HOW ALASKA'S ECONOMY BENEFITS FROM 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.

Trade Creates & Supports Jobs in Alaska

- **International trade, including exports and imports, supports 86,700 Alaska jobs – nearly one in five.** These trade-related jobs grew seven times faster than total employment from 1992 to 2017 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 $4.9 billion in goods and $1.8 billion in services in 2017,** including marine products, metal ores, prepared seafood products and travel services. Of Alaska’s 746 exporters, 73 percent are small- and medium-sized companies with less than 500 workers. *(See Alaska Businesses Grow With Exports)*

- **Customers in 118 countries and territories buy Alaska-made goods and services,** including billions of dollars in annual exports to top markets like China, Japan and Canada. Alaska's exports have grown more than four and a half times faster than state GDP since 2007. *(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 Use Imports to Make Competitive Products)*

- **Free trade agreements (FTAs) have helped fuel rapid export growth from Alaska to partner countries.** In 2017, $1.6 billion of Alaska's goods exports, or 33 percent, went to FTA partners. This represents an increase of 21 percent since 2007. *(See Alaska Needs Trade Agreements To Grow)*

- **Foreign-owned companies invest and build facilities and employ 17,200 workers in Alaska.** *(See Foreign Investment In Alaska Creates Jobs)*

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www.brt.org/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 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 seven times faster than total employment from 1992 to 2017.
- Jobs in export-dependent 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

86,700
Number of Jobs in Alaska Supported by Trade

Share of Jobs Tied to Trade
Increased 135 percent from 1992 to 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>8.1%</td>
</tr>
<tr>
<td>2017</td>
<td>19.1%</td>
</tr>
</tbody>
</table>

Jobs Tied to Trade
Top Sectors, 2017

<table>
<thead>
<tr>
<th>Sector</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade &amp; Distribution</td>
<td>18,900</td>
</tr>
<tr>
<td>Prof., Scient. &amp; Tech. Services</td>
<td>10,500</td>
</tr>
<tr>
<td>Personal &amp; Rec. Services</td>
<td>5,200</td>
</tr>
<tr>
<td>Agriculture</td>
<td>4,600</td>
</tr>
<tr>
<td>Transportation &amp; Warehousing</td>
<td>4,300</td>
</tr>
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Alaska exported an estimated $4.9 billion in goods and $1.8 billion in services in 2017. Between 2007 and 2017, Alaska goods exports have increased by 23 percent and services exports by 52 percent. Large companies now account for 45 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 8 industries, including first in marine products ($2.5 billion), first in metal ores ($1.8 billion), third in prepared seafood products ($22 million), and eighth in timber & logs ($70 million).

- Alaska is America’s 50th largest exporter of agricultural products. It is the 25th largest exporter of sheep, goats & fine animal hair, the 38th largest exporter of aquaculture, the 42nd largest exporter of miscellaneous animal products, and the 45th largest exporter of poultry & eggs.

- One of Alaska’s fastest growing export categories is electrical equipment, which increased by 231 percent since 2007. In 2017, exports of these products reached $11 million.

By the Numbers

<table>
<thead>
<tr>
<th>Number of Alaska Businesses that Exported in 2016</th>
</tr>
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<tbody>
<tr>
<td>746</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Share of Alaska Exporters that are Small- &amp; Medium-Sized Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>73%</td>
</tr>
</tbody>
</table>

Top Alaska Exports, 2017

<table>
<thead>
<tr>
<th>Goods</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marine Products</td>
<td>$2.5 billion</td>
</tr>
<tr>
<td>Metal Ores</td>
<td>$1.8 billion</td>
</tr>
<tr>
<td>Petroleum &amp; Coal Products</td>
<td>$210 million</td>
</tr>
<tr>
<td>Aerospace Products &amp; Parts</td>
<td>$91 million</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>$86 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>$532 million</td>
</tr>
<tr>
<td>Ocean Freight &amp; Port Services</td>
<td>$377 million</td>
</tr>
<tr>
<td>Passenger Fares</td>
<td>$368 million</td>
</tr>
</tbody>
</table>

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In 2017, Alaska companies sold their products in 118 countries and territories.

Top export markets include:

**CANADA**
- Goods Exports: $705 million
- Services Exports: $126 million

**GERMANY**
- Goods Exports: $182 million
- Services Exports: $94 million

**CHINA**
- Goods Exports: $1.3 billion
- Services Exports: $136 million

**NETHERLANDS**
- Goods Exports: $181 million
- Services Exports: $30 million

**KOREA**
- Goods Exports: $675 million
- Services Exports: $69 million

**JAPAN**
- Goods Exports: $812 million
- Services Exports: $165 million

Fast Facts: How Exports Help the Alaska Economy Grow

- Alaska's exports have grown more than four and a half times faster than state GDP since 2007. The average annual export growth during this period was 3.3 percent, while the average annual state GDP growth was 0.7 percent.
- Alaska's top export markets for goods are China, Japan, and Canada. Its top market for services is Japan.
- Alaska's goods exports to Australia have grown by 97 percent per year since 2007, while Alaska's services exports to Argentina have grown by 12 percent per year.

