



How Alaska's Economy Benefits from International Trade & Investment

Overview

With more than 95 percent of the world's population and 80 percent of the world's purchasing power outside the United States, future economic growth and jobs for Alaska and America increasingly depend on expanding U.S. trade and investment opportunities in the global marketplace.

The following pages feature key facts and figures drawn from new Business Roundtable research, U.S. government data, and other data sources that demonstrate the benefits of international trade and investment to economic growth and jobs in Alaska.

Why is International Trade & Investment Important to Alaska?

- **International trade, including exports and imports, supports 90,900 Alaska jobs – nearly 1 in 5.** These trade-related jobs grew 1.2 times faster than total employment from 2004 to 2014 and are at large and small companies, on farms, in factories, and at the headquarters of Alaska's globally engaged firms. *(See Alaska Jobs Depend On Two-Way Trade)*
- **Alaska exported \$5.1 billion in goods and \$1.7 billion in services in 2014,** including marine products, metal ores, oil & gas and passenger fares. Of Alaska's 554 exporters, 72 percent are small- and medium-sized companies with less than 500 workers. *(See Alaska Businesses Grow With Exports)*
- **Customers in 109 countries and territories buy Alaska-made goods and services,** including more than a billion dollars in annual exports to top markets like China and Japan. Alaska's goods exports have grown nearly 20 percent faster than state GDP since 2004. *(See Alaska Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Alaska companies and families.** Lower raw material and input costs help Alaska 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 Alaska Companies And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Alaska to partner countries.** In 2014, \$1.5 billion of Alaska's goods exports, or 28 percent, went to FTA partners. This represents a 50 percent increase since 2004. *(See Alaska Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 16,100 workers in Alaska.** *(See Foreign Investment In Alaska Creates Jobs)*



Alaska Jobs Depend on Two-Way Trade

Overview

Creating and preserving quality U.S. jobs is a goal shared by all Americans. With more than 95 percent of the world’s population and 80 percent of the world’s purchasing power outside of the United States, future American economic growth and job creation depend on open markets abroad.

Trade Creates & Supports Jobs in Alaska

- Export growth increases jobs by generating new business for Alaska's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Alaska businesses compete and saving Alaska families real dollars at the cash register.
- Nearly one in five Alaska jobs depends upon international trade.
- Alaska's trade-related employment grew 1.2 times faster than total employment from 2004 to 2014.
- Jobs in more export-intensive 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.

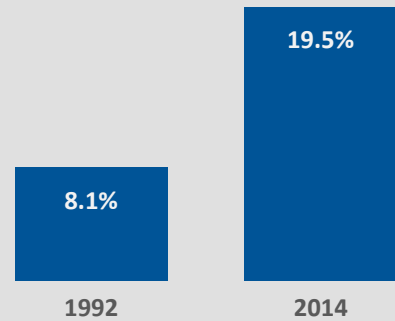
By the Numbers

90,900

Number of Jobs in Alaska Supported by Trade

Share of Jobs Tied to Trade

Increased 141 percent from 1992 to 2014



Jobs Tied to Trade Top Sectors, 2014

| | |
|--|--------|
| Retail | 10,600 |
| Transportation & Warehousing | 5,800 |
| Professional, Scientific, Tech. Services | 5,500 |
| Management, Administrative Services | 4,600 |
| Real Estate, Rental Services | 3,500 |



Alaska Businesses Grow with Exports

Overview

Alaska exported an estimated \$5.1 billion in goods and \$1.7 billion in services in 2014. Between 2009 and 2014, Alaska goods exports have increased by 58 percent and services exports by 35 percent. Large companies now account for 59 percent of the value of Alaska'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 Alaska Exports

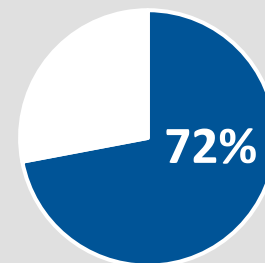
- Alaska ranks among the top half of state exporters in eight industries, including first in marine products (\$2.4 billion), second in metal ores (\$1.8 billion), third in timber & logs (\$123 million), and seventh in ships & boats (\$100 million).
- Alaska ranks among the top half of state exporters in three industries, including 12th in ocean freight & port services (\$265 million), 19th in passenger fares (\$456 million), and 24th in air freight & port services (\$252 million).
- One of Alaska's fastest growing export categories is metal ores, which have increased by 20 percent per year since 2004. In 2014, exports of these products reached \$1.8 billion.

