HOW MINNESOTA'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 Minnesota 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 Minnesota. 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 Minnesota recover.

Trade Creates & Supports Jobs in Minnesota

- **International trade, including exports and imports, supported 755,900 Minnesota jobs – one in five in 2018.** These trade-related jobs grew four 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 Minnesota's globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Minnesota. (See Minnesota Jobs Depend On Two-Way Trade)

- **Minnesota exported $24.7 billion in goods and $11.1 billion in services in 2018,** including oilseeds and grains, medical equipment and supplies, navigational and measuring instruments and travel services. Of Minnesota's 8,527 exporters, 86 percent are small- and medium-sized companies with less than 500 workers. (See Minnesota Businesses Grow With Exports)

- **Customers in 209 countries and territories buy Minnesota-made goods and services,** including billions of dollars in annual exports to top markets like Canada, China and Mexico. Minnesota's goods exports have grown nearly 20 percent faster than state GDP since 2009. Policies that help Minnesota businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. (See Minnesota Companies Export Throughout The World)

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

- **Free trade agreements (FTAs) have helped fuel rapid export growth from Minnesota to partner countries.** In 2018, $10.7 billion of Minnesota's goods exports, or 43 percent, went to FTA partners. This represents an increase of 54 percent since 2009. (See Minnesota Needs Trade Agreements To Grow)

- **Foreign-owned companies invest and build facilities and employ 133,900 workers in Minnesota.** (See Foreign Investment In Minnesota 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, stopped economic growth and ended millions of jobs across America, including in Minnesota. Policies that expand trade can create new job opportunities in Minnesota and help it recover faster.

Trade Creates & Supports Jobs in Minnesota

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

- One in five Minnesota jobs depends upon international trade.

- Minnesota’s trade-related employment grew four 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

755,900
Number of Jobs in Minnesota Supported by Trade

Share of Jobs Tied to Trade
Increased 85 percent from 1992 to 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>10.8%</td>
</tr>
<tr>
<td>2018</td>
<td>19.9%</td>
</tr>
</tbody>
</table>

Jobs Tied to Trade Top Sectors, 2018

<table>
<thead>
<tr>
<th>Sector</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade &amp; Distribution</td>
<td>170,300</td>
</tr>
<tr>
<td>Prof., Scient. &amp; Tech. Services</td>
<td>114,000</td>
</tr>
<tr>
<td>Personal &amp; Rec. Services</td>
<td>46,500</td>
</tr>
<tr>
<td>Construction</td>
<td>31,000</td>
</tr>
<tr>
<td>Finance</td>
<td>25,800</td>
</tr>
</tbody>
</table>

Contact: Paul DeLaaney, Business Roundtable: pdelaney@brt.org
www.brt.org/trade
MINNESOTA BUSINESSES GROW WITH EXPORTS

Overview

Minnesota exported an estimated $24.7 billion in goods and $11.1 billion in services in 2018. Between 2009 and 2018, Minnesota goods exports have increased by 43 percent and services exports by 64 percent. Large companies now account for 76 percent of the value of Minnesota'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 Minnesota Exports

- Minnesota ranks among the top five state exporters in seven industries, including second in commercial and service industry machinery ($976 million), second in miscellaneous nonmetallic minerals ($327 million), third in metal ores ($572 million), and third in animal foods ($192 million).
- Minnesota is America’s eighth largest exporter of agricultural products. It is the fifth largest exporter of oilseeds and grains, the eighth largest exporter of cattle, the eighth largest exporter of swine, and the 17th largest exporter of greenhouse and nursery products.
- One of Minnesota's fastest growing export categories is pharmaceuticals and medicines, which increased by 12 percent since 2009. In 2018, exports of these products reached $556 million.

By the Numbers

8,527
Number of Minnesota Businesses that Exported in 2018

<table>
<thead>
<tr>
<th>Share of Minnesota Exporters that are Small- &amp; Medium-Sized Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>86%</td>
</tr>
</tbody>
</table>

Top Minnesota Exports, 2018

<table>
<thead>
<tr>
<th>Goods</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oilseeds &amp; Grains</td>
<td>$2.7 billion</td>
</tr>
<tr>
<td>Medical Equipment &amp; Supplies</td>
<td>$2.1 billion</td>
</tr>
<tr>
<td>Navigational &amp; Meas. Instruments</td>
<td>$1.8 billion</td>
</tr>
<tr>
<td>Misc. General Purpose Machinery</td>
<td>$1.5 billion</td>
</tr>
<tr>
<td>Semiconductors &amp; Components</td>
<td>$1.4 billion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>$2.0 billion</td>
</tr>
<tr>
<td>Mgmt. &amp; Consulting Services</td>
<td>$1.2 billion</td>
</tr>
<tr>
<td>Passenger Fares</td>
<td>$1.1 billion</td>
</tr>
</tbody>
</table>

Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
www.brt.org/trade
In 2018, Minnesota companies sold their products in 209 countries and territories.

