HOW INDIANA'S ECONOMY BENEFITS FROM TRADE & INVESTMENT

Overview

With more than 96 percent of the world’s population and 75 percent of its purchasing power outside the United States, economic recovery, jobs, and future growth for Indiana and America will depend on trade and investment. That includes reaching those customers with American goods and services through exports and expanding buying power and options for American companies and families with imports.

New Business Roundtable research, U.S. government data, and other data sources demonstrate the benefits of international trade and investment to jobs and the economy in Indiana. As the United States and the world continue efforts to defeat the COVID-19 pandemic and create jobs and economic opportunity – restoring trade and supporting trade-dependent jobs can help Indiana recover as well.

Trade Creates & Supports Jobs in Indiana

- **International trade, including exports and imports, supported 749,000 Indiana jobs – nearly one in five in 2019.** These trade-related jobs grew five times faster than total employment from 1992 to 2019 and are at large and small companies, on farms, in factories, and at the headquarters of Indiana’s globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Indiana. *(See Indiana Jobs Depend On Two-Way Trade)*

- **Indiana exported $40.5 billion in goods and $9.5 billion in services in 2019,** including pharmaceuticals and medicines, motor vehicle parts, motor vehicles and royalties from industrial processes. Of Indiana’s 8,568 exporters, 84 percent are small- and medium-sized companies with less than 500 workers. *(See Indiana Businesses Grow With Exports)*

- **Customers in 197 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 1.0 percent per year since 2010. Policies that help Indiana businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(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 Families Benefit from Imports)*

- **Free trade agreements (FTAs) have helped fuel rapid export growth from Indiana to partner countries.** In 2019, $22 billion of Indiana’s goods exports, or 55 percent, went to FTA partners. This represents an increase of 46 percent since 2010. *(See Indiana Needs Trade Agreements To Grow)*

- **Foreign-owned companies invest and build facilities and employ 214,000 workers in Indiana.** *(See Foreign Investment In Indiana Creates Jobs)*

Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
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Overview
Creating and preserving quality U.S. jobs is a goal shared by all Americans. With more than 96 percent of the world’s population and 75 percent of the world’s purchasing power outside of the United States, future American economic growth and job creation depend on open markets abroad. At the beginning of 2020, the COVID-19 global pandemic dramatically decreased trade, disrupted communities and economies, and ended millions of jobs across America, including in Indiana. As the U.S. economy recovers and more Americans seek opportunities to work, policies that expand trade can create new jobs in Indiana and help it recover faster.

Trade Creates & Supports Jobs in Indiana
- Export growth increases jobs by generating new business for Indiana's manufacturers, services 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 five times faster than total employment from 1992 to 2019.
- 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 supports more than 28 million U.S. jobs that provide middle class incomes.

About Trade & Jobs
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 not typically associated with “exports and imports.”

By the Numbers

749,000
Number of Jobs in Indiana Supported by Trade

Share of Jobs Tied to Trade
Increased 87 percent from 1992 to 2019

<table>
<thead>
<tr>
<th>Year</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>10.0%</td>
</tr>
<tr>
<td>2019</td>
<td>18.7%</td>
</tr>
</tbody>
</table>

Jobs Tied to Trade
Top Sectors, 2019

<table>
<thead>
<tr>
<th>Sector</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal and recreational services</td>
<td>155,400</td>
</tr>
<tr>
<td>Business and professional services</td>
<td>136,800</td>
</tr>
<tr>
<td>Education and health services</td>
<td>119,300</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>106,400</td>
</tr>
<tr>
<td>Transportation and utilities</td>
<td>51,200</td>
</tr>
</tbody>
</table>

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Overview

Indiana exported an estimated $40.5 billion in goods and $9.5 billion in services in 2019. Between 2010 and 2019, Indiana goods exports have increased by 33 percent and services exports by 40 percent. Large companies now account for 86 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 pharmaceuticals and medicines ($7.1 billion), second in engines and turbines ($2.5 billion) and animal foods ($240 million), and third in motor vehicle parts ($4.5 billion).
- Indiana is America’s 12th largest exporter of agricultural products. It is the eighth largest exporter of oilseeds and grains, the ninth largest exporter of swine, the 17th largest exporter of aquaculture, and the 21st largest exporter of greenhouse and nursery products.
- One of Indiana's fastest growing export categories is electrical equipment, which increased by 112 percent since 2010. In 2019, exports of these products reached $811 million.

