

How Indiana'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 Indiana 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 Indiana.

Why is International Trade & Investment Important to Indiana?

- **International trade, including exports and imports, supports 812,600 Indiana jobs – more than 1 in 5.** These trade-related jobs grew 7.2 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 Indiana's globally engaged firms. *(See Indiana Jobs Depend On Two-Way Trade)*
- **Indiana exported \$38.0 billion in goods and \$8.9 billion in services in 2014**, including pharmaceuticals & medicines, motor vehicle parts, oilseeds & grains and royalties from industrial processes. Of Indiana's 8,258 exporters, 85 percent are small- and medium-sized companies with less than 500 workers. *(See Indiana Businesses Grow With Exports)*
- **Customers in 198 countries and territories buy Indiana-made goods and services**, including billions of dollars in annual exports to top markets like Canada, Mexico and China. Indiana's goods exports have grown nearly two and a half times faster than state GDP since 2004. *(See Indiana Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Indiana companies and families.** Lower raw material and input costs help Indiana 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 Indiana Companies And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Indiana to partner countries.** In 2014, \$20.4 billion of Indiana's goods exports, or 53 percent, went to FTA partners. This represents a 64 percent increase since 2004. *(See Indiana Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 160,200 workers in Indiana.** *(See Foreign Investment In Indiana Creates Jobs)*



Indiana 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 Indiana

- Export growth increases jobs by generating new business for Indiana's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Indiana businesses compete and saving Indiana families real dollars at the cash register.
- More than one in five Indiana jobs depends upon international trade.
- Indiana's trade-related employment grew 7.2 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.

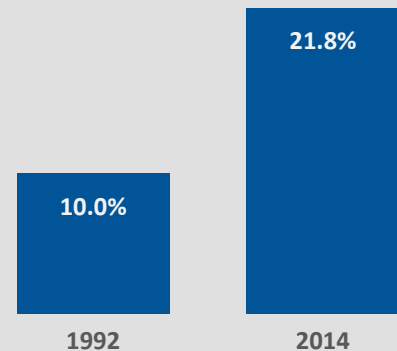
By the Numbers

812,600

Number of Jobs in Indiana Supported by Trade

Share of Jobs Tied to Trade

Increased 118 percent from 1992 to 2014



Jobs Tied to Trade Top Sectors, 2014

Retail	91,600
Manufacturing	62,900
Management, Administrative Services	58,900
Transportation & Warehousing	37,500
Professional, Scientific, Tech. Services	36,100



Indiana Businesses Grow with Exports

Overview

Indiana exported an estimated \$38.0 billion in goods and \$8.9 billion in services in 2014. Between 2009 and 2014, Indiana goods exports have increased by 54 percent and services exports by 36 percent. Large companies now account for 85 percent of the value of Indiana'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 Indiana Exports

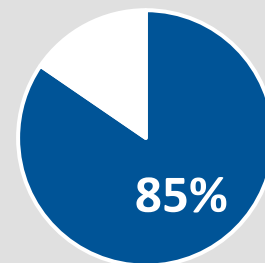
- Indiana ranks among the top five state exporters in 10 industries, including second in pharmaceuticals & medicines (\$7.1 billion) and motor vehicle bodies & trailers (\$1.9 billion), third in engines & turbines (\$2.3 billion), and fourth in motor vehicle parts (\$4.1 billion).
- Indiana is America's eighth largest exporter of agricultural products. It is the fourth largest exporter of soybeans, the fifth largest exporter of corn, the 10th largest exporter of poultry and eggs, and the 12th largest exporter of misc. agricultural products.
- One of Indiana's fastest growing export categories is misc. foods, which have increased by 28 percent per year since 2004. In 2014, exports of these products reached \$183 million.

By the Numbers

8,258

Number of Indiana Businesses that Exported in 2013

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



Top Indiana Exports, 2014

Goods

Pharmaceuticals & Medicines	\$7.1 billion
Motor Vehicle Parts	\$4.1 billion
Oilseeds & Grains	\$2.9 billion
Motor Vehicles	\$2.6 billion
Engines & Turbines	\$2.3 billion

