HOW MONTANA'S ECONOMY BENEFITS FROM TRADE & INVESTMENT

Overview

With more than 95 percent of the world’s population and 80 percent of the world’s purchasing power outside the United States, future economic growth and jobs for Montana and America increasingly depend on expanding U.S. trade and investment opportunities in the global marketplace.

The following pages feature key facts and figures drawn from new Business Roundtable research, U.S. government data, and other data sources that demonstrate the benefits of international trade and investment to economic growth and jobs in Montana.

Trade Creates & Supports Jobs in Montana

- **International trade, including exports and imports, supports 137,500 Montana jobs – more than one in five.** These trade-related jobs grew three times faster than total employment from 1992 to 2017 and are at large and small companies, on farms, in factories, and at the headquarters of Montana’s globally engaged firms. *(See Montana Jobs Depend On Two-Way Trade)*

- **Montana exported $2.1 billion in goods and $1.0 billion in services in 2017,** including tobacco products, cattle, cement & concrete products and travel services. Of Montana’s 1,243 exporters, 85 percent are small- and medium-sized companies with less than 500 workers. *(See Montana Businesses Grow With Exports)*

- **Customers in 138 countries and territories buy Montana-made goods and services,** including billions of dollars in annual exports to top markets like Canada, Korea and China. Montana’s exports have grown more than two and a half times faster than state GDP since 2007. *(See Montana Companies Export Throughout The World)*

- **Imports lower prices and increase choices for Montana companies and families.** Lower raw material and input costs help Montana 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 Montana Companies Use Imports to Make Competitive Products)*

- **Free trade agreements (FTAs) have helped fuel rapid export growth from Montana to partner countries.** In 2017, $1.2 billion of Montana’s goods exports, or 57 percent, went to FTA partners. This represents an increase of 74 percent since 2007. *(See Montana Needs Trade Agreements To Grow)*

- **Foreign-owned companies invest and build facilities and employ 7,200 workers in Montana.** *(See Foreign Investment In Montana Creates Jobs)*

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www.brt.org/trade
Overview

Creating and preserving quality U.S. jobs is a goal shared by all Americans. With more than 95 percent of the world’s population and 80 percent of the world’s purchasing power outside of the United States, future American economic growth and job creation depend on open markets abroad.

Trade Supports Jobs in Montana

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

- More than one in five Montana jobs depends upon international trade.

- Montana's trade-related employment grew more than three times faster than total employment from 1992 to 2017.

- 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

137,500
Number of Jobs in Montana Supported by Trade

Share of Jobs Tied to Trade
Increased 80 percent from 1992 to 2017

11.3%
1992

20.3%
2017

Jobs Tied to Trade
Top Sectors, 2017

<table>
<thead>
<tr>
<th>Sector</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade &amp; Distribution</td>
<td>33,100</td>
</tr>
<tr>
<td>Prof., Scient. &amp; Tech. Services</td>
<td>18,100</td>
</tr>
<tr>
<td>Agriculture</td>
<td>16,500</td>
</tr>
<tr>
<td>Personal &amp; Rec. Services</td>
<td>9,700</td>
</tr>
<tr>
<td>Construction</td>
<td>5,600</td>
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</tbody>
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Overview
Montana exported an estimated $2.1 billion in goods and $1.0 billion in services in 2017. Between 2007 and 2017, Montana goods exports have increased by 86 percent and services exports by 62 percent. Large companies now account for 45 percent of the value of Montana'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 Montana Exports
- Montana ranks among the top half of state exporters in 12 industries, including second in tobacco products ($220 million), third in cattle ($45 million), fourth in cement & concrete products ($35 million), and seventh in coal & petroleum gases ($205 million).
- Montana is America’s 25th largest exporter of agricultural products. It is the third largest exporter of cattle, the 16th largest exporter of oilseeds & grains, the 18th largest exporter of aquaculture, and the 19th largest exporter of miscellaneous animal products.
- One of Montana’s fastest growing export categories is cattle, which increased by 9,110 percent since 2007. In 2017, exports of these products reached $45 million.

By the Numbers

<table>
<thead>
<tr>
<th>Number of Montana Businesses that Exported in 2016</th>
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<tbody>
<tr>
<td>1,243</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Share of Montana Exporters that are Small- &amp; Medium-Sized Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>85%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Top Montana Exports, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goods</strong></td>
</tr>
<tr>
<td>Oilseeds &amp; Grains</td>
</tr>
<tr>
<td>Tobacco Products</td>
</tr>
<tr>
<td>Coal &amp; Petroleum Gases</td>
</tr>
<tr>
<td>Basic Chemicals</td>
</tr>
<tr>
<td>Industrial Machinery</td>
</tr>
<tr>
<td><strong>Services</strong></td>
</tr>
<tr>
<td>Travel</td>
</tr>
<tr>
<td>Equip. Install., Maint., &amp; Repair</td>
</tr>
<tr>
<td>Misc. Financial Services</td>
</tr>
</tbody>
</table>

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In 2017, Montana companies sold their products in 138 countries and territories.

