

Trade Creates Jobs for Wisconsin

Creating and preserving quality U.S. jobs is a goal shared by all Americans. With 95 percent of the world's consumers living outside of the United States, it makes sense for small and large businesses to partner to build stronger trade ties with countries seeking U.S. goods and services.

Trade creates jobs for 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. **Foreign investment** in Wisconsin creates good jobs across a range of sectors.

MORE THAN 1 IN 5 WISCONSIN JOBS DEPENDS ON TRADE

Wisconsin workers need trade to maintain and create **jobs**.

- Today, 742,800 jobs in Wisconsin depend on trade.
- In 2008, 20.7 percent of jobs in Wisconsin depended on trade, up from 10.1 percent in 1992.
- Wisconsin's trade-related employment grew **more than six times faster** than total employment from 2004 to 2008.

Wisconsin Jobs Tied to Trade, 2008

Wholesale & Retail Trade	122,600
Manufacturing	41,900
Finance & Insurance	37,100
Transp. & Warehousing	31,000
Prof., Sci., & Tech. Services	25,800
Information	17,000

Small and Large Employers Partner to Export

Small and medium-sized enterprises (SME) and workers in Wisconsin supply goods and services to large U.S. companies in and out of the State. Those bigger companies use the SME goods and services to make other products and services that they, in turn, export to customers around the world.

Trade through Wisconsin's **ports** and **harbors**, including Milwaukee, Racine, and Green Bay, support more than **11,000 jobs** that pay **\$377 million** in salaries and generate nearly **\$1.4 million** in economic activity.

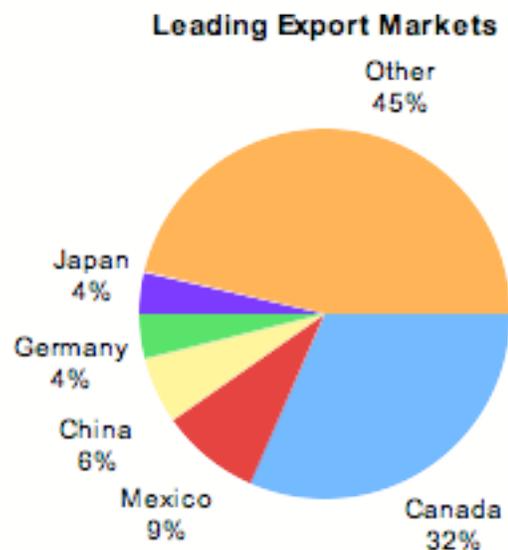
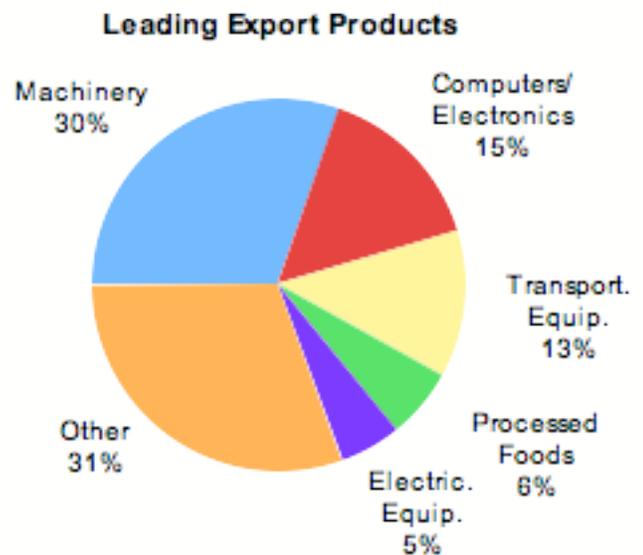
Jobs in **exporting plants** pay on average up to 18 percent more than similar jobs in non-exporting plants.

Newly **exporting firms increase employment** almost four times faster than non-exporting firms.

WISCONSIN'S INDUSTRIES, SMALL BUSINESSES AND FARMERS GROW WITH EXPORTS

According to the U.S. Department of Commerce, Wisconsin ranked 17th in the United States with **total exports** valued at **\$20.6 billion** in 2008.

- **Machinery** was Wisconsin's leading export category in 2008 accounting for 30.3 percent of total exports.
- One of the fastest growing export categories for Wisconsin is **transportation equipment**, increasing at an average annual rate of 16.0 percent since 2002.
- In 2008, Wisconsin companies sold their products in **over 200 foreign markets**.
- The top export market is **Canada** (\$6.5 billion). Other leading markets include **Mexico** (\$1.8 billion) and **Germany** (\$790.3 million).
- **China** is one of Wisconsin's fastest growing trading partners. In 2008, Wisconsin companies exported **\$1.2 billion** worth of goods to China, an increase of 257 percent since 2002.
- In 2008, exports accounted for approximately **8.6 percent of Wisconsin's state gross domestic product** (state GDP).
- Since 2002, exports have increased **more than three faster** than state GDP.



