

HOW WISCONSIN'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 Wisconsin 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 Wisconsin. 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 Wisconsin recover.

Trade Creates & Supports Jobs in Wisconsin

- **International trade, including exports and imports, supported 726,500 Wisconsin jobs – nearly one in five in 2018.** These trade-related jobs grew five 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 Wisconsin's globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Wisconsin. *(See Wisconsin Jobs Depend On Two-Way Trade)*
- **Wisconsin exported \$23.0 billion in goods and \$6.5 billion in services in 2018,** including navigational and measuring instruments, agriculture and construction machinery, miscellaneous general purpose machinery and travel services. Of Wisconsin's 8,830 exporters, 86 percent are small- and medium-sized companies with less than 500 workers. *(See Wisconsin Businesses Grow With Exports)*
- **Customers in 205 countries and territories buy Wisconsin-made goods and services,** including billions of dollars in annual exports to top markets like Canada, Mexico and China. Wisconsin's goods exports have grown more than 15 percent faster than state GDP since 2009. Policies that help Wisconsin businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(See Wisconsin Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Wisconsin companies and families.** Lower raw material and input costs help Wisconsin 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 Wisconsin Companies and Families Benefit from Imports)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Wisconsin to partner countries.** In 2018, \$12.9 billion of Wisconsin's goods exports, or 56 percent, went to FTA partners. This represents an increase of 53 percent since 2009. *(See Wisconsin Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 107,600 workers in Wisconsin.** *(See Foreign Investment In Wisconsin Creates Jobs)*



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

Trade Creates & Supports Jobs in Wisconsin

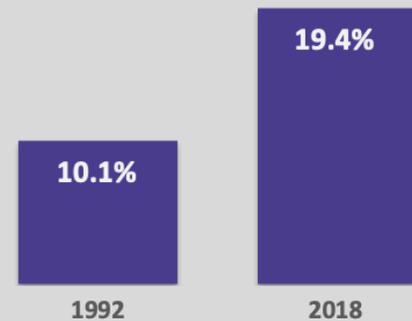
- Export growth increases jobs by generating new business for Wisconsin's manufacturers, services providers and farmers. Imports support jobs and keep costs low, helping Wisconsin businesses compete and saving Wisconsin families real dollars at the cash register.
- Nearly one in five Wisconsin jobs depends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

726,500

Number of Jobs in Wisconsin Supported by Trade

Share of Jobs Tied to Trade Increased 93 percent from 1992 to 2018



Jobs Tied to Trade Top Sectors, 2018

Trade & Distribution	176,700
Prof., Scient. & Tech. Services	98,500
Personal & Rec. Services	41,000
Construction	31,500
Manufacturing	29,400



WISCONSIN BUSINESSES GROW WITH EXPORTS



Overview

Wisconsin exported an estimated \$23.0 billion in goods and \$6.5 billion in services in 2018. Between 2009 and 2018, Wisconsin goods exports have increased by 37 percent and services exports by 59 percent. Large companies now account for 72 percent of the value of Wisconsin'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 Wisconsin Exports

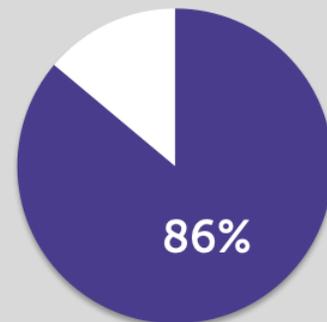
- Wisconsin ranks among the top five state exporters in 10 industries, including first in cattle (\$119 million), and second in dairy products (\$450 million), in nonmetallic minerals (\$278 million), and in miscellaneous animal products (\$112 million).
- Wisconsin is America's 20th largest exporter of agricultural products. It is the largest exporter of cattle, the second largest exporter of miscellaneous animal products, the 14th largest exporter of oilseeds and grains, and the 14th largest exporter of vegetables and melons.
- One of Wisconsin's fastest growing export categories is converted paper products, which increased by 11 percent since 2009. In 2018, exports of these products reached \$719 million.

By the Numbers

8,830

Number of Wisconsin Businesses that Exported in 2018

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



Top Wisconsin Exports, 2018

Goods

Navigational & Meas. Instruments	\$1.7 billion
Ag. & Construction Machinery	\$1.4 billion
Misc. General Purpose Machinery	\$1.2 billion
Engines & Turbines	\$935 million
Plastics Products	\$903 million

Services

Travel	\$1.4 billion
Computer Software	\$1.1 billion
Insurance Services	\$699 million

