004. *(See Alabama Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Alabama companies and families.** Lower raw material and input costs help Alabama 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 Alabama Companies And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Alabama to partner countries.** In 2014, \$8.6 billion of Alabama's goods exports, or 44 percent, went to FTA partners. This represents a 126 percent increase since 2004. *(See Alabama Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 86,900 workers in Alabama.** *(See Foreign Investment In Alabama Creates Jobs)*



Alabama 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 Alabama

- Export growth increases jobs by generating new business for Alabama's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Alabama businesses compete and saving Alabama families real dollars at the cash register.
- More than one in five Alabama jobs depends upon international trade.
- Alabama's trade-related employment grew 6.4 times faster than total employment from 2004 to 2014.
- Jobs in more export-intensive 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.

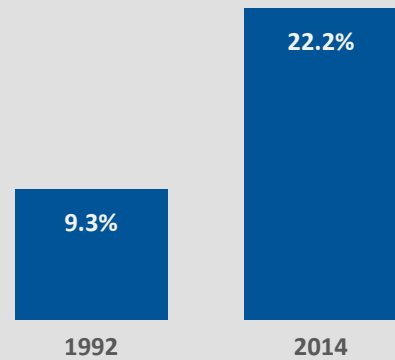
By the Numbers

567,500

Number of Jobs in Alabama Supported by Trade

Share of Jobs Tied to Trade

Increased 140 percent from 1992 to 2014



Jobs Tied to Trade Top Sectors, 2014

Retail	65,900
Management, Administrative Services	41,700
Manufacturing	33,600
Professional, Scientific, Tech. Services	30,700
Finance, Insurance	23,500



Alabama Businesses Grow with Exports

Overview

Alabama exported an estimated \$19.4 billion in goods and \$4.6 billion in services in 2014. Between 2009 and 2014, Alabama goods exports have increased by 61 percent and services exports by 38 percent. Large companies now account for 84 percent of the value of Alabama'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 Alabama Exports

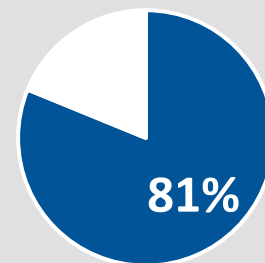
- Alabama ranks among the top 10 state exporters in 13 industries, including second in fibers, yarns & threads (\$175 million), third in motor vehicles (\$6.6 billion) and coal & petroleum gases (\$1.1 billion), and fourth in poultry & eggs (\$67 million).
- Alabama is America's 30th largest exporter of agricultural products. It is the second largest exporter of peanuts, the third largest exporter of farmed fish and related products, the fourth largest exporter of poultry and eggs, and the 10th largest exporter of cotton.
- One of Alabama's fastest growing export categories is resins & synthetic fibers, which have increased by 11 percent per year since 2004. In 2014, exports of these products reached \$960 million.

By the Numbers

3,964

Number of Alabama Businesses that Exported in 2013

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



Top Alabama Exports, 2014

Goods

Motor Vehicles	\$6.6 billion
Basic Chemicals	\$1.3 billion
Iron, Steel & Ferroalloys	\$1.2 billion
Coal & Petroleum Gases	\$1.1 billion
Motor Vehicle Parts	\$1.0 billion