Services exports are also important to Wisconsin, including port services, education of foreign students at Wisconsin colleges and universities, and spending by foreign visitors to tourist destinations in Wisconsin, including **Wisconsin Dells** and **Milwaukee**. Services companies employ 2.4 million workers in Wisconsin. In 2008, 556,500 Wisconsin services jobs depended on trade.

Wisconsin is a leading exporter of **agricultural products**. Key markets are the European Union, Canada, Mexico, and Taiwan. The State is an important exporter of **dairy products**, accounting for over 23 percent of U.S. exports. Wisconsin is also a leading exporter of **feed grains, soybeans, hides, and vegetables**. These exports directly benefit Wisconsin's farmers in eastern Wisconsin.

WISCONSIN'S SMALL AND MEDIUM BUSINESSES PARTNER WITH LARGE BUSINESSES TO EXPORT

Exports particularly benefit workers at Wisconsin's **small- and mid-size companies**. In 2007, 5,637 – 87.2 percent – of Wisconsin's exporting companies were small- or mid-sized companies.

Larger Wisconsin companies are also important exporters. For the United States generally, half of U.S. exports are generated by U.S. multinationals.

Small and medium-sized Wisconsin companies also indirectly export when they supply goods and services to larger Wisconsin exporters. Every job at a Wisconsin worldwide company supports nearly two others at companies that are part of its supply chain.

