

BDS Testimony
Aaron Bernard
12/1/16

Thank you to the Chairman and Ranking Member for having me here today. I would like to submit for the record some important research regarding Michigan's trade partnerships with its strategic allies. My core finding is that trade with our strategic allies is both of central importance to our economy but also to our security.

Commercial Discrimination and Boycotts Against Strategic American and Michigan Allies not only amount to discrimination on the basis of national origin and ethno-nationalist targeting but also have direct negative effects on Michigan's economy. I have three central contentions:

1. More than 14,500 Michigan companies export goods around the world each year, supporting nearly 271,000 Michigan jobs.
2. Michigan is the state that puts the nation on wheels is the national leader in Automotive production. We have 1,733 motor-vehicle and vehicle-parts manufacturing companies, 26 percent of which are foreign-owned.
3. Over 1,000,000 Michiganders owe their jobs to international trade through foreign investment, exports, and imports. Michigan is on a path to restoring economic prosperity for all Michiganders, and trade will continue to play an important role on that path.

Our trade relationships are absolutely critical to the economy of this state. That is why this legislation, which opposes Commercial Discrimination and Boycotts Against Strategic American and Michigan Allies, is so important to the public policy of this state.

In 2015, The U.S. Commerce Department valued Michigan exports at \$53.2 billion, 70.7 percent of which went to the United States' 20 strategic trade partners. These trade relationships with our allies not only strengthen the whole of Michigan's economy but trickle down to the individual county level. Crain's Detroit Business in 2015 reported that Oakland County, welcomed \$357 million in foreign investment. Foreign investors represented about 43 percent of total investment in the county and supported 2,161 jobs last year.

The importance of our trade relationships with our Michigan Allies cannot be understated throughout the whole Michigan Economy. Top to Bottom. That is why this legislation ought be adopted, not only because rejecting boycotts on the basis of National Origin and Ethnicity is the right thing to do, it is also what is best for Michigan's economy.

Talking Points for Legislation Opposing Commercial Discrimination and Boycotts Against Strategic American and Michigan Allies

1. Policy Objective of Legislation. (1) To defend the state's economy from financial or contractual engagement with parties who would at the same time inflict economic harm upon strategic alliances and other state businesses based on national origin discrimination; (2) They ensure that state taxpayer funds are not subjected to contracts or investments with parties who would at the same time undermine important public policy protections against national origin discrimination.

2. Rationale for Support of Legislation. Michigan enjoys Billions of dollars in annual economic trade with strategic allies and their entities. This trade encompasses many of the state's most important economic sectors, such as precision manufacturing, automotive, water technology ecological preservation, defense, research and development, and health sciences. In order to foster economic development in Michigan, the state ought to pursue the strongest possible relations through our strategic economic alliances.

Boycotts of entities and individuals on the basis of national origin, often amount to ethnic, religious, racial and/or nationality discrimination, which directly contradicts state public policy and the values of our citizens. Exercising discretion with taxpayer funds is an important part of reinforcing public policy and the basic ethical standards of government.

3. Function of Legislation.

- a. Similar Legislation is NON-PARTISAN and passed UNANIMOUSLY in 13 other states.
- b. The Legislation protects the financial interests of the state's citizens by ensuring that state investment funds and contracts with the private sector are shielded from the economic damage and instability caused by companies that engage in discriminatory boycotts against strategic allies.
- c. The Legislation protects the social interests of the state's citizens by ensuring that taxpayer dollars, through the state government, will not be party to contracts and investments that undermine the state's public policy protections against discrimination.

4. Important Points Supporting Legislation.

- a. **Free Speech Rights are Unaffected.** The Legislation does not violate any First Amendment rights. The legislation exercises the state's freedom to choose the companies in which it will invest and with whom it will contract. It does not penalize or infringe on anyone's right to free expression.
- b. **Consistent with Federal Law.** The U.S. government has emphatically rejected boycotts based on national origin and interferences with foreign trade policy in general. Congress has legislated against boycotts of strategic allies for four decades, and Federal courts have ruled that economic boycotts are not protected free speech.



INTERNATIONAL
TRADE
ADMINISTRATION

Michigan Exports, Jobs, & Foreign Investment

Michigan Depends on World Markets

- Exports from Michigan helped contribute to the \$2.26 trillion of U.S. goods and services exports in 2015.

Exports Support Jobs

- Nationally, U.S. jobs supported by exports reached an estimated 11.5 million in 2015, up 1.9 million from 2009.

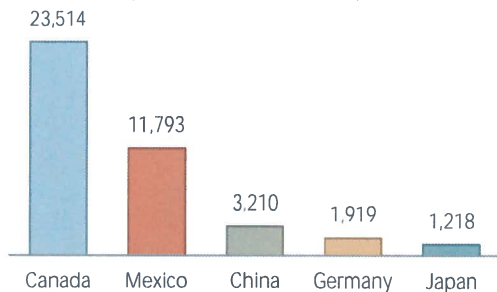
Exports Sustain Thousands of Michigan Businesses

- A total of 14,997 companies exported from Michigan locations in 2014.