Services

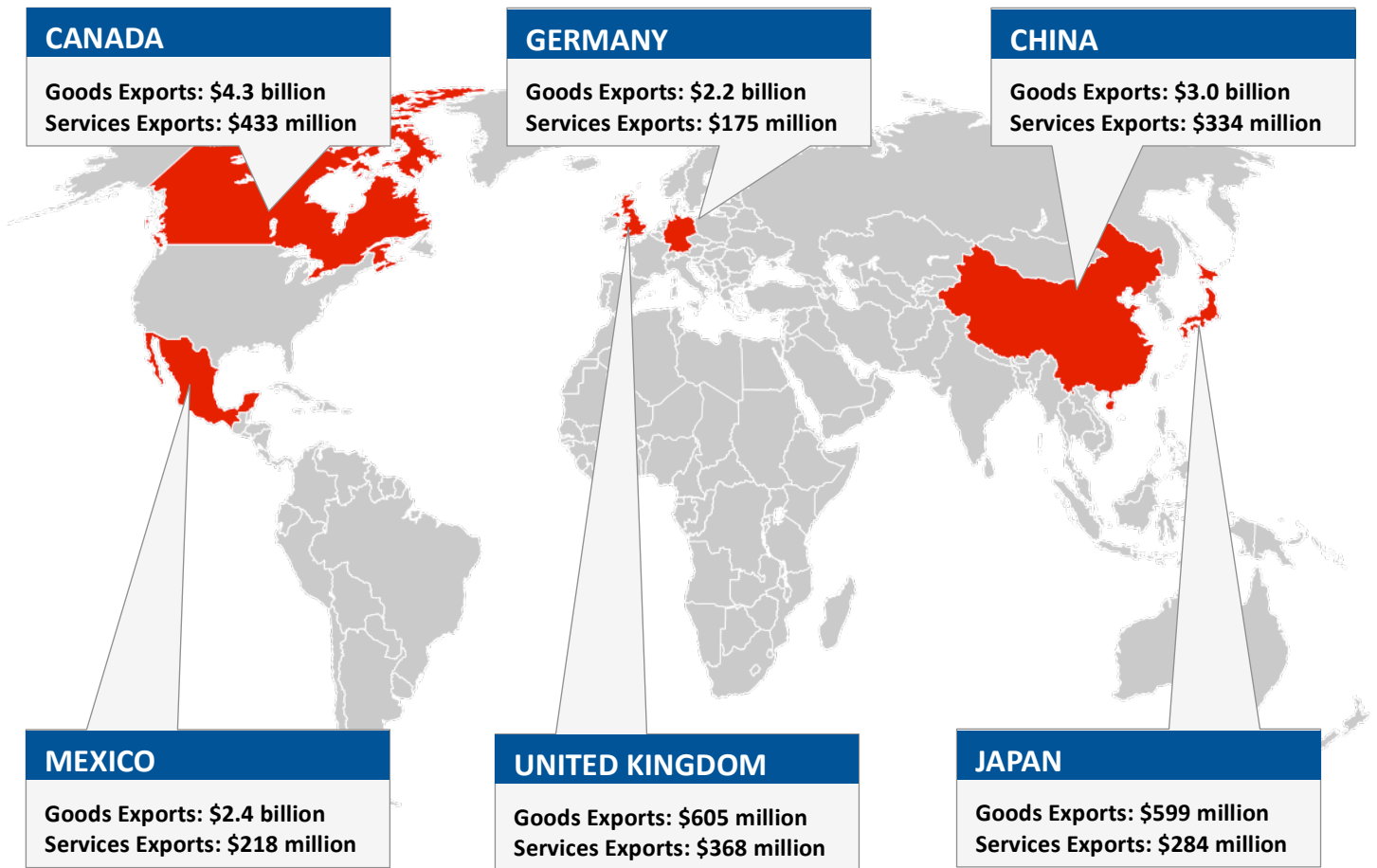
Travel	\$1.2 billion
Equip. Maintenance & Repair	\$534 million
Industrial Processes Royalties	\$530 million



Alabama Companies Export throughout the World

In 2014, Alabama companies sold their products in 196 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Alabama Economy Grow

- Goods exports accounted for 9.7 percent of Alabama's state GDP in 2014.
- Alabama's goods exports have grown more than three times faster than state GDP since 2004. The average annual export growth during this period was 9.1 percent, while the average annual state GDP growth was 3.0 percent.
- Alabama's top export markets for goods are Canada, China, and Mexico. Its top market for services is Canada.
- Alabama's goods exports to China have grown by 27 percent per year since 2004. Exports to South Africa grew by 21 percent per year, while exports to Mexico grew by 15 percent per year.



Alabama Companies & Workers Use Imports to Make Products and Compete in International Markets

Overview

In 2014, 60 percent (\$1.3 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 Alabama.

- Services, especially transportation from Alabama's ports, finance and insurance, marketing and legal services are needed to bring imported goods to American manufacturers and households.
- In 2013, 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 Alabama family of four more than \$10,000 per year.
- Imports help keep prices down for Alabama families while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.

In 2013, about 184,000 U.S. companies (including 2,981 in Alabama) imported products...

And roughly three-quarters of U.S. importers were very small businesses with less than 20 employees.

Imports Decrease Prices for Goods & Services



-87.0%

Decrease in the Price of Televisions Between 2004 and 2014.



-69.2%

Decrease in the Price of Computers Between 2004 and 2014.



-42.9%

Decrease in the Price of Toys Between 2004 and 2014.

