

HOW MONTANA'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 Montana 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 Montana. 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 Montana recover.

Trade Creates & Supports Jobs in Montana

- **International trade, including exports and imports, supported 143,400 Montana jobs – more than 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 Montana's globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Montana. *(See Montana Jobs Depend On Two-Way Trade)*
- **Montana exported \$2.1 billion in goods and \$1.1 billion in services in 2018,** including oilseeds and grains, tobacco products, coal and petroleum gases and travel services. Of Montana's 1,391 exporters, 87 percent are small- and medium-sized companies with less than 500 workers. *(See Montana Businesses Grow With Exports)*
- **Customers in 137 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 goods exports have grown nearly 40 percent faster than state GDP since 2009. Policies that help Montana businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(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 and Families Benefit from Imports)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Montana to partner countries.** In 2018, \$1.2 billion of Montana's goods exports, or 57 percent, went to FTA partners. This represents an increase of 73 percent since 2009. *(See Montana Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 7,800 workers in Montana.** *(See Foreign Investment In Montana Creates Jobs)*



MONTANA 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 Montana. Policies that expand trade can create new job opportunities in Montana and help it recover faster.

Trade Creates & Supports Jobs in Montana

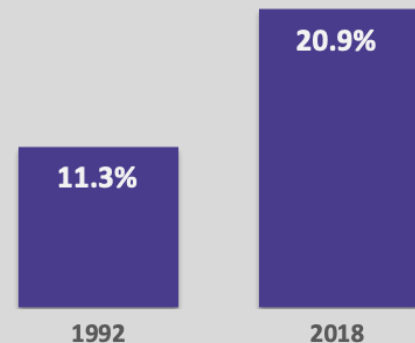
- Export growth increases jobs by generating new business for Montana's manufacturers, services providers and farmers. Imports support jobs and keep costs low, helping Montana businesses compete and saving Montana families real dollars at the cash register.
- More than one in five Montana jobs depends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

143,400

Number of Jobs in Montana Supported by Trade

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



Jobs Tied to Trade
Top Sectors, 2018

Trade & Distribution	35,500
Prof., Scient. & Tech. Services	18,700
Personal & Rec. Services	9,400
Construction	8,300
Agriculture	6,800



MONTANA BUSINESSES GROW WITH EXPORTS



Overview

Montana exported an estimated \$2.1 billion in goods and \$1.1 billion in services in 2018. Between 2009 and 2018, Montana goods exports have increased by 44 percent and services exports by 53 percent. Large companies now account for 25 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

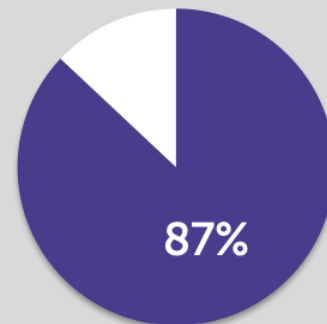
- Montana ranks among the top 10 state exporters in five industries, including second in tobacco products (\$289 million), third in cattle (\$38 million), sixth in cement and concrete products (\$27 million), and seventh in lime and gypsum products (\$15 million).
- Montana is America's 27th largest exporter of agricultural products. It is the third largest exporter of cattle, the 16th largest exporter of oilseeds and grains, the 21st largest exporter of miscellaneous animal products, and the 22nd largest exporter of aquaculture.
- One of Montana's fastest growing export categories is navigational and measuring instruments, which increased by 15 percent since 2009. In 2018, exports of these products reached \$40 million.

