HOW NORTH DAKOTA'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 North Dakota 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 North Dakota.

Trade Creates & Supports Jobs in North Dakota

- **International trade, including exports and imports, supports 110,800 North Dakota jobs – nearly 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 North Dakota’s globally engaged firms. (See North Dakota Jobs Depend On Two-Way Trade)

- **North Dakota exported $7.8 billion in goods and $797 million in services in 2017, including oil & gas, oilseeds & grains, petroleum & coal products and travel services.** Of North Dakota’s 1,526 exporters, 85 percent are small- and medium-sized companies with less than 500 workers. (See North Dakota Businesses Grow With Exports)

- **Customers in 149 countries and territories buy North Dakota-made goods and services, including billions of dollars in annual exports to top markets like Canada, China and Mexico.** North Dakota’s exports have grown more than two times faster than state GDP since 2007. (See North Dakota Companies Export Throughout The World)

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

- **Free trade agreements (FTAs) have helped fuel rapid export growth from North Dakota to partner countries.** In 2017, $5.7 billion of North Dakota’s goods exports, or 73 percent, went to FTA partners. This represents an increase of 347 percent since 2007. (See North Dakota Needs Trade Agreements To Grow)

- **Foreign-owned companies invest and build facilities and employ 12,600 workers in North Dakota.** (See Foreign Investment In North Dakota 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 North Dakota

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

- **110,800**
  - Number of Jobs in North Dakota Supported by Trade

- **Share of Jobs Tied to Trade**
  - Increased 65 percent from 1992 to 2017
  - **11.6%** to **19.2%**

- **Jobs Tied to Trade**
  - Top Sectors, 2017
    - Trade & Distribution: 26,300
    - Agriculture: 15,400
    - Prof., Scient. & Tech. Services: 12,500
    - Personal & Rec. Services: 5,700
    - Finance, Insurance: 5,500

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North Dakota exported an estimated $7.8 billion in goods and $797 million in services in 2017. Between 2007 and 2017, North Dakota goods exports have increased by 257 percent and services exports by 18 percent. Large companies now account for 63 percent of the value of North Dakota’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 North Dakota Exports

- North Dakota ranks among the top half of state exporters in 11 industries, including third in oil & gas ($2.4 billion), sixth in oilseeds & grains ($2.5 billion), eighth in petroleum & coal products ($1.1 billion), and ninth in cattle ($12 million).
- North Dakota is America’s ninth largest exporter of agricultural products. It is the sixth largest exporter of oilseeds & grains, the ninth largest exporter of cattle, the 19th largest exporter of swine, and the 30th largest exporter of fruits & tree nuts.
- One of North Dakota’s fastest growing export categories is petroleum & coal products, which increased by over 1,500 times its 2007 value. In 2017, exports of these products reached $1.1 billion.

By the Numbers

1,526
Number of North Dakota Businesses that Exported in 2016

<table>
<thead>
<tr>
<th>Share of North Dakota Exporters that are Small- &amp; Medium-Sized Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>84%</td>
</tr>
</tbody>
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Top North Dakota Exports, 2017

<table>
<thead>
<tr>
<th>Goods</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oilseeds &amp; Grains</td>
<td>$2.5 billion</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>$2.4 billion</td>
</tr>
<tr>
<td>Petroleum &amp; Coal Products</td>
<td>$1.1 billion</td>
</tr>
<tr>
<td>Ag. &amp; Construction Machinery</td>
<td>$708 million</td>
</tr>
<tr>
<td>Basic Chemicals</td>
<td>$286 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>$160 million</td>
</tr>
<tr>
<td>Equip. Install., Maint., &amp; Repair</td>
<td>$123 million</td>
</tr>
<tr>
<td>Computer Software</td>
<td>$90 million</td>
</tr>
</tbody>
</table>

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In 2017, North Dakota companies sold their products in 149 countries and territories.

Top export markets include:

- **Canada**
  - Goods Exports: $4.9 billion
  - Services Exports: $75 million

- **China**
  - Goods Exports: $727 million
  - Services Exports: $61 million

- **Korea**
  - Goods Exports: $103 million
  - Services Exports: $27 million

- **Mexico**
  - Goods Exports: $352 million
  - Services Exports: $33 million

- **Japan**
  - Goods Exports: $259 million
  - Services Exports: $43 million

- **Australia**
  - Goods Exports: $121 million
  - Services Exports: $22 million

Fast Facts: How Exports Help the North Dakota Economy Grow

- Goods and services exports accounted for 16.4 percent of North Dakota's state GDP in 2017.
- North Dakota's exports have grown more than two times faster than state GDP since 2007. The average annual export growth during this period was 14.5 percent, while the average annual state GDP growth was 6.6 percent.
- North Dakota's top export markets for goods are Canada, China, and Mexico. Its top market for services is Canada.
- North Dakota's goods exports to Indonesia have grown by 70 percent per year since 2007, while North Dakota's services exports to China have grown by 15 percent per year.

