



Trade Makes Missouri Strong

Missouri gains from global trade. Trade (export and import) growth increases jobs by advancing Missouri's manufacturers, services providers and farmers. Imports also keep costs low, helping Missouri businesses compete and saving Missouri families real dollars at the cash register. Foreign investment in Missouri creates good jobs across a range of sectors.

TRADE CREATES JOBS FOR MISSOURIANS

Trade with the world – both exports and imports of goods and services – creates jobs in Missouri.

- Today, trade supports **nearly 650,000 jobs** in Missouri.
- **18.5 percent of jobs** in Missouri are supported by trade, up from 10.0 percent in 1992.

Missouri's Three Most Export-Intensive Industries

Industry	% Export-Related
Computers/Electronics	37%
Electrical Equipment	20
Machinery	19

Trade particularly benefits employees of Missouri's small- and mid-size companies.

- In 2004, more than **4,700 Missouri companies** sold their products abroad.
- 3,909 exporters – **82.4 percent** – were small- or mid-sized companies in 2004.
- **Jobs in exporting plants pay on average up to 18 percent more** than similar jobs in non-exporting plants.

TEN WAYS TRADE MAKES MISSOURI STRONG

Trade supports nearly one in five jobs in Missouri.

Missouri's exports have increased 3.7 times faster than its GDP.

Jobs at exporting plants pay 18% more than at non-exporting plants.

4.8% of Missouri's gross domestic product was from exports in 2005.

Foreign-owned companies employ 84,000 Missourians.

Foreign-owned firms pay workers 32% more.

Half of imports are raw materials and other items used in manufacturing.

Marketing imports demands services, which account for 17% of Missouri's GDP.

Import prices grow much slower than overall consumer prices, saving money for Missouri consumers.

NAFTA worked for Missouri. In 2005, Missouri's exports to Canada and Mexico were \$4.2 and \$1.2 billion.

MISSOURI'S FARMERS AND KEY INDUSTRIES GROW WITH EXPORTS

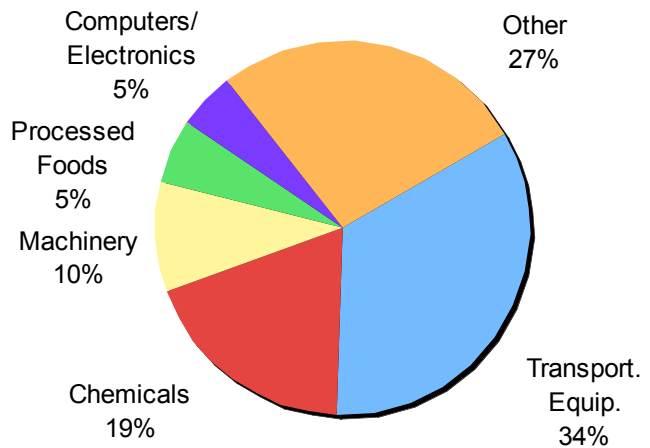
Missouri farmers are strong exporters. The state exported **\$1.3 billion** worth of **agricultural products** in 2005.

- Missouri ranks among the top 10 U.S. exporters of **rice** (5th), **soybeans and products** (7th), **cotton and linters** (9th), and **cotton and cottonseed** (9th).

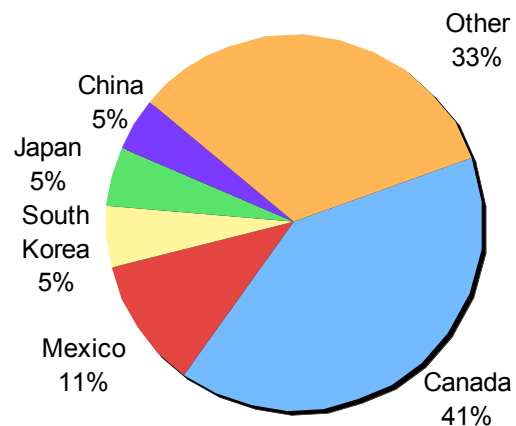
According to the U.S. Department of Commerce, Missouri ranked 25th in the United States with **total exports valued at \$10.5 billion** in 2005.