Services

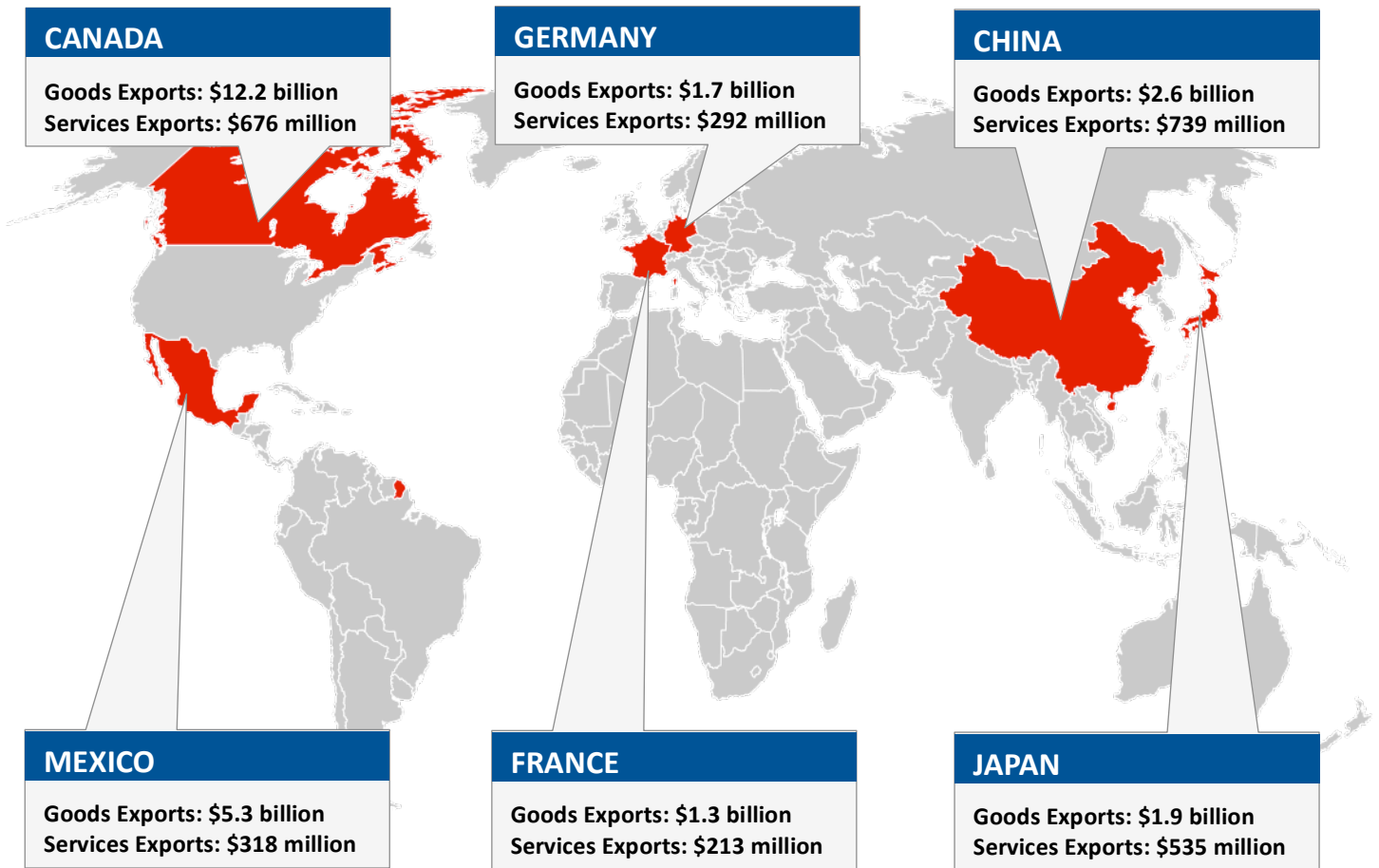
Industrial Processes Royalties	\$2.6 billion
Travel	\$1.6 billion
R&D & Testing Services	\$1.0 billion



Indiana Companies Export throughout the World

In 2014, Indiana companies sold their products in 198 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Indiana Economy Grow

- Goods exports accounted for 12.0 percent of Indiana's state GDP in 2014.
- Indiana's goods exports have grown nearly two and a half times faster than state GDP since 2004. The average annual export growth during this period was 6.9 percent, while the average annual state GDP growth was 2.9 percent.
- Indiana's top export markets for goods are Canada, Mexico, and China. Its top market for services is Ireland.
- Indiana's goods exports to Italy have grown by 23 percent per year since 2004. Exports to Colombia grew by 22 percent per year, while exports to China grew by 18 percent per year.

Indiana 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 Indiana.

- Services such as transportation, finance and insurance, marketing, and legal services, are needed to bring imported goods to Indiana's 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 Indiana family of four more than \$10,000 per year.
- Imports help keep prices down for Indiana 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 5,353 in Indiana) 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



