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 Arkansas 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 Arkansas. As the United States and the world continue efforts to defeat the COVID-19 pandemic and create jobs and economic opportunity – restoring trade and supporting trade-dependent jobs can help Arkansas recover as well.

Trade Creates & Supports Jobs in Arkansas

- **International trade, including exports and imports, supported 313,100 Arkansas jobs – nearly one in five in 2019.** These trade-related jobs grew five times faster than total employment from 1992 to 2019 and are at large and small companies, on farms, in factories, and at the headquarters of Arkansas’ globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Arkansas. (See Arkansas Jobs Depend On Two-Way Trade)

- **Arkansas exported $7.0 billion in goods and $1.9 billion in services in 2019,** including aerospace products and parts, oilseeds and grains, basic chemicals and personal travel and tourism services. Of Arkansas’ 2,254 exporters, 76 percent are small- and medium-sized companies with less than 500 workers. (See Arkansas Businesses Grow With Exports)

- **Customers in 173 countries and territories buy Arkansas-made goods and services,** including billions of dollars in annual exports to top markets like Canada, Mexico and France. Arkansas’ exports have grown 1.0 percent per year since 2010. Policies that help Arkansas businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. (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 and Families Benefit from Imports)

- **Free trade agreements (FTAs) have helped fuel rapid export growth from Arkansas to partner countries.** In 2019, $3.1 billion of Arkansas’ goods exports, or 45 percent, went to FTA partners. This represents an increase of 16 percent since 2010. (See Arkansas Needs Trade Agreements To Grow)

- **Foreign-owned companies invest and build facilities and employ 47,400 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 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, disrupted communities and economies, and ended millions of jobs across America, including in Arkansas. As the U.S. economy recovers and more Americans seek opportunities to work, policies that expand trade can create new jobs in Arkansas and help it recover faster.

Trade Creates & Supports Jobs in Arkansas

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

- Nearly one in five Arkansas jobs depends upon international trade.

- Arkansas' trade-related employment grew five times faster than total employment from 1992 to 2019.

- 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 supports more than 28 million U.S. jobs that provide middle class incomes.

About Trade & Jobs

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 not typically associated with “exports and imports.”

By the Numbers

313,100
Number of Jobs in Arkansas Supported by Trade

<table>
<thead>
<tr>
<th>Share of Jobs Tied to Trade</th>
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Increased 96 percent from 1992 to 2019

<table>
<thead>
<tr>
<th>Jobs Tied to Trade Top Sectors, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal and recreational services</td>
</tr>
<tr>
<td>Business and professional services</td>
</tr>
<tr>
<td>Education and health services</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
</tr>
<tr>
<td>Transportation and utilities</td>
</tr>
</tbody>
</table>

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Overview

Arkansas exported an estimated $7.0 billion in goods and $1.9 billion in services in 2019. Between 2010 and 2019, Arkansas goods exports have increased by 17 percent and services exports by 46 percent. Large companies now account for 81 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 nine industries, including third in railroad rolling stock ($382 million) and knit apparel ($22 million), 10th in products from purchased steel ($20 million), and 13th in pulp and paperboard mill products ($286 million).
- Arkansas is America’s 16th largest exporter of agricultural products. It is the largest exporter of poultry and eggs, the sixth largest exporter of aquaculture, the 11th largest exporter of oilseeds and grains, and the 14th largest exporter of miscellaneous crops.
- One of Arkansas' fastest growing export categories is poultry and eggs, which increased by 371 percent since 2010. In 2019, exports of these products reached $194 million.

By the Numbers

| Number of Arkansas Businesses that Exported in 2018 | 2,254 |
| Share of Arkansas Exporters that Are Small- & Medium-Sized Businesses | 76% |
| Top Arkansas Exports, 2019 |  |
| **Goods** |  |
| Aerospace Products & Parts | $1.3 billion |
| Oilseeds & Grains | $897 million |
| Basic Chemicals | $425 million |
| Railroad Rolling Stock | $382 million |
| Meat Products | $367 million |
| **Services** |  |
| Personal Travel & Tourism | $402 million |
| Equip. Installation & Maintenance | $277 million |
| Business Travel | $148 million |

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In 2019, Arkansas companies sold their products in 173 countries and territories.

