



Trade Makes Ohio Strong

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

TRADE CREATES JOBS FOR OHIOANS

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

- Today, trade supports **1.2 million jobs** in Ohio.
- **18.3 percent of jobs** in Ohio are supported by trade, up from 10.5 percent in 1992.

Ohio's Three Most Export-Intensive Industries

<u>Industry</u>	<u>% Export-Related</u>
Textiles	73%
Primary Metals	34
Transportation Equip.	28

Trade through **Ohio's ports** provides more than **53,000 jobs** with annual wages of more than **\$1.2 billion**.

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

- In 2004, more than **13,000 Ohio companies** sold their products abroad.
- 11,455 exporters – **88 percent -- were small- or mid-sized companies in 2004**. Ohio ranked **10th** among all states in the **percentage of exporters** that were either small- or mid-sized companies.
- **Jobs in exporting plants pay on average up to 18 percent more** than similar jobs in non-exporting plants.

TEN WAYS TRADE MAKES OHIO STRONG

Trade supports nearly one in five jobs in Ohio.

Ohio's exports have increased twice as fast as its GDP.

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

8% of Ohio's gross domestic product was from exports in 2005.

Foreign-owned companies employ more than 200,000 Ohioans.

Foreign-owned firms pay workers 32% more.

Half of imports are raw materials and other items needed for manufacturing.

Marketing imports demands services and services account for 16% of Ohio's GDP.

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

NAFTA worked for Ohio. In 2005, Ohio exports to Canada were \$17.0 billion and \$2.4 billion to Mexico.

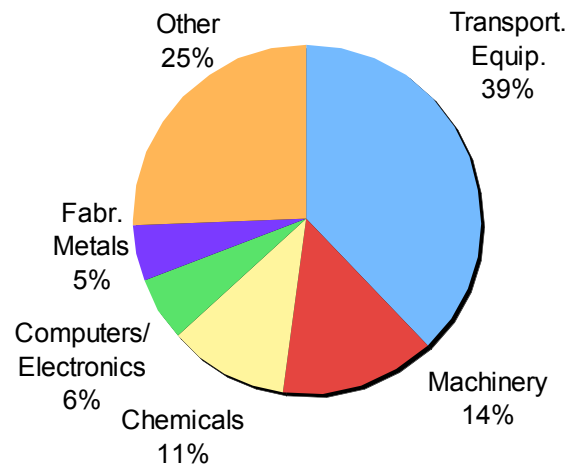
OHIO'S FARMERS AND KEY INDUSTRIES GROW WITH EXPORTS

In 2005, Ohio ranked **13th** in the United States in **agricultural exports** with a total value of **\$1.5 billion**. Ohio ranked among the top 10 state exporters of **soybeans** (6th), **feed grains** (8th), and **wheat** (10th).

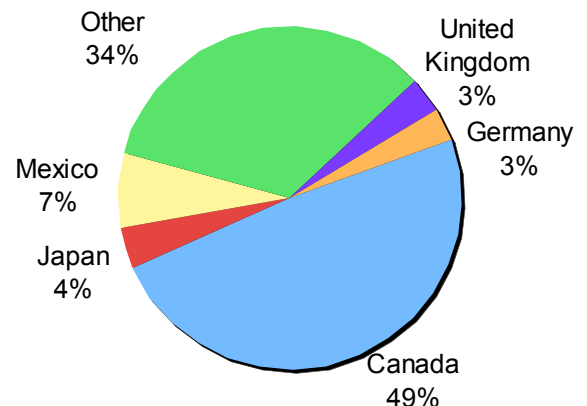
According to the U.S. Department of Commerce, Ohio ranked **seventh** in the United States with **total exports valued at \$34.8 billion** in 2005.

- **Transportation equipment** was Ohio's leading export product in 2005, accounting for **nearly 40 percent** of total exports (\$13.2 billion).
- **Chemicals** are one of Ohio's fastest growing exports, growing at **an annual rate of more than 10 percent** since 2000.
- In 2005, Ohio companies sold their products in more than **200 foreign markets**.
- Ohio's top export market is **Canada** (\$17 billion). Other leading markets include **Mexico** (\$2.4 billion) and **Japan** (\$1.4 billion).
- **China** is one of Ohio's fastest growing trading partners. In 2005, Ohio companies exported \$934 million worth of goods to China, an increase of 220 percent since 2000.
- In 2005, exports represented approximately **8 percent of Ohio's state gross domestic product** (state GDP).
- Ohio's share of exports to state GDP ranked **12th** among all states in 2005.
- Since 2002, exports have increased **twice as fast** as state GDP.