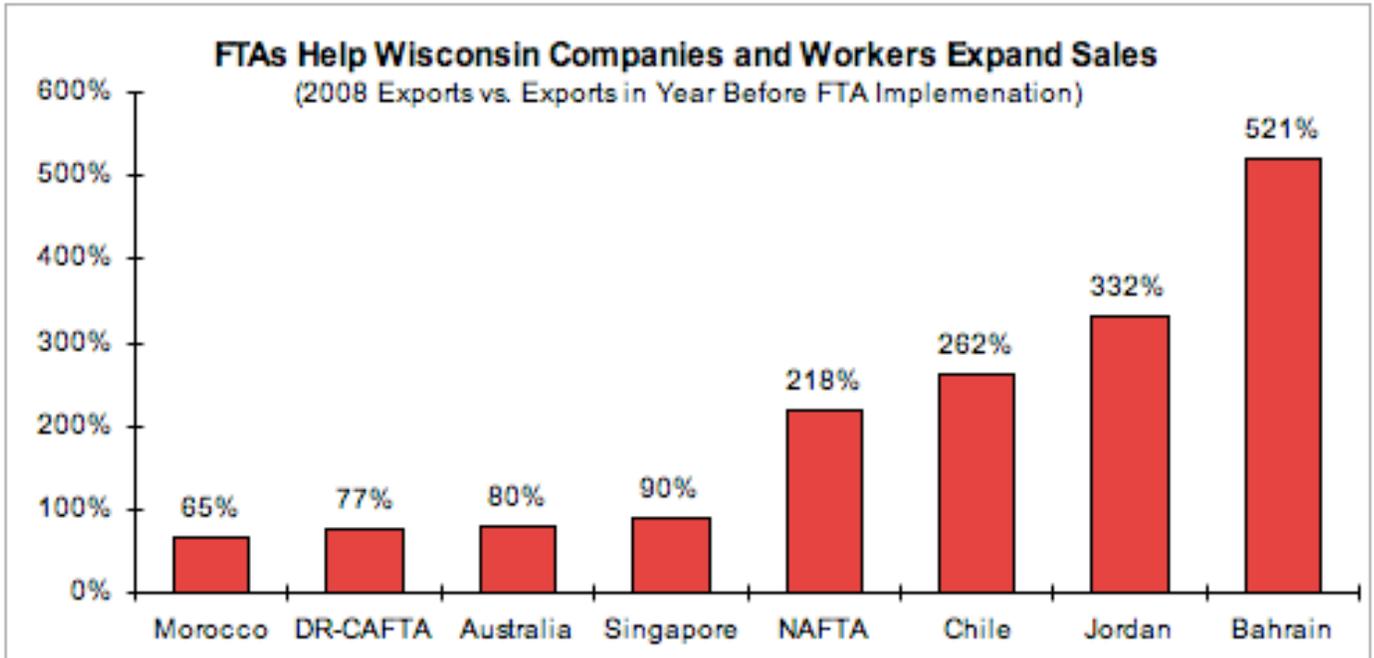
Leading Wisconsin Exporters

<u>Company</u>	<u>Products</u>	<u>Foreign Markets</u>
Appleton Paper Inc. (Appleton)	Printing paper	Turkey, South Africa, Netherlands
Briggs & Stratton (Milwaukee)	Engines, parts	Germany, Australia
Bucyrus Intl. (Milwaukee)	Mining equipment	Chile, Australia, India, Brazil
CNH America (Racine)	Excavators, combines, parts	Germany, Finland, Brazil
Delong Co. (Clinton)	Distilled grains, soybeans, corn	Taiwan, Vietnam
Johnson Controls Inc. (Milwaukee)	Mechanical machinery	Kuwait, UAE, Saudi Arabia
Manitowoc Cranes (Manitowoc)	Cranes, booms, parts	Korea, Malaysia, Belgium
Oshkosh B Gosh (Oshkosh)	Children's clothes	Italy
P & H Mining Eqpt. (Milwaukee)	Mining shovels, parts	Australia, China, South Africa
Trane (La Crosse)	Air conditioner machinery	China, Belgium, Brazil

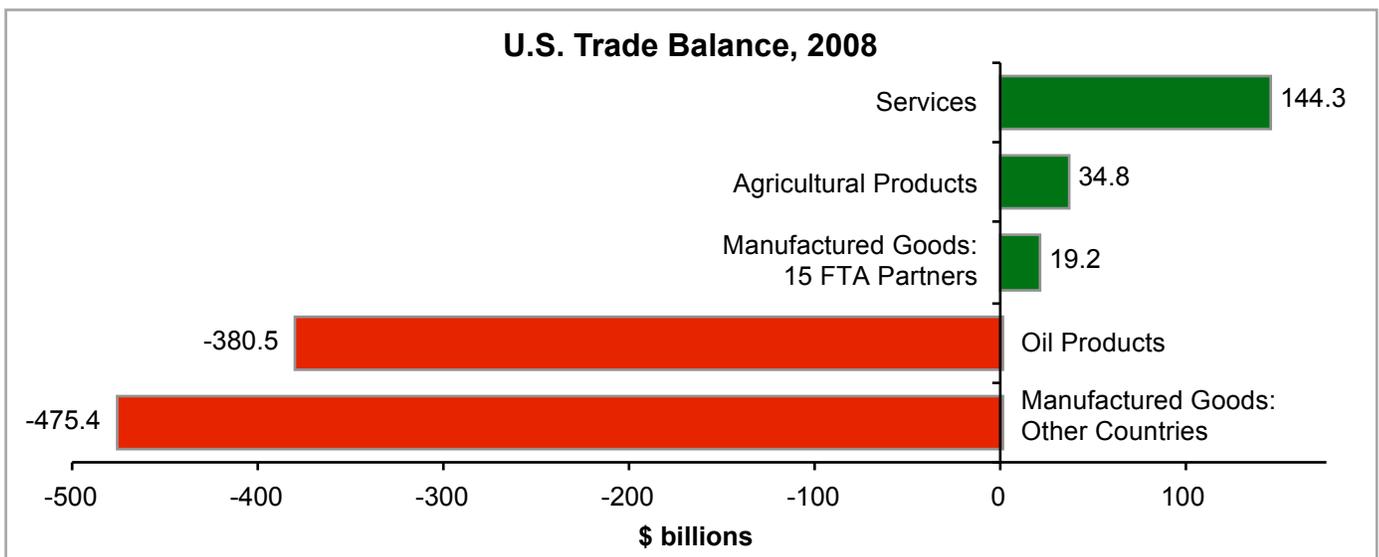
MORE OF A GOOD THING FOR WISCONSIN – TRADE AGREEMENTS LEVEL THE PLAYING FIELD

The United States has some of the lowest trade barriers in the world. **Trade agreements level the playing field** by lowering other nations' trade barriers and opening up foreign markets to U.S. exports.

- Wisconsin has increased its exports to partner countries following the implementation of each of the U.S. bilateral and regional free trade agreements (FTAs), with exports to Bahrain experiencing the strongest growth.



The United States enjoys a trade surplus in manufactured goods with its FTA partners.*



* State-specific data are not available for imports, so this chart cannot be prepared for Wisconsin

FOREIGN INVESTMENT IN WISCONSIN CREATES JOBS

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Wisconsin every year.

These companies employ **87,200 workers**, nearly 4 percent of all Wisconsin employees in the private sector.

