

HOW NEBRASKA'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 Nebraska 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 Nebraska. 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 Nebraska recover.

Trade Creates & Supports Jobs in Nebraska

- **International trade, including exports and imports, supported 270,700 Nebraska jobs – one in five in 2018.** These trade-related jobs grew four 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 Nebraska's globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Nebraska. *(See Nebraska Jobs Depend On Two-Way Trade)*
- **Nebraska exported \$10.1 billion in goods and \$2.2 billion in services in 2018,** including oilseeds and grains, meat products, agriculture and construction machinery and travel services. Of Nebraska's 1,870 exporters, 80 percent are small- and medium-sized companies with less than 500 workers. *(See Nebraska Businesses Grow With Exports)*
- **Customers in 175 countries and territories buy Nebraska-made goods and services,** including billions of dollars in annual exports to top markets like Mexico, Canada and Japan. Nebraska's goods exports have grown more than 25 percent faster than state GDP since 2009. Policies that help Nebraska businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(See Nebraska Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Nebraska companies and families.** Lower raw material and input costs help Nebraska 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 Nebraska Companies and Families Benefit from Imports)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Nebraska to partner countries.** In 2018, \$5.1 billion of Nebraska's goods exports, or 51 percent, went to FTA partners. This represents an increase of 51 percent since 2009. *(See Nebraska Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 31,400 workers in Nebraska.** *(See Foreign Investment In Nebraska Creates Jobs)*



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

Trade Creates & Supports Jobs in Nebraska

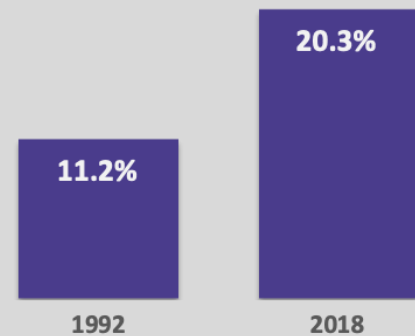
- Export growth increases jobs by generating new business for Nebraska's manufacturers, services providers and farmers. Imports support jobs and keep costs low, helping Nebraska businesses compete and saving Nebraska families real dollars at the cash register.
- One in five Nebraska jobs depends upon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

270,700

Number of Jobs in Nebraska Supported by Trade

Share of Jobs Tied to Trade
Increased 80 percent from 1992 to 2018



Jobs Tied to Trade Top Sectors, 2018

Trade & Distribution	60,300
Prof., Scient. & Tech. Services	35,900
Personal & Rec. Services	14,700
Construction	13,100
Agriculture	11,700



NEBRASKA BUSINESSES GROW WITH EXPORTS



Overview

Nebraska exported an estimated \$10.1 billion in goods and \$2.2 billion in services in 2018. Between 2009 and 2018, Nebraska goods exports have increased by 44 percent and services exports by 68 percent. Large companies now account for 82 percent of the value of Nebraska'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 Nebraska Exports

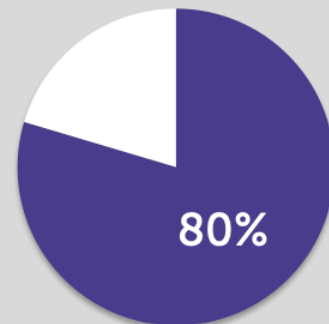
- Nebraska ranks among the top 10 state exporters in nine industries, including second in meat products (\$2.2 billion), third in oilseeds and grains (\$3.2 billion) and in leather and hide tanning (\$81 million), and sixth in grain and oilseed milling products (\$598 million).
- Nebraska is America's fifth largest exporter of agricultural products. It is the third largest exporter of oilseeds and grains, the sixth largest exporter of swine, the 19th largest exporter of vegetables and melons, and the 25th largest exporter of fruits and tree nuts.
- One of Nebraska's fastest growing export categories is medical equipment and supplies, which increased by 11 percent since 2009. In 2018, exports of these products reached \$217 million.

By the Numbers

1,870

Number of Nebraska Businesses that Exported in 2018

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



Top Nebraska Exports, 2018

Goods

Oilseeds & Grains	\$3.2 billion
Meat Products	\$2.2 billion
Ag. & Construction Machinery	\$685 million
Grain & Oilseed Milling Products	\$598 million
Pesticides & Fertilizers	\$347 million

Services

Travel	\$444 million
Insurance Services	\$340 million
Equip. Install., Maint., & Repair	\$217 million