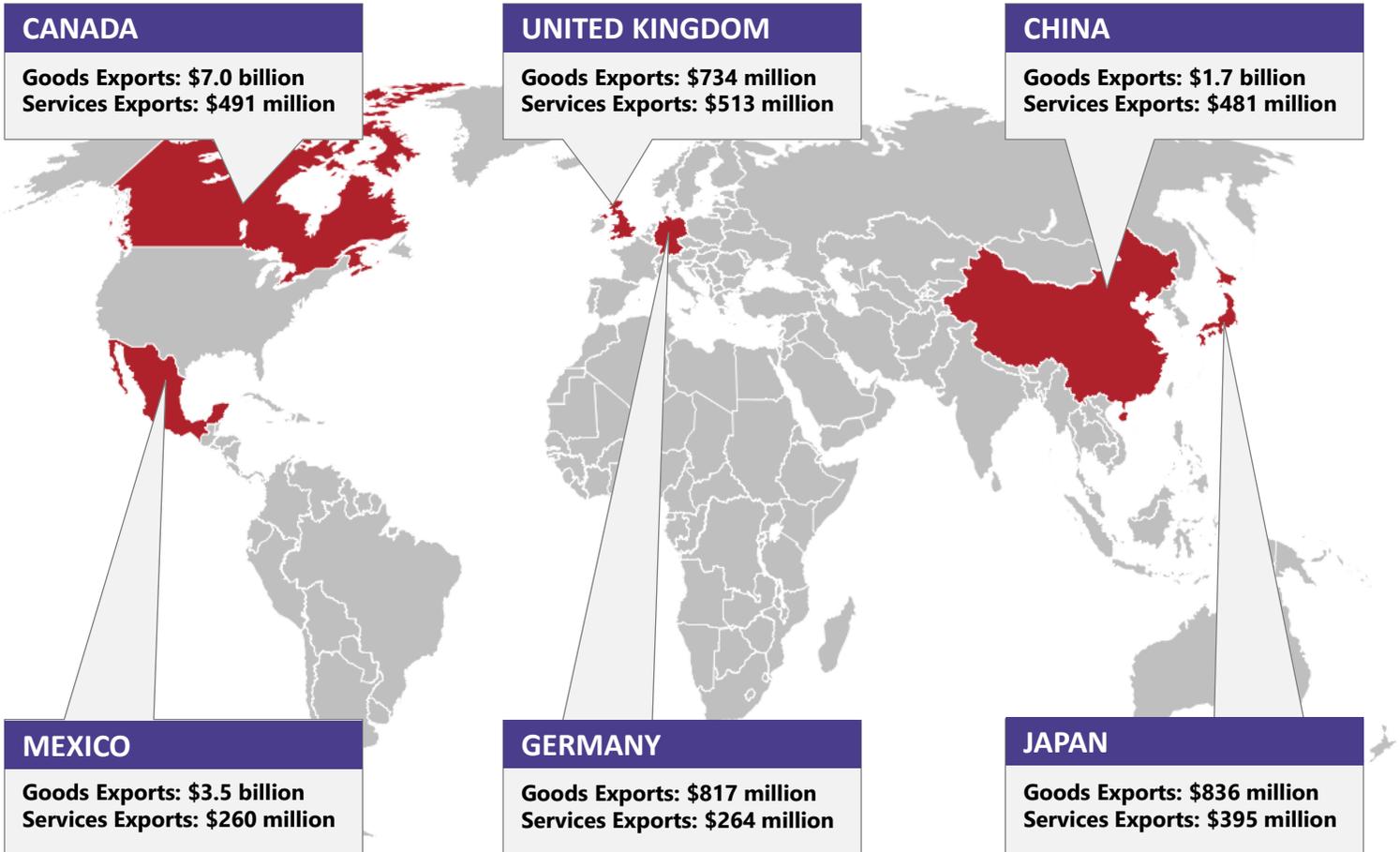


WISCONSIN COMPANIES EXPORT THROUGHOUT THE WORLD



In 2018, Wisconsin companies sold their products in 205 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Wisconsin Economy Grow

- Goods and services exports accounted for 8.8 percent of Wisconsin's state GDP in 2018.
- Wisconsin's exports have grown more than 15 percent faster than state GDP since 2009. The average annual export growth during this period was 4.1 percent, while the average annual state GDP growth was 3.6 percent.
- Wisconsin's top export markets for goods are Canada, Mexico, and China. Its top market for services is Ireland.
- Wisconsin's goods exports to Mexico have grown by 9 percent per year since 2009, while Wisconsin'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 Wisconsin businesses, workers, and farmers reach the growing number of customers around the world.



WISCONSIN COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



Overview

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

Wisconsin Families Benefit from Imports

- In 2018, 42 percent of Wisconsin's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Wisconsin 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 Wisconsin 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, 6,291 Wisconsin companies imported goods from 171 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.

Wisconsin Exports and Imports are Linked Through Global Value Chains

- In 2018, 58 percent of Wisconsin goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Wisconsin's top imports are critical components for Wisconsin exports. Conversely, Wisconsin exports of raw materials and parts may return to the United States in imported finished goods.



Imports:
Engine parts
(\$345M in 2018)



Exports:
Internal combustion engines
(\$416M in 2018)



WISCONSIN 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. Wisconsin 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 Wisconsin and the United States.