- Transportation equipment** was Missouri's leading export product in 2005 with \$3.5 billion in exports.
- One of the fastest growing exports for Missouri is **mining products**. After averaging \$12 million from 2000-2002, exports **doubled**, then **tripled**, and then **quadrupled** in 2005, to \$255 million.
- In 2005, Missouri companies sold their products in **192 foreign markets**.
- The top export market is **Canada** (\$4.2 billion). Other leading markets include **Mexico** (\$1.2 billion) and **South Korea** (\$571 million).
- China** is one of Missouri's fastest growing trading partners. Exports to China increased every year from 2000 to 2005, from \$76 to \$500 million.
- In 2005, exports represented **4.8 percent of Missouri's state GDP**.
- Since 2002, exports have increased **3.7 times faster** than state GDP.

Leading Export Products



Leading Export Markets



"My commitment to improving Missouri's business climate and our competitive advantage in the global marketplace is producing results, and I am excited that more and more Missouri products are becoming available throughout the world."

"This phenomenal growth in exports means that our businesses are experiencing increased sales and our citizens have access to more high quality, family supporting jobs, and that is good news for Missouri's economy."

-Governor Matt Blunt

MISSOURI WORKERS & BUSINESSES BENEFIT FROM FOREIGN INVESTMENT

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Missouri every year, infusing money into the local economy and keeping unemployment low.

- Foreign-owned companies employ **more than 84,000 workers**, nearly 4 percent of all Missouri employees, ranking it 21st in the United States in “insourced” workers.
- **Manufacturing** accounts for **38,600 insourced jobs**, representing approximately **one out of every eight manufacturing jobs** in the state.
- U.S. subsidiaries of **foreign companies** **pay** an average compensation of \$63,428 per year, **32 percent higher** than U.S. companies.

*In July 2006, Governor Matt Blunt announced a comprehensive state incentives package that led **CNH America LLC**, a subsidiary of the Dutch company CNH N.V., to expand its operations in **Cameron**.*

*The Missouri Department of Economic Development used its **Community Development Block Grant** program to provide the city of Cameron with \$750,000 for necessary infrastructure upgrades, including a new road. In return, CNH will invest more than \$8.4 million and create 172 new full-time jobs at the manufacturing facility.*

Selected Corporations with Operations in Missouri

<u>Company</u>	<u>Industry</u>	<u>Country</u>
Bridgestone America	Rubber Products	Japan
DaimlerChrysler	Automotive	Germany
GKN America Corp	Automotive	United Kingdom
GlaxoSmithKline	Pharmaceuticals	United Kingdom
Lafarge North America	Construction	France
Nestle USA Inc	Food Products	Switzerland
Reed Elsevier	Information	United Kingdom
Siemens AG	Telecommunications	Germany
Swiss Re America Holding Corp	Financial Services	Switzerland
Toyota	Automotive	Japan

*Recognizing the importance of foreign trade and investment, **Governor Blunt** personally leads one international mission a year to promote Missouri businesses. The Governor led a **six-day mission to Mexico** in 2005 and followed that up with an **11-day European mission** that visited the **Czech Republic, Hungary, Italy, and the United Kingdom** in 2006.*

“It is important that international markets understand the business climate in Missouri and the benefits of conducting business in our state. One of my jobs as Governor is to promote Missouri’s business climate to international business partners...Governors across the nation are reaching out to international business leaders, so we must do the same.”

-Governor Blunt, following the mission to Europe

MISSOURI MANUFACTURERS NEED IMPORTS TO BE COMPETITIVE

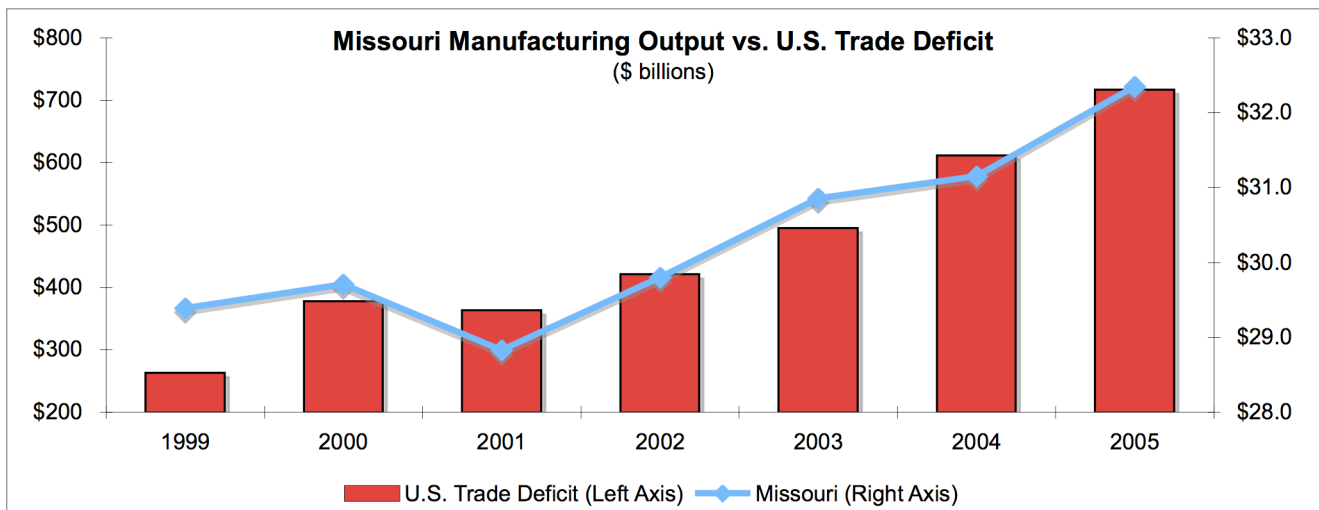
Raw materials, capital goods and industrial products used to manufacture goods in the United States account for approximately half of total U.S. merchandise imports.

