Business Roundtable

How Louisiana'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 Louisiana 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 Louisiana.

Why is International Trade & Investment Important to Louisiana?

- **International trade, including exports and imports, supports 553,200 Louisiana jobs – more than 1 in 5**. These trade-related jobs grew 2.3 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 Louisiana's globally engaged firms. *(See Louisiana Jobs Depend On Two-Way Trade)*

- **Louisiana exported $48.0 billion in goods and $9.9 billion in services in 2014**, including petroleum & coal products, basic chemicals, grain & oilseed milling products and travel services. Of Louisiana's 3,825 exporters, 85 percent are small- and medium-sized companies with less than 500 workers. (*See Louisiana Businesses Grow With Exports)*

- **Customers in 197 countries and territories buy Louisiana-made goods and services,** including billions of dollars in annual exports to top markets like Mexico, Canada and the Netherlands. Louisiana's goods exports have grown four and a half times faster than state GDP since 2004. *(See Louisiana Companies Export Throughout The World)*

- **Imports lower prices and increase choices for Louisiana companies and families.** Lower raw material and input costs help Louisiana 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 Louisiana Companies And Workers Use Imports To Compete)*

- **Free trade agreements (FTAs) have helped fuel rapid export growth from Louisiana to partner countries.** In 2014, $20.1 billion of Louisiana's goods exports, or 42 percent, went to FTA partners. This represents a 347 percent increase since 2004. *(See Louisiana Needs Trade Agreements To Grow)*

- **Foreign-owned companies invest and build facilities and employ 71,800 workers in Louisiana.** *(See Foreign Investment In Louisiana Creates Jobs)*

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Louisiana 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 Louisiana

- Export growth increases jobs by generating new business for Louisiana's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Louisiana businesses compete and saving Louisiana families real dollars at the cash register.
- More than one in five Louisiana jobs depends upon international trade.
- Louisiana's trade-related employment grew 2.3 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.

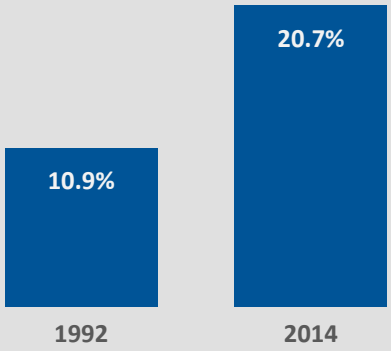
By the Numbers

553,200

Number of Jobs in Louisiana Supported by Trade

Share of Jobs Tied to Trade

Increased 89 percent from 1992 to 2014



Jobs Tied to Trade

Top Sectors, 2014

Retail	64,700
Management, Administrative Services	40,700
Manufacturing	32,100
Professional, Scientific, Tech. Services	31,200
Transportation & Warehousing	24,400

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Louisiana Businesses Grow with Exports

Overview

Louisiana exported an estimated $48.0 billion in goods and $9.9 billion in services in 2014. Between 2009 and 2014, Louisiana goods exports have increased by 146 percent and services exports by 39 percent. Large companies now account for 66 percent of the value of Louisiana'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 Louisiana Exports

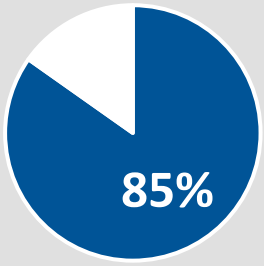
- Louisiana ranks among the top five state exporters in 10 industries, including first in grain & oilseed milling products ($3.7 billion) and second in petroleum & coal products ($25.7 billion), basic chemicals ($4.1 billion), and resins & synthetic fibers ($3.5 billion).
- Louisiana is America's 25th largest exporter of agricultural products. It is the largest exporter of farmed fish and related products, the third largest exporter of rice, the seventh largest exporter of other grains, and the 12th largest exporter of cotton.
- One of Louisiana's fastest growing export categories is aerospace products & parts, which have increased by 49 percent per year since 2004. In 2014, exports of these products reached $602 million.

By the Numbers

3,825

Number of Louisiana Businesses that Exported in 2013

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



Top Louisiana Exports, 2014

Goods

Petroleum & Coal Products	$25.7 billion
Basic Chemicals	$4.1 billion
Grain & Oilseed Milling Products	$3.7 billion
Resins & Synthetic Fibers	$3.5 billion
Ag & Construction Machinery	$1.3 billion

Services

Travel	$2.7 billion
Ocean Freight & Port Services	$2.6 billion
Industrial Processes Royalties	$1.7 billion

