HOW ARKANSAS' 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 Arkansas 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 Arkansas.

Trade Creates & Supports Jobs in Arkansas

- **International trade, including exports and imports, supports 334,500 Arkansas jobs – more than one in five.** These trade-related jobs grew six 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 Arkansas' globally engaged firms. *(See Arkansas Jobs Depend On Two-Way Trade)*

- **Arkansas exported $7.1 billion in goods and $1.8 billion in services in 2017,** including poultry & eggs, aquaculture, knit apparel and travel services. Of Arkansas’ 2,265 exporters, 78 percent are small- and medium-sized companies with less than 500 workers. *(See Arkansas Businesses Grow With Exports)*

- **Customers in 175 countries and territories buy Arkansas-made goods and services,** including billions of dollars in annual exports to top markets like Canada, Mexico and China. Arkansas’ exports have grown nearly two times faster than state GDP since 2007. *(See Arkansas Companies Export Throughout The World)*

- **Imports lower prices and increase choices for Arkansas companies and families.** Lower raw material and input costs help Arkansas 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 Arkansas Companies Use Imports to Make Competitive Products)*

- **Free trade agreements (FTAs) have helped fuel rapid export growth from Arkansas to partner countries.** In 2017, $3.0 billion of Arkansas' goods exports, or 42 percent, went to FTA partners. This represents an increase of 31 percent since 2007. *(See Arkansas Needs Trade Agreements To Grow)*

- **Foreign-owned companies invest and build facilities and employ 47,000 workers in Arkansas.** *(See Foreign Investment In Arkansas Creates Jobs)*

Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org  
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 Arkansas

• Export growth increases jobs by generating new business for Arkansas’ manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Arkansas businesses compete and saving Arkansas families real dollars at the cash register.

• More than one in five Arkansas jobs depends upon international trade.

• Arkansas’ trade-related employment grew six 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

334,500
Number of Jobs in Arkansas Supported by Trade

Share of Jobs Tied to Trade
Increased 114 percent from 1992 to 2017

Jobs Tied to Trade
Top Sectors, 2017

<table>
<thead>
<tr>
<th>Sector</th>
<th>Jobs Tied to Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade &amp; Distribution</td>
<td>72,800</td>
</tr>
<tr>
<td>Prof., Scient. &amp; Tech. Services</td>
<td>44,600</td>
</tr>
<tr>
<td>Agriculture</td>
<td>29,100</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>27,600</td>
</tr>
<tr>
<td>Personal &amp; Rec. Services</td>
<td>17,600</td>
</tr>
</tbody>
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Overview
Arkansas exported an estimated $7.1 billion in goods and $1.8 billion in services in 2017. Between 2007 and 2017, Arkansas goods exports have increased by 39 percent and services exports by 57 percent. Large companies now account for 80 percent of the value of Arkansas' 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 Arkansas Exports
- Arkansas ranks among the top 15 state exporters in 11 industries, including first in poultry & eggs ($172 million), third in aquaculture ($5.2 million), third in knit apparel ($35 million), and tenth in railroad rolling stock ($50 million).
- Arkansas is America’s 14th largest exporter of agricultural products. It is the largest exporter of poultry & eggs, the third largest exporter of aquaculture, the 11th largest exporter of oilseeds & grains, and the 14th largest exporter of miscellaneous crops.
- One of Arkansas' fastest growing export categories is rubber products, which increased by 342 percent since 2007. In 2017, exports of these products reached $124 million.

By the Numbers

2,265
Number of Arkansas Businesses that Exported in 2016

78%
Share of Arkansas Exporters that are Small- & Medium-Sized Businesses

Top Arkansas Exports, 2017

<table>
<thead>
<tr>
<th>Goods</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace Products &amp; Parts</td>
<td>$1.6 billion</td>
</tr>
<tr>
<td>Oilseeds &amp; Grains</td>
<td>$1.1 billion</td>
</tr>
<tr>
<td>Meat Products</td>
<td>$384 million</td>
</tr>
<tr>
<td>Basic Chemicals</td>
<td>$342 million</td>
</tr>
<tr>
<td>Converted Paper Products</td>
<td>$280 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>$674 million</td>
</tr>
<tr>
<td>Equip. Install., Maint., &amp; Repair</td>
<td>$270 million</td>
</tr>
<tr>
<td>Trademarks</td>
<td>$110 million</td>
</tr>
</tbody>
</table>

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In 2017, Arkansas companies sold their products in 175 countries and territories.