By the Numbers

8,568
Number of Indiana Businesses that Exported in 2018

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

84%

Top Indiana Exports, 2019

<table>
<thead>
<tr>
<th>Goods</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceuticals &amp; Medicines</td>
<td>$7.1 billion</td>
</tr>
<tr>
<td>Motor Vehicle Parts</td>
<td>$4.5 billion</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>$4.3 billion</td>
</tr>
<tr>
<td>Engines &amp; Turbines</td>
<td>$2.5 billion</td>
</tr>
<tr>
<td>Medical Equipment &amp; Supplies</td>
<td>$2.5 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>R&amp;D &amp; Testing Services</td>
<td>$1.8 billion</td>
</tr>
<tr>
<td>Personal Travel &amp; Tourism</td>
<td>$1.4 billion</td>
</tr>
</tbody>
</table>

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In 2019, Indiana companies sold their products in 197 countries and territories.

Top export markets include:

- **Canada**: Goods Exports: $13.2 billion, Services Exports: $568 million
- **Netherlands**: Goods Exports: $1.5 billion, Services Exports: $343 million
- **China**: Goods Exports: $2.5 billion, Services Exports: $799 million
- **Mexico**: Goods Exports: $5.8 billion, Services Exports: $328 million
- **Germany**: Goods Exports: $1.4 billion, Services Exports: $332 million
- **Japan**: Goods Exports: $2.3 billion, Services Exports: $603 million

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

- Goods and services exports accounted for 13.2 percent of Indiana's state GDP in 2019.
- Indiana's annual exports grew 1.0 percent per year since 2010.
- Indiana's top export markets for goods are Canada, Mexico, and China. Its top market for services is Switzerland.
- Indiana's goods exports to Uruguay have grown by 29 percent per year since 2010, while Indiana's services exports to Switzerland have grown by 10 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Indiana businesses, workers, and farmers reach the growing number of customers around the world.

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Overview

Imports provide a variety of benefit for Indiana companies and families. Imported consumer goods help keep prices down for Indiana families while increasing choices for foods and other products that are not available locally. Imported inputs help Indiana manufacturers compete in both the United States and international markets, while exported goods (e.g., components and services (e.g., design) often return to the United States as imports. To best meet the COVID-19 challenges, trade policies should ensure that American families and businesses retain access to both domestic and international inputs, supplies and services they need at prices they can afford.

Indiana Families Benefit from Imports

- In 2019, 43 percent of Indiana's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Indiana families more money to spend on locally provided goods and services, such as housing, education, and health care.
- Trade and investment liberalization policies save the average Indiana family of four more than $10,000 per year through lower prices and increased specialization.

2010-2019 Price Decrease

- -85% for Televisions
- -52% for Computers
- -51% for Toys

Most Importers are Small Businesses

- In 2019, 6,725 Indiana companies imported goods from 166 countries around the world.
- Nationally, 77 percent of importers were very small businesses with less than 20 employees, while less than 3 percent had over 500 employees.

Indiana Exports and Imports are Linked Through Global Value Chains

- In 2019, 57 percent of Indiana goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Indiana's top imports are critical components for Indiana exports. Conversely, Indiana exports of raw materials and parts may return to the United States in imported finished goods.

