HOW TEXAS' ECONOMY BENEFITS FROM TRADE & INVESTMENT

Overview

With more than 95 percent of the world’s population and 80 percent of the world’s purchasing power outside the United States, future economic growth and jobs for Texas and America increasingly depend on expanding U.S. trade and investment opportunities in the global marketplace.

The following pages feature key facts and figures drawn from new Business Roundtable research, U.S. government data, and other data sources that demonstrate the benefits of international trade and investment to economic growth and jobs in Texas.

Trade Creates & Supports Jobs in Texas

• **International trade, including exports and imports, supports 3,141,000 Texas jobs – nearly one in five.** These trade-related jobs grew nearly three times faster than total employment from 1992 to 2017 and are at large and small companies, on farms, in factories, and at the headquarters of Texas’ globally engaged firms. *(See Texas Jobs Depend On Two-Way Trade)*

• **Texas exported $261.3 billion in goods and $59.5 billion in services in 2017**, including aluminum, architectural & structural metals, audio & video equipment and travel services. Of Texas' 39,482 exporters, 93 percent are small- and medium-sized companies with less than 500 workers. *(See Texas Businesses Grow With Exports)*

• **Customers in 223 countries and territories buy Texas-made goods and services**, including billions of dollars in annual exports to top markets like Mexico, Canada and China. Texas’ exports have grown nearly 60 percent faster than state GDP since 2007. *(See Texas Companies Export Throughout The World)*

• **Imports lower prices and increase choices for Texas companies and families.** Lower raw material and input costs help Texas 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 Texas Companies Use Imports to Make Competitive Products)*

• **Free trade agreements (FTAs) have helped fuel rapid export growth from Texas to partner countries.** In 2017, $156 billion of Texas' goods exports, or 60 percent, went to FTA partners. This represents an increase of 66 percent since 2007. *(See Texas Needs Trade Agreements To Grow)*

• **Foreign-owned companies invest and build facilities and employ 596,900 workers in Texas.** *(See Foreign Investment In Texas Creates Jobs)*

Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
www.brt.org/trade
Overview
Creating and preserving quality U.S. jobs is a goal shared by all Americans. With more than 95 percent of the world’s population and 80 percent of the world’s purchasing power outside of the United States, future American economic growth and job creation depend on open markets abroad.

Trade Supports Jobs in Texas
• Export growth increases jobs by generating new business for Texas’ manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Texas businesses compete and saving Texas families real dollars at the cash register.
• Nearly one in five Texas jobs depends upon international trade.
• Texas’ trade-related employment grew nearly three times faster than total employment from 1992 to 2017.
• 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

3,141,000
Number of Jobs in Texas Supported by Trade

Share of Jobs Tied to Trade
Increased 70 percent from 1992 to 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Share of Jobs Tied to Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>10.9%</td>
</tr>
<tr>
<td>2017</td>
<td>18.5%</td>
</tr>
</tbody>
</table>

Jobs Tied to Trade
Top Sectors, 2017

<table>
<thead>
<tr>
<th>Sector</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade &amp; Distribution</td>
<td>773,100</td>
</tr>
<tr>
<td>Prof., Scient. &amp; Tech. Services</td>
<td>559,300</td>
</tr>
<tr>
<td>Personal &amp; Rec. Services</td>
<td>210,500</td>
</tr>
<tr>
<td>Finance, Insurance</td>
<td>205,100</td>
</tr>
<tr>
<td>Agriculture</td>
<td>138,600</td>
</tr>
</tbody>
</table>

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

Texas exported an estimated $261.3 billion in goods and $59.5 billion in services in 2017. Between 2007 and 2017, Texas goods exports have increased by 57 percent and services exports by 75 percent. Large companies now account for 61 percent of the value of Texas' 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 Texas Exports

- Texas ranks among the top state exporters in 32 industries, including first in aluminum ($930 million), first in architectural & structural metals ($264 million), first in audio & video equipment ($3.2 billion), and first in basic chemicals ($20.7 billion).
- Texas is America's second largest exporter of agricultural products. It is the largest exporter of miscellaneous crops, the largest exporter of sheep, goats & fine animal hair, the third largest exporter of fruits & tree nuts, and the fourth largest exporter of cattle.
- One of Texas' fastest growing export categories is oil & gas, which increased by 17 times its 2007 value. In 2017, exports of these products reached $32.4 billion.

