

HOW OHIO'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 Ohio 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 Ohio. 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 Ohio recover.

Trade Creates & Supports Jobs in Ohio

- **International trade, including exports and imports, supported 1,396,900 Ohio 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 Ohio's globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Ohio. *(See Ohio Jobs Depend On Two-Way Trade)*
- **Ohio exported \$53.4 billion in goods and \$16.6 billion in services in 2018,** including aerospace products and parts, motor vehicle parts, motor vehicles and travel services. Of Ohio's 16,491 exporters, 89 percent are small- and medium-sized companies with less than 500 workers. *(See Ohio Businesses Grow With Exports)*
- **Customers in 208 countries and territories buy Ohio-made goods and services,** including billions of dollars in annual exports to top markets like Canada, Mexico and China. Ohio's goods exports have grown about 35 percent faster than state GDP since 2009. Policies that help Ohio businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(See Ohio Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Ohio companies and families.** Lower raw material and input costs help Ohio 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 Ohio Companies and Families Benefit from Imports)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Ohio to partner countries.** In 2018, \$31.6 billion of Ohio's goods exports, or 59 percent, went to FTA partners. This represents an increase of 63 percent since 2009. *(See Ohio Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 272,800 workers in Ohio.** *(See Foreign Investment In Ohio Creates Jobs)*



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

Trade Creates & Supports Jobs in Ohio

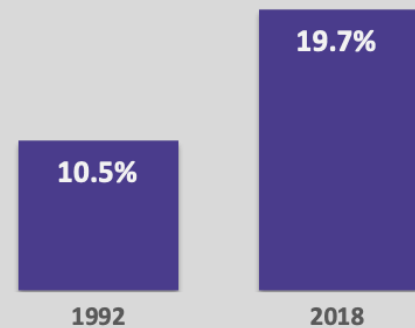
- Export growth increases jobs by generating new business for Ohio's manufacturers, services providers and farmers. Imports support jobs and keep costs low, helping Ohio businesses compete and saving Ohio families real dollars at the cash register.
- One in five Ohio jobs depends upon international trade.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

1,396,900

Number of Jobs in Ohio
Supported by Trade

Share of Jobs Tied to Trade
Increased 88 percent from 1992 to 2018



Jobs Tied to Trade Top Sectors, 2018

Trade & Distribution	332,900
Prof., Scient. & Tech. Services	219,600
Personal & Rec. Services	81,300
Construction	59,700
Transportation & Warehousing	47,700



OHIO BUSINESSES GROW WITH EXPORTS



Overview

Ohio exported an estimated \$53.4 billion in goods and \$16.6 billion in services in 2018. Between 2009 and 2018, Ohio goods exports have increased by 54 percent and services exports by 61 percent. Large companies now account for 77 percent of the value of Ohio'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 Ohio Exports

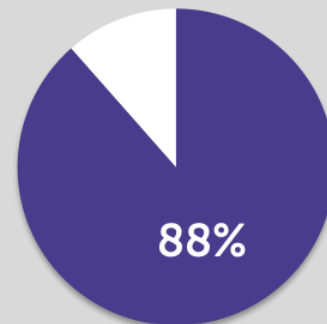
- Ohio ranks among the top five state exporters in 37 industries, including first in tobacco products (\$754 million), in crowns, closures and seals (\$234 million), second in iron, steel and ferroalloys (\$1.3 billion), and second in household appliances (\$861 million).
- Ohio is America's 10th largest exporter of agricultural products. It is the second largest exporter of cattle, the third largest exporter of swine, the fifth largest exporter of poultry and eggs, and the seventh largest exporter of greenhouse and nursery products.
- One of Ohio's fastest growing export categories is soaps, cleaning agents and toiletries, which increased by 4 percent since 2009. In 2018, exports of these products reached \$2.0 billion.

By the Numbers

16,491

Number of Ohio Businesses that Exported in 2018

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



Top Ohio Exports, 2018

Goods

Aerospace Products & Parts	\$5.6 billion
Motor Vehicle Parts	\$5.0 billion
Motor Vehicles	\$4.6 billion
Misc. General Purpose Machinery	\$2.0 billion
Soaps, Cleaning Agents & Toiletries	\$2.0 billion

Services

Travel	\$2.7 billion
Royalties from Industrial Processes	\$1.5 billion
Air Freight & Port Services	\$1.5 billion