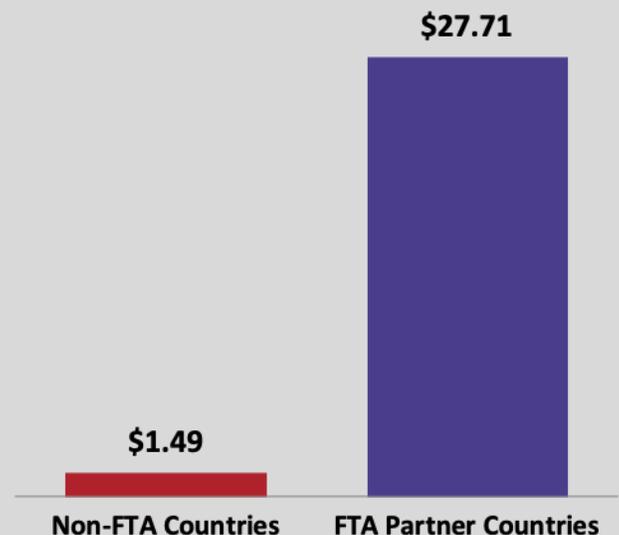
- In 2018, \$12.9 billion of Wisconsin's goods exports, or 56 percent, went to FTA partners.
- Since 2009, Wisconsin's goods exports to countries with FTAs in effect with the United States in 2018 have increased by 53 percent.
- Wisconsin's exports to Canada and Mexico have increased by \$7.9 billion (303 percent) since NAFTA went into effect in 1994.
- Wisconsin's exports to Panama have increased by 132 percent – from \$51 million to \$118 million – since the FTA with Panama took effect in 2012.
- Wisconsin's exports to Australia of pharmaceuticals and medicines have increased from \$1.5 million to \$41 million since the FTA with Australia went into effect in 2005.
- Mexico bought 73 percent – \$97 million out of \$134 million – of Wisconsin's exports of hardware in 2018.
- In 2018, \$1.6 billion of Wisconsin's services exports, or one quarter, went to FTA partners.
- Wisconsin's exports to Singapore of R&D and testing services have increased from \$1.5 million to \$65 million, or by over 4,000 percent, since 2006 (earliest year available).

By the Numbers

53%

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

Per Capita Purchases of Wisconsin Goods, 2018



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

In 2018, FTA partners purchased 18.6 times more goods per capita from Wisconsin than non-FTA partners.



FOREIGN INVESTMENT IN WISCONSIN CREATES JOBS



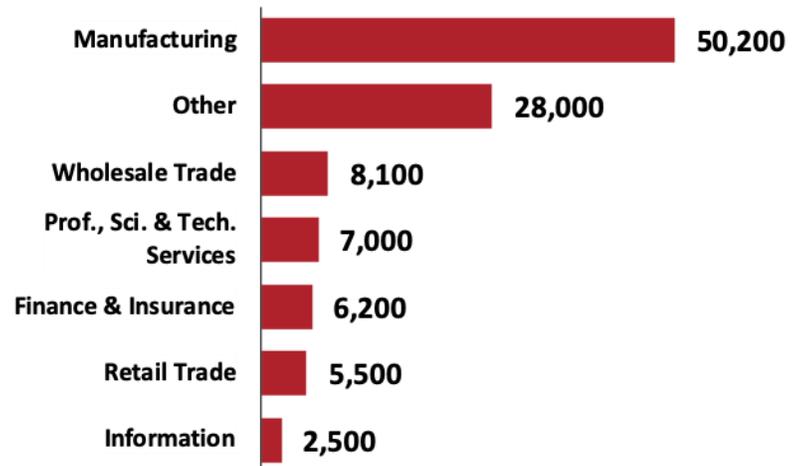
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Foreign-owned companies help grow the U.S. economy and jobs. In 2017, foreign-owned companies added over \$1 trillion to U.S. GDP, including goods exports of \$380 billion and R&D spending of over \$60 billion. They employed 7.4 million workers in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

Wisconsin is no exception. Foreign-owned companies make significant investments in Wisconsin to open or expand facilities every year and are important customers for local goods and services providers. Subsidiaries of foreign-owned companies alone employed more than 100,000 workers in Wisconsin in 2017, including:

- 16,400 workers employed by companies based in the United Kingdom;
- 14,300 workers employed by companies based in Canada;
- 12,600 workers employed by companies based in Germany;
- 9,000 workers employed by companies based in Switzerland;
- 8,800 workers employed by companies based in France.

Foreign-Owned Companies Employed 107,600 Wisconsin Workers Across Many Industries, 2017



Selected Foreign-Owned Companies Employing Workers in Wisconsin

Company	Industry	Country
Arla Foods Hollandtown Dairy	Dairy Products	Denmark
CNH North America	Agricultural/Construction Equip. Mfg.	Netherlands
Domtar Industries	Paper Manufacturing	Canada
Emmi-Roth USA	Cheese Manufacturer	Switzerland
Harris Rebar	Steel Product Manufacturing	Canada
Luvata Appleton	Wire Product Manufacturing	United Kingdom
McCain Foods USA	Food Processing/Packaging Products	Canada
QBE Insurance Corp.	Insurance Services	Australia



DATA SOURCES



WISCONSIN 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>)

WISCONSIN 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/>)

WISCONSIN 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>)

WISCONSIN 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/>)

WISCONSIN NEEDS TRADE AGREEMENTS TO GROW

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

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

FOREIGN INVESTMENT IN WISCONSIN 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>)

