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. 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 Montana recover as well.

Trade Creates & Supports Jobs in Montana

- **International trade, including exports and imports, supported 135,600 Montana jobs – one in five in 2019.** These trade-related jobs grew nearly three 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 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 $2.2 billion in goods and $1.2 billion in services in 2019,** including oilseeds and grains, tobacco products, basic chemicals and personal travel and tourism services. Of Montana’s 1,426 exporters, 87 percent are small- and medium-sized companies with less than 500 workers. *(See Montana Businesses Grow With Exports)*

- **Customers in 148 countries and territories buy Montana-made goods and services,** including billions of dollars in annual exports to top markets like Canada, Korea and Japan. Montana's exports have grown 0.7 percent per year since 2010. 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 2019, $1.2 billion of Montana's goods exports, or 54 percent, went to FTA partners. This represents an increase of 20 percent since 2010. *(See Montana Needs Trade Agreements To Grow)*

- **Foreign-owned companies invest and build facilities and employ 9,500 workers in Montana.** *(See Foreign Investment In Montana 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, disrupted communities and economies, and ended millions of jobs across America, including in Montana. As the U.S. economy recovers and more Americans seek opportunities to work, policies that expand trade can create new jobs 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.
- Nearly one in five Montana jobs depends upon international trade.
- Montana’s trade-related employment grew three 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

135,600
Number of Jobs in Montana
Supported by Trade

Share of Jobs Tied to Trade
Increased 73 percent from 1992 to 2019

1992: 11.3%  2019: 19.5%

Jobs Tied to Trade
Top Sectors, 2019

<table>
<thead>
<tr>
<th>Sector</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal and recreational services</td>
<td>31,100</td>
</tr>
<tr>
<td>Business and professional services</td>
<td>24,500</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>19,300</td>
</tr>
<tr>
<td>Education and health services</td>
<td>19,200</td>
</tr>
<tr>
<td>Construction</td>
<td>10,400</td>
</tr>
</tbody>
</table>

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Overview

Montana exported an estimated $2.2 billion in goods and $1.2 billion in services in 2019. Between 2010 and 2019, Montana goods exports have increased by 10 percent and services exports by 39 percent. Large companies now account for 31 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 20 state exporters in 10 industries, including second in tobacco products ($229 million), sixth in cement and concrete products ($25 million), seventh in lime and gypsum products ($16 million), and ninth in coal and petroleum gases ($158 million).
- Montana is America’s 24th largest exporter of agricultural products. It is the third largest exporter of cattle, the 15th largest exporter of miscellaneous animal products, the 16th largest exporter of oilseeds and grains, and the 19th largest exporter of aquaculture.
- One of Montana's fastest growing export categories is pharmaceuticals and medicines, which increased by 228 percent since 2010. In 2019, exports of these products reached $80 million.

By the Numbers

1,426
Number of Montana Businesses that Exported in 2018

87%
Share of Montana Exporters that Are Small- & Medium-Sized Businesses

Top Montana Exports, 2019

<table>
<thead>
<tr>
<th>Goods</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oilseeds &amp; Grains</td>
<td>$662 million</td>
</tr>
<tr>
<td>Tobacco Products</td>
<td>$229 million</td>
</tr>
<tr>
<td>Basic Chemicals</td>
<td>$196 million</td>
</tr>
<tr>
<td>Coal &amp; Petroleum Gases</td>
<td>$158 million</td>
</tr>
<tr>
<td>Industrial Machinery</td>
<td>$115 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Travel &amp; Tourism</td>
<td>$397 million</td>
</tr>
<tr>
<td>Business Travel</td>
<td>$122 million</td>
</tr>
<tr>
<td>Equip. Installation &amp; Maintenance</td>
<td>$94 million</td>
</tr>
</tbody>
</table>

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In 2019, Montana companies sold their products in 148 countries and territories.

