HOW COLORADO'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 Colorado 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 Colorado. 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 Colorado recover.

Trade Creates & Supports Jobs in Colorado

- **International trade, including exports and imports, supported 788,900 Colorado jobs – one in five in 2018.** These trade-related jobs grew three 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 Colorado’s globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Colorado. *(See Colorado Jobs Depend On Two-Way Trade)*

- **Colorado exported $8.5 billion in goods and $15.2 billion in services in 2018,** including meat products, navigational and measuring instruments, semiconductors and components and travel services. Of Colorado’s 5,862 exporters, 87 percent are small- and medium-sized companies with less than 500 workers. *(See Colorado Businesses Grow With Exports)*

- **Customers in 204 countries and territories buy Colorado-made goods and services,** including billions of dollars in annual exports to top markets like Canada, Mexico and China. Colorado’s goods exports have grown about 6 percent faster than state GDP since 2009. Policies that help Colorado businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(See Colorado Companies Export Throughout The World)*

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

- **Free trade agreements (FTAs) have helped fuel rapid export growth from Colorado to partner countries.** In 2018, $3.7 billion of Colorado’s goods exports, or 44 percent, went to FTA partners. This represents an increase of 29 percent since 2009. *(See Colorado Needs Trade Agreements To Grow)*

- **Foreign-owned companies invest and build facilities and employ 113,100 workers in Colorado.** *(See Foreign Investment In Colorado Creates Jobs)*
COLORADO 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 Colorado. Policies that expand trade can create new job opportunities in Colorado and help it recover faster.

Trade Creates & Supports Jobs in Colorado

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

788,900

Number of Jobs in Colorado Supported by Trade

Share of Jobs Tied to Trade

Increased 83 percent from 1992 to 2018

Jobs Tied to Trade

Top Sectors, 2018

<table>
<thead>
<tr>
<th>Sector</th>
<th>Jobs Tied to Trade</th>
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</thead>
<tbody>
<tr>
<td>Trade &amp; Distribution</td>
<td>174,800</td>
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<tr>
<td>Prof., Scient. &amp; Tech. Services</td>
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<td>Personal &amp; Rec. Services</td>
<td>55,000</td>
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<tr>
<td>Construction</td>
<td>44,600</td>
</tr>
<tr>
<td>Finance</td>
<td>27,700</td>
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Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
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COLORADO BUSINESSES GROW WITH EXPORTS

Overview

Colorado exported an estimated $8.5 billion in goods and $15.2 billion in services in 2018. Between 2009 and 2018, Colorado goods exports have increased by 41 percent and services exports by 59 percent. Large companies now account for 73 percent of the value of Colorado’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 Colorado Exports

- Colorado ranks among the top 15 state exporters in 11 industries, including fifth in meat products ($1.4 billion), 10th in miscellaneous leather products ($41 million), 12th in miscellaneous chemical preparations ($251 million), and 12th in textile furnishings ($33 million).

- Colorado is America’s 32nd largest exporter of agricultural products. It is the 15th largest exporter of cattle, the 16th largest exporter of vegetables and melons, the 21st largest exporter of greenhouse and nursery products, and the 23rd largest exporter of oilseeds and grains.

- One of Colorado’s fastest growing export categories is miscellaneous fabricated metal products, which increased by 13 percent since 2009. In 2018, exports of these products reached $204 million.

By the Numbers

5,862
Number of Colorado Businesses that Exported in 2018

<table>
<thead>
<tr>
<th>Share of Colorado Exporters that are Small- &amp; Medium-Sized Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>87%</td>
</tr>
</tbody>
</table>

Top Colorado Exports, 2018

**Goods**

- Meat Products: $1.4 billion
- Navigational & Meas. Instruments: $860 million
- Semiconductors & Components: $706 million
- Oilseeds & Grains: $396 million
- Medical Equipment & Supplies: $351 million

**Services**

- Travel: $3.9 billion
- Passenger Fares: $1.5 billion
- Computer Software: $1.5 billion

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COLORADO COMPANIES EXPORT THROUGHOUT THE WORLD

In 2018, Colorado companies sold their products in 204 countries and territories.

Top export markets include:

- **Canada**
  - Goods Exports: $1.4 billion
  - Services Exports: $1.3 billion

- **United Kingdom**
  - Goods Exports: $214 million
  - Services Exports: $1.3 billion

- **China**
  - Goods Exports: $603 million
  - Services Exports: $969 million

- **Mexico**
  - Goods Exports: $1.3 billion
  - Services Exports: $737 million

- **Ireland**
  - Goods Exports: $43 million
  - Services Exports: $1.0 billion

- **Japan**
  - Goods Exports: $513 million
  - Services Exports: $860 million

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

- Goods and services exports accounted for 6.4 percent of Colorado's state GDP in 2018.
- Colorado's exports have grown about 6 percent faster than state GDP since 2009. The average annual export growth during this period was 4.9 percent, while the average annual state GDP growth was 4.6 percent.
- Colorado's top export markets for goods are Canada, Mexico, and China. Its top market for services is Canada.
- Colorado's goods exports to Korea have grown by 17 percent per year since 2009, while Colorado's services exports to China have grown by 14 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Colorado businesses, workers, and farmers reach the growing number of customers around the world.