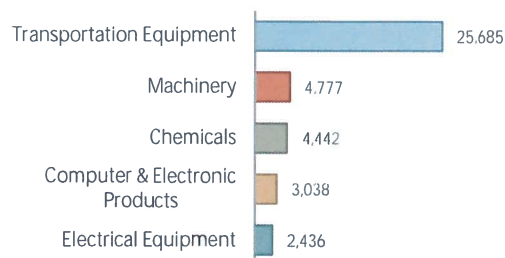
\$54.0 billion

Michigan goods exports in 2015

Michigan's Top 5 Export Markets (Millions of U.S. Dollars)

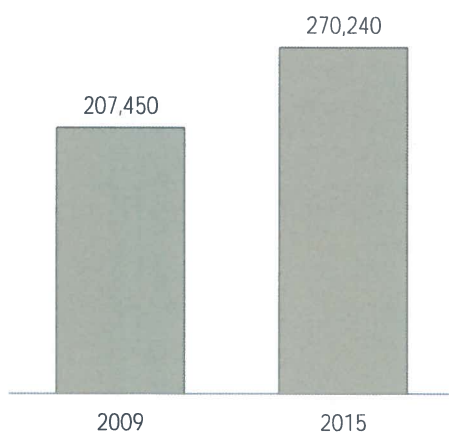


Michigan's Top 5 Export Categories (Millions of U.S. Dollars)



Jobs Supported by Michigan Goods Exports

Up by 63 Thousand Jobs Since 2009



270,240

U.S. jobs supported by goods exports from Michigan in 2015

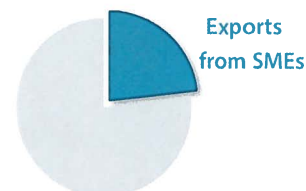
94% of these jobs were supported by manufactured goods exports

13,387

Number of small and medium-sized (SME) goods exporters in Michigan in 2014

SMEs account for **89%** of Michigan goods exporters

...and **23%** of known Michigan goods export value





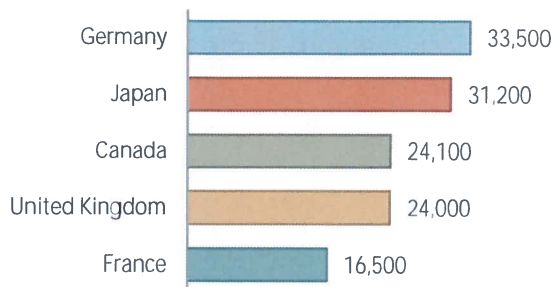
INTERNATIONAL
TRADE
ADMINISTRATION

Michigan Exports, Jobs, & Foreign Investment

Foreign Investment & Jobs in Michigan

- In 2014, foreign-owned companies employed 217,100 Michigan workers

Michigan Employment in Foreign-Owned Companies
Number of Employees by Country of UBO



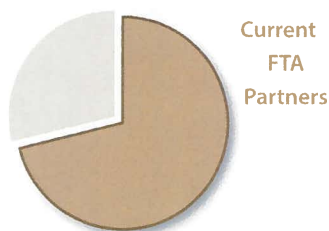
6.0%

Share of Michigan private-industry employment at foreign-owned firms

Free Trade Agreements

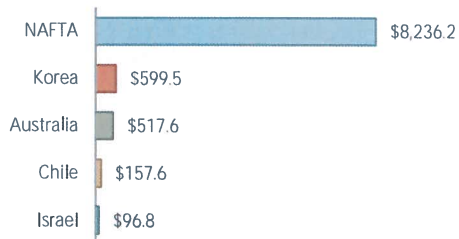
- The U.S. currently has 14 free trade agreements in force with 20 countries.
- Michigan's exports to U.S. FTA partners totaled \$38.4 billion in 2015.

In 2015, exports to FTA markets accounted for **71%** of Michigan exports



Since 2005, exports from Michigan to FTA markets have grown by **35%**

Top Dollar Growth, 2005-15
(Millions of U.S. Dollars)



Michigan's Metropolitan Exports

- Detroit-Warren-Dearborn is the 6th largest metro area reporting goods exports nationwide.

Metro Area	2015 Goods Export Value	Share of State Exports
Detroit-Warren-Dearborn	\$44.3 billion	68.5%
Grand Rapids-Wyoming	\$5.1 billion	7.9%
Midland	\$2.7 billion	4.2%
Kalamazoo-Portage	\$1.4 billion	2.1%
South Bend-Mishawaka	\$1.3 billion	*
Saginaw	\$1.1 billion	1.7%
Battle Creek	\$1.1 billion	1.7%
Ann Arbor	\$1.1 billion	1.6%
Lansing-East Lansing	\$852 million	1.3%

*Share of state exports unavailable for MSAs that cross state lines

Prepared by the Office of Trade and Economic Analysis, International Trade Administration, U.S. Department of Commerce.

For more resources please see www.trade.gov/mas/ian. Sources include resources from the U.S. Department of Commerce's International Trade Administration, Bureau of the Census, and Bureau of Economic Analysis.