

How Oregon'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 Oregon 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 Oregon.

Why is International Trade & Investment Important to Oregon?

- **International trade, including exports and imports, supports 498,400 Oregon jobs – more than 1 in 5.** These trade-related jobs grew 3.8 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 Oregon's globally engaged firms. *(See Oregon Jobs Depend On Two-Way Trade)*
- **Oregon exported \$19.1 billion in goods and \$11.7 billion in services in 2014,** including semiconductors & components, computer equipment, industrial machinery and royalties from industrial processes. Of Oregon's 5,922 exporters, 89 percent are small- and medium-sized companies with less than 500 workers. *(See Oregon Businesses Grow With Exports)*
- **Customers in 208 countries and territories buy Oregon-made goods and services,** including billions of dollars in annual exports to top markets like China, Canada and Malaysia. Oregon's goods exports have grown more than 70 percent faster than state GDP since 2004. *(See Oregon Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Oregon companies and families.** Lower raw material and input costs help Oregon 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 Oregon Companies And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Oregon to partner countries.** In 2014, \$6.0 billion of Oregon's goods exports, or 31 percent, went to FTA partners. This represents a 33 percent increase since 2004. *(See Oregon Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 50,100 workers in Oregon.** *(See Foreign Investment In Oregon Creates Jobs)*



Oregon 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 Oregon

- Export growth increases jobs by generating new business for Oregon's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Oregon businesses compete and saving Oregon families real dollars at the cash register.
- More than one in five Oregon jobs depends upon international trade.
- Oregon's trade-related employment grew 3.8 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.

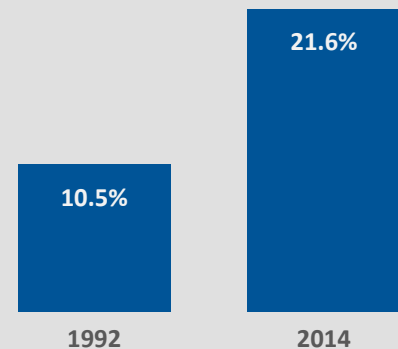
By the Numbers

498,400

Number of Jobs in Oregon Supported by Trade

Share of Jobs Tied to Trade

Increased 106 percent from 1992 to 2014



Jobs Tied to Trade Top Sectors, 2014

Retail	57,100
Management, Administrative Services	36,500
Professional, Scientific, Tech. Services	32,300
Real Estate, Rental Services	21,700
Finance, Insurance	19,900



Overview

Oregon exported an estimated \$19.1 billion in goods and \$11.7 billion in services in 2014. Between 2009 and 2014, Oregon goods exports have increased by 43 percent and services exports by 73 percent. Large companies now account for 65 percent of the value of Oregon'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 Oregon Exports

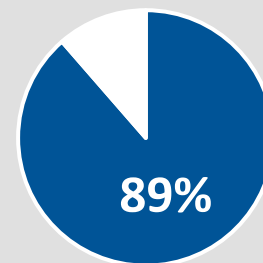
- Oregon ranks among the top five state exporters in 12 industries, including second in pesticides & fertilizers (\$811 million), sawmill & wood products (\$321 million), and veneer, plywood & engineered wood (\$187 million), and third in semiconductors & components (\$5.9 billion).
- Oregon is America's 24th largest exporter of agricultural products. It is the second largest exporter of misc. agricultural products, the third largest exporter of other noncitrus fruits, berries (excluding strawberries), and grapes.
- One of Oregon's fastest growing export categories is resins & synthetic fibers, which have increased by 19 percent per year since 2004. In 2014, exports of these products reached \$62 million.

