

HOW ALASKA'S ECONOMY BENEFITS FROM TRADE & INVESTMENT



Overview

With more than 96 percent of the world's population and 75 percent of its purchasing power outside the United States, economic recovery, jobs, and future growth for Alaska and America will depend on trade and investment. That includes reaching those customers with American goods and services through exports and expanding buying power and options for American companies and families with imports.

New Business Roundtable research, U.S. government data, and other data sources demonstrate the benefits of international trade and investment to jobs and the economy in Alaska. In 2020, the COVID-19 global pandemic has brought dual public health and economic crises. Meeting both challenges requires restoring trade and supporting trade-dependent jobs to help Alaska recover.

Trade Creates & Supports Jobs in Alaska

- **International trade, including exports and imports, supported 101,900 Alaska jobs – more than one in five in 2018.** These trade-related jobs grew nine times faster than total employment from 1992 to 2018 and are at large and small companies, on farms, in factories, and at the headquarters of Alaska's globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Alaska. *(See Alaska Jobs Depend On Two-Way Trade)*
- **Alaska exported \$4.8 billion in goods and \$2.1 billion in services in 2018,** including marine products, metal ores, petroleum and coal products and air freight and port services. Of Alaska's 806 exporters, 73 percent are small- and medium-sized companies with less than 500 workers. *(See Alaska Businesses Grow With Exports)*
- **Customers in 122 countries and territories buy Alaska-made goods and services,** including billions of dollars in annual exports to top markets like China, Korea and Japan. Alaska's goods exports have grown nearly four times faster than state GDP since 2009. Policies that help Alaska businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(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 Families Benefit from Imports)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Alaska to partner countries.** In 2018, \$1.8 billion of Alaska's goods exports, or 38 percent, went to FTA partners. This represents an increase of 103 percent since 2009. *(See Alaska Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 18,100 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 96 percent of the world's population and 75 percent of the world's purchasing power outside of the United States, future American economic growth and job creation depend on open markets abroad. At the beginning of 2020, the COVID-19 global pandemic dramatically decreased trade, stopped economic growth and ended millions of jobs across America, including in Alaska. Policies that expand trade can create new job opportunities in Alaska and help it recover faster.

Trade Creates & Supports Jobs in Alaska

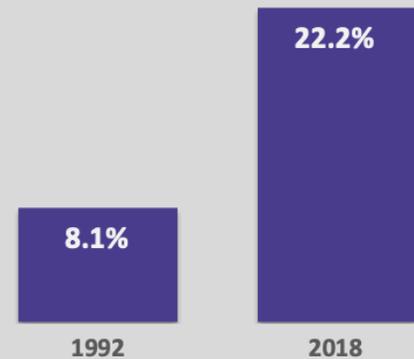
- Export growth increases jobs by generating new business for Alaska's manufacturers, services providers and farmers. Imports support jobs and keep costs low, helping Alaska businesses compete and saving Alaska families real dollars at the cash register.
- More than one in five Alaska jobs depends upon international trade.
- Alaska's trade-related employment grew nine times faster than total employment from 1992 to 2018.
- 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

101,900

Number of Jobs in Alaska
Supported by Trade

Share of Jobs Tied to Trade
Increased 174 percent from 1992 to 2018



Jobs Tied to Trade
Top Sectors, 2018

Trade & Distribution	20,300
Prof., Scient. & Tech. Services	10,600
Personal & Rec. Services	5,000
Agriculture	4,300
Transportation & Warehousing	4,100



ALASKA BUSINESSES GROW WITH EXPORTS



Overview

Alaska exported an estimated \$4.8 billion in goods and \$2.1 billion in services in 2018. Between 2009 and 2018, Alaska goods exports have increased by 48 percent and services exports by 37 percent. Large companies now account for 47 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

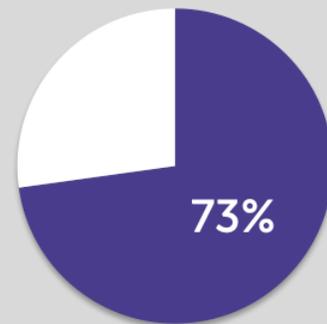
- Alaska ranks among the top 15 state exporters in five industries, including first in marine products (\$2.4 billion) and in metal ores (\$1.8 billion), fourth in prepared seafood products (\$14 million), and seventh in timber and logs (\$90 million).
- Alaska is America's 50th largest exporter of agricultural products. It is the 34th largest exporter of aquaculture, the 39th largest exporter of miscellaneous animal products, the 44th largest exporter of poultry and eggs, and the 45th largest exporter of cattle.
- One of Alaska's fastest growing export categories is communications equipment, which more than doubled since 2009. In 2018, exports of these products reached \$5.3 million.