By the Numbers

554

Number of Alaska Businesses that Exported in 2013

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



Top Alaska Exports, 2014

Goods

| | |
|---------------------------|---------------|
| Marine Products | \$2.4 billion |
| Metal Ores | \$1.8 billion |
| Oil & Gas | \$302 million |
| Petroleum & Coal Products | \$233 million |
| Timber & Logs | \$123 million |

Services

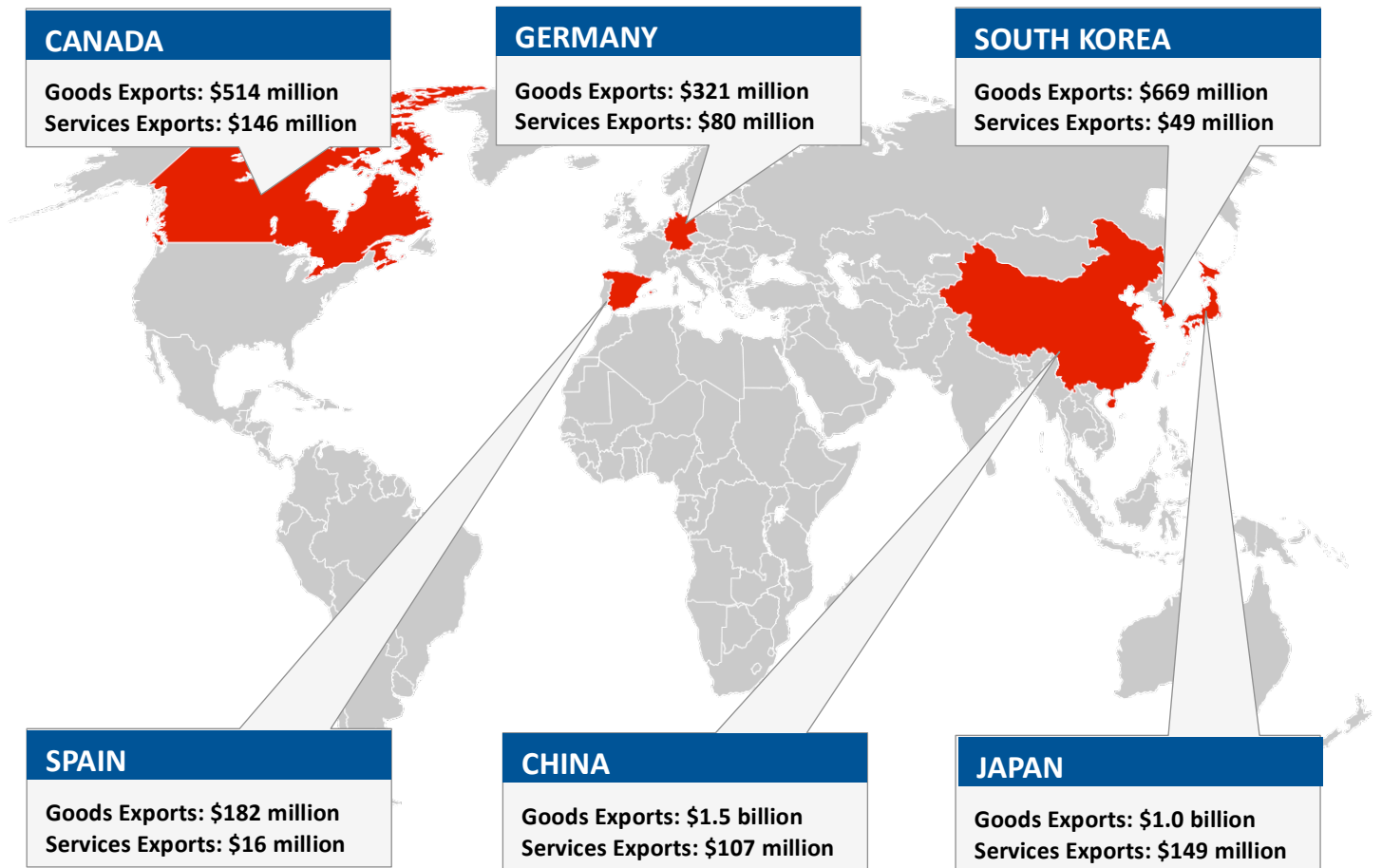
| | |
|-------------------------------|---------------|
| Passenger Fares | \$456 million |
| Travel | \$305 million |
| Ocean Freight & Port Services | \$265 million |



Alaska Companies Export throughout the World

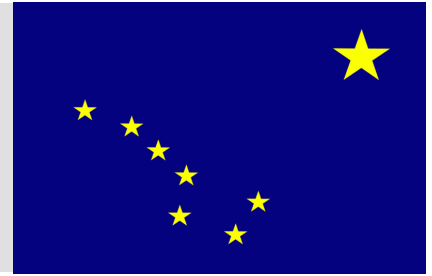
In 2014, Alaska companies sold their products in 109 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Alaska Economy Grow

- Goods exports accounted for 9.1 percent of Alaska's state GDP in 2014.
- Alaska's goods exports have grown nearly 20 percent faster than state GDP since 2004. The average annual export growth during this period was 6.0 percent, while the average annual state GDP growth was 5.1 percent.
- Alaska's top export markets for goods are China, Japan, and South Korea. Its top market for services is Japan.
- Alaska's goods exports to Australia have grown by 90 percent per year since 2004. Exports to China grew by 23 percent per year, while exports to Finland grew by 22 percent per year.