Top export markets include:

- **Canada**: Goods Exports: $663 million, Services Exports: $96 million
- **China**: Goods Exports: $161 million, Services Exports: $89 million
- **Korea**: Goods Exports: $292 million, Services Exports: $36 million
- **Mexico**: Goods Exports: $75 million, Services Exports: $67 million
- **United Kingdom**: Goods Exports: $26 million, Services Exports: $86 million
- **Japan**: Goods Exports: $106 million, Services Exports: $57 million

Fast Facts: How Exports Help the Montana Economy Grow

- Goods and services exports accounted for 6.6 percent of Montana's state GDP in 2017.
- Montana's exports have grown more than two and a half times faster than state GDP since 2007. The average annual export growth during this period was 6.9 percent, while the average annual state GDP growth was 2.7 percent.
- Montana's top export markets for goods are Canada, Korea, and China. Its top market for services is Canada.
- Montana's goods exports to the Philippines have grown by 96 percent per year since 2007, while Montana's services exports to China have grown by 18 percent per year.

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Overview

In 2017, 58 percent ($1.3 trillion) of the products imported into the United States were inputs and components used by American producers. Lower cost inputs keep U.S. manufacturing competitive in international markets. Imports frequently contain components (like cotton or semiconductors) and services inputs (like design) provided by U.S. companies and farmers, including companies and farmers in Montana.

- Services such as transportation, finance and insurance, marketing and legal services are needed to bring imported goods to American manufacturers and households.
- In 2016, about 75 percent of identified U.S. importers were very small businesses with less than 20 employees.
- Trade and investment liberalization policies save the average Montana family of four more than $10,000 per year.
- Imports help keep prices down for Montana families while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.

In 2016, about 211,000 U.S. companies (including 1,011 in Montana) imported products...

And roughly three-quarters of U.S. importers were very small businesses with less than 20 employees.

Imports Decrease Prices

- **-87.9%**

- **-63.3%**

- **-44.7%**
  - Decrease in the Price of Toys Between 2007 and 2017.

Imports Increase Choices

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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.

- In 2017, $1.2 billion of Montana's goods exports, or 57 percent, went to FTA partners.
- Since 2007, Montana's goods exports to countries with FTAs in effect with the United States in 2017 have increased by 74 percent.
- Montana's goods exports to Canada and Mexico have increased by $566 million (329 percent) since NAFTA went into effect in 1994.
- Montana's goods exports to Colombia have increased by 685 percent since the FTA took effect in 2012.
- Montana's exports to Korea of coal & petroleum gases have increased from $136 million to $184 million since the FTA went into effect in 2012.
- In 2017, $291 million of Montana's services exports, or 29 percent, went to FTA partners.
- Montana's exports to Korea of travel services have increased from $11 million to $24 million, or by 120 percent, since the FTA went into effect in 2012.

By the Numbers

74%
Increase in Montana Goods Exports to FTA Partners Between 2007 and 2017

Per Capita Purchases of Montana Goods, 2017

$2.56
$0.13
Non-FTA Countries
FTA Partner Countries*

* U.S. FTAs in effect with countries in 2017.

In 2017, FTA partners purchased 19.1 times more goods per capita from Montana than non-FTA partners.

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Foreign-owned companies invest significant amounts of capital to open or expand facilities in Montana every year. Foreign-owned companies from around the world employed about 7,000 workers in Montana, including:

- 2,200 workers employed by companies based in the United Kingdom;
- 1,000 workers employed by companies based in Canada;
- 800 workers employed by companies based in France;
- 300 workers employed by companies based in Germany;
- 300 workers employed by companies based in the Netherlands.

Selected Foreign-Owned Companies Employing Workers in Montana

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMEC Geomatrix</td>
<td>Engineering &amp; Consulting Services</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>DRS Global Enterprise Solutions</td>
<td>Aerospace Product Manufacturing</td>
<td>Italy</td>
</tr>
<tr>
<td>Holiday Inn</td>
<td>Hotels</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Norandex</td>
<td>Building Materials Distribution</td>
<td>France</td>
</tr>
<tr>
<td>Platt Electric Supply</td>
<td>Energy Services</td>
<td>France</td>
</tr>
<tr>
<td>REC Advanced Silicon Materials LLC</td>
<td>Solar Products Manufacturer</td>
<td>Norway</td>
</tr>
<tr>
<td>Rodda Paint</td>
<td>Paint Manufacturer</td>
<td>Canada</td>
</tr>
<tr>
<td>Sandvik Mining &amp; Construction</td>
<td>Engineering Services</td>
<td>Sweden</td>
</tr>
<tr>
<td>Securitas Security Services USA, Inc.</td>
<td>Security Services</td>
<td>Sweden</td>
</tr>
<tr>
<td>Stillwater Mining Company</td>
<td>Mining</td>
<td>Russia</td>
</tr>
<tr>
<td>UBS Financial Services</td>
<td>Financial Services</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Wood Group Pressure Control</td>
<td>Energy Services</td>
<td>Scotland</td>
</tr>
</tbody>
</table>

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MONTANA JOBS DEPEND ON TWO-WAY TRADE


MONTANA BUSINESSES GROW WITH EXPORTS


MONTANA COMPANIES EXPORT THROUGHOUT THE WORLD


MONTANA 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/](http://www.bls.gov/cpi/))

MONTANA NEEDS TRADE AGREEMENTS TO GROW

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

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

FOREIGN INVESTMENT IN MONTANA CREATES JOBS

**Employment Data:** BEA “Direct Investment & Multinational Companies” database ([http://bea.gov/iTable/index_MNC.cfm](http://bea.gov/iTable/index_MNC.cfm))

**Foreign Investors:** Uniworld BP database of “Foreign Firms Operating in the United States” ([http://www.uniworldbp.com](http://www.uniworldbp.com))