Leading Export Products



Leading Export Markets



Recognizing the importance of trade and engagement to Ohio's economy, the Ohio International Trade Division has representatives in 10 international offices to assist both Ohio companies and those interested in investing Ohio. Offices are located throughout the world, including North America (Canada, Mexico), South America (Argentina, Brazil, Chile), the Middle East (Israel), Europe (Belgium), Africa (South Africa), and Asia (Hong Kong, Japan).

OHIO WORKERS & BUSINESSES BENEFIT FROM FOREIGN INVESTMENT

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

- **More than 1,000 divisions**, affiliates, and subsidiaries of foreign-owned companies operate in Ohio.
- These companies employ **more than 200,000 workers**, or 4 percent of all Ohio employees, **ranking it 8th** in the nation in “in-sourced” workers.
- **Manufacturing** accounts for **95,000 “in-sourced” jobs**, representing nearly 11 percent of all manufacturing jobs in Ohio.
- U.S. subsidiaries of **foreign companies pay** an average compensation of \$63,428 per year, **32 percent higher** than U.S. companies.

Honda Motor Company is Ohio’s largest auto manufacturer and foreign employer with more than 16,000 workers in 12 facilities statewide. Honda’s Marysville plant builds 440,000 vehicles per year, which are sold in the more than 100 countries worldwide.

Honda’s impact on the Ohio economy is immense, and in 2003 alone, Honda’s:

- *Vehicle production exceeded \$16 billion;*
- *Purchasing from Ohio suppliers (more than 150) totaled \$6.8 billion;*
- *Total wages exceeded \$1.1 billion; suppliers’ wages totaled another \$550 million for employees directly involved in manufacturing for Honda, and*
- *Taxes paid exceeded \$100 million; workers at Honda and its suppliers paid another \$55 million in income taxes.*

Selected Corporations with Operations in Ohio

<u>Company</u>	<u>Ohio Employees</u>	<u>Industry</u>	<u>Country</u>
Honda Motor Company	16,000	Motor vehicles	Japan
DaimlerChrysler	9,300	Motor vehicles	Germany
Royal Ahold	7,000	Food retailers	Netherlands
Siemens AG	3,780	Motion control systems	Germany
Reed Elsevier PLC	3,360	Information services	United Kingdom
Signet Group	3,100	Retail	United Kingdom
Nestle S.A.	2,800	Food products	Switzerland
Bridgestone	2,000	Rubber products	Japan
Tomkins PLC	1,200	Window frames	United Kingdom

OHIO MANUFACTURERS NEED IMPORTS TO BE COMPETITIVE

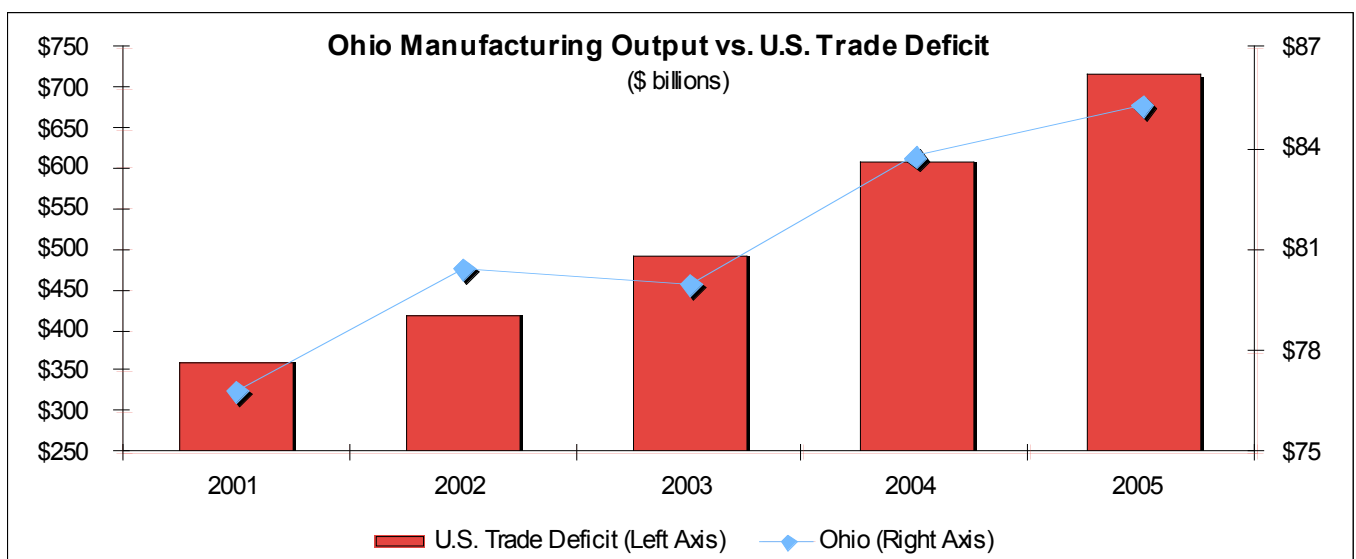
Raw materials, capital goods and industrial products used to manufacture goods in the United States account for approximately half of total U.S. merchandise imports.

