HOW INDIANA'S ECONOMY BENEFITS FROM 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.

Trade Creates & Supports Jobs in Indiana

- **International trade, including exports and imports, supports 770,000 Indiana jobs – nearly one in five.** These trade-related jobs grew six times faster than total employment from 1992 to 2017 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 $39.4 billion in goods and $8.5 billion in services in 2017,** including miscellaneous wood products, pharmaceuticals & medicines, animal foods and royalties from industrial processes. Of Indiana’s 8,170 exporters, 84 percent are small- and medium-sized companies with less than 500 workers. *(See Indiana Businesses Grow With Exports)*

- **Customers in 201 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 exports have grown nearly 70 percent faster than state GDP since 2007. *(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 Use Imports to Make Competitive Products)*

- **Free trade agreements (FTAs) have helped fuel rapid export growth from Indiana to partner countries.** In 2017, $21.1 billion of Indiana’s goods exports, or 54 percent, went to FTA partners. This represents an increase of 40 percent since 2007. *(See Indiana Needs Trade Agreements To Grow)*

- **Foreign-owned companies invest and build facilities and employ 193,000 workers in Indiana.** *(See Foreign Investment In Indiana Creates Jobs)*

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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 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.

- Nearly one in five Indiana jobs depends upon international trade.

- Indiana's trade-related employment grew six times faster than total employment from 1992 to 2017.

- Jobs in export-dependent 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

770,000
Number of Jobs in Indiana Supported by Trade

Share of Jobs Tied to Trade
Increased 98 percent from 1992 to 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>10.0%</td>
</tr>
<tr>
<td>2017</td>
<td>19.8%</td>
</tr>
</tbody>
</table>

Jobs Tied to Trade
Top Sectors, 2017

- Trade & Distribution: 175,100
- Prof., Scient. & Tech. Services: 103,600
- Manufacturing: 80,400
- Personal & Rec. Services: 45,500
- Transportation & Warehousing: 31,100

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Indiana exported an estimated $39.4 billion in goods and $8.5 billion in services in 2017. Between 2007 and 2017, Indiana goods exports have increased by 49 percent and services exports by 63 percent. Large companies now account for 84 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 5 state exporters in 10 industries, including first in miscellaneous wood products ($319 million), first in pharmaceuticals & medicines ($7.2 billion), second in animal foods ($203 million), and second in engines & turbines ($2.1 billion).
- Indiana is America’s 11th largest exporter of agricultural products. It is the second largest exporter of swine, the eighth largest exporter of oilseeds & grains, the 11th largest exporter of cattle, and the 23rd largest exporter of poultry & eggs.
- One of Indiana’s fastest growing export categories is motor vehicles, which increased by 97 percent since 2007. In 2017, exports of these products reached $3.3 billion.

By the Numbers

8,170
Number of Indiana Businesses that Exported in 2016

84%
Share of Indiana Exporters that are Small- & Medium-Sized Businesses

Top Indiana Exports, 2017

<table>
<thead>
<tr>
<th>Goods</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceuticals &amp; Medicines</td>
<td>$7.2 billion</td>
</tr>
<tr>
<td>Motor Vehicle Parts</td>
<td>$4.6 billion</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>$3.3 billion</td>
</tr>
<tr>
<td>Medical Equipment &amp; Supplies</td>
<td>$2.3 billion</td>
</tr>
<tr>
<td>Engines &amp; Turbines</td>
<td>$2.1 billion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royalties from Industrial Processes</td>
<td>$2.1 billion</td>
</tr>
<tr>
<td>Travel</td>
<td>$1.7 billion</td>
</tr>
<tr>
<td>R&amp;D &amp; Testing Services</td>
<td>$1.6 billion</td>
</tr>
</tbody>
</table>

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In 2017, Indiana companies sold their products in 201 countries and territories.

Top export markets include:

- **Canada**: Goods Exports: $13.1 billion, Services Exports: $564 million
- **Germany**: Goods Exports: $1.6 billion, Services Exports: $303 million
- **China**: Goods Exports: $2.9 billion, Services Exports: $702 million
- **Mexico**: Goods Exports: $5.2 billion, Services Exports: $315 million
- **Ireland**: Goods Exports: $972 million, Services Exports: $822 million
- **Japan**: Goods Exports: $1.9 billion, Services Exports: $502 million

**Fast Facts: How Exports Help the Indiana Economy Grow**

- Goods and services exports accounted for 13.6 percent of Indiana's state GDP in 2017.
- Indiana's exports have grown nearly 70 percent faster than state GDP since 2007. The average annual export growth during this period was 4.6 percent, while the average annual state GDP growth was 2.8 percent.
- Indiana's top export markets for goods are Canada, Mexico, and China. Its top market for services is Switzerland.
- Indiana's goods exports to Ireland have grown by 37 percent per year since 2007, while Indiana's services exports to China have grown by 19 percent per year.