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COLORADO COMPANIES AND FAMILIES BENEFIT FROM IMPORTS

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

Colorado Families Benefit from Imports
- In 2018, 29 percent of Colorado’s imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Colorado 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 Colorado family of four more than $10,000 per year through lower prices and increased specialization.

Most Importers are Small Businesses
- In 2018, 6,115 Colorado companies imported goods from 168 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.

Colorado Exports and Imports are Linked Through Global Value Chains
- In 2018, 71 percent of Colorado goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Colorado’s top imports are critical components for Colorado exports. Conversely, Colorado exports of raw materials and parts may return to the United States in imported finished goods.

2008-2018 Price Decrease
- -88% for Televisions
- -63% for Computers
- -45% for Toys

Exports:
Integrated circuits ($614M in 2018)

Imports:
Computers ($906M in 2018)

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COLORADO 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. Colorado 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 Colorado and the United States.

- In 2018, $3.7 billion of Colorado’s goods exports, or 44 percent, went to FTA partners.
- Since 2009, Colorado’s goods exports to countries with FTAs in effect with the United States in 2018 have increased by 29 percent.
- Colorado’s exports to Canada and Mexico have increased by $1.9 billion (247 percent) since NAFTA went into effect in 1994.
- Colorado’s exports to Korea have nearly doubled – from $266 million to $521 million – since the FTA with Korea took effect in 2011.
- Colorado’s exports to Singapore of basic chemicals have increased by nearly 700 percent – from $1.7 million to $13 million – since the FTA with Singapore went into effect in 2004.
- Chile bought 47 percent of Colorado’s exports of coal and petroleum gases in 2018.
- In 2018, $3.9 billion of Colorado’s services exports, or 26 percent, went to FTA partners.
- Colorado’s exports to Singapore of management and consulting services have increased from $3.4 million to $50 million, or by 1,350 percent, since 2006 (earliest year available).

By the Numbers

<table>
<thead>
<tr>
<th>Non-FTA Countries</th>
<th>FTA Partner Countries</th>
</tr>
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<tbody>
<tr>
<td>$0.70</td>
<td>$8.02</td>
</tr>
</tbody>
</table>

29% Increase in Colorado Goods Exports to FTA Partners Between 2009 and 2018

Per Capita Purchases of Colorado Goods, 2018

In 2018, FTA partners purchased 11.4 times more goods per capita from Colorado than non-FTA partners.

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Overview

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.

Colorado is no exception. Foreign-owned companies make significant investments in Colorado 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 110,000 workers in Colorado in 2017, including:

- 18,300 workers employed by companies based in the United Kingdom;
- 13,500 workers employed by companies based in Canada;
- 8,700 workers employed by companies based in France;
- 7,800 workers employed by companies based in Germany;
- 7,300 workers employed by companies based in Japan.

Selected Foreign-Owned Companies Employing Workers in Colorado

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>BAE Systems</td>
<td>Aerospace Manufacturing</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Imerys USA</td>
<td>Mineral Mining</td>
<td>France</td>
</tr>
<tr>
<td>JBS USA</td>
<td>Meat Product Manufacturing</td>
<td>Brazil</td>
</tr>
<tr>
<td>Solvay Chemicals</td>
<td>Chemicals Manufacturing</td>
<td>Belgium</td>
</tr>
<tr>
<td>Nestle Purina</td>
<td>Food Product Manufacturing</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Nutrien</td>
<td>Chemical Manufacturing</td>
<td>Canada</td>
</tr>
<tr>
<td>SAP America</td>
<td>Business Software Development</td>
<td>Germany</td>
</tr>
<tr>
<td>Vestas Blades America</td>
<td>Turbine Manufacturing</td>
<td>Denmark</td>
</tr>
</tbody>
</table>

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COLORADO JOBS DEPEND ON TWO-WAY TRADE

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


COLORADO 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)


COLORADO 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)

COLORADO 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/)

COLORADO NEEDS TRADE AGREEMENTS TO GROW

**Exports and Trends:** The Trade Partnership (http://tradepartnership.com/data/cdxports-and-cdxjobs)

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

FOREIGN INVESTMENT IN COLORADO 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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DATA SOURCES