Top export markets include:

- **Canada**
  - Goods Exports: $4.8 billion
  - Services Exports: $1.0 billion

- **United Kingdom**
  - Goods Exports: $622 million
  - Services Exports: $987 million

- **China**
  - Goods Exports: $2.5 billion
  - Services Exports: $730 million

- **Mexico**
  - Goods Exports: $2.5 billion
  - Services Exports: $451 million

- **Germany**
  - Goods Exports: $1.1 billion
  - Services Exports: $470 million

- **Japan**
  - Goods Exports: $1.9 billion
  - Services Exports: $662 million

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

- Goods and services exports accounted for 9.7 percent of Minnesota's state GDP in 2018.
- Minnesota’s exports have grown nearly 20 percent 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 4.0 percent.
- Minnesota's top export markets for goods are Canada, Mexico, and China. Its top market for services is Canada.
- Minnesota's goods exports to Poland have grown by 20 percent per year since 2009, while Minnesota's services exports to China have grown by 15 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Minnesota 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
Overview

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

Minnesota Families Benefit from Imports

- In 2018, 42 percent of Minnesota’s imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Minnesota 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 Minnesota 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, 6,851 Minnesota companies imported goods from 180 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.

Minneapolis Exports and Imports are Linked Through Global Value Chains

- In 2018, 58 percent of Minnesota goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Minnesota’s top imports are critical components for Minnesota exports. Conversely, Minnesota exports of raw materials and parts may return to the United States in imported finished goods.

Imports: Polyethylene plastics ($173M in 2018)

Exports: Plastic tapes and adhesives ($527M in 2018)

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

• In 2018, $10.7 billion of Minnesota’s goods exports, or 43 percent, went to FTA partners.
• Since 2009, Minnesota’s goods exports to countries with FTAs in effect with the United States in 2018 have increased by 54 percent.
• Minnesota’s exports to Canada and Mexico have increased by $5.2 billion (254 percent) since NAFTA went into effect in 1994.
• Minnesota’s exports to Costa Rica have tripled – from $67 million to $203 million – since the FTA with Costa Rica took effect in 2009.
• Minnesota’s exports to Korea of commercial and service industry machinery have increased from $64 million to $249 million since the FTA with Korea went into effect in 2012.
• Canada bought 90 percent – $80 million out of $89 million – of Minnesota’s pesticides and fertilizers exports in 2018.
• In 2018, $2.8 billion of Minnesota’s services exports, or 25 percent, went to FTA partners.
• Minnesota’s exports to Singapore of royalties from industrial processes have increased from $8.4 million to $64 million, or by 668 percent, since 2006 (earliest year available).

By the Numbers

54%
Increase in Minnesota Goods Exports to FTA Partners Between 2009 and 2018

Per Capita Purchases of Minnesota Goods, 2018

$22.90
$2.07

Non-FTA Countries  FTA Partner Countries

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

In 2018, FTA partners purchased 11.1 times more goods per capita from Minnesota 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 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.

Minnesota is no exception. Foreign-owned companies make significant investments in Minnesota 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 130,000 workers in Minnesota in 2017, including:

- 24,100 workers employed by companies based in Canada;
- 23,100 workers employed by companies based in Germany;
- 18,900 workers employed by companies based in the United Kingdom;
- 10,600 workers employed by companies based in Japan;
- 8,400 workers employed by companies based in Switzerland.

### Foreign-Owned Companies Employed 133,900 Minnesota Workers Across Many Industries, 2017

<table>
<thead>
<tr>
<th>Industry</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>46,900</td>
</tr>
<tr>
<td>Other</td>
<td>44,100</td>
</tr>
<tr>
<td>Information</td>
<td>11,400</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>10,600</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>7,200</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>7,100</td>
</tr>
<tr>
<td>Prof., Sci. &amp; Tech. Services</td>
<td>6,700</td>
</tr>
</tbody>
</table>

#### Selected Foreign-Owned Companies Employing Workers in Minnesota

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arkema Inc.</td>
<td>Plastic and Chemical Manufacturing</td>
<td>France</td>
</tr>
<tr>
<td>BAE Electronic Systems Inc.</td>
<td>Defense/Security/Aerospace Services</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>KPMG LLP</td>
<td>Accounting Services</td>
<td>Netherlands</td>
</tr>
<tr>
<td>Solvay Chemicals</td>
<td>Chemicals Manufacturing</td>
<td>Belgium</td>
</tr>
<tr>
<td>Siemens Energy</td>
<td>Engineering Services</td>
<td>Germany</td>
</tr>
<tr>
<td>Sunopta Food Group LLC</td>
<td>Organic Corn and Soy Products</td>
<td>Canada</td>
</tr>
<tr>
<td>Tire Plus Store</td>
<td>Retailing</td>
<td>Japan</td>
</tr>
<tr>
<td>UBS Financial Services</td>
<td>Financial Services</td>
<td>Switzerland</td>
</tr>
</tbody>
</table>

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

MINNESOTA JOBS DEPEND ON TWO-WAY TRADE

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


MINNESOTA BUSINESSES GROW WITH EXPORTS


MINNESOTA COMPANIES EXPORT THROUGHOUT THE WORLD


MINNESOTA 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/)

MINNESOTA NEEDS TRADE AGREEMENTS TO GROW


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

FOREIGN INVESTMENT IN MINNESOTA 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)

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