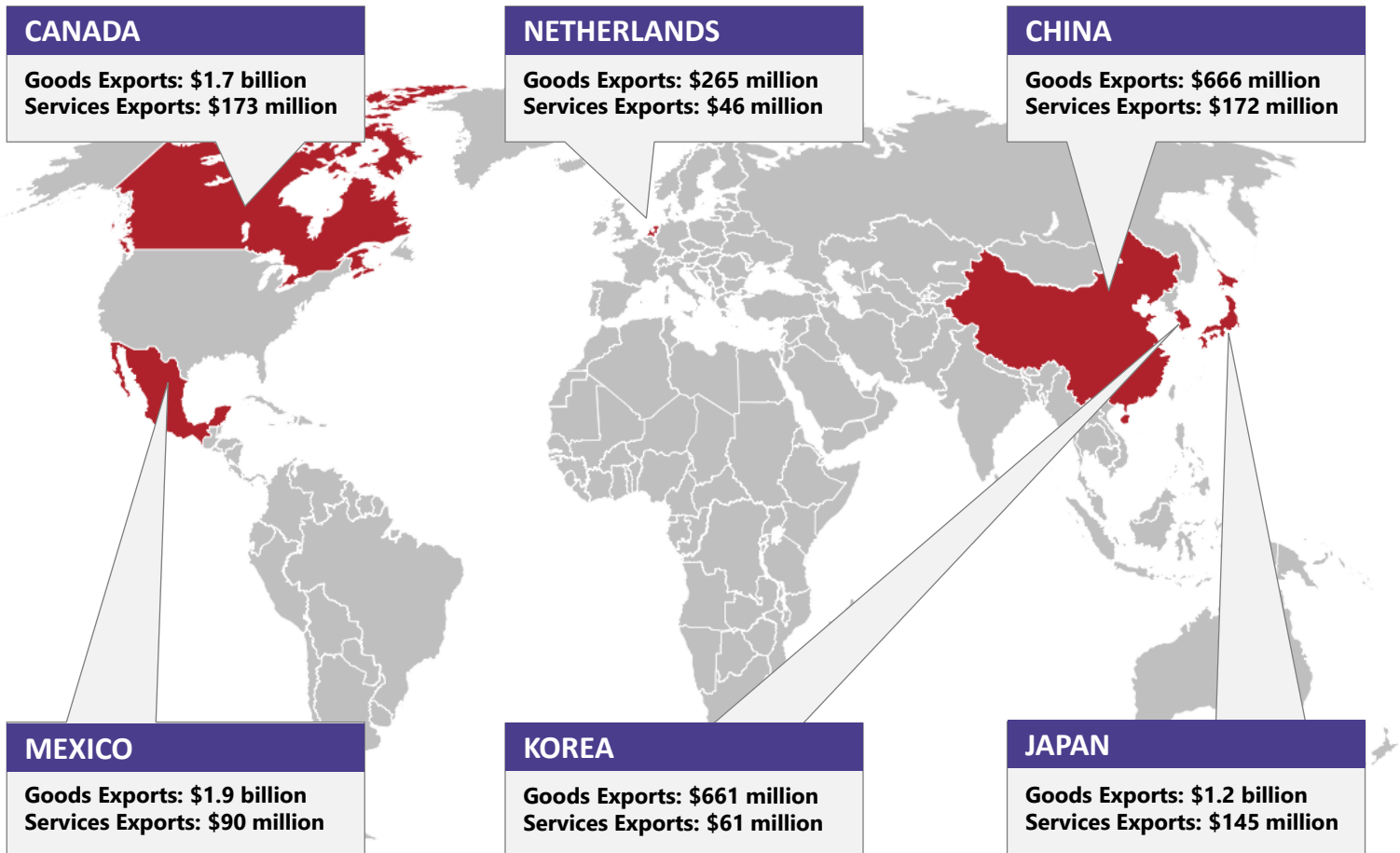


NEBRASKA COMPANIES EXPORT THROUGHOUT THE WORLD



In 2018, Nebraska companies sold their products in 175 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Nebraska Economy Grow

- Goods and services exports accounted for 9.9 percent of Nebraska's state GDP in 2018.
- Nebraska's exports have grown more than 25 percent faster than state GDP since 2009. The average annual export growth during this period was 5.1 percent, while the average annual state GDP growth was 4.1 percent.
- Nebraska's top export markets for goods are Mexico, Canada, and Japan. Its top market for services is the United Kingdom.
- Nebraska's goods exports to Vietnam have grown by 51 percent per year since 2009, while Nebraska's services exports to China have grown by 16 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Nebraska businesses, workers, and farmers reach the growing number of customers around the world.



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NEBRASKA COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



Overview

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

Nebraska Families Benefit from Imports

- In 2018, 33 percent of Nebraska's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Nebraska 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 Nebraska 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, 1,851 Nebraska companies imported goods from 116 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.

Nebraska Exports and Imports are Linked Through Global Value Chains

- In 2018, 67 percent of Nebraska goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Nebraska's top imports are critical components for Nebraska exports. Conversely, Nebraska exports of raw materials and parts may return to the United States in imported finished goods.



Imports:
Forage harvesters
(\$143M in 2018)



Exports:
Beef products
(\$1.3B in 2018)



NEBRASKA 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. Nebraska 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 Nebraska and the United States.