- Foreign-owned **manufacturing** accounts for **37,100 jobs**, representing more than 7 percent of all manufacturing jobs in Wisconsin.
- U.S. subsidiaries of **foreign companies pay** an average compensation of \$68,317 per year, **32 percent higher** than U.S. companies.

Selected Multinational Corporations Employing Workers in Wisconsin

<u>Company</u>	<u>Employees</u>	<u>Industry</u>	<u>Country</u>
ABB	375	Electrical Equip.	Switzerland
Extendicare Inc.	5,400	Healthcare Services	Canada
Fiat Auto	2,000	Transportation Equip.	Italy
Fiskars Corporation	810	Cutlery	Finland
JBS S.A. (Packerland)	1,650	Beef, Meat Packing	Brazil
Kerry Group	425	Food Products	Ireland
Kolbenschmidt AG	925	Auto. Parts	Germany
Manitou BF S.A.	510	Farm Machinery	France
McCain Foods Limited	1,700	Food Products	Canada
Miller Brewing Co.	800	Beverages	United Kingdom
QBE Insurance Group	2,220	Insurance	Australia
Siemens	390	Industrial Machinery	Germany

WISCONSIN COMPANIES AND WORKERS USE IMPORTS TO STAY COMPETITIVE

- In 2008, 58.5 percent of the products we imported were used by U.S. workers to manufacture goods in the United States. Lower cost inputs **keep U.S. manufacturing competitive** in international markets.
- Imports frequently contain **components** (like cotton or semiconductors) and services (like design) sourced from U.S. companies and farmers, including companies and farmers in Wisconsin.
- **Services**, especially transportation from Wisconsin's ports, finance and insurance, marketing and legal services, are needed to bring imported goods to American manufacturers and households. These importing-related services industries are vital to Wisconsin's growth, and account for 36.9 percent of state GDP, nearly twice as much as manufacturing.

EXPORTS AND IMPORTS HELP WISCONSIN FAMILIES ENJOY A HIGHER STANDARD OF LIVING

Exports and imports support family incomes.

- **Jobs in exporting plants pay on average up to 18 percent** more than similar jobs in non-exporting plants.
- Imports help keep prices for Wisconsin families down while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.
- Trade and investment liberalization policies are worth **over \$10,000 per year** to an average Wisconsin family of four.

Imports Keep Inflation Low (1999-2008)

	<u>Price Change</u>
Toys	-45%
Clothing	-10%
Household Appliances	-9%
Footwear	-3%

SOURCES

JOBS

Laura Baughman and Joseph Francois, Trade Partnership Worldwide, LLC (<http://www.businessroundtable.org>)
Wisconsin Department of Transportation, "Wisconsin's Commercial Ports: An Economic Overview" (<http://www.dot.wisconsin.gov/travel/water/docs/ports-econ-report.pdf>)
U.S. Department of Labor (<http://www.bls.gov/lau/home.htm>)
U.S. Department of Commerce (<http://ita.doc.gov/td/industry/otea/jobs/index.html>), (<http://ita.doc.gov/td/industry/otea/edb/index.html>), (<http://www.bea.gov/regional/index.htm>)

EXPORTS

U.S. Department of Agriculture (<http://www.ers.usda.gov/StateFacts/>)
U.S. Department of Commerce (<http://tse.export.gov>), (<http://www.usatradeonline.gov>), (<http://ita.doc.gov/td/industry/otea/edb/index.html>), (<http://www.bea.gov/bea/regional/gsp/>)
Andrew B. Bernard, J. Bradford Jensen, and Peter K. Schott (<http://www.iie.com/publications/wp/wp05-10.pdf>)
PIERS Trade Intelligence database (<http://www.piers.com/>)

FOREIGN INVESTMENT

Organization for International Investment (<http://www.ofii.org>)
Wisconsin Dept of Commerce, "International Investment in Wisconsin" (<http://www.commerce.state.wi.us/IE/docs/IE-InternationalInvestors.pdf>)

IMPORTS

U.S. Department of Labor (<http://www.bls.gov/mxp/home.htm>)
U.S. Department of Commerce (<http://www.bea.gov/bea/regional/gsp/>)

STANDARD OF LIVING

Council of Economic Advisers (<http://www.gpoaccess.gov/eop/index.html>)
U.S. Department of Labor (<http://www.bls.gov/cpi/home.htm>)
U.S. Department of Commerce (<http://www.bea.gov/>)

TRADE LIBERALIZATION

U.S. Department of Commerce (<http://tse.export.gov>)

Contact: David Thomas
Director, Public Policy
Business Roundtable
202.496.3262
dthomas@businessroundtable.org

January 2010

<http://trade.businessroundtable.org>