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NORTH DAKOTA COMPANIES USE IMPORTS TO MAKE COMPETITIVE PRODUCTS

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 North Dakota.

- 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 North Dakota family of four more than $10,000 per year.
- Imports help keep prices down for North Dakota 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 984 in North Dakota) imported products...

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

Imports Decrease Prices

- Decrease in the Price of Televisions Between 2007 and 2017. -87.9%
- Decrease in the Price of Computers Between 2007 and 2017. -63.3%
- Decrease in the Price of Toys Between 2007 and 2017. -44.7%

Imports Increase Choices

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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.

- In 2017, $5.7 billion of North Dakota’s goods exports, or 73 percent, went to FTA partners.

- Since 2007, North Dakota’s goods exports to countries with FTAs in effect with the United States in 2017 have increased by 347 percent.

- North Dakota’s goods exports to Canada and Mexico have increased by $4.9 billion (1,714 percent) since NAFTA went into effect in 1994.

- North Dakota’s goods exports to Peru have increased by 621 percent since the FTA took effect in 2009.

- North Dakota’s exports to Colombia of oilseeds & grains have increased from $8.9 million to $69 million since the FTA went into effect in 2012.

- Canada bought 98 percent of North Dakota’s exports of basic chemicals in 2017.

- In 2017, $196 million of North Dakota’s services exports, or 25 percent, went to FTA partners.

- North Dakota’s exports to Australia of equipment installation, maintenance & repair services have increased from $496,000 to $4.8 million, or by 865 percent, since 2006 (earliest year available).

By the Numbers

347%

Increase in North Dakota Goods Exports to FTA Partners Between 2007 and 2017

Per Capita Purchases of North Dakota Goods, 2017

$12.30

$0.31

Non-FTA Countries  FTA Partner Countries*

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

In 2017, FTA partners purchased 39.6 times more goods per capita from North Dakota than non-FTA partners.

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FOREIGN INVESTMENT IN NORTH DAKOTA CREATES JOBS

Overview

Foreign-owned companies invest significant amounts of capital to open or expand facilities in North Dakota every year. Foreign-owned companies from around the world employed more than 12,000 workers in North Dakota, including:

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

Selected Foreign-Owned Companies Employing Workers in North Dakota

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allied Building Products Corp.</td>
<td>Building Materials Manufacturing</td>
<td>Ireland</td>
</tr>
<tr>
<td>Bobcat Company</td>
<td>Construction Equip. Manufacturing</td>
<td>South Korea</td>
</tr>
<tr>
<td>Calfrac Well Services corp.</td>
<td>Energy Services</td>
<td>Canada</td>
</tr>
<tr>
<td>CNH Global</td>
<td>Agricultural/Construction Equip. Mfg.</td>
<td>Netherlands</td>
</tr>
<tr>
<td>Ferguson Enterprises, Inc.</td>
<td>Plumbing/Heating Supplies</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Gerdau Ameristeel</td>
<td>Steel Product Manufacturing</td>
<td>Brazil</td>
</tr>
<tr>
<td>Holiday Inn</td>
<td>Hotels</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Hubbard Feeds Inc.</td>
<td>Animal Feed and Supplies</td>
<td>Canada</td>
</tr>
<tr>
<td>Tech Mahindra</td>
<td>IT Services</td>
<td>India</td>
</tr>
<tr>
<td>UBS Financial Services</td>
<td>Financial Services</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Viterra</td>
<td>Agricultural Products</td>
<td>Canada</td>
</tr>
<tr>
<td>Welltec Inc.</td>
<td>Oilfield Services</td>
<td>Denmark</td>
</tr>
</tbody>
</table>

Foreign-Owned Companies Employed 12,600 North Dakota Workers Across Many Industries, 2016

- Other: 5,100
- Manufacturing: 4,600
- Wholesale Trade: 1,500
- Finance & Insurance: 500
- Prof., Sci. & Tech. Services: 400
- Retail Trade: 400
- Information: 100

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NORTH DAKOTA JOBS DEPEND ON TWO-WAY TRADE


NORTH DAKOTA BUSINESSES GROW WITH EXPORTS


NORTH DAKOTA COMPANIES EXPORT THROUGHOUT THE WORLD


NORTH DAKOTA 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/)

NORTH DAKOTA NEEDS TRADE AGREEMENTS TO GROW


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

FOREIGN INVESTMENT IN NORTH DAKOTA 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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