

HOW MISSOURI'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 Missouri 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 Missouri. 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 Missouri recover.

Trade Creates & Supports Jobs in Missouri

- **International trade, including exports and imports, supported 767,200 Missouri jobs – one in five in 2018.** These trade-related jobs grew six 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 Missouri's globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Missouri. *(See Missouri Jobs Depend On Two-Way Trade)*
- **Missouri exported \$15.7 billion in goods and \$9.8 billion in services in 2018,** including motor vehicles, oilseeds and grains, aerospace products and parts and travel services. Of Missouri's 6,228 exporters, 85 percent are small- and medium-sized companies with less than 500 workers. *(See Missouri Businesses Grow With Exports)*
- **Customers in 197 countries and territories buy Missouri-made goods and services,** including billions of dollars in annual exports to top markets like Canada, Mexico and China. Missouri's goods exports have grown about 80 percent faster than state GDP since 2009. Policies that help Missouri businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(See Missouri Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Missouri companies and families.** Lower raw material and input costs help Missouri 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 Missouri Companies and Families Benefit from Imports)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Missouri to partner countries.** In 2018, \$9.6 billion of Missouri's goods exports, or 61 percent, went to FTA partners. This represents an increase of 80 percent since 2009. *(See Missouri Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 128,600 workers in Missouri.** *(See Foreign Investment In Missouri Creates Jobs)*



MISSOURI 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 Missouri. Policies that expand trade can create new job opportunities in Missouri and help it recover faster.

Trade Creates & Supports Jobs in Missouri

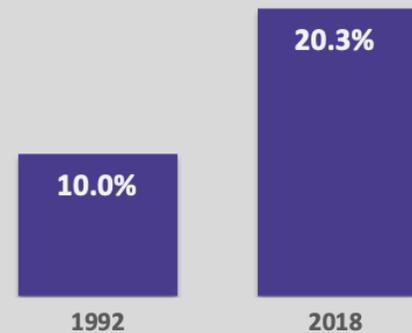
- Export growth increases jobs by generating new business for Missouri's manufacturers, services providers and farmers. Imports support jobs and keep costs low, helping Missouri businesses compete and saving Missouri families real dollars at the cash register.
- One in five Missouri jobs depends upon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

767,200

Number of Jobs in Missouri Supported by Trade

Share of Jobs Tied to Trade
Increased 103 percent from 1992 to 2018



Jobs Tied to Trade
Top Sectors, 2018

Trade & Distribution	182,100
Prof., Scient. & Tech. Services	117,500
Personal & Rec. Services	42,800
Construction	33,300
Transportation & Warehousing	23,000



MISSOURI BUSINESSES GROW WITH EXPORTS



Overview

Missouri exported an estimated \$15.7 billion in goods and \$9.8 billion in services in 2018. Between 2009 and 2018, Missouri goods exports have increased by 49 percent and services exports by 49 percent. Large companies now account for 75 percent of the value of Missouri'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 Missouri Exports

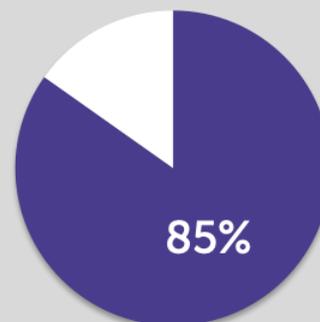
- Missouri ranks among the top 10 state exporters in 10 industries, including first in swine (\$4.8 million), second in leather and hide tanning (\$154 million), third in miscellaneous transportation equipment (\$421 million), and seventh in oilseeds and grains (\$1.9 billion).
- Missouri is America's 11th largest exporter of agricultural products. It is the largest exporter of swine, the seventh largest exporter of oilseeds and grains, the 20th largest exporter of aquaculture, and the 22nd largest exporter of cattle.
- One of Missouri's fastest growing export categories is miscellaneous transportation equipment, which increased by 73 percent since 2009. In 2018, exports of these products reached \$421 million.

By the Numbers

6,228

Number of Missouri Businesses that Exported in 2018

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



Top Missouri Exports, 2018

Goods

Motor Vehicles	\$2.1 billion
Oilseeds & Grains	\$1.9 billion
Aerospace Products & Parts	\$999 million
Basic Chemicals	\$969 million
Pharmaceuticals & Medicines	\$745 million

Services

Travel	\$2.9 billion
Royalties from Industrial Processes	\$664 million
Misc. Financial Services	\$655 million