- Numerous Ohio manufacturing sectors benefit from imports in some way.
- Ohio's auto parts manufacturers meet original equipment manufacturers (OEMs) price demands by importing component parts from Brazil.
- Ohio's machinery manufacturers use imported steel to produce industrial equipment for the U.S. market.

Capital Goods Imports Benefiting Ohio's Manufacturers

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

Ohio experienced some of its strongest growth during periods when imports contributed to increasing national trade deficits.



OHIO'S SERVICES INDUSTRIES BENEFIT FROM IMPORT-DRIVEN DEMAND

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

- **Professional services**, including finance and insurance, marketing, and legal services, are needed to market imported products. These industries are vital to Ohio's growth, and account for **16 percent of state GDP**.
- Imports comprise a significant portion of Ohio **transportation and product sales** (both wholesale and retail). These industries account for another **16 percent of state GDP**.

OHIO FAMILIES ENJOY A HIGHER STANDARD OF LIVING BECAUSE OF IMPORTS

Imports help keep prices for Ohio 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 Ohio 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)

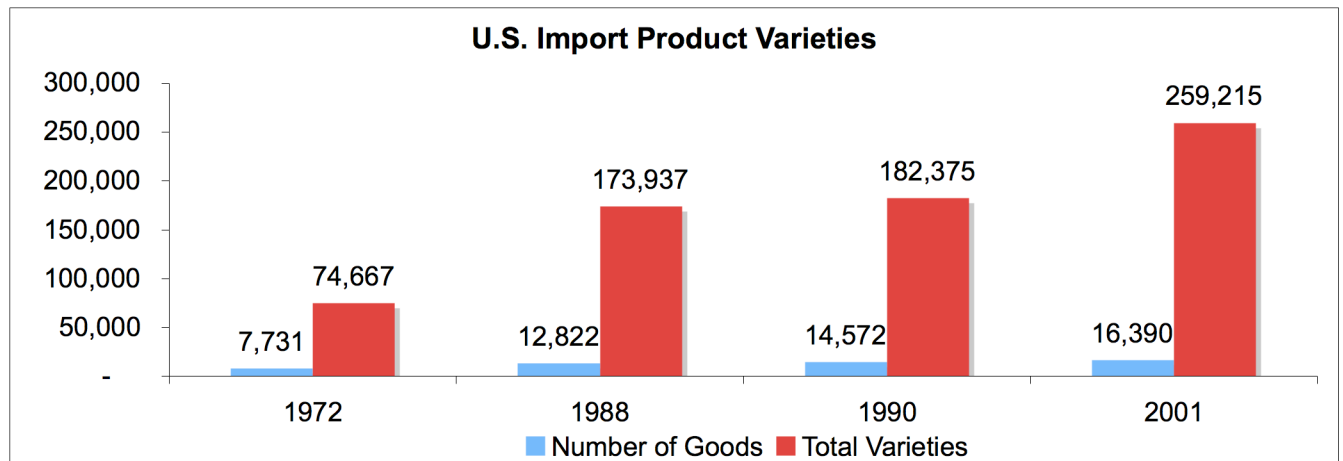
<u>Traded Goods</u>	<u>Price Change</u>
Toys	-36%
Household Appliances	-15%
Clothing	-11%
Footwear	-6%
<u>Non-Traded Goods</u>	
Milk	24%
Margarine	22%
Ice Cream	17%
Sugar	9%

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

- In 2005, 304,000 families in Ohio 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.