By the Numbers

1,391

Number of Montana Businesses that Exported in 2018

Share of Montana Exporters that are Small- & Medium-Sized Businesses



Top Montana Exports, 2018

Goods

Oilseeds & Grains	\$551 million
Tobacco Products	\$289 million
Coal & Petroleum Gases	\$237 million
Basic Chemicals	\$211 million
Industrial Machinery	\$89 million

Services

Travel	\$531 million
Equip. Install., Maint., & Repair	\$105 million
Misc. Freight & Port Services	\$87 million

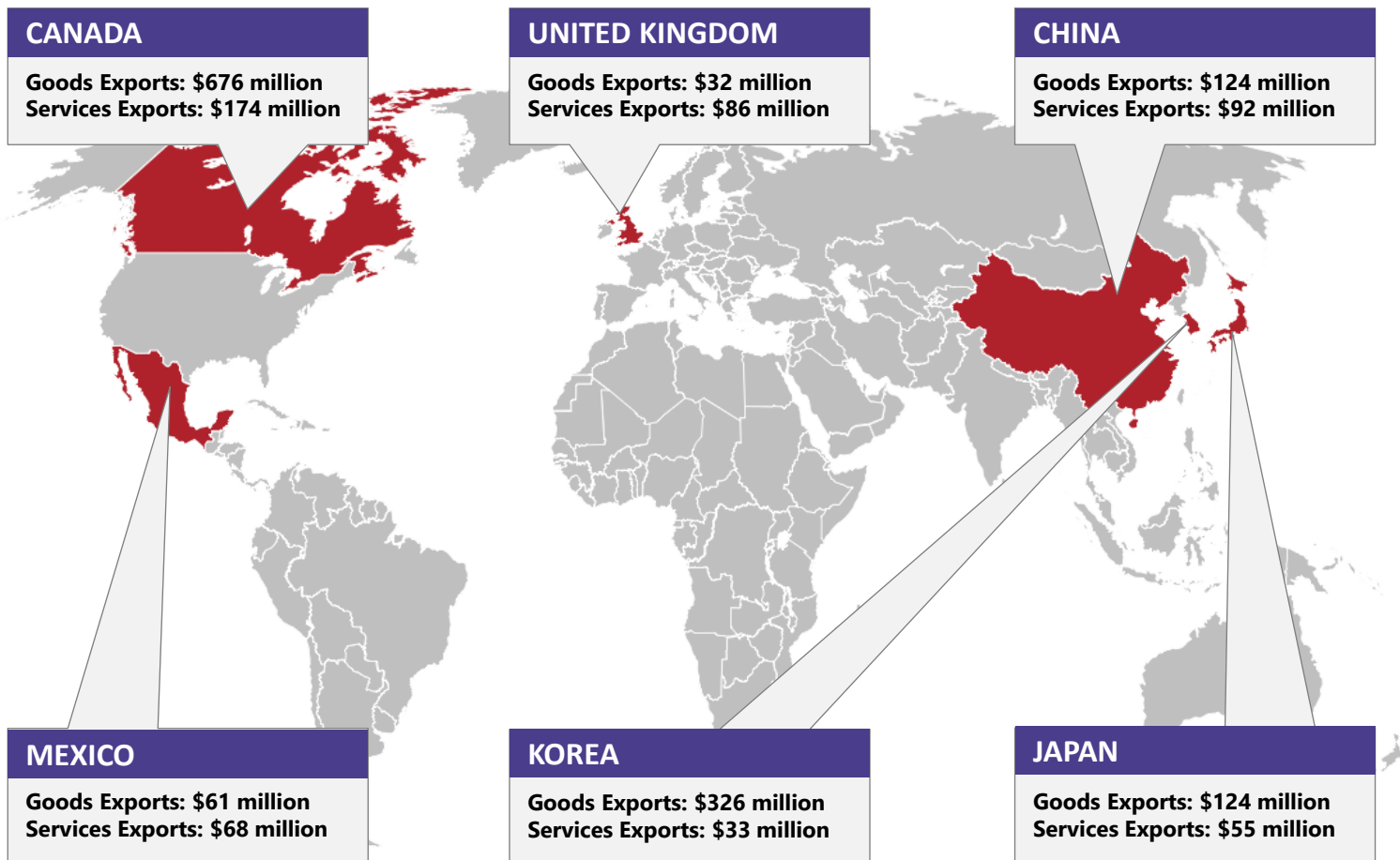


MONTANA COMPANIES EXPORT THROUGHOUT THE WORLD



In 2018, Montana companies sold their products in 137 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Montana Economy Grow

- Goods and services exports accounted for 6.4 percent of Montana's state GDP in 2018.
- Montana's exports have grown nearly 40 percent faster than state GDP since 2009. The average annual export growth during this period was 5.2 percent, while the average annual state GDP growth was 3.8 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 Korea have grown by 25 percent per year since 2009, while Montana's services exports to India have grown by 10 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Montana businesses, workers, and farmers reach the growing number of customers around the world.