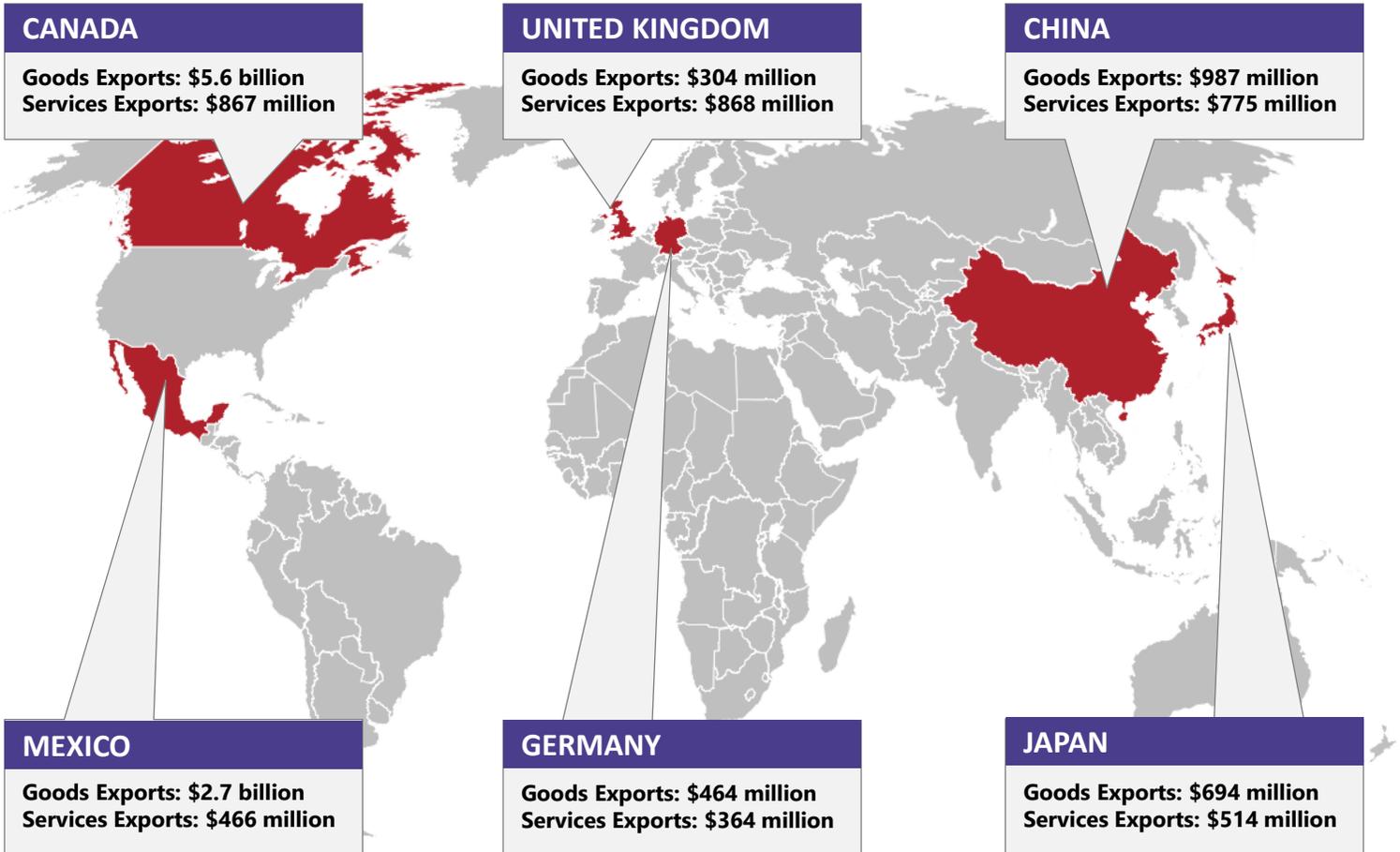


MISSOURI COMPANIES EXPORT THROUGHOUT THE WORLD



In 2018, Missouri companies sold their products in 197 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Missouri Economy Grow

- Goods and services exports accounted for 8.0 percent of Missouri's state GDP in 2018.
- Missouri's exports have grown about 80 percent faster than state GDP since 2009. The average annual export growth during this period was 4.8 percent, while the average annual state GDP growth was 2.7 percent.
- Missouri's top export markets for goods are Canada, Mexico, and China. Its top market for services is the United Kingdom.
- Missouri's goods exports to Vietnam have grown by 29 percent per year since 2009, while Missouri's services exports to Singapore have grown by 13 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Missouri businesses, workers, and farmers reach the growing number of customers around the world.



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MISSOURI COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



Overview

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

Missouri Families Benefit from Imports

- In 2018, 31 percent of Missouri's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Missouri 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 Missouri 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, 5,906 Missouri companies imported goods from 152 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.

Missouri Exports and Imports are Linked Through Global Value Chains

- In 2018, 69 percent of Missouri goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Missouri's top imports are critical components for Missouri exports. Conversely, Missouri exports of raw materials and parts may return to the United States in imported finished goods.



Imports:
Auto parts
(\$924M in 2018)



Exports:
Transport vehicles
(\$2.0B in 2018)



MISSOURI 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. Missouri 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 Missouri and the United States.