- Numerous Missouri manufacturing sectors benefit from imports.
- Missouri's **auto parts manufacturers** meet original equipment manufacturers (OEMs) price demands by importing **component parts** from Brazil.
- Missouri's **machinery and fabricated metal products manufacturers** use imported **steel** to produce for the U.S. market.

Capital Goods Imports Benefiting Missouri's Manufacturers

Product	Price Change, 1996-2005
All Capital Goods	-23.4%
Electric Generators and Parts	-6.4%
Non-Electrical Machinery, (excl. Computers)	-9.4%
Business Machinery (excl. Computers)	-12.4%
Computers	-50.2%

Missouri experienced some of its strongest growth during periods when imports contributed to increasing national trade deficits. In fact, since 1999 Missouri's manufacturing output only fell in one year – 2001 – the only year the national deficit *decreased*.



MISSOURI'S SERVICES INDUSTRIES BENEFIT FROM IMPORT-DRIVEN DEMAND

Numerous **services industries** benefit from business generated by imported goods.

- **Professional services**, including finance, insurance, marketing, and legal services, are needed to market imported products. These industries are vital to Missouri's growth, and account for **17 percent of state GDP**.
- Imports comprise a significant portion of Missouri **transportation and product sales** (both wholesale and retail). These industries account for another 17 percent of state GDP.

MISSOURI FAMILIES ENJOY A HIGHER STANDARD OF LIVING BECAUSE OF IMPORTS

Imports help keep prices for Missouri families down while increasing their choices for goods and services.

- Trade helps **keep inflation in check**. Prices for widely traded consumer goods tend to rise less than prices for non-traded goods.
- Trade and investment liberalization policies are **worth over \$10,000 per year** to an average Missouri family of four.
- Between 1990 and 2004, U.S. import prices grew at about a quarter of the rate of growth of overall consumer prices (0.6 percent per year, vs. 2.2 percent per year).

Trade and Low Inflation: Price Changes (1997-2004)

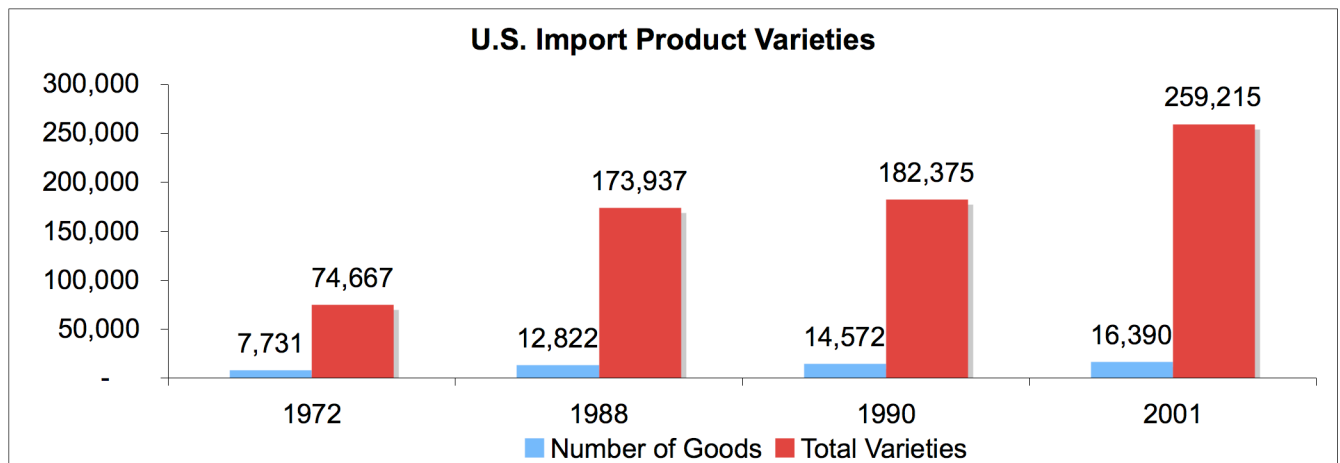
<u>Traded Goods</u>	<u>Price Change</u>
Toys	-36%
Household Appliances	-15%
Clothing	-11%
Footwear	-6%
<u>Non-Traded Goods</u>	
Milk	24%
Margarine	22%
Ice Cream	17%
Sugar	9%