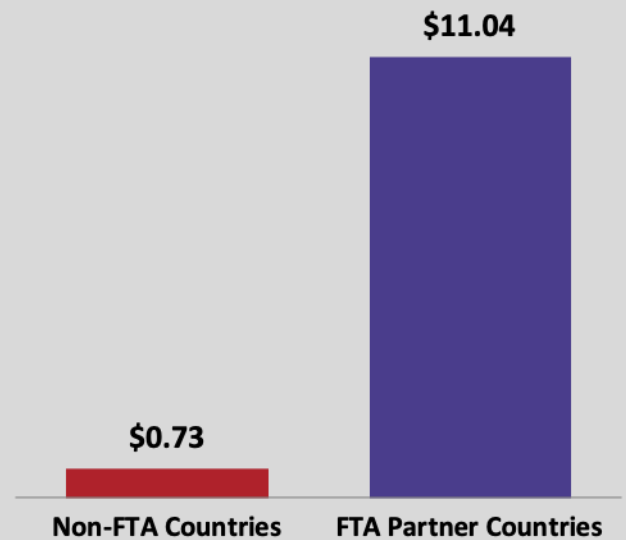
- In 2018, \$5.1 billion of Nebraska's goods exports, or 51 percent, went to FTA partners.
- Since 2009, Nebraska's goods exports to countries with FTAs in effect with the United States in 2018 have increased by 51 percent.
- Nebraska's exports to Canada and Mexico have increased by \$3.2 billion (760 percent) since NAFTA went into effect in 1994.
- Nebraska's exports to Chile have increased ten-fold – from \$5.9 million to \$68 million – since the FTA with Chile took effect in 2004.
- Nebraska's exports to Australia of meat products have increased from \$198,000 to \$58 million since the FTA with Australia went into effect in 2005.
- Korea bought nearly half – \$12 million out of \$28 million – of Nebraska's exports of commercial and service industry machinery in 2018.
- In 2018, \$540 million of Nebraska's services exports, or 24 percent, went to FTA partners.
- Nebraska's exports to Australia of insurance services have increased from \$2.4 million to \$27 million, or by over 800 percent, since 2006 (earliest year available).

By the Numbers

51%

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

Per Capita Purchases of Nebraska Goods, 2018



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

In 2018, FTA partners purchased 15.1 times more goods per capita from Nebraska than non-FTA partners.



FOREIGN INVESTMENT IN NEBRASKA CREATES JOBS



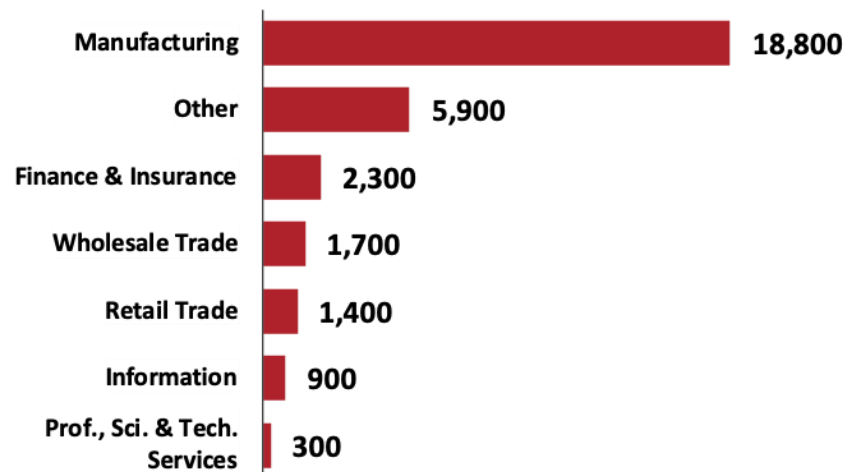
Overview

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.

Nebraska is no exception. Foreign-owned companies make significant investments in Nebraska 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 Nebraska in 2017, including:

- 4,700 workers employed by companies based in Japan;
- 3,900 workers employed by companies based in the United Kingdom;
- 3,300 workers employed by companies based in France;
- 2,100 workers employed by companies based in Switzerland;
- 1,900 workers employed by companies based in Canada.

Foreign-Owned Companies Employed 31,400 Nebraska Workers Across Many Industries, 2017



Selected Foreign-Owned Companies Employing Workers in Nebraska

Company	Industry	Country
KPMG LLP	Accounting Services	Netherlands
Nutrien Ag Solutions	Fertilizer Manufacturing	Canada
BAE Systems Inc.	Defense/Security/Aerospace Services	United Kingdom
Coreslab Structures	Building Materials Manufacturing	Canada
Evonik Corp.	Chemical Manufacturing	Germany
Novus Glass	Automotive Parts Manufacturing	Canada
Kawasaki Motors Manufacturing	Engine Manufacturing	Japan
UBS Financial Services	Financial Services	Switzerland



DATA SOURCES



NEBRASKA 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>)

NEBRASKA 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/>)

NEBRASKA 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>)

NEBRASKA 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/>)

NEBRASKA NEEDS TRADE AGREEMENTS TO GROW

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

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

FOREIGN INVESTMENT IN NEBRASKA 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>)

