

How Idaho'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 Idaho 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 Idaho.

Why is International Trade & Investment Important to Idaho?

- **International trade, including exports and imports, supports 202,200 Idaho jobs – more than 1 in 5.** These trade-related jobs grew 2.8 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 Idaho's globally engaged firms. *(See Idaho Jobs Depend On Two-Way Trade)*
- **Idaho exported \$5.9 billion in goods and \$1.7 billion in services in 2014,** including semiconductors & components, oilseeds & grains, dairy products and travel services. Of Idaho's 1,762 exporters, 84 percent are small- and medium-sized companies with less than 500 workers. *(See Idaho Businesses Grow With Exports)*
- **Customers in 191 countries and territories buy Idaho-made goods and services,** including hundreds of millions of dollars in annual exports to top markets like Canada, China and South Korea. Idaho's goods exports have grown nearly two times faster than state GDP since 2004. *(See Idaho Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Idaho companies and families.** Lower raw material and input costs help Idaho 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 Idaho Companies And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Idaho to partner countries.** In 2014, \$3.0 billion of Idaho's goods exports, or 50 percent, went to FTA partners. This represents a 145 percent increase since 2004. *(See Idaho Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 15,700 workers in Idaho.** *(See Foreign Investment In Idaho Creates Jobs)*



Idaho 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 Idaho

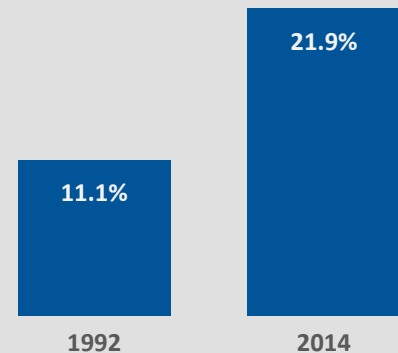
- Export growth increases jobs by generating new business for Idaho's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Idaho businesses compete and saving Idaho families real dollars at the cash register.
- More than one in five Idaho jobs depends upon international trade.
- Idaho's trade-related employment grew 2.8 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

202,200

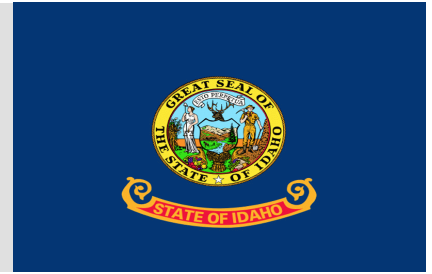
Number of Jobs in Idaho Supported by Trade

Share of Jobs Tied to Trade Increased 98 percent from 1992 to 2014



Jobs Tied to Trade Top Sectors, 2014

Retail	24,600
Management, Administrative Services	13,000
Professional, Scientific, Tech. Services	11,800
Agriculture	10,700
Real Estate, Rental Services	9,400



Idaho Businesses Grow with Exports

Overview

Idaho exported an estimated \$5.9 billion in goods and \$1.7 billion in services in 2014. Between 2009 and 2014, Idaho goods exports have increased by 39 percent and services exports by 43 percent. Large companies now account for 66 percent of the value of Idaho'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 Idaho Exports

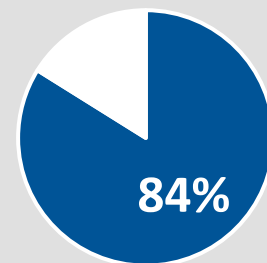
- Idaho ranks among the top 15 state exporters in 13 industries, including fifth in dairy products (\$439 million) and seventh in vegetables & melons (\$114 million), misc. wood products (\$99 million), and railroad rolling stock (\$98 million).
- Idaho is America's 22nd largest exporter of agricultural products. It is the largest exporter of potatoes, the second largest exporter of hay and sugar beets, and the fourth largest exporter of dry peas and beans.
- One of Idaho's fastest growing export categories is dairy products, which have increased by 31 percent per year since 2004. In 2014, exports of these products reached \$439 million.