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In 2017, 58 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 2016, 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.

Imports Decrease Prices

- **-87.9%** Decrease in the Price of Televisions Between 2007 and 2017.
- **-44.7%** Decrease in the Price of Toys Between 2007 and 2017.

Imports Increase Choices

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Trade with our free trade agreement (FTA) partner countries supports millions of 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.

- In 2017, $1.6 billion of Alaska's goods exports, or 33 percent, went to FTA partners.
- Since 2007, Alaska's goods exports to countries with FTAs in effect with the United States in 2017 have increased by 21 percent.
- Alaska's goods exports to Canada and Mexico have increased by $647 million (827 percent) since NAFTA went into effect in 1994.
- Alaska's goods exports to Australia have increased by 596 percent since the FTA took effect in 2005.
- Alaska's exports to Korea of marine products have increased from $288 million to $399 million since the FTA went into effect in 2012.
- In 2017, $466 million of Alaska's services exports, or 25 percent, went to FTA partners.
- Alaska’s exports to Korea of travel services have increased from $8.1 million to $24 million, or by 202 percent, since the FTA went into effect in 2012.

By the Numbers

<table>
<thead>
<tr>
<th>Per Capita Purchases of Alaska Goods, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3.52</td>
</tr>
<tr>
<td>* U.S. FTAs in effect with countries in 2017.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-FTA Countries</th>
<th>FTA Partner Countries*</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.49</td>
<td>$3.52</td>
</tr>
</tbody>
</table>

*U.S. FTAs in effect with countries in 2017.

In 2017, FTA partners purchased 7.2 times more goods per capita from Alaska than non-FTA partners.

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Foreign-owned companies invest significant amounts of capital to open or expand facilities in Alaska every year. Foreign-owned companies from around the world employed more than 17,000 workers in Alaska, including:

- 5,000 workers employed by companies based in Canada;
- 4,600 workers employed by companies based in the United Kingdom;
- 2,700 workers employed by companies based in Japan;
- 500 workers employed by companies based in Switzerland;
- 400 workers employed by companies based in France.

Selected Foreign-Owned Companies Employing Workers in Alaska

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acuren Group</td>
<td>Inspecting &amp; Testing Services</td>
<td>Canada</td>
</tr>
<tr>
<td>Arcadis US Inc.</td>
<td>Engineering Services</td>
<td>Netherlands</td>
</tr>
<tr>
<td>ASC Profiles</td>
<td>Steel Products Manufacturing</td>
<td>Australia</td>
</tr>
<tr>
<td>Golder Associates</td>
<td>Engineering Services</td>
<td>Canada</td>
</tr>
<tr>
<td>Intertek Testing</td>
<td>Testing and Inspection Services</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>PCL Construction</td>
<td>Construction</td>
<td>Canada</td>
</tr>
<tr>
<td>Peter Pan Seafoods</td>
<td>Food Manufacturing</td>
<td>Japan</td>
</tr>
<tr>
<td>Repsol E&amp;P USA</td>
<td>Oil and Gas Exploration Services</td>
<td>Spain</td>
</tr>
<tr>
<td>Sandvik Mining &amp; Construction</td>
<td>Mining Services</td>
<td>Sweden</td>
</tr>
<tr>
<td>Stantec, Inc.</td>
<td>Architecture &amp; Engineering Services</td>
<td>Canada</td>
</tr>
<tr>
<td>Welltec Inc.</td>
<td>Oilfield Services</td>
<td>Denmark</td>
</tr>
<tr>
<td>Wipro Technologies</td>
<td>IT Services</td>
<td>India</td>
</tr>
</tbody>
</table>
ALASKA JOBS DEPEND ON TWO-WAY TRADE


ALASKA BUSINESSES GROW WITH EXPORTS

Small and Large Firms Partnering to Export (for 2006, 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)


ALASKA COMPANIES EXPORT THROUGHOUT THE WORLD


ALASKA COMPANIES USE IMPORTS TO MAKE COMPETITIVE PRODUCTS


Imports as Components: Derived from Census end-use import data


Price Changes: Derived from BLS Consumer Price Index database (http://www.bls.gov/cpi/)

ALASKA NEEDS TRADE AGREEMENTS TO GROW


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

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)

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