

HOW OREGON'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 Oregon 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 Oregon. 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 Oregon recover.

Trade Creates & Supports Jobs in Oregon

- **International trade, including exports and imports, supported 513,400 Oregon jobs – one in five in 2018.** These trade-related jobs grew three 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 Oregon's globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Oregon. *(See Oregon Jobs Depend On Two-Way Trade)*
- **Oregon exported \$21.0 billion in goods and \$9.0 billion in services in 2018,** including semiconductors and components, industrial machinery, computer equipment and travel services. Of Oregon's 5,936 exporters, 88 percent are small- and medium-sized companies with less than 500 workers. *(See Oregon Businesses Grow With Exports)*
- **Customers in 194 countries and territories buy Oregon-made goods and services,** including billions of dollars in annual exports to top markets like China, Canada and Japan. Oregon's goods exports have grown more than 10 percent faster than state GDP since 2009. Policies that help Oregon businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(See Oregon Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Oregon companies and families.** Lower raw material and input costs help Oregon 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 Oregon Companies and Families Benefit from Imports)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Oregon to partner countries.** In 2018, \$6.8 billion of Oregon's goods exports, or 32 percent, went to FTA partners. This represents an increase of 74 percent since 2009. *(See Oregon Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 60,600 workers in Oregon.** *(See Foreign Investment In Oregon Creates Jobs)*



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

Trade Creates & Supports Jobs in Oregon

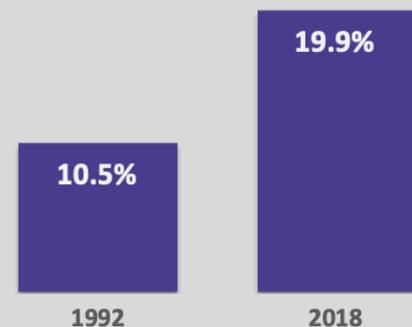
- Export growth increases jobs by generating new business for Oregon's manufacturers, services providers and farmers. Imports support jobs and keep costs low, helping Oregon businesses compete and saving Oregon families real dollars at the cash register.
- One in five Oregon jobs depends upon international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

513,400

Number of Jobs in Oregon Supported by Trade

Share of Jobs Tied to Trade
Increased 90 percent from 1992 to 2018



Jobs Tied to Trade
Top Sectors, 2018

Trade & Distribution	124,600
Prof., Scient. & Tech. Services	83,100
Personal & Rec. Services	33,400
Construction	24,100
Agriculture	18,800



OREGON BUSINESSES GROW WITH EXPORTS



Overview

Oregon exported an estimated \$21.0 billion in goods and \$9.0 billion in services in 2018. Between 2009 and 2018, Oregon goods exports have increased by 57 percent and services exports by 52 percent. Large companies now account for 76 percent of the value of Oregon'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 Oregon Exports

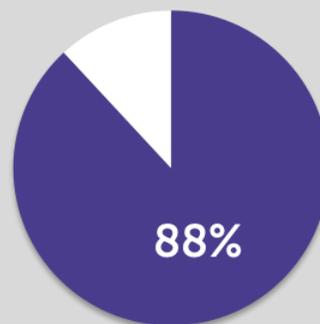
- Oregon ranks among the top five state exporters in eight industries, including first in miscellaneous leather products (\$396 million), in veneer, plywood and engineered wood (\$183 million), and in lime and gypsum products (\$23 million), and second in pesticides and fertilizers (\$963 million).
- Oregon is America's 24th largest exporter of agricultural products. It is the third largest exporter of greenhouse and nursery products, the seventh largest exporter of aquaculture, the ninth largest exporter of miscellaneous crops, and the ninth largest exporter of fruits and tree nuts.
- One of Oregon's fastest growing export categories is miscellaneous leather products, which increased by 18 percent since 2009. In 2018, exports of these products reached \$396 million.