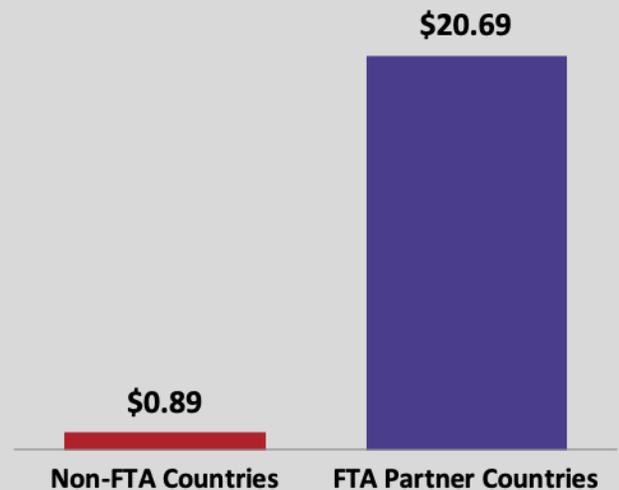
- In 2018, \$9.6 billion of Missouri's goods exports, or 61 percent, went to FTA partners.
- Since 2009, Missouri's goods exports to countries with FTAs in effect with the United States in 2018 have increased by 80 percent.
- Missouri's exports to Canada and Mexico have increased by \$6.4 billion (334 percent) since NAFTA went into effect in 1994.
- Missouri's exports to Chile have more than quadrupled – from \$20 million to \$87 million – since the FTA with Chile took effect in 2004.
- Missouri's exports to Singapore of miscellaneous transportation equipment have increased from \$25,000 to \$46 million since the FTA with Singapore went into effect in 2004.
- Mexico bought most – \$135 million out of \$162 million – of Missouri's exports of beverages in 2018.
- In 2018, \$2.6 billion of Missouri's services exports, or 26 percent, went to FTA partners.
- Missouri's exports to Singapore of R&D and testing services have increased from \$1.3 million to \$65 million, or five-fold, since 2006 (earliest year available).

By the Numbers

80%

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

Per Capita Purchases of Missouri Goods, 2018



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

In 2018, FTA partners purchased 23.1 times more goods per capita from Missouri than non-FTA partners.



FOREIGN INVESTMENT IN MISSOURI CREATES JOBS



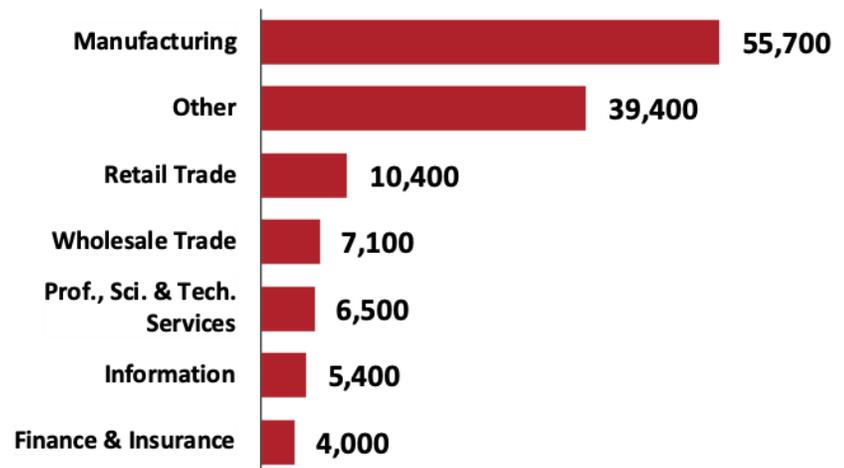
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Foreign-owned companies help grow the U.S. economy and jobs. In 2017, foreign-owned companies added over \$1 trillion to U.S. GDP, including goods exports of \$380 billion and R&D spending of over \$60 billion. They employed 7.4 million workers in the United States, including 2 million workers – or 1 out of every 6 – in the manufacturing sector.

Missouri is no exception. Foreign-owned companies make significant investments in Missouri to open or expand facilities every year and are important customers for local goods and services providers. Subsidiaries of foreign-owned companies alone employed nearly 130,000 workers in Missouri in 2017, including:

- 26,100 workers employed by companies based in the United Kingdom;
- 14,900 workers employed by companies based in Germany;
- 12,100 workers employed by companies based in Canada;
- 12,100 workers employed by companies based in Japan;
- 11,000 workers employed by companies based in France.

Foreign-Owned Companies Employed 128,600 Missouri Workers Across Many Industries, 2017



Selected Foreign-Owned Companies Employing Workers in Missouri

Company	Industry	Country
BASF Corp.	Chemicals Manufacturing	Germany
Bull Moose Tube Co.	Steel Product Manufacturing	United Kingdom
Cemex	Cement Manufacturing	Mexico
Dassault Falcon Jet Corp.	Aerospace Products Manufacturing	France
Henkel Corporation	Chemical Manufacturing	Germany
Kawasaki Motors Manufacturing	Engine Manufacturing	Japan
Stantec, Inc.	Architecture, Engineering & Design Services	Canada
Toyota Motor Manufacturing	Automotive Manufacturing	Japan



DATA SOURCES



MISSOURI 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)

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>)

MISSOURI 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/>)

MISSOURI 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>)

MISSOURI 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/>)

MISSOURI NEEDS TRADE AGREEMENTS TO GROW

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

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

FOREIGN INVESTMENT IN MISSOURI 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>)