MONTANA COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



Overview

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

Montana Families Benefit from Imports

- In 2018, 4 percent of Montana's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Montana 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 Montana 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, 1,049 Montana companies imported goods from 103 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.

Montana Exports and Imports are Linked Through Global Value Chains

- In 2018, 96 percent of Montana goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Montana's top imports are critical components for Montana exports. Conversely, Montana exports of raw materials and parts may return to the United States in imported finished goods.



Imports:
Fertilizers
(\$95M in 2018)



Exports:
Oilseeds and grains
(\$1.1B in 2018)



MONTANA 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. Montana 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 Montana and the United States.

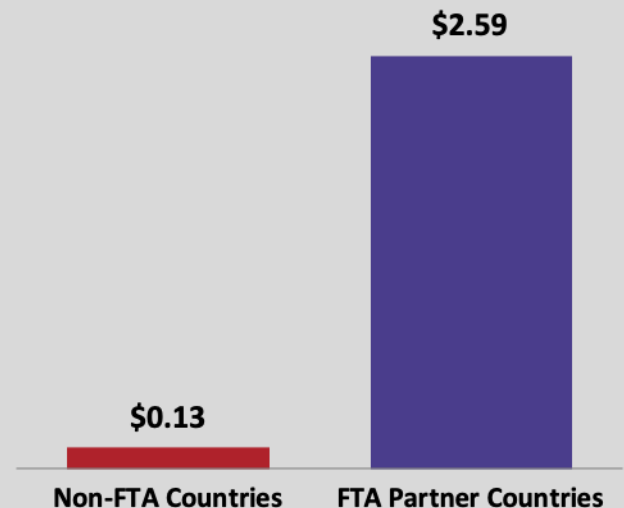
- In 2018, \$1.2 billion of Montana's goods exports, or 57 percent, went to FTA partners.
- Since 2009, Montana's goods exports to countries with FTAs in effect with the United States in 2018 have increased by 73 percent.
- Montana's exports to Canada and Mexico have increased by \$565 million (329 percent) since NAFTA went into effect in 1994.
- Montana's exports to Peru have doubled – from \$11 million to \$22 million – since the FTA with Peru took effect in 2009.
- Montana's exports to Korea of coal and petroleum gases have increased from \$136 million to \$216 million since the FTA with Korea went into effect in 2012.
- Costa Rica bought two-thirds – \$5.8 million out of \$9.1 million – of Montana's exports of resins and synthetic fibers in 2018.
- In 2018, \$374 million of Montana's services exports, or one-third, went to FTA partners.
- Montana's exports to Australia of travel services have tripled, from \$8.2 million to \$24 million, since 2006 (earliest year available).

By the Numbers

73%

Increase in Montana Goods Exports to FTA Partners Between 2009 and 2018

Per Capita Purchases of Montana Goods, 2018



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

In 2018, FTA partners purchased 19.7 times more goods per capita from Montana than non-FTA partners.