By the Numbers

5,936

Number of Oregon Businesses that Exported in 2018

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



Top Oregon Exports, 2018

Goods

Semiconductors & Components	\$5.6 billion
Industrial Machinery	\$2.8 billion
Computer Equipment	\$1.0 billion
Pesticides & Fertilizers	\$963 million
Motor Vehicles	\$842 million

Services

Travel	\$2.0 billion
Royalties from Industrial Processes	\$1.9 billion
R&D & Testing Services	\$1.4 billion

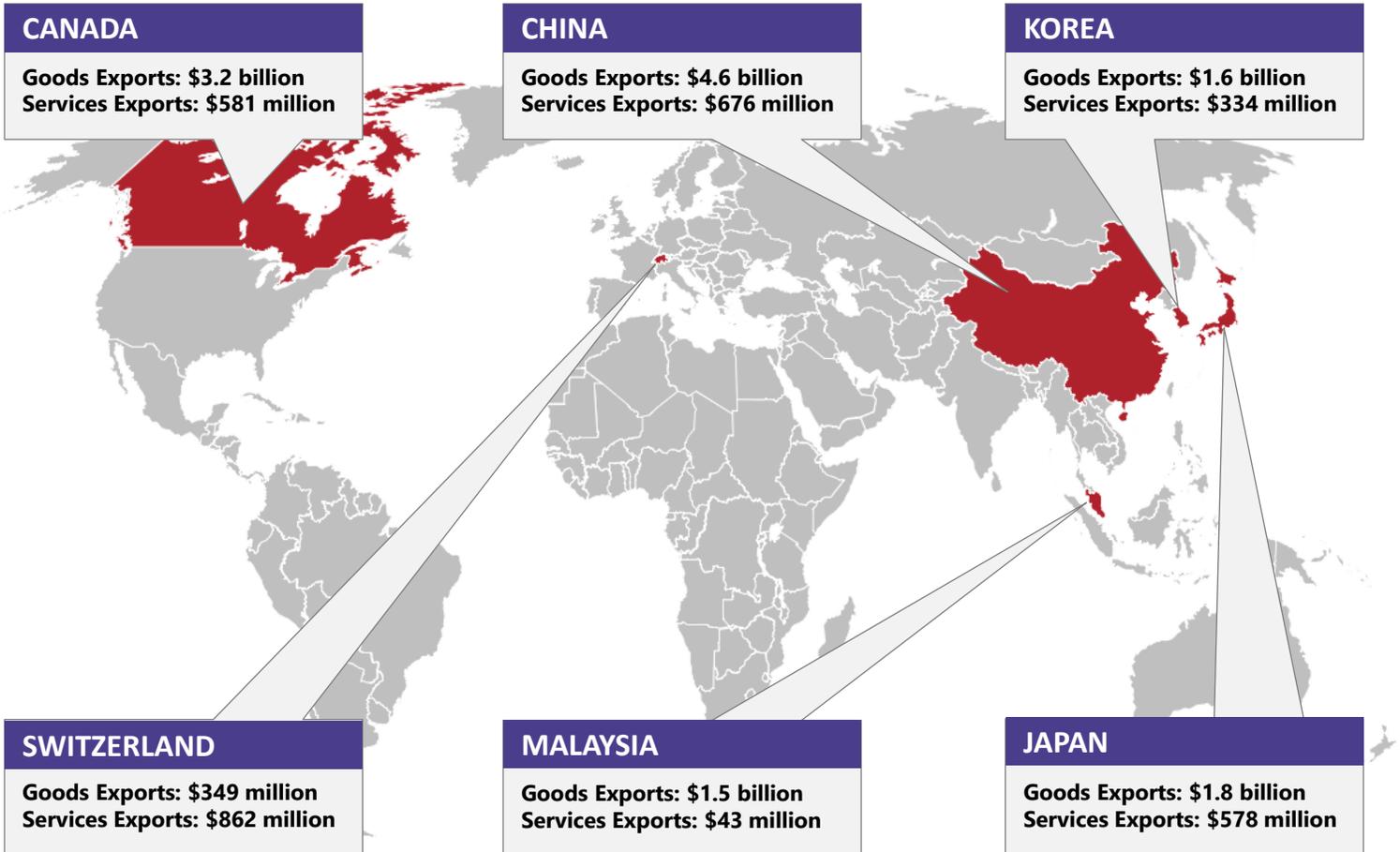


OREGON COMPANIES EXPORT THROUGHOUT THE WORLD



In 2018, Oregon companies sold their products in 194 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Oregon Economy Grow

- Goods and services exports accounted for 12.5 percent of Oregon's state GDP in 2018.
- Oregon's exports have grown more than 10 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 4.6 percent.
- Oregon's top export markets for goods are China, Canada, and Japan. Its top market for services is Ireland.
- Oregon's goods exports to Mexico have grown by 11 percent per year since 2009, while Oregon's services exports to China have grown by 16 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Oregon businesses, workers, and farmers reach the growing number of customers around the world.



