

# HOW LOUISIANA'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 Louisiana 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 Louisiana. In 2020, the COVID-19 global pandemic has brought dual public health and economic crises. Meeting both challenges requires restoring trade and supporting trade-dependent jobs to help Louisiana recover.

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## Trade Creates & Supports Jobs in Louisiana

- **International trade, including exports and imports, supported 570,500 Louisiana jobs – more than one in five in 2018.** These trade-related jobs grew five times faster than total employment from 1992 to 2018 and are at large and small companies, on farms, in factories, and at the headquarters of Louisiana's globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Louisiana. *(See Louisiana Jobs Depend On Two-Way Trade)*
- **Louisiana exported \$53.2 billion in goods and \$10.3 billion in services in 2018,** including petroleum and coal products, oil and gas, basic chemicals and travel services. Of Louisiana's 3,789 exporters, 85 percent are small- and medium-sized companies with less than 500 workers. *(See Louisiana Businesses Grow With Exports)*
- **Customers in 191 countries and territories buy Louisiana-made goods and services,** including billions of dollars in annual exports to top markets like Mexico, Canada and Korea. Louisiana's goods exports have grown nearly five times faster than state GDP since 2009. Policies that help Louisiana businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(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 Families Benefit from Imports)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Louisiana to partner countries.** In 2018, \$24.7 billion of Louisiana's goods exports, or 46 percent, went to FTA partners. This represents an increase of 216 percent since 2009. *(See Louisiana Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 70,000 workers in Louisiana.** *(See Foreign Investment In Louisiana Creates Jobs)*



# 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 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, stopped economic growth and ended millions of jobs across America, including in Louisiana. Policies that expand trade can create new job opportunities in Louisiana and help it recover faster.

## Trade Creates & Supports Jobs in Louisiana

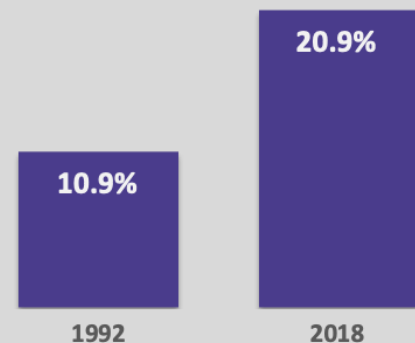
- Export growth increases jobs by generating new business for Louisiana's manufacturers, services providers and farmers. Imports support jobs and keep costs low, helping Louisiana businesses compete and saving Louisiana families real dollars at the cash register.
- More than one in five Louisiana jobs depends upon international trade.
- Louisiana's trade-related employment grew five times faster than total employment from 1992 to 2018.
- 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

**570,500**

Number of Jobs in Louisiana Supported by Trade

**Share of Jobs Tied to Trade Increased 91 percent from 1992 to 2018**



## Jobs Tied to Trade Top Sectors, 2018

Trade & Distribution	133,500
Prof., Scient. & Tech. Services	79,300
Personal & Rec. Services	36,600
Construction	36,100
Transportation & Warehousing	18,900



# LOUISIANA BUSINESSES GROW WITH EXPORTS



## Overview

Louisiana exported an estimated \$53.2 billion in goods and \$10.3 billion in services in 2018. Between 2009 and 2018, Louisiana goods exports have increased by 172 percent and services exports by 47 percent. Large companies now account for 69 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

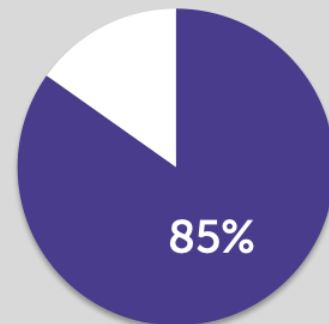
- Louisiana ranks among the top five state exporters in eight industries, including first in grain and oilseed milling products (\$3.4 billion), second in petroleum and coal products (\$23.7 billion), second in oil and gas (\$10.0 billion), and second in basic chemicals (\$6.1 billion).
- Louisiana is America's 30th largest exporter of agricultural products. It is the 17th largest exporter of fruits and tree nuts, the 20th largest exporter of oilseeds and grains, the 24th largest exporter of miscellaneous crops, and the 25th largest exporter of greenhouse and nursery products.
- One of Louisiana's fastest growing export categories is basic chemicals, which increased by 9 percent since 2009. In 2018, exports of these products reached \$6.1 billion.