By the Numbers

39,482

Number of Texas Businesses that Exported in 2016

93%

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

Top Texas Exports, 2017

<table>
<thead>
<tr>
<th>Goods</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petroleum &amp; Coal Products</td>
<td>$44.1 billion</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>$32.4 billion</td>
</tr>
<tr>
<td>Basic Chemicals</td>
<td>$20.7 billion</td>
</tr>
<tr>
<td>Computer Equipment</td>
<td>$15.5 billion</td>
</tr>
<tr>
<td>Resins &amp; Synthetic Fibers</td>
<td>$13.6 billion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>$11.7 billion</td>
</tr>
<tr>
<td>Royalties from Industrial Processes</td>
<td>$7.0 billion</td>
</tr>
<tr>
<td>Mgmt. &amp; Consulting Services</td>
<td>$6.7 billion</td>
</tr>
</tbody>
</table>

Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
www.brt.org/trade
In 2017, Texas companies sold their products in 223 countries and territories.

Top export markets include:

- **CANADA**
  - Goods Exports: $22.8 billion
  - Services Exports: $4.3 billion

- **CHINA**
  - Goods Exports: $16.0 billion
  - Services Exports: $4.0 billion

- **KOREA**
  - Goods Exports: $9.7 billion
  - Services Exports: $1.8 billion

- **MEXICO**
  - Goods Exports: $97.3 billion
  - Services Exports: $2.1 billion

- **BRAZIL**
  - Goods Exports: $10.0 billion
  - Services Exports: $2.6 billion

- **JAPAN**
  - Goods Exports: $8.8 billion
  - Services Exports: $3.7 billion

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

- Goods and services exports accounted for 19.5 percent of Texas' state GDP in 2017.
- Texas' exports have grown nearly 60 percent faster than state GDP since 2007. The average annual export growth during this period was 5.4 percent, while the average annual state GDP growth was 3.5 percent.
- Texas' top export markets for goods are Mexico, Canada, and China. Its top market for services is the United Kingdom.
- Texas' goods exports to Brazil have grown by 14 percent per year since 2007, while Texas' services exports to China have grown by 15 percent per year.

**Contact:** Paul DeLaney, Business Roundtable: pdelaney@brt.org
www.brt.org/trade
TEXAS COMPANIES USE IMPORTS TO MAKE COMPETITIVE PRODUCTS

Overview

In 2017, 58 percent ($1.3 trillion) of the products imported into the United States were inputs and components used by American producers. Lower cost inputs keep U.S. manufacturing competitive in international markets. Imports frequently contain components (like cotton or semiconductors) and services inputs (like design) provided by U.S. companies and farmers, including companies and farmers in Texas.

- Services, especially transportation from Texas' ports, finance and insurance, marketing and legal services are needed to bring imported goods to American manufacturers and households.
- In 2016, about 75 percent of identified U.S. importers were very small businesses with less than 20 employees.
- Trade and investment liberalization policies save the average Texas family of four more than $10,000 per year.
- Imports help keep prices down for Texas families while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.

In 2016, about 211,000 U.S. companies (including 26,270 in Texas) imported products...

And roughly three-quarters of U.S. importers were very small businesses with less than 20 employees.

Imports Decrease Prices

- **-87.9%** Decrease in the Price of Televisions Between 2007 and 2017.
- **-44.7%** Decrease in the Price of Toys Between 2007 and 2017.