By the Numbers

806

Number of Alaska Businesses that Exported in 2018

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



Top Alaska Exports, 2018

Goods

Marine Products	\$2.4 billion
Metal Ores	\$1.8 billion
Petroleum & Coal Products	\$201 million
Oil & Gas	\$128 million
Timber & Logs	\$90 million

Services

Air Freight & Port Services	\$702 million
Travel	\$540 million
Passenger Fares	\$396 million

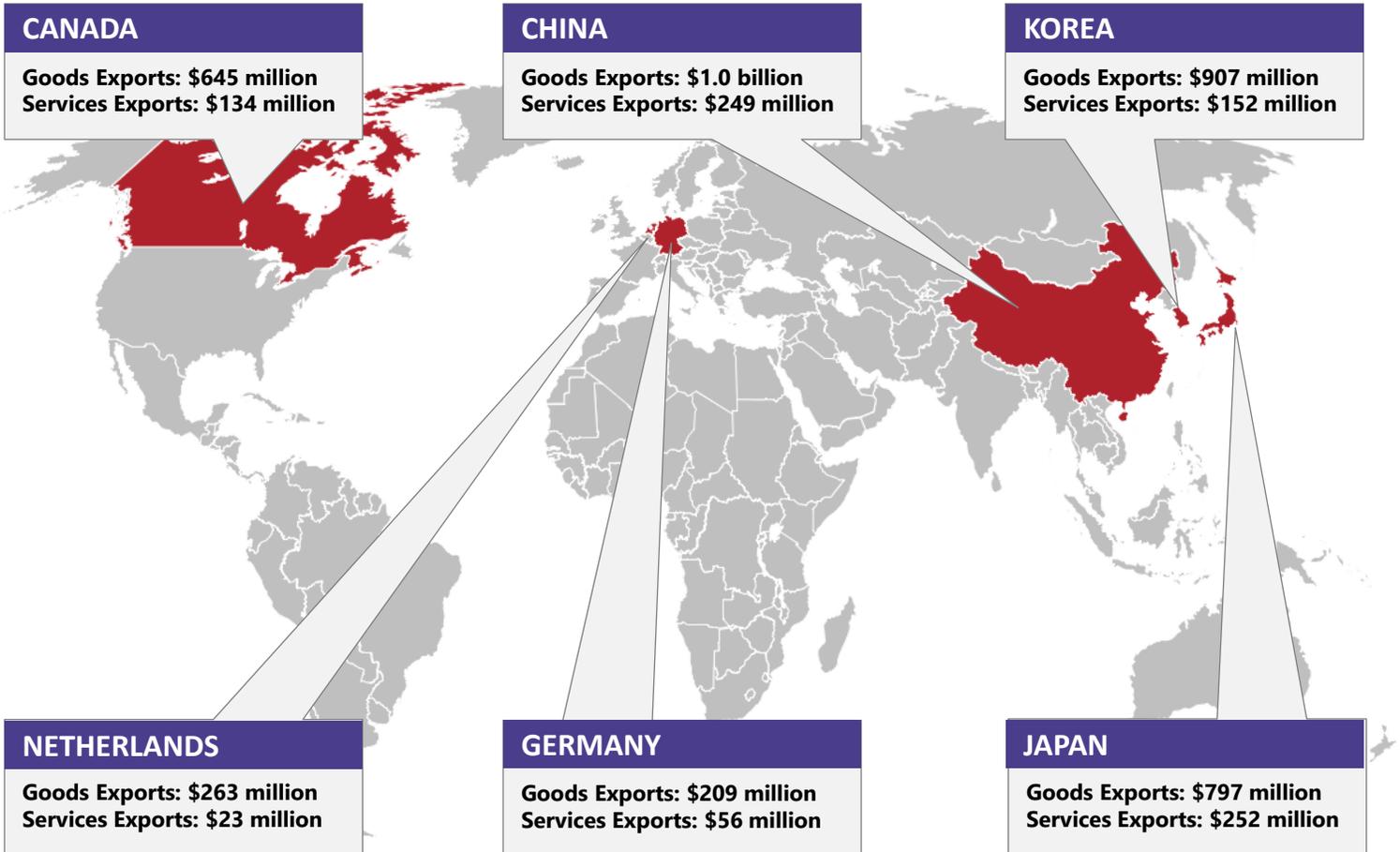


ALASKA COMPANIES EXPORT THROUGHOUT THE WORLD



In 2018, Alaska companies sold their products in 122 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Alaska Economy Grow