## By the Numbers

3,789

Number of Louisiana Businesses that Exported in 2018

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



## Top Louisiana Exports, 2018

### Goods

Petroleum & Coal Products	\$23.7 billion
Oil & Gas	\$10.0 billion
Basic Chemicals	\$6.1 billion
Resins & Synthetic Fibers	\$3.6 billion
Grain & Oilseed Milling Products	\$3.4 billion

### Services

Travel	\$3.1 billion
Air Freight & Port Services	\$2.0 billion
Royalties from Industrial Processes	\$1.1 billion

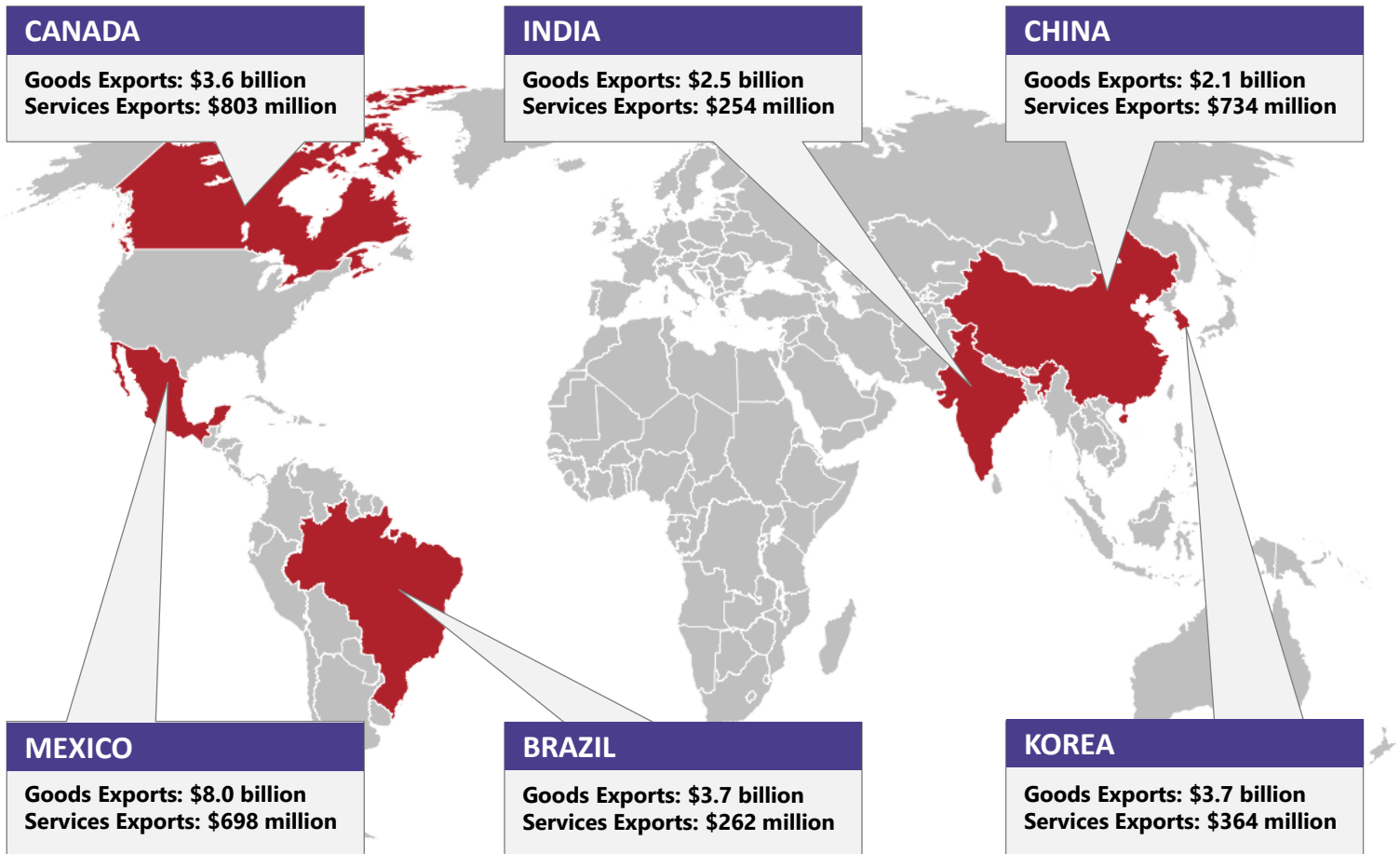


# LOUISIANA COMPANIES EXPORT THROUGHOUT THE WORLD



In 2018, Louisiana companies sold their products in 191 countries and territories.