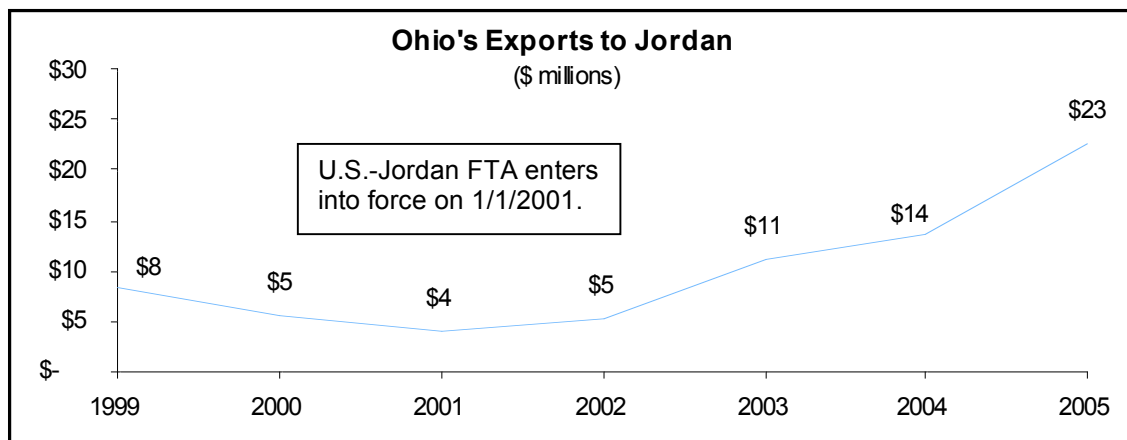
- Trade allows consumers to enjoy products with limited U.S. production (e.g., coffee) as well as out-of-season goods (e.g., strawberries in January).
- The number of product varieties imported by the United States increased fourfold over the last three decades.



MORE OF A GOOD THING FOR OHIO – 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 foreign markets to U.S. exports.

- Since the **North American Free Trade Agreement** went into effect in 1994, Ohio's exports to Canada have increased \$9 billion (112 percent), while exports to Mexico have increased \$1.7 billion (244 percent).
- In 2001, a recession year, Ohio's total trade with **Canada** generated \$6.2 billion for Ohio's economy and supported 212,000 jobs.
- The **U.S.-Jordan Free Trade Agreement**, which went into effect in 2001, has had a significant effect on export growth from Ohio to Jordan.



SOURCES

JOBS

Laura Baughman and Joseph Francois (<http://www.businessroundtable.org>)
Ohio Port Authorities Council (<http://www.odod.state.oh.us/EDD/OBD/2005factsheet.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>)

EXPORTS

U.S. Department of Commerce (<http://tse.export.gov>),
(<http://ita.doc.gov/td/industry/otea/edb/index.html>), (<http://www.bea.gov/bea/regional/gsp/>)

FOREIGN INVESTMENT

“Honda in Ohio” (<http://ohio.honda.com/ohio/facts.cfm>)
Ohio Department of Development, International Trade Division
(<http://www.odod.state.oh.us/itd/>)
Ohio Department of Development
(<http://www.odod.state.oh.us/research/FILES/B300000001.pdf>)
Organization for International Investment (<http://www.ofii.org>)

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>),
(<http://www.bls.gov/cex/home.htm>)
U.S. Department of Commerce (<http://www.bea.gov/>)
U.S. Census Bureau (<http://www.census.gov/hhes/www/poverty/poverty.html>)
Christian Broda and David Weinstein (http://www.ny.frb.org/research/staff_reports/sr180.html)

TRADE LIBERALIZATION

U.S. Department of Commerce (<http://tse.export.gov>)
Joseph Francois and Laura Baughman
(http://tradepartnership.com/pdf_files/2004_Canada_Jobs.pdf)

Contact: Brigitte Schmidt Gwyn
Director, International Trade & Fiscal Policy
Business Roundtable
202.496.3263
bgwyn@businessroundtable.org



Business Roundtable

<http://trade.businessroundtable.org>