- Goods and services exports accounted for 12.7 percent of Alaska's state GDP in 2018.
- Alaska's exports have grown nearly four times faster than state GDP since 2009. The average annual export growth during this period was 4.7 percent, while the average annual state GDP growth was 1.2 percent.
- Alaska's top export markets for goods are China, Korea, and Japan. Its top market for services is Japan.
- Alaska's goods exports to France have grown by 13 percent per year since 2009, while Alaska's services exports to the Philippines have grown by 12 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Alaska businesses, workers, and farmers reach the growing number of customers around the world.



ALASKA COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



Overview

Imports provide a variety of benefits for Alaska companies and families. Imported consumer goods help keep prices down for Alaska families while increasing choices for foods and other products that are not available locally. Imported inputs help Alaska manufacturers compete in both the United States and international markets, while exported goods (e.g., components) and services (e.g., design) often return to the United States as imports. To best meet the COVID-19 challenges, trade policies should ensure that American families and businesses retain access to both domestic and international inputs, supplies and services they need at prices they can afford.

Alaska Families Benefit from Imports

- In 2018, 7 percent of Alaska's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Alaska families more money to spend on locally provided goods and services, such as housing, education, and health care.
- Trade and investment liberalization policies save the average Alaska family of four more than \$10,000 per year through lower prices and increased specialization.

2008-2018 Price Decrease



-88% for Televisions



-63% for Computers



-45% for Toys

Most Importers are Small Businesses

- In 2018, 766 Alaska companies imported goods from 97 countries around the world.
- Nationally, 77 percent of importers were very small businesses with less than 20 employees, while less than 3 percent had over 500 employees.

Alaska Exports and Imports are Linked Through Global Value Chains

- In 2018, 93 percent of Alaska goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Alaska's top imports are critical components for Alaska exports. Conversely, Alaska exports of raw materials and parts may return to the United States in imported finished goods.



Imports:
Oil and gas pipes
(\$15.6M in 2018)



Exports:
Crude oil
(\$128M in 2018)



ALASKA NEEDS TRADE AGREEMENTS TO GROW



Overview

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. Alaska businesses, workers and farmers benefit from market-opening agreements, and would be harmed from new barriers to trade that limit exports, competitiveness, and jobs in Alaska and the United States.

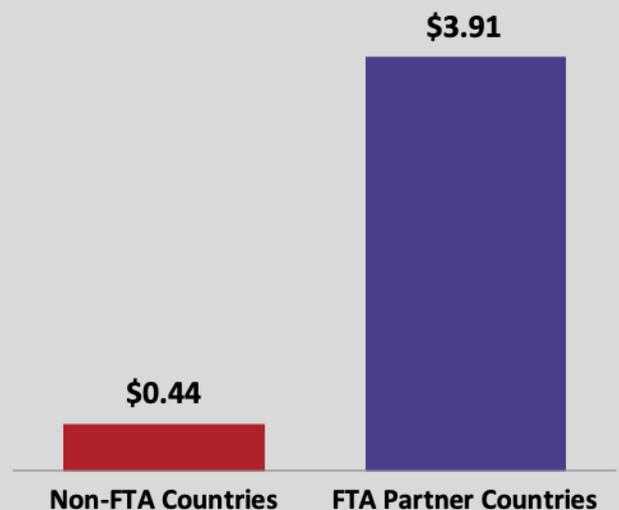
- In 2018, \$1.8 billion of Alaska's goods exports, or 38 percent, went to FTA partners.
- Since 2009, Alaska's goods exports to countries with FTAs in effect with the United States in 2018 have increased by 103 percent.
- Alaska's exports to Canada and Mexico have increased by \$599 million (766 percent) since NAFTA went into effect in 1994.
- Alaska's exports to Korea have increased by nearly \$300 million – from \$642 million to \$907 million – since the FTA with Korea took effect in 2012.
- Alaska's exports to Australia of metal ores have increased from \$22 million to \$125 million since the FTA with Australia went into effect in 2005.
- Canada bought 45 percent – and Singapore accounted for another 42 percent – of Alaska's exports of petroleum and coal products in 2018.
- In 2018, \$558 million of Alaska's services exports, or 26 percent, went to FTA partners.
- Alaska's exports to Australia of travel services have increased from \$7.2 million to \$24 million, or by 235 percent, since 2006 (earliest year available).

