

## How Montana's Economy Benefits from International Trade & Investment

**MONTANA**



### 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 Montana 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 Montana.

### Why is International Trade & Investment Important to Montana?

- **International trade, including exports and imports, supports 140,200 Montana 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 Montana's globally engaged firms. *(See Montana Jobs Depend On Two-Way Trade)*
- **Montana exported \$2.5 billion in goods and \$974 million in services in 2014,** including oilseeds & grains, basic chemicals, coal & petroleum gases and travel services. Of Montana's 1,556 exporters, 85 percent are small- and medium-sized companies with less than 500 workers. *(See Montana Businesses Grow With Exports)*
- **Customers in 175 countries and territories buy Montana-made goods and services,** including hundreds of millions of dollars in annual exports to top markets like Canada, South Korea and China. Montana's goods exports have grown more than two times faster than state GDP since 2004. *(See Montana Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Montana companies and families.** Lower raw material and input costs help Montana 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 Montana Companies And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Montana to partner countries.** In 2014, \$1.1 billion of Montana's goods exports, or 45 percent, went to FTA partners. This represents a 115 percent increase since 2004. *(See Montana Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 7,100 workers in Montana.** *(See Foreign Investment In Montana Creates Jobs)*



## Montana 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 Montana

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

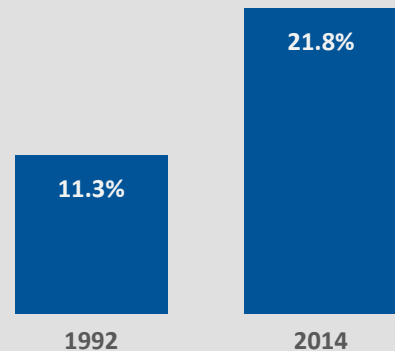
### By the Numbers

**140,200**

**Number of Jobs in Montana Supported by Trade**

#### Share of Jobs Tied to Trade

**Increased 92 percent from 1992 to 2014**



#### Jobs Tied to Trade Top Sectors, 2014

Retail	17,300
Professional, Scientific, Tech. Services	7,800
Agriculture	7,500
Real Estate, Rental Services	6,200
Management, Administrative Services	6,100



## Montana Businesses Grow with Exports

### Overview

Montana exported an estimated \$2.5 billion in goods and \$974 million in services in 2014. Between 2009 and 2014, Montana goods exports have increased by 45 percent and services exports by 42 percent. Large companies now account for 29 percent of the value of Montana'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 Montana Exports

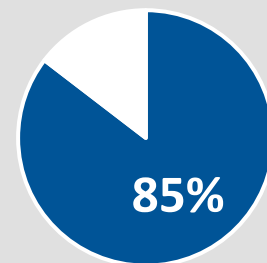
- Montana ranks among the top half of state exporters in 14 industries, including third in cement & concrete products (\$44 million) and tobacco products (\$42 million), 10th in coal & petroleum gases (\$223 million), and 12th in lime & gypsum products (\$11 million).
- Montana is America's 21st largest exporter of agricultural products. It is the third largest exporter of wheat, the fifth largest exporter of misc. grains and bees and honey, and the sixth largest exporter of dry peas and beans.
- One of Montana's fastest growing export categories is navigational & meas. instruments, which have increased by 26 percent per year since 2004. In 2014, exports of these products reached \$37 million.

### By the Numbers

**1,556**

Number of Montana Businesses that Exported in 2013

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



### Top Montana Exports, 2014

#### Goods

Oilseeds & Grains	\$1.1 billion
Basic Chemicals	\$243 million
Coal & Petroleum Gases	\$223 million
Misc. Crops	\$76 million
Petroleum & Coal Products	\$70 million

