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 Arizona 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 Arizona. 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 Arizona recover as well.

Trade Creates & Supports Jobs in Arizona

- **International trade, including exports and imports, supported 832,100 Arizona jobs – more than one in five in 2019.** These trade-related jobs grew three 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 Arizona’s globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Arizona. *(See Arizona Jobs Depend On Two-Way Trade)*

- **Arizona exported $24.2 billion in goods and $13.7 billion in services in 2019,** including aerospace products and parts, semiconductors and components, metal ores and personal travel and tourism services. Of Arizona’s 7,848 exporters, 87 percent are small- and medium-sized companies with less than 500 workers. *(See Arizona Businesses Grow With Exports)*

- **Customers in 204 countries and territories buy Arizona-made goods and services,** including billions of dollars in annual exports to top markets like Mexico, Canada and China. Arizona’s exports have grown 1.2 percent per year since 2010. Policies that help Arizona businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(See Arizona Companies Export Throughout The World)*

- **Imports lower prices and increase choices for Arizona companies and families.** Lower raw material and input costs help Arizona 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 Arizona Companies and Families Benefit from Imports)*

- **Free trade agreements (FTAs) have helped fuel rapid export growth from Arizona to partner countries.** In 2019, $12 billion of Arizona’s goods exports, or 51 percent, went to FTA partners. This represents an increase of 48 percent since 2010. *(See Arizona Needs Trade Agreements To Grow)*

- **Foreign-owned companies invest and build facilities and employ 122,900 workers in Arizona.** *(See Foreign Investment In Arizona 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 Arizona. As the U.S. economy recovers and more Americans seek opportunities to work, policies that expand trade can create new jobs in Arizona and help it recover faster.

Trade Creates & Supports Jobs in Arizona

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

832,100
Number of Jobs in Arizona Supported by Trade

Share of Jobs Tied to Trade
Increased 91 percent from 1992 to 2019

11.0% 21.0%
1992 2019

Jobs Tied to Trade
Top Sectors, 2019

<table>
<thead>
<tr>
<th>Sector</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business and professional services</td>
<td>188,300</td>
</tr>
<tr>
<td>Personal and recreational services</td>
<td>157,200</td>
</tr>
<tr>
<td>Education and health services</td>
<td>115,400</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>104,600</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>56,500</td>
</tr>
</tbody>
</table>

Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
www.brt.org/trade
Overview

Arizona exported an estimated $24.2 billion in goods and $13.7 billion in services in 2019. Between 2010 and 2019, Arizona goods exports have increased by 56 percent and services exports by 60 percent. Large companies now account for 76 percent of the value of Arizona'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 Arizona Exports

- Arizona ranks among the top 10 state exporters in 12 industries, including first in metal ores ($2.1 billion) and fourth in semiconductors and components ($3.5 billion), electrical equipment and components ($1.2 billion), and electrical equipment ($935 million).
- Arizona is America’s 22nd largest exporter of agricultural products. It is the second largest exporter of vegetables and melons, the sixth largest exporter of fruits and tree nuts, the 10th largest exporter of miscellaneous crops, and the 11th largest exporter of greenhouse and nursery products.
- One of Arizona's fastest growing export categories is navigational and measurement instruments, which increased by 117 percent since 2010. In 2019, exports of these products reached $1.1 billion.

By the Numbers

<table>
<thead>
<tr>
<th>Number of Arizona Businesses that Exported in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>7,848</td>
</tr>
</tbody>
</table>

Share of Arizona Exporters that Are Small- & Medium-Sized Businesses

87%

Top Arizona Exports, 2019

**Goods**
- Aerospace Products & Parts: $3.8 billion
- Semiconductors & Components: $3.5 billion
- Metal Ores: $2.1 billion
- Misc. Fabricated Metal Products: $1.4 billion
- Electrical Equipment & Components: $1.2 billion

**Services**
- Personal Travel & Tourism: $2.7 billion
- Business Mgmt. & Consulting Services: $1.4 billion
- Passenger Fares: $1.3 billion

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In 2019, Arizona companies sold their products in 204 countries and territories. Top export markets include:

- **Canada**
  - Goods Exports: $2.1 billion
  - Services Exports: $1.1 billion

- **United Kingdom**
  - Goods Exports: $780 million
  - Services Exports: $1.3 billion

- **China**
  - Goods Exports: $1.1 billion
  - Services Exports: $989 million

- **Mexico**
  - Goods Exports: $8.1 billion
  - Services Exports: $663 million

- **Germany**
  - Goods Exports: $716 million
  - Services Exports: $573 million

- **Japan**
  - Goods Exports: $798 million
  - Services Exports: $787 million

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

- Goods and services exports accounted for 10.2 percent of Arizona's state GDP in 2019.
- Arizona's annual exports grew 1.2 percent per year since 2010.
- Arizona's top export markets for goods are Mexico, Canada, and China. Its top market for services is the United Kingdom.
- Arizona's goods exports to Vietnam have grown by 34 percent per year since 2010, while Arizona's services exports to Switzerland have grown by 10 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Arizona businesses, workers, and farmers reach the growing number of customers around the world.

Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
www.brt.org/trade
ARIZONA COMPANIES AND FAMILIES BENEFIT FROM IMPORTS

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

Arizona Families Benefit from Imports
- In 2019, 28 percent of Arizona’s imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Arizona 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 Arizona family of four more than $10,000 per year through lower prices and increased specialization.

Most Importers are Small Businesses
- In 2019, 5,935 Arizona companies imported goods from 162 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.

Arizona Exports and Imports are Linked Through Global Value Chains
- In 2019, 72 percent of Arizona goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Arizona's top imports are critical components for Arizona exports. Conversely, Arizona exports of raw materials and parts may return to the United States in imported finished goods.

Imports:
Jet engines and parts ($658M in 2019)

Exports:
Aerospace products ($2.7B in 2019)

2010-2019 Price Decrease
-85% for Televisions
-52% for Computers
-51% for Toys

Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
www.brt.org/trade
ARIZONA 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. Arizona 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 Arizona and United States.

• In 2019, $12 billion of Arizona's goods exports, or 51 percent, went to FTA partners.
• Since 2010, Arizona's goods exports to countries with FTAs in effect with the United States in 2019 have increased by 48 percent.
• Arizona's exports to Canada and Mexico have increased by $7.8 billion (325 percent) since NAFTA went into effect in 1994.
• Arizona’s exports to Chile have increased by 844 percent – from $20 million to $192 million – since the FTA with Chile took effect in 2004.
• Arizona's exports to Singapore of navigational and measuring Instruments have increased from $11 million to $61 million since the FTA with Singapore went into effect in 2004.
• In 2019, $3.5 billion of Arizona’s services exports, or 26 percent, went to FTA partners.
• Arizona's exports to Korea of personal travel have increased from $51 million to $109 million, or by 114 percent, since 2011.

By the Numbers

48%
Increase in Arizona Goods Exports to FTA Partners Between 2010 and 2019

Per Capita Purchases of Arizona Goods, 2019

$26.35
$1.72
Non-FTA Countries
FTA Partner Countries

* U.S. FTAs in effect with countries in 2019.

In 2019, FTA partners purchased 15.3 times more goods per capita from Arizona than non-FTA partners.

Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
www.brt.org/trade
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.

Arizona is no exception. Foreign-owned companies make significant investments in Arizona to open or expand facilities every year and are important customers for local goods and services providers. Subsidiaries of foreign-owned companies alone employed more than 120,000 workers in Arizona in 2019, including:

- 21,600 workers employed by companies based in Canada;
- 21,200 workers employed by companies based in the United Kingdom;
- 11,300 workers employed by companies based in France;
- 11,200 workers employed by companies based in Japan;
- 10,300 workers employed by companies based in Germany.

Selected Foreign-Owned Companies Employing Workers in Arizona

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bombardier</td>
<td>Aircraft manufacturing</td>
<td>Canada</td>
</tr>
<tr>
<td>Clariant Corporation</td>
<td>Specialty chemical manufacturing</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Dialog Semiconductor</td>
<td>Circuit manufacturing</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Gunnison Copper Project</td>
<td>Copper mining</td>
<td>Canada</td>
</tr>
<tr>
<td>Hexagon Mining (HQ)</td>
<td>Digital/software tools for mining</td>
<td>Sweden</td>
</tr>
<tr>
<td>Oldcastle Infrastructure</td>
<td>Building materials manufacturing</td>
<td>Ireland</td>
</tr>
<tr>
<td>Sumitomo Chemical Advanced Technologies LLC</td>
<td>Wafer manufacturing</td>
<td>Japan</td>
</tr>
<tr>
<td>Ulthera Inc./ Merz North America</td>
<td>Medical device R&amp;D</td>
<td>Germany</td>
</tr>
</tbody>
</table>

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ARIZONA JOBS DEPEND ON TWO-WAY TRADE

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


ARIZONA 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)


ARIZONA COMPANIES EXPORT THROUGHOUT THE WORLD


ARIZONA 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/)

ARIZONA NEEDS TRADE AGREEMENTS TO GROW


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

FOREIGN INVESTMENT IN ARIZONA 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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