By the Numbers

1,762

Number of Idaho Businesses that Exported in 2013

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



Top Idaho Exports, 2014

Goods

Semiconductors & Components	\$1.8 billion
Oilseeds & Grains	\$798 million
Dairy Products	\$439 million
Nonferrous Metals	\$286 million
Computer Equipment	\$282 million

Services

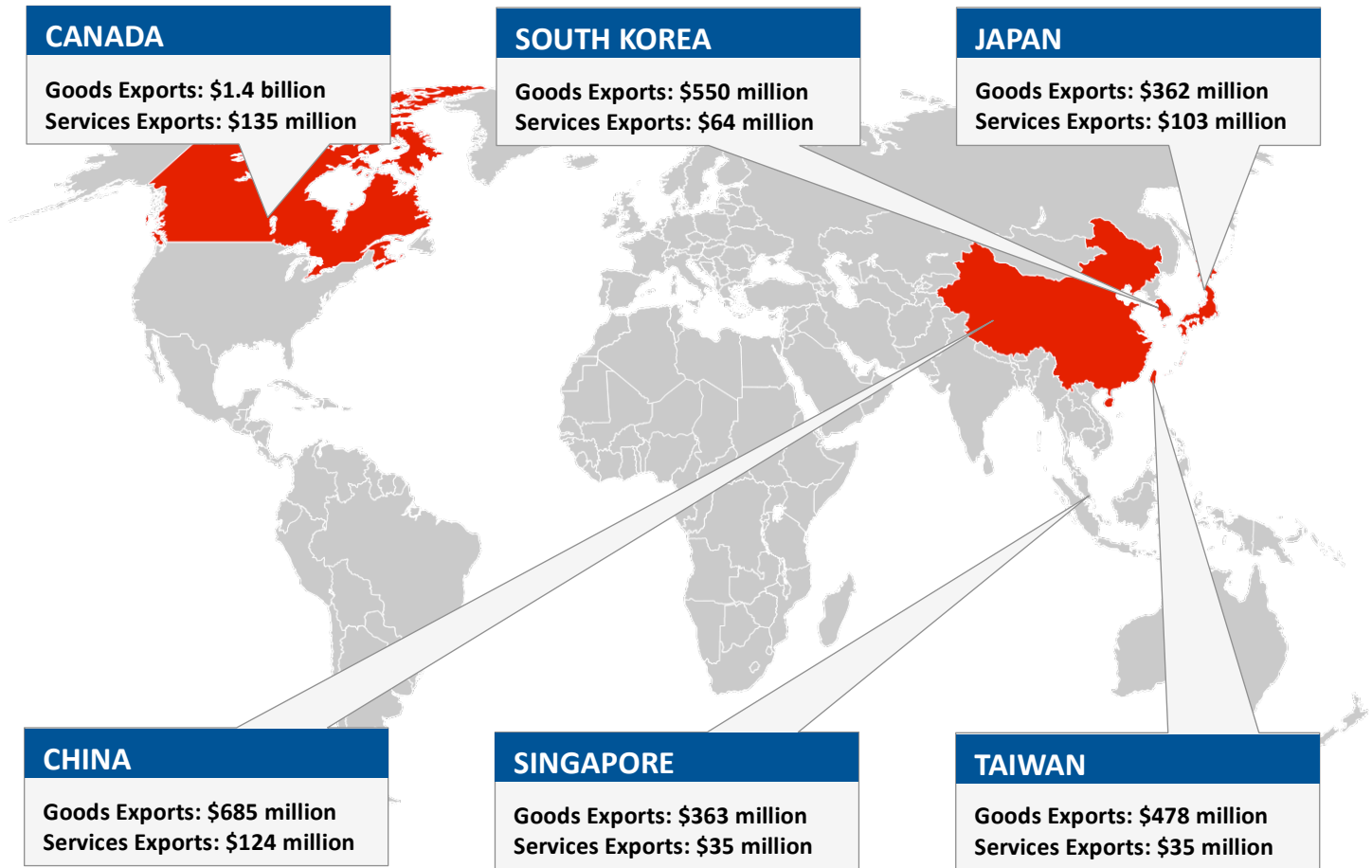
Travel	\$406 million
Industrial Processes Royalties	\$328 million
R&D & Testing Services	\$247 million



