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 Michigan 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 Michigan. 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 Michigan recover as well.

Trade Creates & Supports Jobs in Michigan

- **International trade, including exports and imports, supported 1,118,900 Michigan jobs – nearly one in five in 2019.** These trade-related jobs grew six 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 Michigan's globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Michigan. *(See Michigan Jobs Depend On Two-Way Trade)*

- **Michigan exported $56.1 billion in goods and $14.9 billion in services in 2019,** including motor vehicles, motor vehicle parts, motor vehicle bodies and trailers and personal travel and tourism services. Of Michigan's 14,773 exporters, 89 percent are small- and medium-sized companies with less than 500 workers. *(See Michigan Businesses Grow With Exports)*

- **Customers in 207 countries and territories buy Michigan-made goods and services,** including billions of dollars in annual exports to top markets like Canada, Mexico and China. Michigan's exports have grown 0.8 percent per year since 2010. Policies that help Michigan businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(See Michigan Companies Export Throughout The World)*

- **Imports lower prices and increase choices for Michigan companies and families.** Lower raw material and input costs help Michigan 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 Michigan Companies and Families Benefit from Imports)*

- **Free trade agreements (FTAs) have helped fuel rapid export growth from Michigan to partner countries.** In 2019, $38 billion of Michigan's goods exports, or 67 percent, went to FTA partners. This represents an increase of 18 percent since 2010. *(See Michigan Needs Trade Agreements To Grow)*

- **Foreign-owned companies invest and build facilities and employ 317,000 workers in Michigan.** *(See Foreign Investment In Michigan Creates Jobs)*
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 Michigan. As the U.S. economy recovers and more Americans seek opportunities to work, policies that expand trade can create new jobs in Michigan and help it recover faster.

Trade Creates & Supports Jobs in Michigan

- Export growth increases jobs by generating new business for Michigan’s manufacturers, services providers and farmers. Imports support jobs and keep costs low, helping Michigan businesses compete and saving Michigan families real dollars at the cash register.
- Nearly one in five Michigan jobs depends upon international trade.
- Michigan’s trade-related employment grew six 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

1,118,900
Number of Jobs in Michigan Supported by Trade

Share of Jobs Tied to Trade
Increased 88 percent from 1992 to 2019

Jobs Tied to Trade
Top Sectors, 2019

<table>
<thead>
<tr>
<th>Industry</th>
<th>Jobs Tied to Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business and professional services</td>
<td>252,800</td>
</tr>
<tr>
<td>Personal and recreational services</td>
<td>224,400</td>
</tr>
<tr>
<td>Education and health services</td>
<td>172,500</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>154,000</td>
</tr>
<tr>
<td>Construction</td>
<td>58,700</td>
</tr>
</tbody>
</table>

Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
www.brt.org/trade
Overview

Michigan exported an estimated $56.1 billion in goods and $14.9 billion in services in 2019. Between 2010 and 2019, Michigan goods exports have increased by 24 percent and services exports by 46 percent. Large companies now account for 81 percent of the value of Michigan’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 Michigan Exports

- Michigan ranks among the top 5 state exporters in 21 industries, including first in motor vehicles ($13.0 billion), motor vehicle parts ($10.9 billion), motor vehicle bodies and trailers ($2.5 billion), glass and glass products ($1.1 billion), and household and institutional furniture ($322 million).
- Michigan is America’s 19th largest exporter of agricultural products. It is the eighth largest exporter of vegetables and melons, the 10th largest exporter of greenhouse and nursery products, the 12th largest exporter of oilseeds and grains, and the 13th largest exporter of swine.
- One of Michigan’s fastest growing export categories is pharmaceuticals and medicines, which increased by 181 percent since 2010. In 2019, exports of these products reached $1.4 billion.

By the Numbers

14,773

Number of Michigan Businesses that Exported in 2018

By the Numbers: Share of Michigan Exporters that Are Small- & Medium-Sized Businesses

88%

Top Michigan Exports, 2019

Goods
Motor Vehicles: $13.0 billion
Motor Vehicle Parts: $10.9 billion
Motor Vehicle Bodies & Trailers: $2.5 billion
Misc. General Purpose Machinery: $1.7 billion
Resins & Synthetic Fibers: $1.4 billion

Services
Personal Travel & Tourism: $2.0 billion
Misc. Freight & Port Services: $1.4 billion
Passenger Fares: $1.3 billion

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In 2019, Michigan companies sold their products in 207 countries and territories.