Imports Increase Choices

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

- In 2017, $156 billion of Texas’ goods exports, or 60 percent, went to FTA partners.
- Since 2007, Texas’ goods exports to countries with FTAs in effect with the United States in 2017 have increased by 66 percent.
- Texas’ goods exports to Canada and Mexico have increased by $97.1 billion (421 percent) since NAFTA went into effect in 1994.
- Texas’ goods exports to the Dominican Republic have increased by 175 percent since DR-CAFTA went into effect for the Dominican Republic in 2007.
- Texas’ exports to Korea of communications equipment have increased from $179 million to $1.0 billion since the FTA went into effect in 2012.
- Mexico bought 79 percent of Texas' exports of computer equipment in 2017.
- In 2017, $14.3 billion of Texas' services exports, or 24 percent, went to FTA partners.
- Texas' exports to Singapore of royalties from industrial processes have increased from $60 million to $332 million, or by 453 percent, since 2006 (earliest year available).

By the Numbers

66%
Increase in Texas Goods Exports to FTA Partners Between 2007 and 2017

Per Capita Purchases of Texas Goods, 2017

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-FTA Countries</td>
<td>$15.56</td>
</tr>
<tr>
<td>FTA Partner Countries*</td>
<td>$336.02</td>
</tr>
</tbody>
</table>

* U.S. FTAs in effect with countries in 2017.

In 2017, FTA partners purchased 21.6 times more goods per capita from Texas than non-FTA partners.

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

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Texas every year. Foreign-owned companies from around the world employed hundreds of thousands of workers in Texas, including:

- 119,100 workers employed by companies based in the United Kingdom;
- 62,800 workers employed by companies based in France;
- 51,300 workers employed by companies based in Japan;
- 46,200 workers employed by companies based in Canada;
- 44,500 workers employed by companies based in Germany.

Foreign-Owned Companies Employed 596,900 Texas Workers Across Many Industries, 2016

<table>
<thead>
<tr>
<th>Industry</th>
<th>Number of Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>181,500</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>63,400</td>
</tr>
<tr>
<td>Prof., Sci. &amp; Tech. Services</td>
<td>45,100</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>35,700</td>
</tr>
<tr>
<td>Information</td>
<td>28,900</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>25,300</td>
</tr>
<tr>
<td>Other</td>
<td>217,200</td>
</tr>
</tbody>
</table>

Selected Foreign-Owned Companies Employing Workers in Texas

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABB Inc.</td>
<td>Electrical Equipment Manufacturing</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Accor North America</td>
<td>Hotel Services</td>
<td>France</td>
</tr>
<tr>
<td>BAE Systems Inc.</td>
<td>Defense/Security/Aerospace Services</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>BASF Corp.</td>
<td>Chemicals Manufacturing</td>
<td>Germany</td>
</tr>
<tr>
<td>Core Laboratories Inc.</td>
<td>Energy Services</td>
<td>Netherlands</td>
</tr>
<tr>
<td>Ericsson Inc.</td>
<td>Communications Equipment Manuf.</td>
<td>Sweden</td>
</tr>
<tr>
<td>KPMG LLP</td>
<td>Accounting Services</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Mitel Networks</td>
<td>Telecommunications Services</td>
<td>Canada</td>
</tr>
<tr>
<td>Shell Oil Company</td>
<td>Energy Production</td>
<td>Netherlands</td>
</tr>
<tr>
<td>SK Hynix America Inc.</td>
<td>Semiconductor Manufacturing</td>
<td>Korea</td>
</tr>
<tr>
<td>Toyota Motor Manufacturing</td>
<td>Motor Vehicle Manufacturing</td>
<td>Japan</td>
</tr>
<tr>
<td>Trader Joe's</td>
<td>Food Retailing</td>
<td>Germany</td>
</tr>
</tbody>
</table>

Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
www.brt.org/trade
TEXAS JOBS DEPEND ON TWO-WAY TRADE


TEXAS BUSINESSES GROW WITH EXPORTS


TEXAS COMPANIES EXPORT THROUGHOUT THE WORLD


TEXAS COMPANIES USE IMPORTS TO MAKE COMPETITIVE PRODUCTS


**Imports as Components**: Derived from Census end-use import data


TEXAS NEEDS TRADE AGREEMENTS TO GROW


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

FOREIGN INVESTMENT IN TEXAS 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](http://www.uniworldbp.com))

DATA SOURCES

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