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INDIANA NEEDS TRADE AGREEMENTS TO GROW

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. Indiana businesses, workers and farmers benefit from market-opening agreements, and would be harmed from new barriers to trade that limit exports, competitiveness, and jobs in Indiana and United States.

- In 2019, $22 billion of Indiana’s goods exports, or 55 percent, went to FTA partners.
- Since 2010, Indiana’s goods exports to countries with FTAs in effect with the United States in 2019 have increased by 46 percent.
- Indiana’s exports to Canada and Mexico have increased by $15 billion (341 percent) since NAFTA went into effect in 1994.
- Indiana’s exports to Australia have increased by 276 percent – from $265 million to $997 million – since the FTA with Australia took effect in 2005.
- Indiana’s exports to Singapore of aerospace products and parts have increased from $768,000 to $101 million since the FTA with Singapore went into effect in 2004.
- Canada bought 81 percent – $3.5 billion out of $4.3 billion – of Indiana’s exports of motor vehicles in 2019.
- In 2019, $2.1 billion of Indiana’s services exports, or 23 percent, went to FTA partners.
- Indiana’s exports to Singapore of R&D and testing services have increased from $6.2 million to $253 million, or by over 40 times, since 2006 (earliest year available).

By the Numbers

46%
Increase in Indiana Goods Exports to FTA Partners Between 2010 and 2019

Per Capita Purchases of Indiana Goods, 2019

$47.29
$2.66

Non-FTA Countries
FTA Partner Countries

* U.S. FTAs in effect with countries in 2019.

In 2019, FTA partners purchased 17.8 times more goods per capita from Indiana than non-FTA partners.

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Overview

Foreign-owned companies help grow the U.S. economy and jobs. In 2019, foreign-owned companies added over $1 trillion to U.S. GDP, including goods exports of $380 billion and R&D spending of over $60 billion. They employed 7.4 million workers in the United States, including 2 million workers – or 1 out of every 6 – in the manufacturing sector.

Indiana is no exception. Foreign-owned companies make significant investments in Indiana to open or expand facilities every year and are important customers for local goods and services providers. Subsidiaries of foreign-owned companies alone employed hundreds of thousands of workers in Indiana in 2019, including:

- 56,000 workers employed by companies based in Japan;
- 36,800 workers employed by companies based in the United Kingdom;
- 31,700 workers employed by companies based in France;
- 17,900 workers employed by companies based in Germany;
- 15,900 workers employed by companies based in Canada.

### Foreign-Owned Companies Employed 214,000 Indiana Workers Across Many Industries, 2019

![Pie chart showing industry distribution of foreign-owned company workers](chart.png)

### 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>Aisin U.S.A. Mfg. Inc.</td>
<td>Motor vehicle parts</td>
<td>Japan</td>
</tr>
<tr>
<td>Benteler Automotive Corporation</td>
<td>Automotive parts manufacturing</td>
<td>Austria</td>
</tr>
<tr>
<td>Danzer Specialty Veneer Inc.</td>
<td>Wood products manufacturing</td>
<td>Austria</td>
</tr>
<tr>
<td>Elkhart Products Corporation/Aalberts</td>
<td>Metal and plastic connector manufacturing</td>
<td>Netherlands</td>
</tr>
<tr>
<td>Integrated Piping Systems</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Faurecia Emissions Control Technologies</td>
<td>Motor vehicle parts</td>
<td>France</td>
</tr>
<tr>
<td>Honda Manufacturing of Indiana, LLC.</td>
<td>Automobile manufacturing</td>
<td>Japan</td>
</tr>
<tr>
<td>Rolls-Royce Corporation</td>
<td>Aircraft engine parts manufacturing</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Tate &amp; Lyle</td>
<td>Food products manufacturing</td>
<td>United Kingdom</td>
</tr>
</tbody>
</table>

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INDIANA JOBS DEPEND ON TWO-WAY TRADE

Population and Purchasing Power: Derived from World Bank population and GDP estimates


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/cdxexports-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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