Top export markets include:



## Fast Facts: How Exports Help the Louisiana Economy Grow

- Goods and services exports accounted for 24.7 percent of Louisiana's state GDP in 2018.
- Louisiana's exports have grown nearly five times faster than state GDP since 2009. The average annual export growth during this period was 11.7 percent, while the average annual state GDP growth was 2.5 percent.
- Louisiana's top export markets for goods are Mexico, Brazil, and Korea. Its top market for services is the United Kingdom.
- Louisiana's goods exports to Mexico have grown by 27 percent per year since 2009, while Louisiana's services exports to India have grown by 9 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Louisiana businesses, workers, and farmers reach the growing number of customers around the world.



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# LOUISIANA COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



## Overview

Imports provide a variety of benefits for Louisiana companies and families. Imported consumer goods help keep prices down for Louisiana families while increasing choices for foods and other products that are not available locally. Imported inputs help Louisiana 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.

## Louisiana Families Benefit from Imports

- In 2018, 6 percent of Louisiana's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Louisiana 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 Louisiana family of four more than \$10,000 per year through lower prices and increased specialization.

## 2008-2018 Price Decrease



**-88%** for Televisions



**-63%** for Computers



**-45%** for Toys

## Most Importers are Small Businesses

- In 2018, 3,925 Louisiana companies imported goods from 162 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.

## Louisiana Exports and Imports are Linked Through Global Value Chains

- In 2018, 94 percent of Louisiana goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Louisiana's top imports are critical components for Louisiana exports. Conversely, Louisiana exports of raw materials and parts may return to the United States in imported finished goods.



**Imports:**  
**Crude oil**  
**(\$16.8B in 2018)**



**Exports:**  
**Refined petroleum**  
**products**  
**(\$21.7B in 2018)**



# LOUISIANA 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. Louisiana 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 Louisiana and the United States.

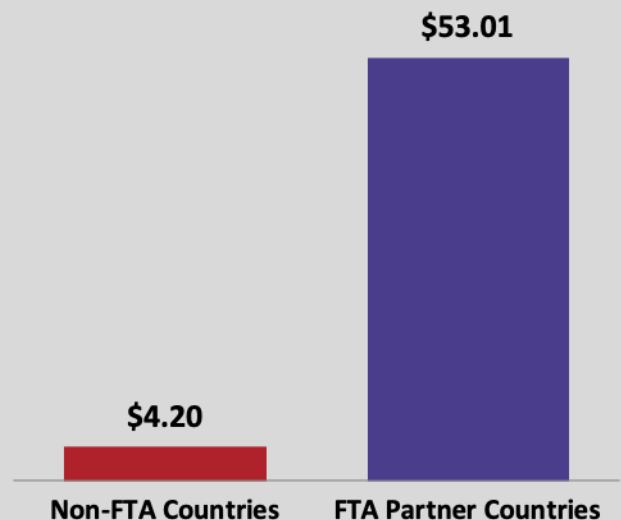
- In 2018, \$24.7 billion of Louisiana's goods exports, or 46 percent, went to FTA partners.
- Since 2009, Louisiana's goods exports to countries with FTAs in effect with the United States in 2018 have increased by 216 percent.
- Louisiana's exports to Canada and Mexico have increased by \$10.7 billion (1,249 percent) since NAFTA went into effect in 1994.
- Louisiana's exports to the Dominican Republic have increased by 1,175 percent – from \$171 million to \$909 million – since the FTA with the Dominican Republic took effect in 2007.
- Louisiana's exports to Chile of petroleum and coal products have increased from \$5.6 million to \$1.0 billion since the FTA with Chile went into effect in 2004.
- Korea bought \$2.6 billion of Louisiana's \$10.0 billion in oil and gas exports in 2018.
- In 2018, \$2.9 billion of Louisiana's services exports, or 28 percent, went to FTA partners.
- Louisiana's exports to Singapore of royalties from industrial processes have increased from \$7.4 million to \$67 million, or by 812 percent, since 2006 (earliest year available).

## By the Numbers

# 216%

Increase in Louisiana Goods Exports to FTA Partners Between 2009 and 2018

### Per Capita Purchases of Louisiana Goods, 2018



\* U.S. FTAs in effect with countries in 2018.