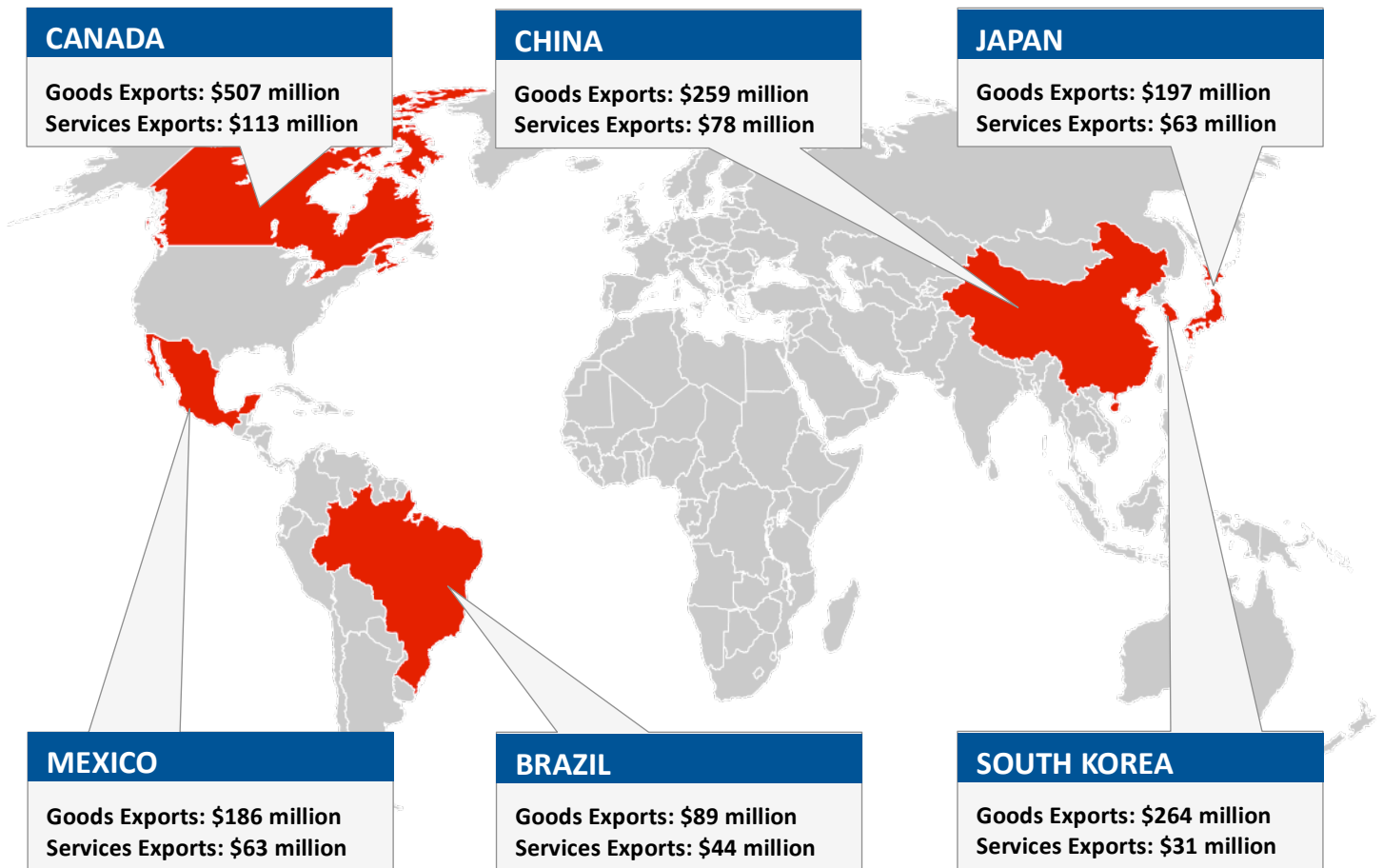
#### Services

Travel	\$455 million
Equip. Maintenance & Repair	\$85 million
Other Financial Services	\$79 million



**Montana Companies Export throughout the World**

**In 2014, Montana companies sold their products in 175 countries and territories.  
Top export markets include:**



**Fast Facts: How Exports Help the Montana Economy Grow**

- Goods exports accounted for 5.7 percent of Montana's state GDP in 2014.
- Montana's goods exports have grown more than two times faster than state GDP since 2004. The average annual export growth during this period was 10.8 percent, while the average annual state GDP growth was 4.8 percent.
- Montana's top export markets for goods are Canada, South Korea, and China. Its top market for services is Canada.
- Montana's goods exports to India have grown by 62 percent per year since 2004. Exports to Malaysia grew by 23 percent per year, while exports to China grew by 21 percent per year.



## Montana 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 Montana.

- Services such as transportation, finance and insurance, marketing, and legal services are needed to bring imported goods to Montana'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 Montana family of four more than \$10,000 per year.
- Imports help keep prices down for Montana 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 842 in Montana) 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