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INDIANA COMPANIES USE IMPORTS TO MAKE COMPETITIVE PRODUCTS

Overview

In 2017, 58 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 American manufacturers and households.
- In 2016, 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 2016, about 211,000 U.S. companies (including 6,128 in Indiana) imported products...

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

Imports Decrease Prices

- **-87.9%** Decrease in the Price of Televisions Between 2007 and 2017.
- **-44.7%** Decrease in the Price of Toys Between 2007 and 2017.

Imports Increase Choices

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Overview

Trade with our free trade agreement (FTA) partner countries supports millions of 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.

- In 2017, $21.1 billion of Indiana's goods exports, or 54 percent, went to FTA partners.
- Since 2007, Indiana's goods exports to countries with FTAs in effect with the United States in 2017 have increased by 40 percent.
- Indiana's goods exports to Canada and Mexico have increased by $14.0 billion (325 percent) since NAFTA went into effect in 1994.
- Indiana's goods exports to Australia have increased by 257 percent since the FTA took effect in 2005.
- Indiana's exports to Singapore of aerospace products & parts have increased from $768,000 to $48 million since the FTA went into effect in 2004.
- Canada bought 93 percent of Indiana's exports of ships & boats in 2017.
- In 2017, $2.1 billion of Indiana’s services exports, or 24 percent, went to FTA partners.
- Indiana's exports to Singapore of royalties from industrial processes have increased from $18 million to $101 million, or by 458 percent, since 2006 (earliest year available).

By the Numbers

**40%**

Increase in Indiana Goods Exports to FTA Partners Between 2007 and 2017

**Per Capita Purchases of Indiana Goods, 2017**

<table>
<thead>
<tr>
<th>Non-FTA Countries</th>
<th>FTA Partner Countries*</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2.72</td>
<td>$45.37</td>
</tr>
</tbody>
</table>

* U.S. FTAs in effect with countries in 2017.

In 2017, FTA partners purchased 16.7 times more goods per capita from Indiana than non-FTA partners.

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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 employed nearly 200,000 workers in Indiana, including:

- 50,600 workers employed by companies based in Japan;
- 36,000 workers employed by companies based in the United Kingdom;
- 28,500 workers employed by companies based in France;
- 16,100 workers employed by companies based in Canada;
- 15,100 workers employed by companies based in Germany.

Foreign-Owned Companies Employed 193,000 Indiana Workers Across Many Industries, 2016

<table>
<thead>
<tr>
<th>Industry</th>
<th>Number of Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>111,600</td>
</tr>
<tr>
<td>Other</td>
<td>47,200</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>15,500</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>8,300</td>
</tr>
<tr>
<td>Information</td>
<td>5,600</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>2,500</td>
</tr>
<tr>
<td>Prof., Sci. &amp; Tech. Services</td>
<td>2,300</td>
</tr>
</tbody>
</table>

Selected Foreign-Owned Companies Employing Workers in Indiana

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adecco Staffing</td>
<td>Employment Services</td>
<td>Switzerland</td>
</tr>
<tr>
<td>ArcelorMittal</td>
<td>Steel Product Manufacturing</td>
<td>Luxembourg</td>
</tr>
<tr>
<td>BAE Electronic Systems</td>
<td>Defense/Security/Aerospace Services</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Bimbo Bakeries USA</td>
<td>Food Products Manufacturing</td>
<td>Mexico</td>
</tr>
<tr>
<td>Candlewood Suites</td>
<td>Hotel Services</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Cemex</td>
<td>Cement Manufacturing</td>
<td>Mexico</td>
</tr>
<tr>
<td>Faurecia Emissions Control</td>
<td>Automotive Parts Manufacturing</td>
<td>France</td>
</tr>
<tr>
<td>Honda Manufacturing</td>
<td>Automotive Manufacturing</td>
<td>Japan</td>
</tr>
<tr>
<td>IDEX Corporation</td>
<td>Machinery Manufacturing</td>
<td>Germany</td>
</tr>
<tr>
<td>Stantec, Inc.</td>
<td>Architecture &amp; Engineering Services</td>
<td>Canada</td>
</tr>
<tr>
<td>Toyota Motor Manufacturing</td>
<td>Automotive Manufacturing</td>
<td>Japan</td>
</tr>
<tr>
<td>Trelleborg Sealing Solutions</td>
<td>Rubber Manufacturing</td>
<td>Sweden</td>
</tr>
</tbody>
</table>

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DATA SOURCES

INDIANA JOBS DEPEND ON TWO-WAY TRADE


INDIANA BUSINESSES GROW WITH EXPORTS

Small and Large Firms Partnering to Export (for 2006, 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)


INDIANA COMPANIES EXPORT THROUGHOUT THE WORLD


INDIANA COMPANIES USE IMPORTS TO MAKE COMPETITIVE PRODUCTS


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


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

INDIANA NEEDS TRADE AGREEMENTS TO GROW


Per Capita Purchases of Indiana Goods: Derived from The Trade Partnership (http://tradepartnership.com/data/cdexports-and-cdxjobs) and World Bank population estimates

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)

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