Top export markets include:

- **Canada**: Goods Exports: $23.0 billion, Services Exports: $2.3 billion
- **United Kingdom**: Goods Exports: $891 million, Services Exports: $1.1 billion
- **China**: Goods Exports: $3.4 billion, Services Exports: $1.1 billion
- **Mexico**: Goods Exports: $11.2 billion, Services Exports: $594 million
- **Germany**: Goods Exports: $2.0 billion, Services Exports: $578 million
- **Japan**: Goods Exports: $1.5 billion, Services Exports: $844 million

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

- Michigan’s annual exports grew 0.8 percent per year since 2010.
- Michigan's top export markets for goods are Canada, Mexico, and China. Its top market for services is Canada.
- Michigan's goods exports to Vietnam have grown by 42 percent per year since 2010, while Michigan's services exports to Switzerland have grown by 11 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Michigan 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 Michigan companies and families. Imported consumer goods help keep prices down for Michigan families while increasing choices for foods and other products that are not available locally. Imported inputs help Michigan 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.

Michigan Families Benefit from Imports
- In 2019, 18 percent of Michigan's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Michigan 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 Michigan family of four more than $10,000 per year through lower prices and increased specialization.

Most Importers are Small Businesses
- In 2019, 10,277 Michigan companies imported goods from 183 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.

Michigan Exports and Imports are Linked Through Global Value Chains
- In 2019, 82 percent of Michigan goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Michigan's top imports are critical components for Michigan exports. Conversely, Michigan exports of raw materials and parts may return to the United States in imported finished goods.
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. Michigan 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 Michigan and United States.

- In 2019, $38 billion of Michigan's goods exports, or 67 percent, went to FTA partners.
- Since 2010, Michigan's goods exports to countries with FTAs in effect with the United States in 2019 have increased by 18 percent.
- Michigan's exports to Canada and Mexico have increased by $16 billion (90 percent) since NAFTA went into effect in 1994.
- Michigan's exports to Chile have increased by 315 percent – from $65 million to $271 million – since the FTA with Chile took effect in 2004.
- Michigan's exports to Korea of motor vehicles have increased from $153 million to $508 million since the FTA with Korea went into effect in 2012.
- Canada bought 69 percent – $1.7 billion out of $2.5 billion – of Michigan’s exports of motor vehicle bodies and trailers in 2019.
- In 2019, $4.8 billion of Michigan's services exports, or 32 percent, went to FTA partners.
- Michigan's exports to Korea of personal travel have increased from $39 million to $84 million, or by 117 percent, since 2011.

**By the Numbers**

18%

Increase in Michigan Goods Exports to FTA Partners Between 2010 and 2019

Per Capita Purchases of Michigan Goods, 2019

|$79.58 |

$2.71

Non-FTA Countries FTA Partner Countries

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

In 2019, FTA partners purchased 29.4 times more goods per capita from Michigan 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.

Michigan is no exception. Foreign-owned companies make significant investments in Michigan 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 Michigan in 2019, including:

- 52,100 workers employed by companies based in Germany;
- 38,700 workers employed by companies based in the United Kingdom;
- 35,000 workers employed by companies based in Japan;
- 30,600 workers employed by companies based in Canada;
- 29,700 workers employed by companies based in France.

Foreign-Owned Companies Employed 317,000 Michigan Workers Across Many Industries, 2019

<table>
<thead>
<tr>
<th>Industry</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>202,300</td>
</tr>
<tr>
<td>Other</td>
<td>54,400</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>16,300</td>
</tr>
<tr>
<td>Prof., Sci. &amp; Tech. Services</td>
<td>15,400</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>12,400</td>
</tr>
<tr>
<td>Information</td>
<td>9,700</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>6,700</td>
</tr>
</tbody>
</table>

Selected Foreign-Owned Companies Employing Workers in Michigan

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benteler Steel &amp; Tube Corp.</td>
<td>Steel product and motor vehicle parts</td>
<td>Austria</td>
</tr>
<tr>
<td></td>
<td>manufacturing</td>
<td></td>
</tr>
<tr>
<td>Element Materials Technology</td>
<td>Testing services</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Energy Developments -</td>
<td>Energy distribution</td>
<td>Australia</td>
</tr>
<tr>
<td>Faurecia</td>
<td>Motor vehicle parts manufacturing</td>
<td>France</td>
</tr>
<tr>
<td>Magna</td>
<td>Motor vehicle parts manufacturing</td>
<td>Canada</td>
</tr>
<tr>
<td>Securitas Security Services USA Inc. (HQ)</td>
<td>Security services</td>
<td>Sweden</td>
</tr>
<tr>
<td>Tim Hortons Inc.</td>
<td>Food retailing</td>
<td>Canada</td>
</tr>
<tr>
<td>Wacker Chemical Corporation</td>
<td>Chemical products manufacturing</td>
<td>Germany</td>
</tr>
</tbody>
</table>

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MICHIGAN JOBS DEPEND ON TWO-WAY TRADE

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


MICHIGAN 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)


MICHIGAN COMPANIES EXPORT THROUGHOUT THE WORLD


MICHIGAN 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/)

MICHIGAN NEEDS TRADE AGREEMENTS TO GROW


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

FOREIGN INVESTMENT IN MICHIGAN 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)