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

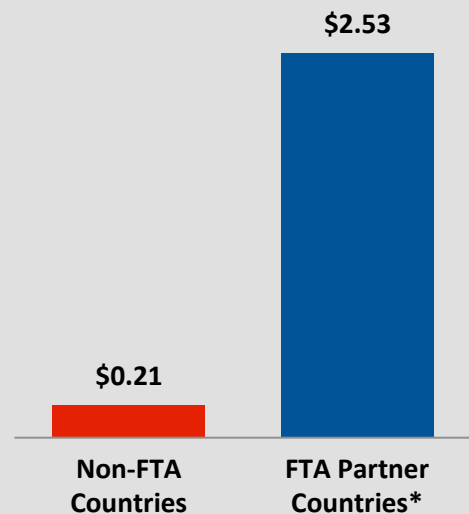
- In 2014, \$1.1 billion of Montana's goods exports, or 45 percent, went to FTA partners.
- Since 2004 Montana's goods exports to countries with FTAs in effect with the United States in 2014 have increased by 115 percent.
- Montana's exports to Canada and Mexico have increased by \$521 million (303 percent) since NAFTA went into effect in 1994.
- Montana's exports to El Salvador have increased by 158 percent since the U.S.-El Salvador FTA took effect in 2006.
- Montana's exports to Costa Rica of resins & synthetic fibers have increased from \$5,000 to \$3.2 million since the FTA with Costa Rica went into effect in 2009.
- South Korea bought 65 percent of Montana's exports of plastics products in 2014.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased \$1.2 billion, or 48 percent, of Montana's goods exports in 2014.

### By the Numbers

**115%**

Increase in Montana Goods Exports to FTA Partners Between 2004 and 2014

### Per Capita Purchases of Montana Goods, 2014



\* U.S. FTAs in effect with countries in 2014.

In 2014, FTA partners purchased 11.9 times more goods per capita from Montana than non-FTA partners.



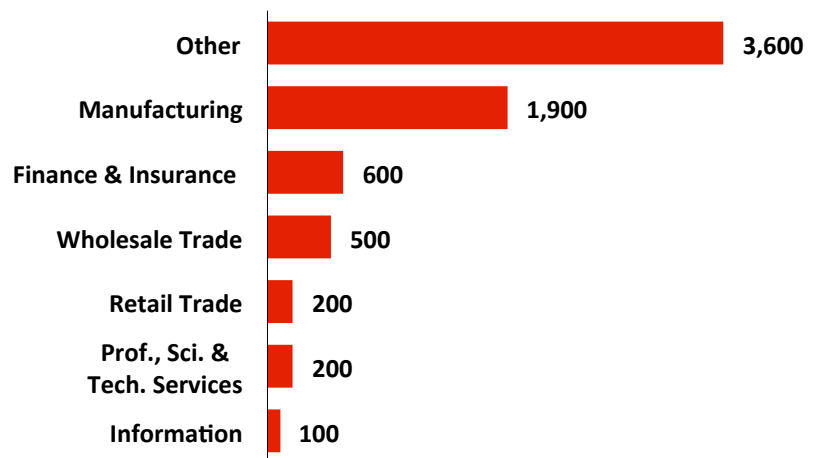
## Foreign Investment in Montana Creates Jobs

### Overview

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Montana every year. Foreign-owned companies from around the world employ more than 7,000 workers in Montana, including:

- 1,400 workers employed by companies based in the United Kingdom;
- 900 workers employed by companies based in France;
- 800 workers employed by companies based in Canada;
- 800 workers employed by companies based in Japan;
- 300 workers employed by companies based in Switzerland.

### Foreign-Owned Companies Employ 7,100 Montana Workers Across Many Industries



### Selected Foreign-Owned Companies Employing Workers in Montana

Company	Industry	Country
AMEC Geomatrix	Engineering & Consulting Services	United Kingdom
DRS C3 & Aviation Co.	Aerospace Product Manufacturing	Italy
Holiday Inn	Hotels	United Kingdom
Imerys Talc America	Minerals Mining	France
Norandex	Building Materials Distribution	France
Platt Electric Supply	Energy Services	France
REC Advanced Silicon Materials LLC	Solar Products Manufacturer	Norway
Rodda Paint	Paint Manufacturer	Canada
Sandvik Mining & Construction	Engineering Services	Sweden
Securitas Security Services USA, Inc.	Security Services	Sweden
Stillwater Mining Company	Mining	Russia
UBS Financial Services	Financial Services	Switzerland



### **MONTANA 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>)

### **MONTANA 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>)

### **MONTANA 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>)

### **MONTANA 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/>)

### **MONTANA NEEDS TRADE AGREEMENTS TO GROW**

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

**Per Capita Purchases of Montana 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](http://tradepartnership.com/wp-content/uploads/2014/06/opening_markets_creating_jobs_USChamber.pdf))

### **FOREIGN INVESTMENT IN MONTANA CREATES JOBS**

**Employment Data:** BEA "Direct Investment & Multinational Companies" database ([http://bea.gov/iTable/index\\_MNC.cfm](http://bea.gov/iTable/index_MNC.cfm))

**Foreign Investors:** Uniworld BP database of "Foreign Firms Operating in the United States" (<http://www.uniworldbp.com>)