Alaska Companies & Workers Use Imports to Make Products and Compete in International Markets

Overview

In 2014, 60 percent (\$1.3 trillion) of the products imported into the United States were inputs and components used by American producers. Lower cost inputs keep U.S. manufacturing competitive in international markets. Imports frequently contain components (like cotton or semiconductors) and services inputs (like design) provided by U.S. companies and farmers, including companies and farmers in Alaska.

- Services, especially transportation from Alaska's ports, finance and insurance, marketing and legal services are needed to bring imported goods to American manufacturers and households.
- In 2013, about 75 percent of identified U.S. importers were very small businesses with less than 20 employees.
- Trade and investment liberalization policies save the average Alaska family of four more than \$10,000 per year.
- Imports help keep prices down for Alaska families while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.

In 2013, about 184,000 U.S. companies (including 667 in Alaska) imported products...

And roughly three-quarters of U.S. importers were very small businesses with less than 20 employees.

Imports Decrease Prices for Goods & Services



-87.0%

Decrease in the Price of Televisions Between 2004 and 2014.



-69.2%

Decrease in the Price of Computers Between 2004 and 2014.



-42.9%

Decrease in the Price of Toys Between 2004 and 2014.

Imports Increase Choices for Goods & Services



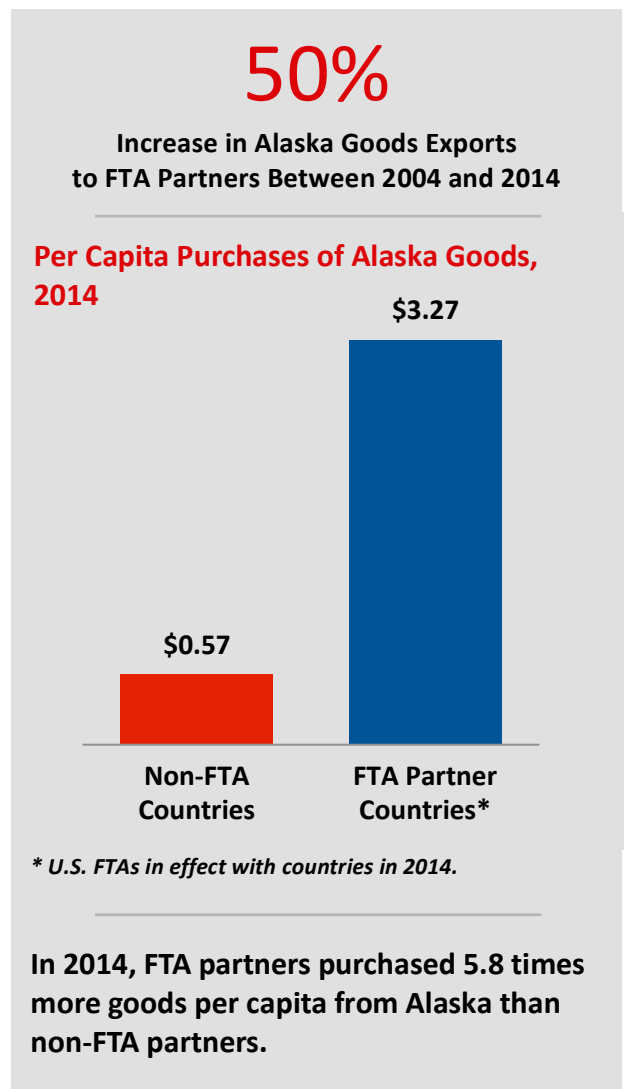
Alaska Needs Trade Agreements to Grow

Overview

The United States has some of the lowest trade barriers in the world. Overall U.S. trade with our free trade agreement (FTA) partner countries supports more than 17.7 million 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. Alaska has increased its exports to FTA partners following implementation of the U.S. FTAs with those countries.