By the Numbers

5,922

Number of Oregon Businesses that Exported in 2013

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



Top Oregon Exports, 2014

Goods

Semiconductors & Components	\$5.9 billion
Computer Equipment	\$1.4 billion
Industrial Machinery	\$1.2 billion
Pesticides & Fertilizers	\$811 million
Motor Vehicles	\$792 million

Services

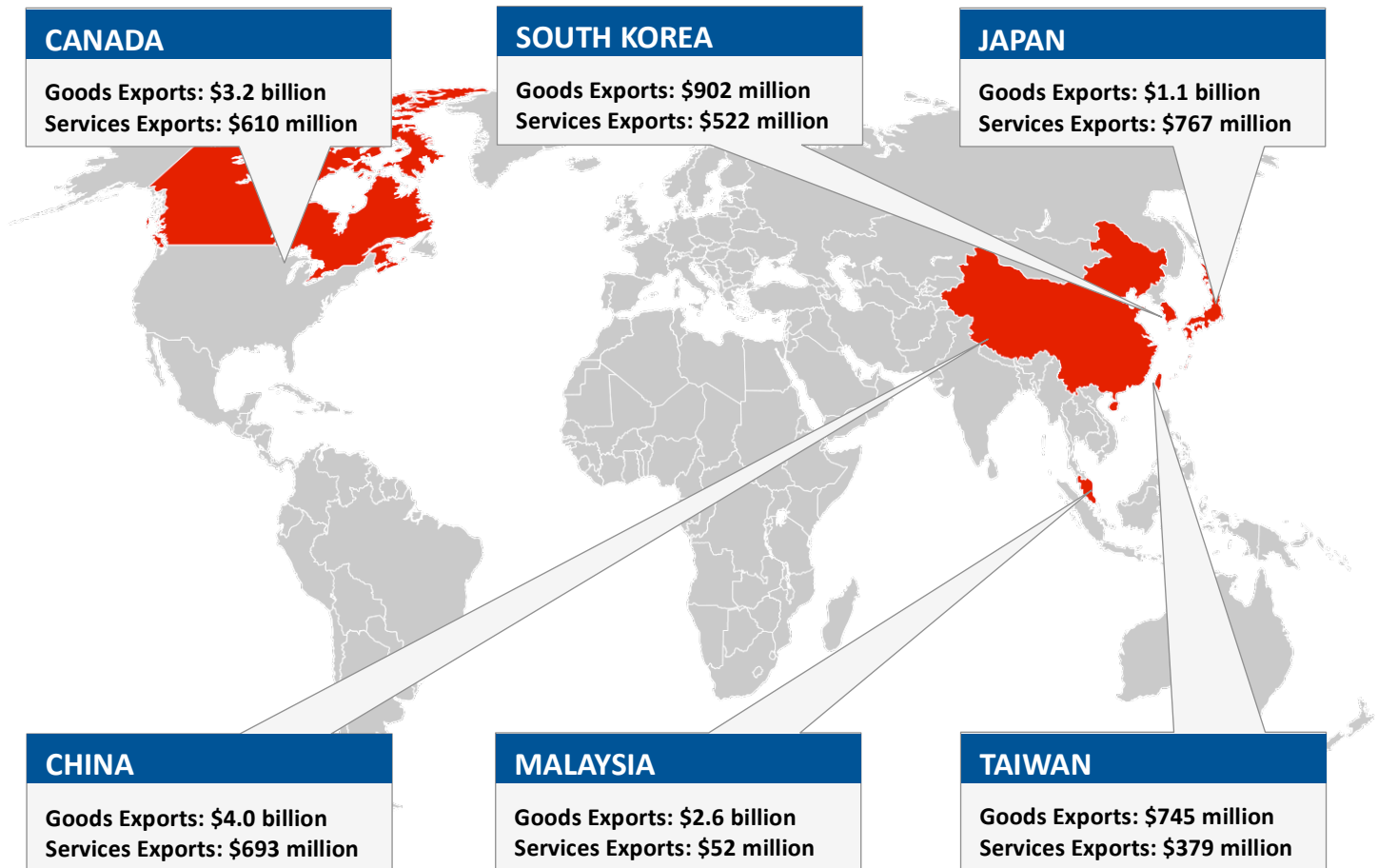
Industrial Processes Royalties	\$4.4 billion
R&D & Testing Services	\$2.8 billion
Travel	\$1.1 billion



Oregon Companies Export throughout the World

In 2014, Oregon companies sold their products in 208 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Oregon Economy Grow

- Goods exports accounted for 9.0 percent of Oregon's state GDP in 2014.
- Oregon's goods exports have grown more than 70 percent faster than state GDP since 2004. The average annual export growth during this period was 7.4 percent, while the average annual state GDP growth was 4.3 percent.
- Oregon's top export markets for goods are China, Canada, and Malaysia. Its top market for services is Ireland.
- Oregon's goods exports to the United Arab Emirates have grown by 30 percent per year since 2004. Exports to Saudi Arabia grew by 28 percent per year, while exports to China grew by 25 percent per year.