Idaho Companies Export throughout the World

In 2014, Idaho companies sold their products in 191 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Idaho Economy Grow

- Goods exports accounted for 9.3 percent of Idaho's state GDP in 2014.
- Idaho's goods exports have grown nearly two times faster than state GDP since 2004. The average annual export growth during this period was 7.3 percent, while the average annual state GDP growth was 3.8 percent.
- Idaho's top export markets for goods are Canada, China, and South Korea. Its top market for services is Canada.
- Idaho's goods exports to Vietnam have grown by 76 percent per year since 2004. Exports to the Philippines grew by 23 percent per year, while exports to China grew by 18 percent per year.



Idaho 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 Idaho.

- Services such as transportation, finance and insurance, marketing and legal services are needed to bring imported goods to Idaho's 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 Idaho family of four more than \$10,000 per year.
- Imports help keep prices down for Idaho 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 1,207 in Idaho) 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%

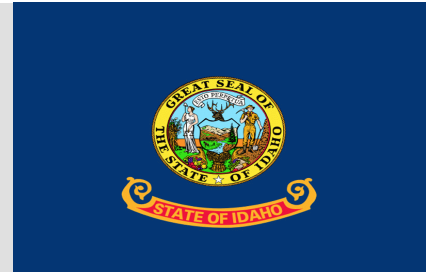
Decrease in the Price of Computers Between 2004 and 2014.



-42.9%

Decrease in the Price of Toys Between 2004 and 2014.

Imports Increase Choices for Goods & Services



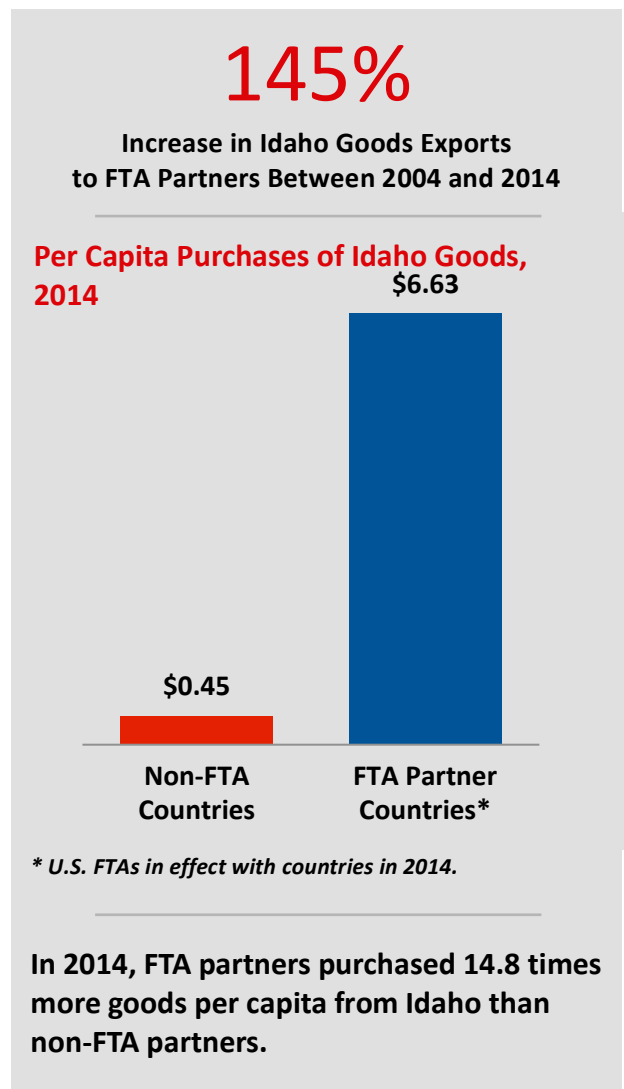
Idaho Needs Trade Agreements to Grow

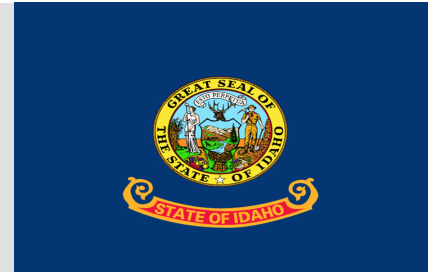
Overview

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. Idaho has increased its exports to FTA partners following implementation of the U.S. FTAs with those countries.