Imports Increase Choices for Goods & Services



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

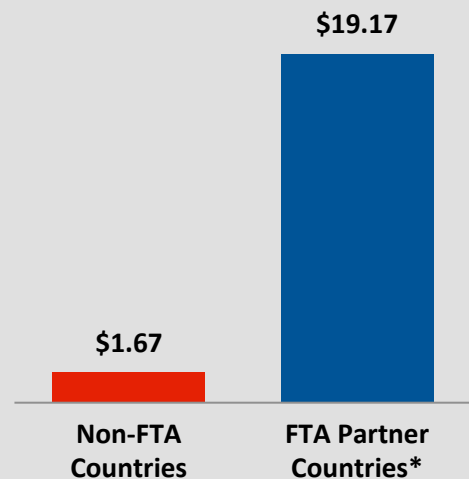
- In 2014, \$8.6 billion of Alabama's goods exports, or 44 percent, went to FTA partners.
- Since 2004 Alabama's goods exports to countries with FTAs in effect with the United States in 2014 have increased by 126 percent.
- Alabama's exports to Canada and Mexico have increased by \$5.7 billion (602 percent) since NAFTA went into effect in 1994.
- Alabama's exports to Morocco have increased by 3,438 percent since the U.S.-Morocco FTA took effect in 2005.
- Alabama's exports to South Korea of medical equipment & supplies have increased every year, from \$7.0 million to \$81 million, since the FTA with South Korea went into effect in 2012.
- Honduras bought 96 percent of Alabama's exports of fibers, yarns & threads in 2014.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased \$12.1 billion, or 63 percent, of Alabama's goods exports in 2014.

By the Numbers

126%

Increase in Alabama Goods Exports to FTA Partners Between 2004 and 2014

Per Capita Purchases of Alabama Goods, 2014



** U.S. FTAs in effect with countries in 2014.*

In 2014, FTA partners purchased 11.5 times more goods per capita from Alabama than non-FTA partners.

Foreign Investment in Alabama Creates Jobs

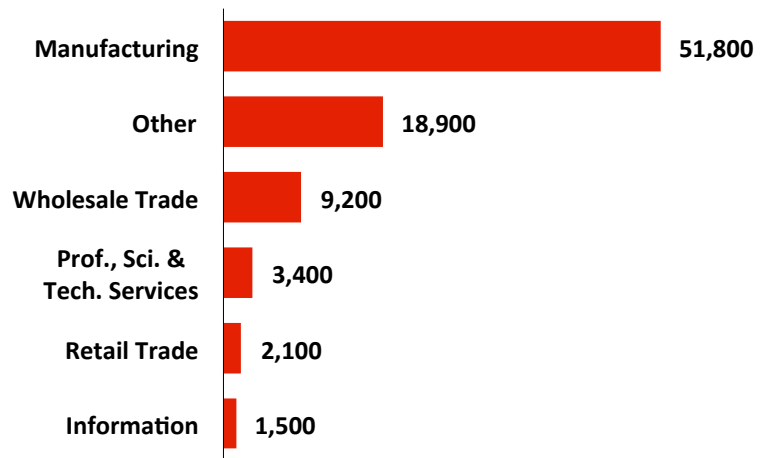


Overview

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Alabama every year. Foreign-owned companies from around the world employ tens of thousands of workers in Alabama, including:

- 16,600 workers employed by companies based in Japan;
- 11,400 workers employed by companies based in Germany;
- 9,500 workers employed by companies based in the United Kingdom;
- 6,900 workers employed by companies based in France;
- 6,600 workers employed by companies based in Canada.

Foreign-Owned Companies Employ 86,900 Alabama Workers Across Many Industries



Selected Foreign-Owned Companies Employing Workers in Alabama

Company	Industry	Country
Airbus Group	Aerospace Manufacturing	France
BAE Systems	Defense Products Manufacturing	United Kingdom
Benteler Automotive	Automotive Parts Manufacturing	Germany
CGI Group	Business Services	Canada
Evonik Corp.	Chemical Manufacturing	Germany
Gerdau Ameristeel	Steel Manufacturing	Brazil
Hanwha L&C Alabama	Building Materials Manufacturing	Korea
Honda Manufacturing	Automotive Manufacturing	Japan
Mercedes-Benz US International	Automotive Manufacturing	Germany
Metalsa Structural Products	Automotive Parts Manufacturing	Mexico
SGS North America	Product Testing Services	Switzerland
Siemens	Electrical Equipment Manufacturing	Germany
Toyota Motor Manufacturing, Alabama	Automobile Manufacturing	Japan



ALABAMA 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: 2014 Update" (2016) (<http://businessroundtable.org/resources/trade-and-american-jobs-2016-update>)

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>)

ALABAMA 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, 2012 – 2013" (<http://www.census.gov/foreign-trade/Press-Release/edb/2013>)

ALABAMA 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>)

ALABAMA COMPANIES & WORKERS USE IMPORTS TO COMPETE IN INTERNATIONAL MARKETS

Importing Company Information: Census, "A Profile of U.S. Importing and Exporting Companies, 2012 – 2013" (<http://www.census.gov/foreign-trade/Press-Release/edb/2013>)

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/>)

ALABAMA NEEDS TRADE AGREEMENTS TO GROW

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

Per Capita Purchases of Alabama 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 ALABAMA 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>)