OREGON COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



Overview

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

Oregon Families Benefit from Imports

- In 2018, 26 percent of Oregon's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Oregon 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 Oregon 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, 5,899 Oregon companies imported goods from 155 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.

Oregon Exports and Imports are Linked Through Global Value Chains

- In 2018, 74 percent of Oregon goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Oregon's top imports are critical components for Oregon exports. Conversely, Oregon exports of raw materials and parts may return to the United States in imported finished goods.



Imports:
Semiconductor mfg.
machinery
(\$2.1B in 2018)



Exports:
Integrated circuits
(\$5.0B in 2018)



OREGON 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. Oregon 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 Oregon and the United States.

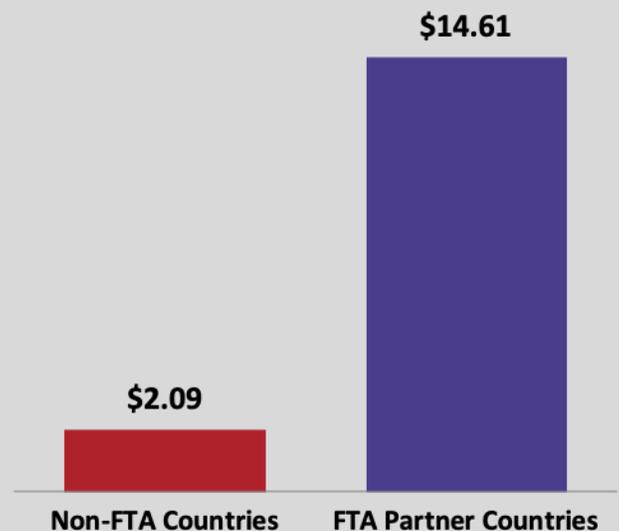
- In 2018, one third -- \$6.8 billion -- of Oregon's goods exports, went to FTA partners.
- Since 2009, Oregon's goods exports to countries with FTAs in effect with the United States in 2018 have increased by 74 percent.
- Oregon's exports to Canada and Mexico have increased by \$2.7 billion (264 percent) since NAFTA went into effect in 1994.
- Oregon's exports to Chile have increased by nearly five-fold – from \$19 million to \$93 million – since the FTA with Chile took effect in 2004.
- Oregon's exports to Singapore of industrial machinery have increased from \$3.5 million to \$207 million since the FTA with Singapore went into effect in 2004.
- Korea bought nearly all – \$36 million out of \$40 million – of Oregon's exports of animal foods in 2018.
- In 2018, \$2.2 billion of Oregon's services exports, or 24 percent, went to FTA partners.
- Oregon's exports to Australia of travel services have increased from \$22 million to \$91 million, or by 311 percent, since 2006 (earliest year available).

By the Numbers

74%

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

Per Capita Purchases of Oregon Goods, 2018



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

In 2018, FTA partners purchased 7.0 times more goods per capita from Oregon than non-FTA partners.



FOREIGN INVESTMENT IN OREGON 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.

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

- 10,500 workers employed by companies based in the United Kingdom;
- 10,200 workers employed by companies based in Germany;
- 9,600 workers employed by companies based in Japan;
- 5,800 workers employed by companies based in Switzerland;
- 4,200 workers employed by companies based in France.

Foreign-Owned Companies Employed 60,600 Oregon Workers Across Many Industries, 2017



Selected Foreign-Owned Companies Employing Workers in Oregon

Company	Industry	Country
Adidas	Footwear Manufacturing	Germany
ASC Profiles	Steel Products Manufacturing	Australia
Evrz North America	Steel Manufacturing	United Kingdom
Interfor	Wood Product Manufacturing	Canada
KPMG LLP	Accounting Services	Netherlands
Mercedes-Benz	Automotive Manufacturing	Germany
Ricoh Americas Corporation	Manufacture/Distribute Office Equipment	Japan
Siltronic Corp.	Semiconductor Manufacturing	Germany



DATA SOURCES



OREGON 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>)

OREGON 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/>)

OREGON 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>)

OREGON 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/>)

OREGON NEEDS TRADE AGREEMENTS TO GROW

Exports and Trends: The Trade Partnership (<http://tradepartnership.com/data/cdxports-and-cdxjobs>)

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

FOREIGN INVESTMENT IN OREGON 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>)