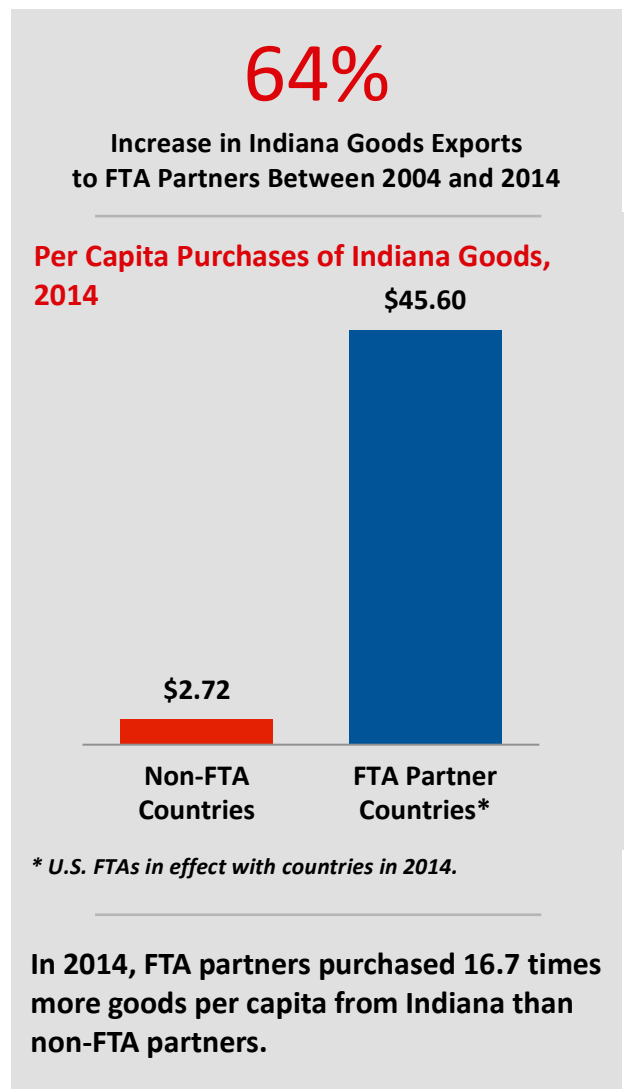
Indiana Needs Trade Agreements to Grow

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

- In 2014, \$20.4 billion of Indiana's goods exports, or 53 percent, went to FTA partners.
- Since 2004 Indiana's goods exports to countries with FTAs in effect with the United States in 2014 have increased by 64 percent.
- Indiana's exports to Canada and Mexico have increased by \$13.2 billion (307 percent) since NAFTA went into effect in 1994.
- Indiana's exports to Chile have increased by 522 percent since the U.S.-Chile FTA took effect in 2004.
- Indiana's exports to South Korea of pharmaceuticals & medicines have increased every year, from \$275 million to \$563 million, since the FTA with South Korea went into effect in 2012.
- Canada bought 92 percent of Indiana's exports of motor vehicle bodies & trailers in 2014.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased \$29.1 billion, or 76 percent, of Indiana's goods exports in 2014.

By the Numbers





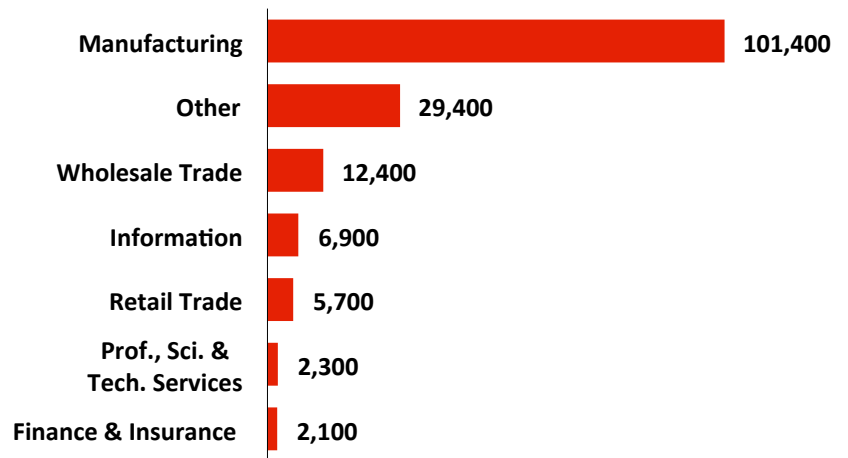
Foreign Investment in Indiana Creates Jobs

Overview

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Indiana every year. Foreign-owned companies from around the world employ about 160,000 workers in Indiana, including:

- 43,900 workers employed by companies based in Japan;
- 33,200 workers employed by companies based in the United Kingdom;
- 14,600 workers employed by companies based in Germany;
- 14,500 workers employed by companies based in France;
- 12,100 workers employed by companies based in Canada.

Foreign-Owned Companies Employ 160,200 Indiana Workers Across Many Industries



Selected Foreign-Owned Companies Employing Workers in Indiana

Company	Industry	Country
Adecco Staffing	Employment Services	Switzerland
BAE Electronic Systems	Defense/Security/Aerospace Services	United Kingdom
Bimbo Bakeries USA	Food Products Manufacturing	Mexico
Candlewood Suites	Hotel Services	United Kingdom
Cemex	Cement Manufacturing	Mexico
Clondalkin Pharma & Healthcare	Packaging Products Manufacturing	Netherlands
Domtar Paper Company LLC	Paper Manufacturing	Canada
Faurecia Emissions Control	Automotive Parts Manufacturing	France
Gerdau Ameristeel	Steel Product Manufacturing	Brazil
Index Corporation	Machinery Manufacturing	Germany
Stantec, Inc.	Architecture, Engineering & Design Services	Canada
Trelleborg Sealing Solutions	Rubber Manufacturing	Sweden



Data Sources

INDIANA 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>)

INDIANA 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>)

INDIANA 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>)

INDIANA 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/>)

INDIANA NEEDS TRADE AGREEMENTS TO GROW

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

Per Capita Purchases of Indiana 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 INDIANA 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>)