The lower costs resulting from trade mean **more purchasing power** for Missouri consumers, which is particularly important for lower income families.

- In 2005, 151,000 families in Missouri were at or below the national poverty level (about \$20,000 per year for a family of four).
- Lower income families spend nearly three times as much on footwear and 50 percent more on apparel than upper-income families spend, both goods that are largely traded.

Consumer choice increases with trade.

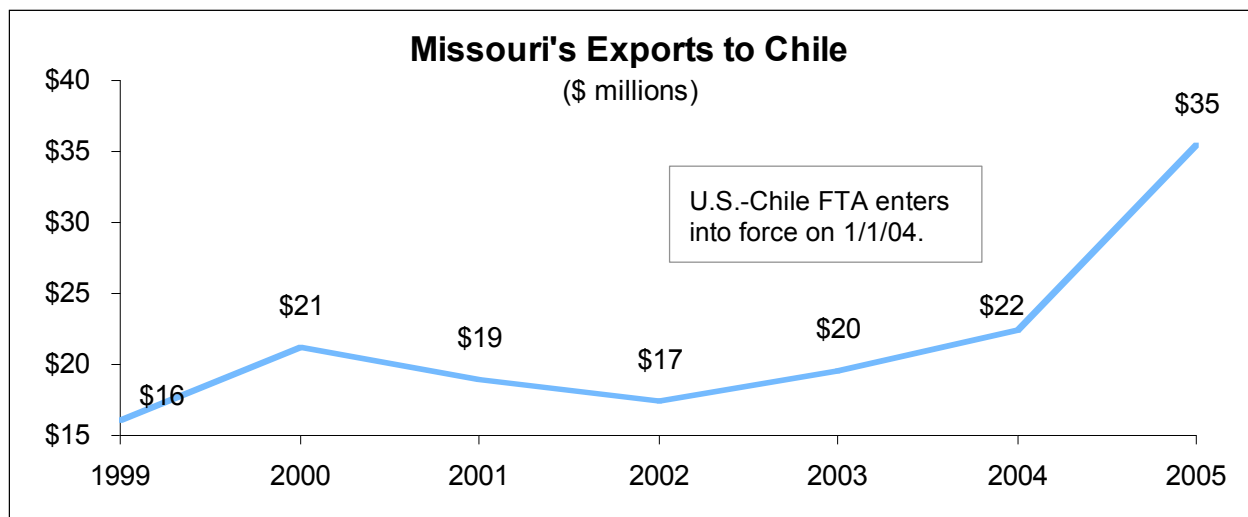
- Trade allows consumers to enjoy products with limited U.S. production (e.g., coffee) as well as out-of-season goods (e.g., strawberries in January).
- The number of product varieties imported by the United States increased fourfold over the last three decades.



MORE OF A GOOD THING FOR MISSOURI – LEVELING THE TRADE PLAYING FIELD

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

- Since the **North American Free Trade Agreement** went into effect in 1994, Missouri's exports to Canada have increased **\$2.7 billion** (176 percent), while exports to Mexico have increased **\$788 million** (214 percent).
- In 2001, a recession year, Missouri's total trade with **Canada** alone generated \$3 billion for Missouri's economy and supported more than 107,000 jobs.
- Similarly, the **U.S.-Chile Free Trade Agreement**, which went into effect on January 1, 2004, has had a significant effect on export growth from Missouri to Chile.



SOURCES

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STANDARD OF LIVING

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TRADE LIBERALIZATION

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