Top export markets include:

- **Canada**: Goods Exports: $729 million, Services Exports: $186 million
- **United Kingdom**: Goods Exports: $39 million, Services Exports: $110 million
- **China**: Goods Exports: $101 million, Services Exports: $89 million
- **Mexico**: Goods Exports: $78 million, Services Exports: $71 million
- **Korea**: Goods Exports: $240 million, Services Exports: $32 million
- **Japan**: Goods Exports: $129 million, Services Exports: $59 million

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

- Goods and services exports accounted for 6.4 percent of Montana's state GDP in 2019.
- Montana's annual exports grew 0.7 percent per year since 2010.
- Montana's top export markets for goods are Canada, Korea, and Japan. Its top market for services is Canada.
- Montana's goods exports to France have grown by 13 percent per year since 2010, while Montana's services exports to Ireland have grown by 11 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.

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MONTANA COMPANIES AND FAMILIES BENEFIT FROM IMPORTS

Overview

Imports provide a variety of benefit 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 2019, 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.

2010-2019 Price Decrease

-85% for Televisions

-52% for Computers

-51% for Toys

Most Importers are Small Businesses

- In 2019, 1,179 Montana companies imported goods from 94 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 2019, 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 ($122M in 2019)

Exports: Oilseeds and grains ($662M in 2019)

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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. 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 United States.

- In 2019, $1.2 billion of Montana’s goods exports, or 54 percent, went to FTA partners.
- Since 2010, Montana’s goods exports to countries with FTAs in effect with the United States in 2019 have increased by 20 percent.
- Montana’s exports to Canada and Mexico have increased by $635 million (369 percent) since NAFTA went into effect in 1994.
- Montana’s exports to Guatemala have increased by 211 percent – from $4.2 million to $13 million – since the FTA with Guatemala took effect in 2006.
- Montana’s exports to Costa Rica of resins and synthetic fibers have increased from $5,000 to $7.3 million since the FTA with Costa Rica went into effect in 2009.
- In 2019, $402 million of Montana’s services exports, or 34 percent, went to FTA partners.
- Montana’s exports to Australia of personal travel have increased from $5 million to $22 million, or by 348 percent, since 2006 (earliest year available).

By the Numbers

In 2019, FTA partners purchased 17.2 times more goods per capita from Montana than non-FTA partners.

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

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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.

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 10,000 workers in Montana in 2019, including:

- 1,900 workers employed by companies based in the United Kingdom;
- 1,100 workers employed by companies based in France;
- 1,000 workers employed by companies based in Canada;
- 500 workers employed by companies based in Japan;
- 200 workers employed by companies based in Germany.

**Foreign-Owned Companies Employed 9,500 Montana Workers Across Many Industries, 2019**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>1,500</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>1,000</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>800</td>
</tr>
<tr>
<td>Prof., Sci. &amp; Tech. Services</td>
<td>400</td>
</tr>
<tr>
<td>Information</td>
<td>300</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>300</td>
</tr>
<tr>
<td>Other</td>
<td>5,200</td>
</tr>
</tbody>
</table>

**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>BioLife Plasma Services</td>
<td>Medical services</td>
<td>Japan</td>
</tr>
<tr>
<td>Environmental Resources Management Inc.</td>
<td>Consulting services</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>GHD Group</td>
<td>Architectural/engineering services</td>
<td>Australia</td>
</tr>
<tr>
<td>Holcim US Inc.</td>
<td>Cement manufacturing</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Pasta Montana LLC</td>
<td>Food product manufacturing</td>
<td>Japan</td>
</tr>
<tr>
<td>REC Advanced Silicon Materials LLC</td>
<td>Silicon product manufacturing</td>
<td>Norway</td>
</tr>
<tr>
<td>UBS Financial Services Inc.</td>
<td>Financial services</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Wood Group</td>
<td>Oilfield services</td>
<td>United Kingdom</td>
</tr>
</tbody>
</table>
DATA SOURCES

MONTANA JOBS DEPEND ON TWO-WAY TRADE

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


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)


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/)

MONTANA NEEDS TRADE AGREEMENTS TO GROW


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)

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