- In 2014, \$1.5 billion of Alaska's goods exports, or 28 percent, went to FTA partners.
- Since 2004 Alaska's goods exports to countries with FTAs in effect with the United States in 2014 have increased by 50 percent.
- Alaska's exports to Canada and Mexico have increased by \$445 million (569 percent) since NAFTA went into effect in 1994.
- Alaska's exports to Australia have increased by 388 percent since the U.S.-Australia FTA took effect in 2005.
- Alaska's exports to South Korea of communications equipment have increased from \$242,000 to \$2.2 million since the FTA with South Korea went into effect in 2012.
- Singapore bought 57 percent of Alaska's exports of petroleum & coal products in 2014.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased \$2.8 billion, or 54 percent, of Alaska's goods exports in 2014.

By the Numbers





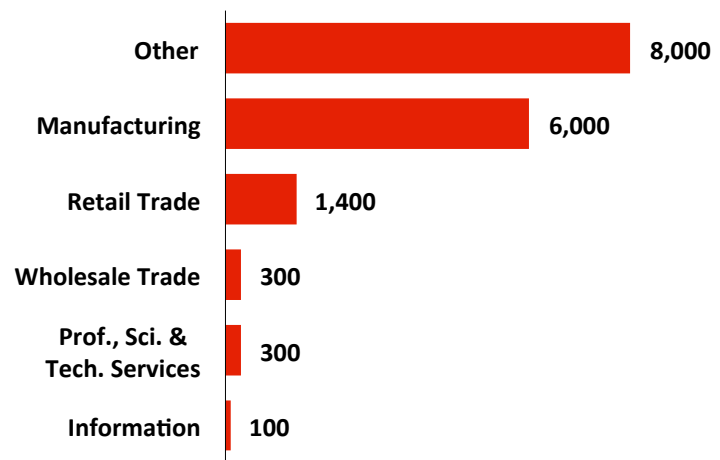
Foreign Investment in Alaska Creates Jobs

Overview

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Alaska every year. Foreign-owned companies from around the world employ more than 16,000 workers in Alaska, including:

- 5,300 workers employed by companies based in the United Kingdom;
- 4,500 workers employed by companies based in Canada;
- 1,400 workers employed by companies based in Japan;
- 500 workers employed by companies based in France;
- 400 workers employed by companies based in Germany.

Foreign-Owned Companies Employ 16,100 Alaska Workers Across Many Industries



Selected Foreign-Owned Companies Employing Workers in Alaska

| Company | Industry | Country |
|-------------------------------|----------------------------------|----------------|
| Acuren Group | Inspecting & Testing Services | Canada |
| Arcadis US Inc. | Engineering Services | Netherlands |
| ASC Profiles | Steel Products Manufacturing | Australia |
| Golder Associates | Engineering Services | Canada |
| Intertek Testing | Testing and Inspection Services | United Kingdom |
| Peter Pan Seafoods | Food Manufacturing | Japan |
| Pilkington North America | Glass Manufacturing | Japan |
| Repsol E&P USA | Oil and Gas Exploration Services | Spain |
| Sandvik Mining & Construction | Mining Services | Sweden |
| Sumitomo Metal Mining Pogo | Mining and Smelting | Japan |
| Westar Aerospace & Defense | Engineering Services | United Kingdom |
| Wipro Technologies | IT Services | India |



Data Sources

ALASKA JOBS DEPEND ON TWO-WAY TRADE

Jobs-Tied-to-Trade: Boughman and Francois, “Trade and American Jobs, The Impact of Trade on U.S. and State-Level Employment: 2014 Update” (2016) (<http://businessroundtable.org/resources/trade-and-american-jobs-2016-update>)

Exporting Firm Wages: Riker, “Export-Intensive Industries Pay More on Average: An Update” (2015) (<https://www.usitc.gov/publications/332/ec201504a.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>)

ALASKA BUSINESSES GROW WITH EXPORTS

Small and Large Firms Partnering to Export (for 2007, 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, 2012 – 2013” (<http://www.census.gov/foreign-trade/Press-Release/edb/2013>)

ALASKA 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>)

ALASKA COMPANIES & WORKERS USE IMPORTS TO COMPETE IN INTERNATIONAL MARKETS

Importing Company Information: Census, “A Profile of U.S. Importing and Exporting Companies, 2012 – 2013” (<http://www.census.gov/foreign-trade/Press-Release/edb/2013>)

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/>)

ALASKA NEEDS TRADE AGREEMENTS TO GROW

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

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

Jobs-Tied-to-FTAs: U.S. Chamber of Commerce, “Opening Markets, Creating Jobs: Estimated U.S. Employment Effects of Trade with FTA Partners” (2010) (http://tradepartnership.com/wp-content/uploads/2014/06/opening_markets_creating_jobs_USChamber.pdf)

FOREIGN INVESTMENT IN ALASKA 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>)