By the Numbers

103%

Increase in Alaska Goods Exports
to FTA Partners Between 2009 and 2018

Per Capita Purchases of Alaska Goods, 2018



* U.S. FTAs in effect with countries in 2018.

In 2018, FTA partners purchased 8.9 times more goods per capita from Alaska than non-FTA partners.



FOREIGN INVESTMENT IN ALASKA CREATES JOBS



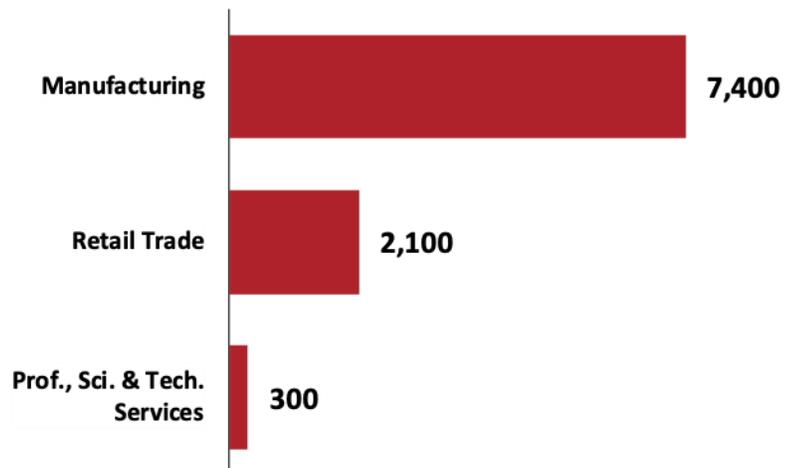
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Foreign-owned companies help grow the U.S. economy and jobs. In 2017, foreign-owned companies added over \$1 trillion to U.S. GDP, including goods exports of \$380 billion and R&D spending of over \$60 billion. They employed 7.4 million workers in the United States, including 2 million workers – or 1 out of every 6 – in the manufacturing sector.

Alaska is no exception. Foreign-owned companies make significant investments in Alaska to open or expand facilities every year and are important customers for local goods and services providers. Subsidiaries of foreign-owned companies alone employed about 18,000 workers in Alaska in 2017, including:

- 6,100 workers employed by companies based in Canada;
- 4,100 workers employed by companies based in the United Kingdom;
- 2,800 workers employed by companies based in Japan;
- 300 workers employed by companies based in Germany;
- 300 workers employed by companies based in Switzerland.

Foreign-Owned Companies Employed 18,100 Alaska Workers Across Many Industries, 2017



Selected Foreign-Owned Companies Employing Workers in Alaska

Company	Industry	Country
ASC Profiles	Steel Products Manufacturing	Australia
PCL Construction	Construction	Canada
Peter Pan Seafoods	Food Manufacturing	Japan
Repsol E&P USA	Oil and Gas Exploration Services	Spain
Sandvik Mining & Construction	Mining Services	Sweden
Stantec, Inc.	Architecture, Engineering & Design Services	Canada
Welltec Inc.	Oilfield Services	Denmark
Wipro Technologies	IT Services	India



DATA SOURCES



ALASKA JOBS DEPEND ON TWO-WAY TRADE

Population and Purchasing Power: Derived from World Bank population and GDP estimates

Jobs-Tied-to-Trade: Baughman and Francois, "Trade and American Jobs: The Impact of Trade on U.S. and State-Level Employment" (2020) (https://s3.amazonaws.com/brt.org/Trade_and_American_Jobs_2020.pdf)

Exporting Firm Wages: Riker, "Export-Intensive Industries Pay More on Average: An Update" (2015) (<https://www.usitc.gov/publications/332/ec201704a.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 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>)

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, 2017 – 2018" (<https://www.census.gov/foreign-trade/Press-Release/edb/2018/>)

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 USE IMPORTS TO MAKE COMPETITIVE PRODUCTS

Importing Company Information: Census, "A Profile of U.S. Importing and Exporting Companies, 2017 – 2018" (<https://www.census.gov/foreign-trade/Press-Release/edb/2018/>)

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/>)

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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

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>)