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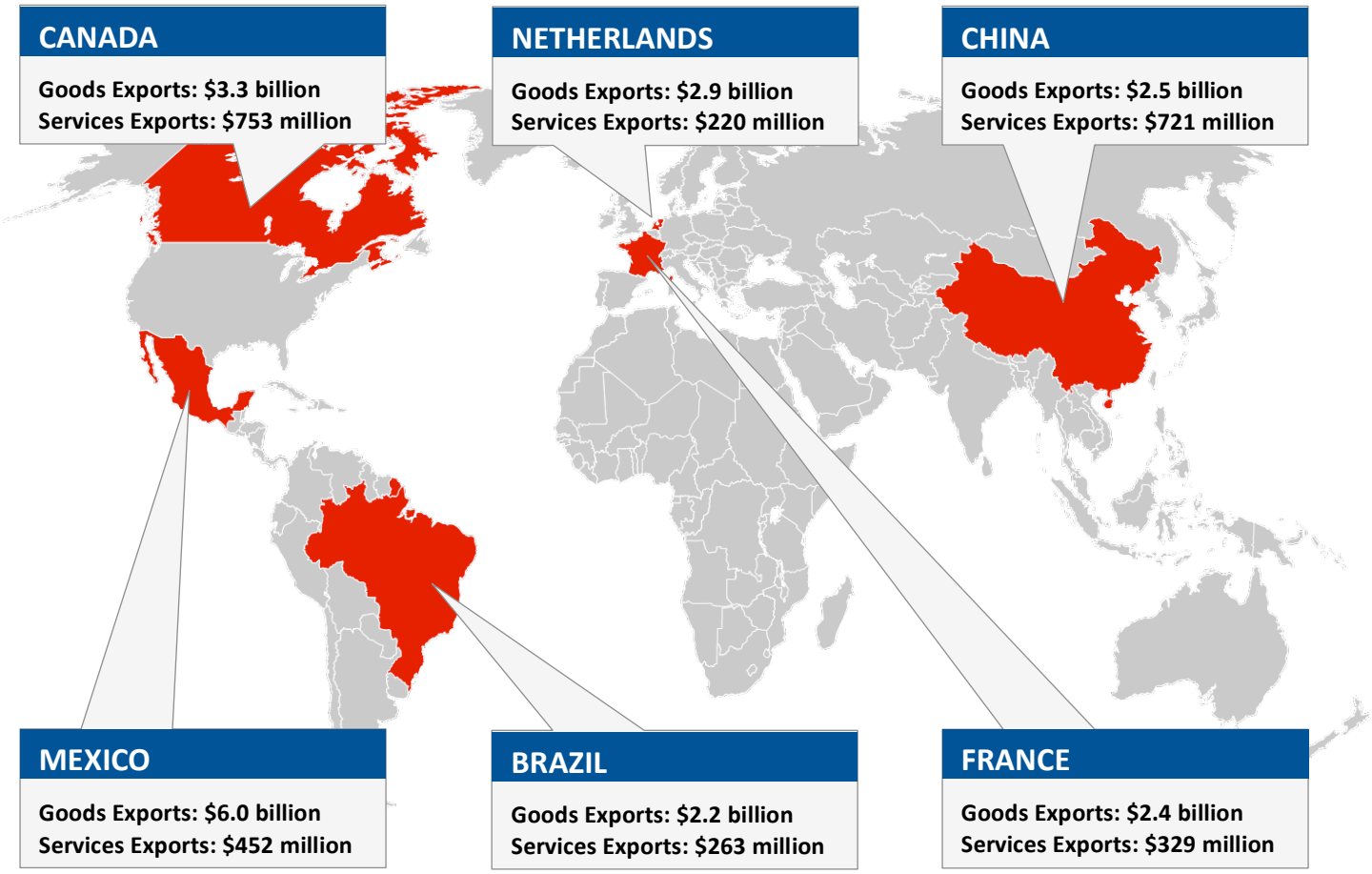
Louisiana Companies Export throughout the World

In 2014, Louisiana companies sold their products in 197 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Louisiana Economy Grow

- Goods exports accounted for 19.1 percent of Louisiana's state GDP in 2014.
- Louisiana's goods exports have grown four and a half times faster than state GDP since 2004. The average annual export growth during this period was 17.9 percent, while the average annual state GDP growth was 4.0 percent.
- Louisiana's top export markets for goods are Mexico, Canada, and the Netherlands. Its top market for services is Japan.
- Louisiana's goods exports to Egypt have grown by 41 percent per year since 2004. Exports to Colombia grew by 35 percent per year, while exports to Honduras grew by 32 percent per year.

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Louisiana 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 Louisiana.

