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. 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 Minnesota recover as well.

Trade Creates & Supports Jobs in Minnesota

- **International trade, including exports and imports, supported 748,100 Minnesota jobs – one in five in 2019.** These trade-related jobs grew four 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 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 $24.0 billion in goods and $12.4 billion in services in 2019,** including oilseeds and grains, medical equipment and supplies, navigational and measurement instruments and business management and consulting services. Of Minnesota's 8,469 exporters, 86 percent are small- and medium-sized companies with less than 500 workers. *(See Minnesota Businesses Grow With Exports)*

- **Customers in 208 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 exports have grown 0.7 percent per year since 2010. 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 2019, $10 billion of Minnesota's goods exports, or 43 percent, went to FTA partners. This represents an increase of 19 percent since 2010. *(See Minnesota Needs Trade Agreements To Grow)*

- **Foreign-owned companies invest and build facilities and employ 157,700 workers in Minnesota.** *(See Foreign Investment In Minnesota Creates Jobs)*
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 Minnesota. As the U.S. economy recovers and more Americans seek opportunities to work, policies that expand trade can create new jobs 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 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

748,100
Number of Jobs in Minnesota Supported by Trade

Share of Jobs Tied to Trade
Increased 82 percent from 1992 to 2019

<table>
<thead>
<tr>
<th>Year</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>10.8%</td>
</tr>
<tr>
<td>2019</td>
<td>19.6%</td>
</tr>
</tbody>
</table>

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>146,400</td>
</tr>
<tr>
<td>Personal and recreational services</td>
<td>140,600</td>
</tr>
<tr>
<td>Education and health services</td>
<td>132,400</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>102,000</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>48,500</td>
</tr>
</tbody>
</table>

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

Minnesota exported an estimated $24.0 billion in goods and $12.4 billion in services in 2019. Between 2010 and 2019, Minnesota goods exports have increased by 15 percent and services exports by 55 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 10 state exporters in 24 industries, including second in commercial and service industry machinery ($966 million) and miscellaneous nonmetallic minerals ($316 million), third in metal ores ($574 million), and fourth in miscellaneous transportation equipment ($252 million).

- Minnesota is America’s eighth largest exporter of agricultural products. It is the second largest exporter of swine, the sixth largest exporter of oilseeds and grains, the 17th largest exporter of cattle, and the 18th largest exporter of miscellaneous animal products.

- One of Minnesota’s fastest growing export categories is pharmaceuticals and medicines, which increased by 161 percent since 2010. In 2019, exports of these products reached $601 million.

By the Numbers

8,469
Number of Minnesota Businesses that Exported in 2018

86%
Share of Minnesota Exporters that Are Small- & Medium-Sized Businesses

Top Minnesota Exports, 2019

Goods
- Oilseeds & Grains: $2.4 billion
- Medical Equipment & Supplies: $2.1 billion
- Navigational & Meas. Instruments: $1.9 billion
- Misc. General Purpose Machinery: $1.3 billion
- Semiconductors & Components: $1.2 billion

Services
- Business Mgmt. & Consulting Services: $1.4 billion
- Personal Travel & Tourism: $1.3 billion
- Royalties from Industrial Processes: $1.1 billion

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In 2019, Minnesota companies sold their products in 208 countries and territories.

Top export markets include:

- **Canada**: Goods Exports: $4.7 billion, Services Exports: $1.1 billion
- **United Kingdom**: Goods Exports: $555 million, Services Exports: $1.2 billion
- **China**: Goods Exports: $2.8 billion, Services Exports: $725 million
- **Mexico**: Goods Exports: $2.6 billion, Services Exports: $472 million
- **Germany**: Goods Exports: $1.1 billion, Services Exports: $536 million
- **Japan**: Goods Exports: $1.8 billion, Services Exports: $742 million

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

- Goods and services exports accounted for 9.5 percent of Minnesota's state GDP in 2019.
- Minnesota's annual exports grew 0.7 percent per year since 2010.
- Minnesota's top export markets for goods are Canada, China, and Mexico. Its top market for services is the United Kingdom.
- Minnesota's goods exports to Indonesia have grown by 13 percent per year since 2010, while Minnesota's services exports to the United Kingdom have grown by 12 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.

