HOW UTAH'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 Utah 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 Utah. 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 Utah recover.

Trade Creates & Supports Jobs in Utah

- **International trade, including exports and imports, supported 410,900 Utah 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 Utah's globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Utah. *(See Utah Jobs Depend On Two-Way Trade)*

- **Utah exported $14.4 billion in goods and $7.3 billion in services in 2018,** including nonferrous metal products, semiconductors and components, navigational and measuring instruments and travel services. Of Utah's 3,704 exporters, 86 percent are small- and medium-sized companies with less than 500 workers. *(See Utah Businesses Grow With Exports)*

- **Customers in 201 countries and territories buy Utah-made goods and services,** including billions of dollars in annual exports to top markets like the United Kingdom, Canada and Japan. Utah's goods exports have grown nearly 20 percent faster than state GDP since 2009. Policies that help Utah businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(See Utah Companies Export Throughout The World)*

- **Imports lower prices and increase choices for Utah companies and families.** Lower raw material and input costs help Utah 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 Utah Companies and Families Benefit from Imports)*

- **Free trade agreements (FTAs) have helped fuel rapid export growth from Utah to partner countries.** In 2018, $3.6 billion of Utah's goods exports, or 25 percent, went to FTA partners. This represents an increase of 66 percent since 2009. *(See Utah Needs Trade Agreements To Grow)*

- **Foreign-owned companies invest and build facilities and employ 48,200 workers in Utah.** *(See Foreign Investment In Utah 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, stopped economic growth and ended millions of jobs across America, including in Utah. Policies that expand trade can create new job opportunities in Utah and help it recover faster.

Trade Creates & Supports Jobs in Utah

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

- One in five Utah jobs depends upon international trade.

- Utah’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

| 410,900 |
| Number of Jobs in Utah Supported by Trade |

Share of Jobs Tied to Trade
Increased 89 percent from 1992 to 2018

Jobs Tied to Trade
Top Sectors, 2018

<table>
<thead>
<tr>
<th>Sector</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade &amp; Distribution</td>
<td>93,400</td>
</tr>
<tr>
<td>Prof., Scient. &amp; Tech. Services</td>
<td>74,100</td>
</tr>
<tr>
<td>Personal &amp; Rec. Services</td>
<td>25,300</td>
</tr>
<tr>
<td>Construction</td>
<td>22,700</td>
</tr>
<tr>
<td>Finance</td>
<td>17,600</td>
</tr>
</tbody>
</table>

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UTAH BUSINESSES GROW WITH EXPORTS

Overview

Utah exported an estimated $14.4 billion in goods and $7.3 billion in services in 2018. Between 2009 and 2018, Utah goods exports have increased by 39 percent and services exports by 89 percent. Large companies now account for 39 percent of the value of Utah'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 Utah Exports

- Utah ranks among the top 10 state exporters in five industries, including second in nonferrous metal products ($6.3 billion), third in lime and gypsum products ($20 million), fourth in miscellaneous foods ($505 million), and ninth in miscellaneous chemical preparations ($367 million).
- Utah is America’s 38th largest exporter of agricultural products. It is the 14th largest exporter of miscellaneous crops, the 19th largest exporter of cattle, the 26th largest exporter of miscellaneous animal products, and the 28th largest exporter of fruits and tree nuts.
- One of Utah’s fastest growing export categories is medical equipment and supplies, which increased by 13 percent since 2009. In 2018, exports of these products reached $602 million.

By the Numbers

3,704

Number of Utah Businesses that Exported in 2018

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

86%

Top Utah Exports, 2018

Goods

<table>
<thead>
<tr>
<th>Product</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonferrous Metal Products</td>
<td>$6.3</td>
</tr>
<tr>
<td>Semiconductors &amp; Components</td>
<td>$680</td>
</tr>
<tr>
<td>Navigational &amp; Meas. Instruments</td>
<td>$660</td>
</tr>
<tr>
<td>Medical Equipment &amp; Supplies</td>
<td>$602</td>
</tr>
<tr>
<td>Misc. Foods</td>
<td>$505</td>
</tr>
</tbody>
</table>

Services

<table>
<thead>
<tr>
<th>Service</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>$1.4</td>
</tr>
<tr>
<td>Credit-Related Services</td>
<td>$919</td>
</tr>
<tr>
<td>Computer Software</td>
<td>$855</td>
</tr>
</tbody>
</table>

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In 2018, Utah companies sold their products in 201 countries and territories.