- In 2014, \$3.0 billion of Idaho's goods exports, or 50 percent, went to FTA partners.
- Since 2004 Idaho's goods exports to countries with FTAs in effect with the United States in 2014 have increased by 145 percent.
- Idaho's exports to Canada and Mexico have increased by \$1.6 billion (800 percent) since NAFTA went into effect in 1994.
- Idaho's exports to the Dominican Republic have increased by 165 percent since the U.S.-Dominican Republic FTA took effect in 2007.
- Idaho's exports to South Korea of dairy products have increased every year, from \$14 million to \$83 million, since the FTA with South Korea went into effect in 2012.
- Singapore bought 65 percent of Idaho's exports of aerospace products & parts in 2014.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased \$3.3 billion, or 56 percent, of Idaho's goods exports in 2014.

By the Numbers





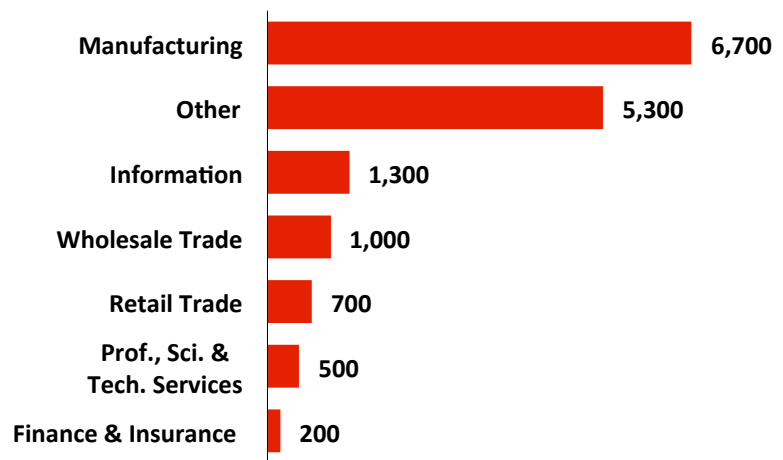
Foreign Investment in Idaho Creates Jobs

Overview

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Idaho every year. Foreign-owned companies from around the world employ more than 15,000 workers in Idaho, including:

- 2,700 workers employed by companies based in Canada;
- 2,400 workers employed by companies based in France;
- 2,400 workers employed by companies based in the United Kingdom;
- 1,800 workers employed by companies based in Germany;
- 1,100 workers employed by companies based in Switzerland.

Foreign-Owned Companies Employ 15,700 Idaho Workers Across Many Industries



Selected Foreign-Owned Companies Employing Workers in Idaho

Company	Industry	Country
ASML Boise	Semiconductor Processing Equipment	Netherlands
Biomat USA	Medical Products Manufacturer	Spain
ChipMOS	Semiconductor Testing Services	Taiwan
Glanbia Foods Inc.	Dairy/Cheese Products	Ireland
Great Western Malting Co.	Wheat/Barley Supplier	Australia
Holiday Inn	Hotel Services	United Kingdom
McCain Foods USA	Potato Product Manufacturing	Canada
Platt Electric Supply	Electrical Equipment Distributor	France
Schneider Electric	Power Distribution Equipment Mfg.	France
Siemens Infrastructure & Cities	Engineering Services	Germany
UBS Financial Services	Banking Services	Switzerland



IDAHO JOBS DEPEND ON TWO-WAY TRADE

Jobs-Tied-to-Trade: Baughman 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>)

IDAHO 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>)

IDAHO 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>)

IDAHO 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/>)

IDAHO NEEDS TRADE AGREEMENTS TO GROW

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

Per Capita Purchases of Idaho 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 IDAHO 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>)