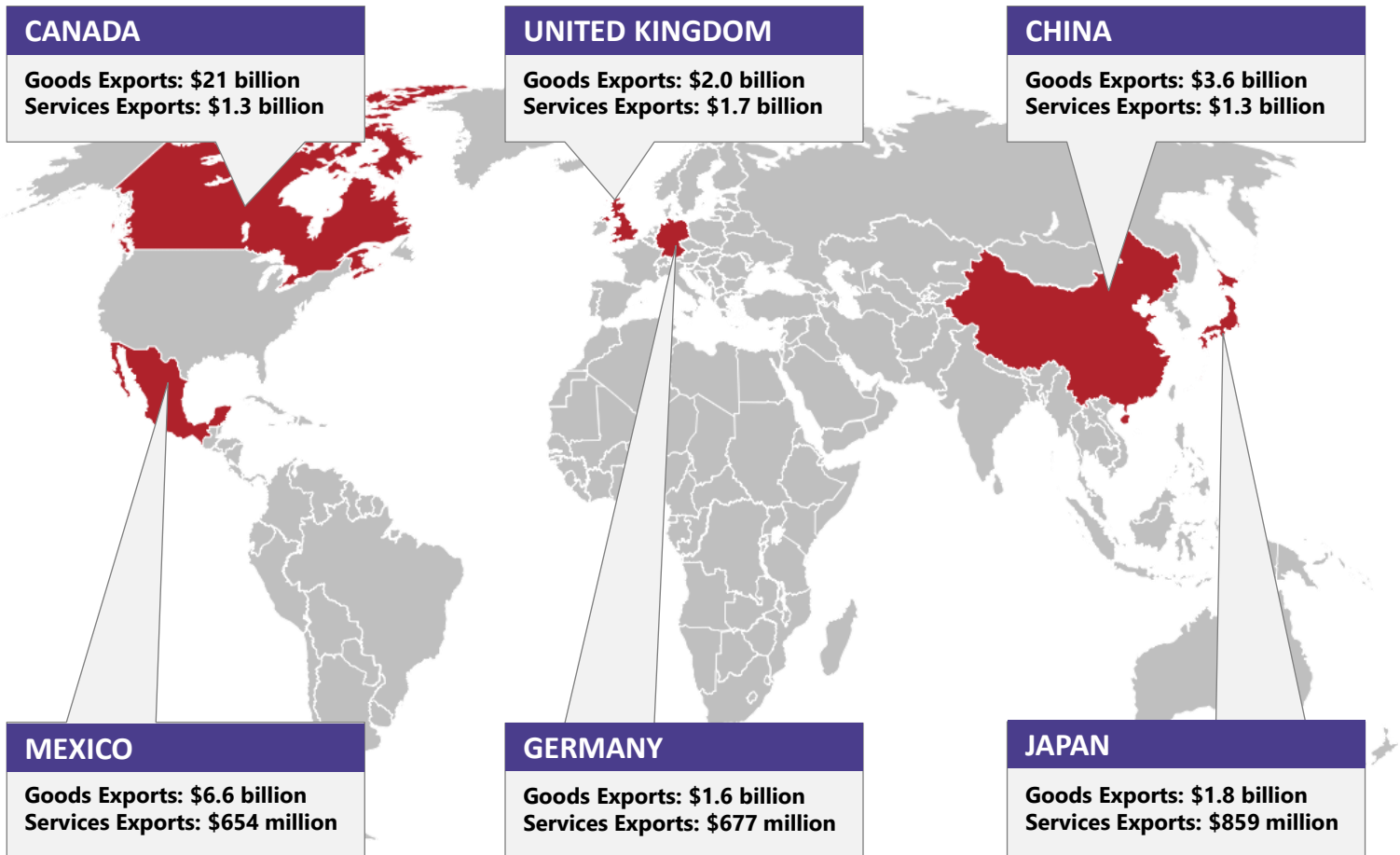


OHIO COMPANIES EXPORT THROUGHOUT THE WORLD



In 2018, Ohio companies sold their products in 208 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Ohio Economy Grow

- Goods and services exports accounted for 10.3 percent of Ohio's state GDP in 2018.
- Ohio's exports have grown about 35 percent faster than state GDP since 2009. The average annual export growth during this period was 5.2 percent, while the average annual state GDP growth was 3.9 percent.
- Ohio's top export markets for goods are Canada, Mexico, and China. Its top market for services is the United Kingdom.
- Ohio's goods exports to Vietnam have grown by 20 percent per year since 2009, while Ohio's services exports to China have grown by 15 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Ohio businesses, workers, and farmers reach the growing number of customers around the world.



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OHIO COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



Overview

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

Ohio Families Benefit from Imports

- In 2018, 34 percent of Ohio's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Ohio 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 Ohio 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, 11,528 Ohio companies imported goods from 180 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.

Ohio Exports and Imports are Linked Through Global Value Chains

- In 2018, 66 percent of Ohio goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Ohio's top imports are critical components for Ohio exports. Conversely, Ohio exports of raw materials and parts may return to the United States in imported finished goods.



Imports:
Turbojet engine parts
(\$1.2B in 2018)



Exports:
Aerospace products
(\$5.3B in 2018)



OHIO 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. Ohio 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 Ohio and the United States.