- Services, especially transportation from Louisiana'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 Louisiana family of four more than $10,000 per year.
- Imports help keep prices down for Louisiana 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 3,123 in Louisiana) imported products…

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

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

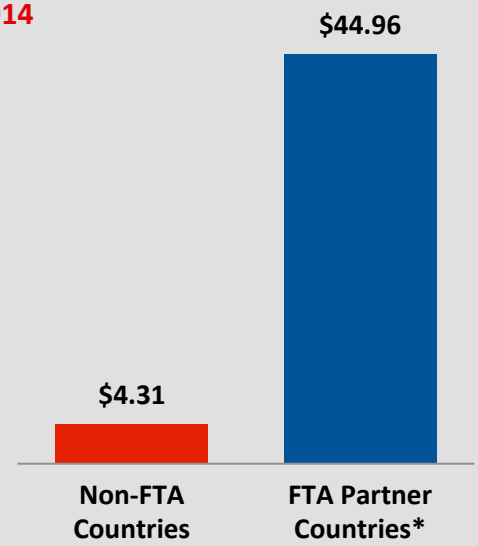
- In 2014, $20.1 billion of Louisiana's goods exports, or 42 percent, went to FTA partners.
- Since 2004 Louisiana's goods exports to countries with FTAs in effect with the United States in 2014 have increased by 347 percent.
- Louisiana's exports to Canada and Mexico have increased by $8.5 billion (991 percent) since NAFTA went into effect in 1994.
- Louisiana's exports to Honduras have increased by 638 percent since the U.S.-Honduras FTA took effect in 2006.
- Louisiana's exports to Colombia of petroleum & coal products have increased every year, from $244 million to $1.4 billion, since the FTA with Colombia went into effect in 2012.
- Panama bought 31 percent of Louisiana's exports of iron, steel & ferroalloys in 2014.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased $22.9 billion, or 48 percent, of Louisiana's goods exports in 2014.

By the Numbers

347%

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

Per Capita Purchases of Louisiana Goods, 2014



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

In 2014, FTA partners purchased 10.4 times more goods per capita from Louisiana than non-FTA partners.

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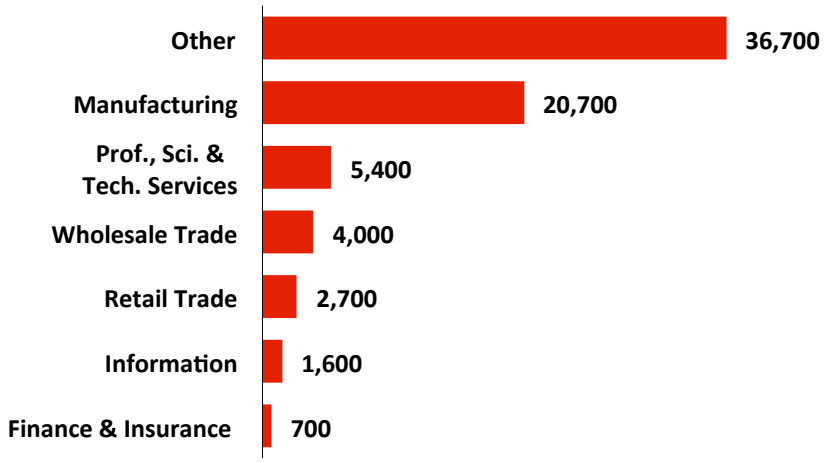
Foreign Investment in Louisiana Creates Jobs

Overview

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

- 17,600 workers employed by companies based in the United Kingdom;
- 9,400 workers employed by companies based in the Netherlands;
- 7,000 workers employed by companies based in France;
- 6,700 workers employed by companies based in Canada;
- 5,500 workers employed by companies based in Germany.

Foreign-Owned Companies Employ 71,800 Louisiana Workers Across Many Industries



Selected Foreign-Owned Companies Employing Workers in Louisiana

Company	Industry	Country
ABB Inc.	Power Distribution Equipment Mfg.	Switzerland
Cemex	Cement Manufacturing	Mexico
FCC Environmental	Environmental Services	Spain
Hunting Energy Services	Oilfield Services	United Kingdom
KPMG LLP	Accounting Services	Netherlands
Novus Glass	Automotive Parts Manufacturing	Canada
Rexel Inc.	Electrical Equipment Manufacturing	France
Schindler Elevator Corp.	Elevator Manufacturing	Switzerland
Southern Recycling, LLC	Recycling Services	United Kingdom
Sparrows Offshore LLC	Oilfield Services	Scotland
V & M Tube-Alloy	Steel Product Manufacturing	France
Veolia Environmental Services	Environmental Services	France

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Data Sources

LOUISIANA JOBS DEPEND ON TWO-WAY TRADE

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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)

LOUISIANA 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)

LOUISIANA 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)

LOUISIANA COMPANIES & WORKERS USE IMPORTS TO COMPETE IN INTERNATIONAL MARKETS

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Imports as Components: Derived from Census end-use import data

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Price Changes: Derived from BLS Consumer Price Index database (http://www.bls.gov/cpi/)

LOUISIANA NEEDS TRADE AGREEMENTS TO GROW

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

Per Capita Purchases of Louisiana 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 LOUISIANA 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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