FOREIGN INVESTMENT IN MONTANA CREATES JOBS



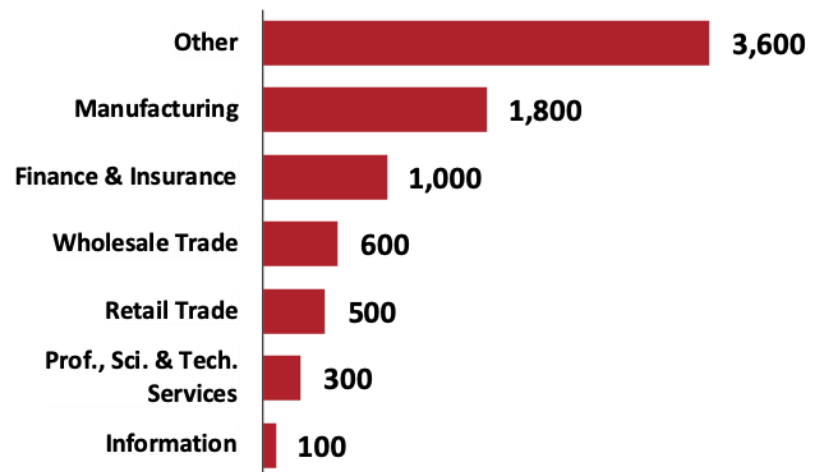
Overview

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.

Montana is no exception. Foreign-owned companies make significant investments in Montana to open or expand facilities every year and are important customers for local goods and services providers. Subsidiaries of foreign-owned companies alone employed nearly 8,000 workers in Montana in 2017, including:

- 2,200 workers employed by companies based in the United Kingdom;
- 1,500 workers employed by companies based in Canada;
- 800 workers employed by companies based in France;
- 400 workers employed by companies based in Japan;
- 300 workers employed by companies based in Germany.

Foreign-Owned Companies Employed 7,800 Montana Workers Across Many Industries, 2017



Selected Foreign-Owned Companies Employing Workers in Montana

Company	Industry	Country
Leonardo DRS	Defense/Security/Aerospace Services	Italy
Holiday Inn	Hotels	United Kingdom
Imerys USA	Mineral Mining	France
REC Advanced Silicon Materials LLC	Solar Products Manufacturer	Norway
Rodda Paint	Paint Manufacturer	Canada
Sandvik Mining & Construction	Engineering Services	Sweden
Stillwater Mining Company	Mining	South Africa
UBS Financial Services	Financial Services	Switzerland



DATA SOURCES



MONTANA JOBS DEPEND ON TWO-WAY TRADE

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

Jobs-Tied-to-Trade: Baughman and Francois, "Trade and American Jobs: The Impact of Trade on U.S. and State-Level Employment" (2020) (https://s3.amazonaws.com/brt.org/Trade_and_American_Jobs_2020.pdf)

Exporting Firm Wages: Riker, "Export-Intensive Industries Pay More on Average: An Update" (2015) (<https://www.usitc.gov/publications/332/ec201704a.pdf>)

Exporting Firm Growth: Bernard and Jensen, "Exporting and Productivity in the USA" (2004) (<http://faculty.tuck.dartmouth.edu/images/uploads/faculty/andrew-bernard/exprod.pdf>)

MONTANA 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>)

Exporting Company Information: Census, "A Profile of U.S. Importing and Exporting Companies, 2017 – 2018" (<https://www.census.gov/foreign-trade/Press-Release/edb/2018/>)

MONTANA 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>)

MONTANA COMPANIES USE IMPORTS TO MAKE COMPETITIVE PRODUCTS

Importing Company Information: Census, "A Profile of U.S. Importing and Exporting Companies, 2017 – 2018" (<https://www.census.gov/foreign-trade/Press-Release/edb/2018/>)

Imports as Components: Derived from Census end-use import data

Savings from Liberalization: Bradford, Grieco, and Hufbauer, "The Payoff to America from Global Integration" (2005) (<http://www.piie.com/publications/papers/2iie3802.pdf>)

Price Changes: Derived from BLS Consumer Price Index database (<http://www.bls.gov/cpi/>)

MONTANA NEEDS TRADE AGREEMENTS TO GROW

Exports and Trends: The Trade Partnership (<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>) 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)

Foreign Investors: Uniworld BP database of "Foreign Firms Operating in the United States" (<http://www.uniworldbp.com>)