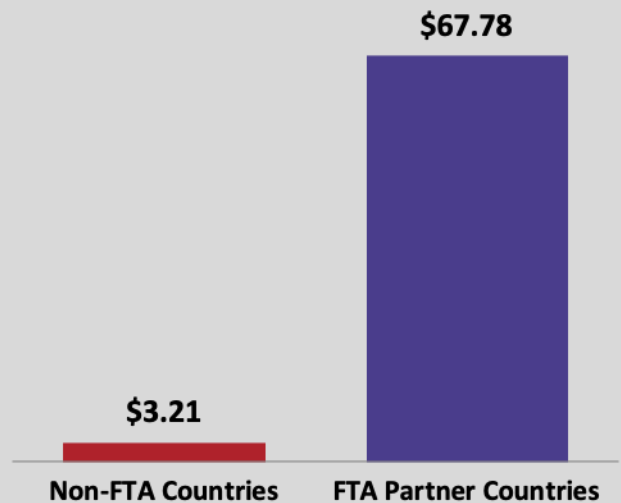
- In 2018, \$31.6 billion of Ohio's goods exports, or 59 percent, went to FTA partners.
- Since 2009, Ohio's goods exports to countries with FTAs in effect with the United States in 2018 have increased by 63 percent.
- Ohio's exports to Canada and Mexico have more than tripled to \$19.0 billion since NAFTA went into effect in 1994.
- Ohio's exports to Panama have increased by 152 percent – from \$51 million to \$128 million – since the FTA with Panama took effect in 2012.
- Ohio's exports to Singapore of soaps, cleaning agents and toiletries have increased from \$1.4 million to \$88 million since the FTA with Singapore went into effect in 2004.
- Canada bought nearly all – about \$750 million – of Ohio's exports of tobacco products in 2018.
- In 2018, \$3.8 billion of Ohio's services exports, or 23 percent, went to FTA partners.
- Ohio's exports to Korea of equipment installation, maintenance, and repair services have increased from \$18 million to \$51 million, or by over 138 percent, since 2011.

By the Numbers

63%

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

Per Capita Purchases of Ohio Goods, 2018



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

In 2018, FTA partners purchased 21.1 times more goods per capita from Ohio than non-FTA partners.



FOREIGN INVESTMENT IN OHIO CREATES JOBS



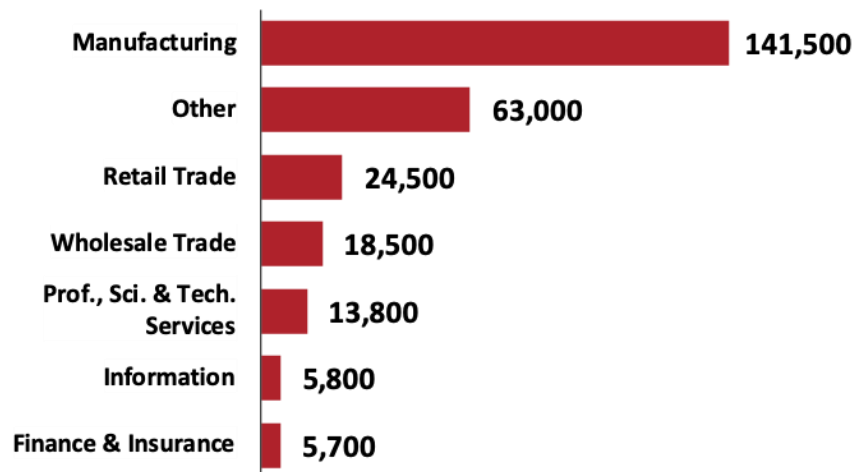
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Foreign-owned companies help grow the U.S. economy and jobs. In 2017, foreign-owned companies added over \$1 trillion to U.S. GDP, including goods exports of \$380 billion and R&D spending of over \$60 billion. They employed 7.4 million workers in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

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

- 64,200 workers employed by companies based in Japan;
- 46,200 workers employed by companies based in the United Kingdom;
- 34,700 workers employed by companies based in Germany;
- 24,800 workers employed by companies based in Canada;
- 19,500 workers employed by companies based in Switzerland.

Foreign-Owned Companies Employed 272,800 Ohio Workers Across Many Industries, 2017



Selected Foreign-Owned Companies Employing Workers in Ohio

Company	Industry	Country
ABB Inc.	Power Distribution Services & Equip.	Switzerland
Akzo Nobel Coatings Inc.	Chemicals Manufacturing	Netherlands
BASF Corp.	Chemicals Manufacturing	Germany
Ernst & Young	Accounting Services	United Kingdom
Fauericia Emissions Control	Motor Vehicle Parts Manufacturer	France
Honda Manufacturing	Automotive Manufacturing	Japan
Husky Energy Inc.	Energy Production	Canada
Trader Joe's	Food Retailing	Germany



DATA SOURCES



OHIO 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>)

OHIO 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/>)

OHIO 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>)

OHIO 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/>)

OHIO NEEDS TRADE AGREEMENTS TO GROW

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

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

FOREIGN INVESTMENT IN OHIO 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>)