Top export markets include:

- **Canada**: Goods Exports: $1.8 billion, Services Exports: $559 million
- **United Kingdom**: Goods Exports: $5.1 billion, Services Exports: $716 million
- **China**: Goods Exports: $573 million, Services Exports: $437 million
- **Mexico**: Goods Exports: $725 million, Services Exports: $349 million
- **Hong Kong**: Goods Exports: $738 million, Services Exports: $143 million
- **Japan**: Goods Exports: $813 million, Services Exports: $389 million

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

- Goods and services exports accounted for 12.1 percent of Utah’s state GDP in 2018.
- Utah’s exports have grown nearly 20 percent faster than state GDP since 2009. The average annual export growth during this period was 6.1 percent, while the average annual state GDP growth was 5.2 percent.
- Utah’s top export markets for goods are the United Kingdom, Canada, and Japan. Its top market for services is the United Kingdom.
- Utah’s goods exports to France have grown by 14 percent per year since 2009, while Utah’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 Utah businesses, workers, and farmers reach the growing number of customers around the world.

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

Utah Families Benefit from Imports
- In 2018, 23 percent of Utah's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Utah 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 Utah 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, 4,533 Utah companies imported goods from 149 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.

Utah Exports and Imports are Linked Through Global Value Chains
- In 2018, 77 percent of Utah goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Utah’s top imports are critical components for Utah exports. Conversely, Utah exports of raw materials and parts may return to the United States in imported finished goods.

Imports: Semiconductor mfg. machinery ($183M in 2018)
Exports: Integrated circuits ($617M in 2018)

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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. Utah 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 Utah and the United States.

- In 2018, $3.6 billion of Utah’s goods exports, or 25 percent, went to FTA partners.
- Since 2009, Utah’s goods exports to countries with FTAs in effect with the United States in 2018 have increased by 66 percent.
- Utah’s exports to Canada and Mexico have increased by $2.1 billion (539 percent) since NAFTA went into effect in 1994.
- Utah’s exports to Korea have increased by 79 percent – from $225 million to $403 million – since the FTA with Korea took effect in 2012.
- Utah’s exports to Australia of miscellaneous foods have increased from $11 million to $58 million since the FTA with Australia went into effect in 2005.
- Israel bought more than half – $13 million out of $22 million – of Utah’s exports of clay and refractory products in 2018.
- In 2018, $1.8 billion of Utah’s services exports, or 24 percent, went to FTA partners.
- Utah’s exports to Singapore of R&D and testing services have soared from $875,000 to $78 million, since 2006 (earliest year available).

By the Numbers

**66%**

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

**Per Capita Purchases of Utah Goods, 2018**

<table>
<thead>
<tr>
<th></th>
<th>Non-FTA Countries</th>
<th>FTA Partner Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases</td>
<td>$1.59</td>
<td>$7.70</td>
</tr>
</tbody>
</table>

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

In 2018, FTA partners purchased 4.9 times more goods per capita from Utah than non-FTA partners.

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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.

Utah is no exception. Foreign-owned companies make significant investments in Utah 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 Utah in 2017, including:

- 9,200 workers employed by companies based in the United Kingdom;
- 5,800 workers employed by companies based in France;
- 5,500 workers employed by companies based in Germany;
- 3,500 workers employed by companies based in Switzerland;
- 2,900 workers employed by companies based in Japan.

Selected Foreign-Owned Companies Employing Workers in Utah

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASC Profiles</td>
<td>Steel Products Manufacturing</td>
<td>Australia</td>
</tr>
<tr>
<td>Barrick Gold Corporation</td>
<td>Mining</td>
<td>Canada</td>
</tr>
<tr>
<td>Energy Fuels</td>
<td>Mining</td>
<td>Canada</td>
</tr>
<tr>
<td>Holiday Inn</td>
<td>Hotel Services</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Kennecott Utah Copper Corporation</td>
<td>Accounting Services</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>KPMG LLP</td>
<td>Mining</td>
<td>Netherlands</td>
</tr>
<tr>
<td>The Dannon Company</td>
<td>Dairy Product Manufacturing</td>
<td>France</td>
</tr>
<tr>
<td>UBS Financial Services</td>
<td>Banking Services</td>
<td>Switzerland</td>
</tr>
</tbody>
</table>

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DATA SOURCES

UTAH JOBS DEPEND ON TWO-WAY TRADE

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


UTAH 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)


UTAH COMPANIES EXPORT THROUGHOUT THE WORLD


UTAH 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/)

UTAH NEEDS TRADE AGREEMENTS TO GROW


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

FOREIGN INVESTMENT IN UTAH 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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