Oregon 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 Oregon.

- Services, especially transportation from Oregon'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 Oregon family of four more than \$10,000 per year.
- Imports help keep prices down for Oregon 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 4,541 in Oregon) 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



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

- In 2014, \$6.0 billion of Oregon's goods exports, or 31 percent, went to FTA partners.
- Since 2004 Oregon's goods exports to countries with FTAs in effect with the United States in 2014 have increased by 33 percent.
- Oregon's exports to Canada and Mexico have increased by \$2.6 billion (259 percent) since NAFTA went into effect in 1994.
- Oregon's exports to Chile have increased by 179 percent since the U.S.-Chile FTA took effect in 2004.
- Oregon's exports to South Korea of industrial machinery have increased every year, from \$19 million to \$239 million, since the FTA with South Korea went into effect in 2012.
- Canada bought 96 percent of Oregon's exports of iron, steel & ferroalloys in 2014.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased \$10.7 billion, or 56 percent, of Oregon's goods exports in 2014.

By the Numbers





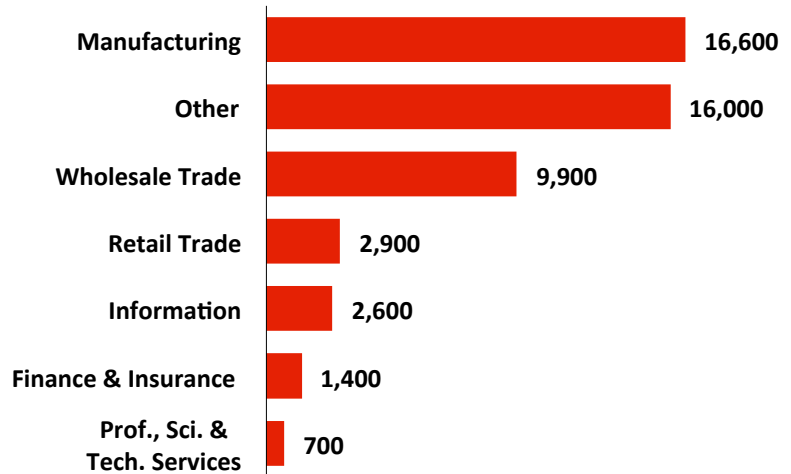
Foreign Investment in Oregon Creates Jobs

Overview

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Oregon every year. Foreign-owned companies from around the world employ tens of thousands of workers in Oregon, including:

- 9,300 workers employed by companies based in the United Kingdom;
- 9,000 workers employed by companies based in Germany;
- 6,800 workers employed by companies based in Japan;
- 4,500 workers employed by companies based in Canada;
- 4,000 workers employed by companies based in Switzerland.

Foreign-Owned Companies Employ 50,100 Oregon Workers Across Many Industries



Selected Foreign-Owned Companies Employing Workers in Oregon

Company	Industry	Country
ABB Inc.	Power Distribution Services	Switzerland
Adidas-Salomon Inc.	Footwear Manufacturing	Germany
Cemex	Cement Manufacturing	Mexico
Evrax North America	Steel Manufacturing	Luxembourg
Interfor	Wood Product Manufacturing	Canada
KPMG LLP	Accounting Services	Netherlands
Ricoh Americas Corporation	Manufacture/Distribute Office Equipment	Japan
Rodda Paint	Paint Manufacturing	Canada
Siltronic Corp.	Semiconductor Manufacturing	Germany
Solarworld Industries America	Power Equipment Manufacturing	Germany
Vestas-American Wind Technology	Energy Services	Denmark
Zeon Chemicals LP	Chemicals Manufacturing	Japan



OREGON 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>)

OREGON 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>)

OREGON 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>)

OREGON 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/>)

OREGON NEEDS TRADE AGREEMENTS TO GROW

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

Per Capita Purchases of Oregon 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 OREGON 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>)