**In 2018, FTA partners purchased 12.6 times more goods per capita from Louisiana than non-FTA partners.**



# FOREIGN INVESTMENT IN LOUISIANA CREATES JOBS



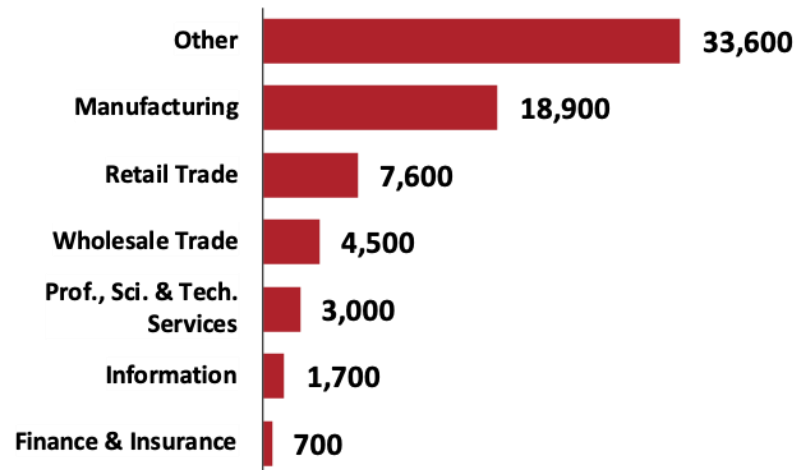
## Overview

Foreign-owned companies help grow the U.S. economy and jobs. In 2017, 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.

Louisiana is no exception. Foreign-owned companies make significant investments in Louisiana to open or expand facilities every year and are important customers for local goods and services providers. Subsidiaries of foreign-owned companies alone employed tens of thousands of workers in Louisiana in 2017, including:

- 16,200 workers employed by companies based in the United Kingdom;
- 10,700 workers employed by companies based in Canada;
- 10,300 workers employed by companies based in France;
- 5,900 workers employed by companies based in Germany;
- 4,800 workers employed by companies based in the Netherlands.

## Foreign-Owned Companies Employed 70,000 Louisiana Workers Across Many Industries, 2017



## Selected Foreign-Owned Companies Employing Workers in Louisiana

Company	Industry	Country
BASF Corp.	Chemicals Manufacturing	Germany
Hunting Energy Services	Oilfield Services	United Kingdom
KPMG LLP	Accounting Services	Netherlands
Rexel Inc.	Electrical Equipment Manufacturing	France
Schindler Elevator Corp.	Elevator Manufacturing	Switzerland
Solvay Chemicals	Chemicals Manufacturing	Belgium
Sparrows Offshore LLC	Oilfield Services	Scotland
Vallourec Tube-Alloy, LLC	Steel Product Manufacturing	France



# DATA SOURCES



## LOUISIANA JOBS DEPEND ON TWO-WAY TRADE

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

**Jobs-Tied-to-Trade:** Baughman and Francois, "Trade and American Jobs: The Impact of Trade on U.S. and State-Level Employment" (2020) ([https://s3.amazonaws.com/brt.org/Trade\\_and\\_American\\_Jobs\\_2020.pdf](https://s3.amazonaws.com/brt.org/Trade_and_American_Jobs_2020.pdf))

**Exporting Firm Wages:** Riker, "Export-Intensive Industries Pay More on Average: An Update" (2015) (<https://www.usitc.gov/publications/332/ec201704a.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 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>)

**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, 2017 – 2018" (<https://www.census.gov/foreign-trade/Press-Release/edb/2018/>)

## 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 USE IMPORTS TO MAKE COMPETITIVE PRODUCTS

**Importing Company Information:** Census, "A Profile of U.S. Importing and Exporting Companies, 2017 – 2018" (<https://www.census.gov/foreign-trade/Press-Release/edb/2018/>)

**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/>)

## 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

## FOREIGN INVESTMENT IN LOUISIANA CREATES JOBS

**Employment Data:** BEA "Direct Investment & Multinational Companies" database ([http://bea.gov/iTable/index\\_MNC.cfm](http://bea.gov/iTable/index_MNC.cfm))

**Foreign Investors:** Uniworld BP database of "Foreign Firms Operating in the United States" (<http://www.uniworldbp.com>)