Top export markets include:

- **Canada**: Goods Exports: $1.3 billion, Services Exports: $177 million
- **United Kingdom**: Goods Exports: $249 million, Services Exports: $147 million
- **China**: Goods Exports: $872 million, Services Exports: $151 million
- **Mexico**: Goods Exports: $930 million, Services Exports: $98 million
- **France**: Goods Exports: $728 million, Services Exports: $99 million
- **Japan**: Goods Exports: $222 million, Services Exports: $99 million

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

- Goods and services exports accounted for 7.2 percent of Arkansas’ state GDP in 2017.
- Arkansas’ exports have grown nearly two times faster than state GDP since 2007. The average annual export growth during this period was 4.6 percent, while the average annual state GDP growth was 2.4 percent.
- Arkansas’ top export markets for goods are Canada, Mexico, and China. Its top market for services is Canada.
- Arkansas’ goods exports to the Netherlands have grown by 34 percent per year since 2007, while Arkansas’ services exports to China have grown by 17 percent per year.

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Overview

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 Arkansas.

- Services, especially transportation from Arkansas' 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 Arkansas family of four more than $10,000 per year.
- Imports help keep prices down for Arkansas families while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.

In 2016, about 211,000 U.S. companies (including 1,933 in Arkansas) imported products...

And roughly three-quarters of U.S. importers were very small businesses with less than 20 employees.

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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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.

- In 2017, $3.0 billion of Arkansas' goods exports, or 42 percent, went to FTA partners.
- Since 2007, Arkansas' goods exports to countries with FTAs in effect with the United States in 2017 have increased by 31 percent.
- Arkansas' goods exports to Canada and Mexico have increased by $1.6 billion (294 percent) since NAFTA went into effect in 1994.
- Arkansas' goods exports to Guatemala have increased by 229 percent since DR-CAFTA went into effect for Guatemala in 2006.
- Arkansas' exports to Korea of converted paper products have increased from $277,000 to $32 million since the FTA went into effect in 2012.
- In 2017, $508 million of Arkansas' services exports, or 28 percent, went to FTA partners.
- Arkansas' exports to Australia of equipment installation, maintenance & repair services have increased from $1.5 million to $10 million, or by 577 percent, since 2006 (earliest year available).

By the Numbers

In 2017, FTA partners purchased 10.4 times more goods per capita from Arkansas than non-FTA partners.

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

- 6,900 workers employed by companies based in the United Kingdom;
- 6,300 workers employed by companies based in France;
- 6,100 workers employed by companies based in Japan;
- 4,800 workers employed by companies based in Switzerland;
- 3,500 workers employed by companies based in Canada.

**Selected Foreign-Owned Companies Employing Workers in Arkansas**

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABB Inc.</td>
<td>Electrical Equipment Manufacturing</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Adecco Staffing</td>
<td>Employment Services</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Dassault Falcon Jet Corp.</td>
<td>Aerospace Products Manufacturing</td>
<td>France</td>
</tr>
<tr>
<td>Denso Manufacturing</td>
<td>Automotive Parts Manufacturing</td>
<td>Japan</td>
</tr>
<tr>
<td>Domtar Industries</td>
<td>Paper Manufacturing</td>
<td>Canada</td>
</tr>
<tr>
<td>Evonik Corp.</td>
<td>Chemical Manufacturing</td>
<td>Germany</td>
</tr>
<tr>
<td>Gerdau Ameristeel</td>
<td>Steel Manufacturing</td>
<td>Brazil</td>
</tr>
<tr>
<td>Infosys Technology Ltd.</td>
<td>IT/Business Services</td>
<td>India</td>
</tr>
<tr>
<td>Pipelife Jet Stream Inc.</td>
<td>Plastics and Chemical Manufacturing</td>
<td>Belgium</td>
</tr>
<tr>
<td>Saint-Gobain/Certainteed</td>
<td>Building Materials Manufacturing</td>
<td>France</td>
</tr>
<tr>
<td>Sims Metal Management</td>
<td>Metal Recycling Services</td>
<td>Australia</td>
</tr>
<tr>
<td>Stihl Southwest, Inc.</td>
<td>Equipment Manufacturing</td>
<td>Germany</td>
</tr>
</tbody>
</table>

**Foreign-Owned Companies Employed 47,000 Arkansas Workers Across Many Industries, 2016**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>29,300</td>
</tr>
<tr>
<td>Other</td>
<td>10,900</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>1,900</td>
</tr>
<tr>
<td>Prof., Sci. &amp; Tech. Services</td>
<td>1,800</td>
</tr>
<tr>
<td>Information</td>
<td>1,300</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>1,100</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>800</td>
</tr>
</tbody>
</table>

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ARKANSAS JOBS DEPEND ON TWO-WAY TRADE


ARKANSAS 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)


ARKANSAS COMPANIES EXPORT THROUGHOUT THE WORLD


ARKANSAS 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/)

ARKANSAS NEEDS TRADE AGREEMENTS TO GROW


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

FOREIGN INVESTMENT IN ARKANSAS 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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