Top export markets include:

- **Canada**: Goods Exports: $1.5 billion, Services Exports: $161 million
- **United Kingdom**: Goods Exports: $131 million, Services Exports: $169 million
- **China**: Goods Exports: $523 million, Services Exports: $151 million
- **Mexico**: Goods Exports: $850 million, Services Exports: $97 million
- **France**: Goods Exports: $711 million, Services Exports: $72 million
- **Japan**: Goods Exports: $414 million, Services Exports: $98 million

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

- Goods and services exports accounted for 6.8 percent of Arkansas' state GDP in 2019.
- Arkansas' annual exports grew by 1.0 percent per year.
- Arkansas' top export markets for goods are Canada, Mexico, and France. Its top market for services is the United Kingdom.
- Arkansas' goods exports to Spain have grown by 23 percent per year since 2010, while Arkansas' services exports to Ireland have grown by 12 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Arkansas businesses, workers, and farmers reach the growing number of customers around the world.

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Overview

Imports provide a variety of benefit for Arkansas companies and families. Imported consumer goods help keep prices down for Arkansas families while increasing choices for foods and other products that are not available locally. Imported inputs help Arkansas 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.

Arkansas Families Benefit from Imports

- In 2019, 56 percent of Arkansas' imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Arkansas 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 Arkansas family of four more than $10,000 per year through lower prices and increased specialization.

2010-2019 Price Decrease

-85% for Televisions
-52% for Computers
-51% for Toys

Most Importers are Small Businesses

- In 2019, 2,023 Arkansas companies imported goods from 108 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.

Arkansas Exports and Imports are Linked Through Global Value Chains

- In 2019, 44 percent of Arkansas goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Arkansas' top imports are critical components for Arkansas exports. Conversely, Arkansas exports of raw materials and parts may return to the United States in imported finished goods.

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Imports: Jet engines and parts ($87M in 2019)
Exports: Aerospace and spacecraft products ($1.0B in 2019)
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. Arkansas 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 Arkansas and United States.

- In 2019, $3.1 billion of Arkansas' goods exports, or 45 percent, went to FTA partners.
- Since 2010, Arkansas' goods exports to countries with FTAs in effect with the United States in 2019 have increased by 16 percent.
- Arkansas' exports to Canada and Mexico have increased by $1.8 billion (329 percent) since NAFTA went into effect in 1994.
- Arkansas' exports to Chile have increased by 384 percent – from $8.3 million to $40 million – since the FTA with Chile took effect in 2004.
- Arkansas' exports to Korea of resins and synthetic fibers have increased from $1.2 million to $8.3 million since the FTA with Korea went into effect in 2012.
- In 2019, $498 million of Arkansas' services exports, or 26 percent, went to FTA partners.
- Arkansas' exports to Singapore of advertising services have increased from $138,000 to $9.8 million, or by over 70 times, since 2006 (earliest year available).

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Overview

Foreign-owned companies help grow the U.S. economy and jobs. In 2019, 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.

Arkansas is no exception. Foreign-owned companies make significant investments in Arkansas to open or expand facilities every year and are important customers for local goods and services providers. Subsidiaries of foreign-owned companies alone employed tens of thousands of workers in Arkansas in 2019, including:

- 6,900 workers employed by companies based in the United Kingdom;
- 6,000 workers employed by companies based in France;
- 5,600 workers employed by companies based in Japan;
- 4,900 workers employed by companies based in Switzerland;
- 4,600 workers employed by companies based in Canada.

Foreign-Owned Companies Employed 47,400 Arkansas Workers Across Many Industries, 2019

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>Bridgestone Americas</td>
<td>Roofing materials manufacturing</td>
<td>Japan</td>
</tr>
<tr>
<td>Denso Manufacturing Arkansas, Inc.</td>
<td>Heating and cooling equipment manufacturing</td>
<td>Japan</td>
</tr>
<tr>
<td>Domtar Industries Inc.</td>
<td>Pulp and paper manufacturing</td>
<td>Canada</td>
</tr>
<tr>
<td>Elkhart Products Corporation</td>
<td>Metal and plastic connector manufacturing</td>
<td>Netherlands</td>
</tr>
<tr>
<td>Evonik Cyro LLC</td>
<td>Specialty chemical manufacturing</td>
<td>Germany</td>
</tr>
<tr>
<td>Hino Motors Manufacturing USA Inc.</td>
<td>Truck manufacturing</td>
<td>Japan</td>
</tr>
<tr>
<td>Swift Prepared Foods</td>
<td>Meat products manufacturing</td>
<td>Denmark</td>
</tr>
<tr>
<td>Tate &amp; Lyle</td>
<td>Food and beverage ingredients production</td>
<td>United Kingdom</td>
</tr>
</tbody>
</table>
DATA SOURCES

ARKANSAS JOBS DEPEND ON TWO-WAY TRADE

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


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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