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www.brt.org/trade
Overview

Imports provide a variety of benefit 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 2019, 38 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.

Most Importers are Small Businesses

- In 2019, 6,881 Minnesota companies imported goods from 174 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.

Minnesota Exports and Imports are Linked Through Global Value Chains

- In 2019, 62 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: Primary form polyethylene ($148M in 2019)

Exports: Plastic tapes and adhesives ($477M in 2019)

2010-2019 Price Decrease

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

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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. 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 United States.

- In 2019, $10 billion of Minnesota's goods exports, or 43 percent, went to FTA partners.
- Since 2010, Minnesota's goods exports to countries with FTAs in effect with the United States in 2019 have increased by 19 percent.
- Minnesota's exports to Canada and Mexico have increased by $5.2 billion (253 percent) since NAFTA went into effect in 1994.
- Minnesota's exports to Costa Rica have increased by 258 percent – from $67 million to $240 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 $273 million since the FTA with Korea went into effect in 2012.
- Canada bought 74 percent – $422 million out of $574 million – of Minnesota's exports of metal ores in 2019.
- In 2019, $3.1 billion of Minnesota's services exports, or 25 percent, went to FTA partners.
- Minnesota's exports to Singapore of R&D and testing services have increased from $1.8 million to $72 million, or by about 40 times, since 2006 (earliest year available).

By the Numbers

<table>
<thead>
<tr>
<th>Increase in Minnesota Goods Exports to FTA Partners Between 2010 and 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Capita Purchases of Minnesota Goods, 2019</td>
</tr>
</tbody>
</table>

19%

$22.02

$1.99

Non-FTA Countries  FTA Partner Countries

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

In 2019, FTA partners purchased 11.1 times more goods per capita from Minnesota than non-FTA partners.

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FOREIGN INVESTMENT IN MINNESOTA CREATES JOBS

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.

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 150,000 workers in Minnesota in 2019, including:

- 27,000 workers employed by companies based in Canada;
- 22,500 workers employed by companies based in Germany;
- 21,000 workers employed by companies based in the United Kingdom;
- 10,500 workers employed by companies based in Japan;
- 8,600 workers employed by companies based in Switzerland.

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>Amcor Flexibles Mankato</td>
<td>Packaging manufacturing</td>
<td>Australia</td>
</tr>
<tr>
<td>BASF Construction Chemicals</td>
<td>Chemical product manufacturing</td>
<td>Germany</td>
</tr>
<tr>
<td>Bayer Crop Science</td>
<td>Agricultural chemicals manufacturing</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Clariant Corporation</td>
<td>Chemical product manufacturing</td>
<td>Japan</td>
</tr>
<tr>
<td>Miller Milling Company LLC (HQ)</td>
<td>Agricultural products manufacturing</td>
<td>Ireland</td>
</tr>
<tr>
<td>Ornua Ingredients North America</td>
<td>Food ingredients manufacturing</td>
<td>South Africa</td>
</tr>
<tr>
<td>Sappi Fine Paper North America</td>
<td>Paper products manufacturing</td>
<td>Japan</td>
</tr>
<tr>
<td>Takeda Pharmaceuticals U.S.A., Inc.</td>
<td>Pharmaceuticals manufacturing</td>
<td>Japan</td>
</tr>
</tbody>
</table>

Foreign-Owned Companies Employed 157,700 Minnesota Workers Across Many Industries, 2019

<table>
<thead>
<tr>
<th>Industry</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>59,900</td>
</tr>
<tr>
<td>Other</td>
<td>44,900</td>
</tr>
<tr>
<td>Information</td>
<td>12,500</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>11,800</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>11,200</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>9,000</td>
</tr>
<tr>
<td>Prof., Sci. &amp; Tech. Services</td>
<td>8,300</td>
</tr>
</tbody>
</table>

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MINNESOTA JOBS DEPEND ON TWO-WAY TRADE

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


MINNESOTA 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)


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)

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