



How New Mexico's Economy Benefits from International 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 New Mexico 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 New Mexico.

Why is International Trade & Investment Important to New Mexico?

- **International trade, including exports and imports, supports 217,198 New Mexico jobs – one in five.** These trade-related jobs grew 1.5 times faster than total employment from 2004 to 2013 and are at large and small companies, on farms, in factories, and at the headquarters of New Mexico's globally engaged firms. *(See New Mexico Jobs Depend On Two-Way Trade)*
- **New Mexico exported \$2.9 billion in goods and \$2.4 billion in services in 2013,** including semiconductors & components, misc. fabricated metal products, fruits & tree nuts and travel services. Of New Mexico's 1,301 exporters, 82 percent are small- and medium-sized companies with less than 500 workers. *(See New Mexico Businesses Grow With Exports)*
- **Customers in 184 countries buy New Mexico-made goods and services,** including significant annual exports to top markets like Israel, Mexico and Canada. New Mexico's goods exports have grown 55 percent faster than state GDP since 2003. *(See New Mexico Companies Export Throughout The World)*
- **Imports lower prices and increase choices for New Mexico companies and families.** Lower raw material and input costs help New Mexico 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 New Mexico Companies And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from New Mexico to partner countries.** In 2013, \$2.0 billion of New Mexico's goods exports, or 70 percent, went to FTA partners. This represents a 112 percent increase since 2003. *(See New Mexico Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 20,200 workers in New Mexico.** *(See Foreign Investment In New Mexico Creates Jobs)*



New Mexico Jobs Depend on Two-Way 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 Creates & Supports Jobs in New Mexico

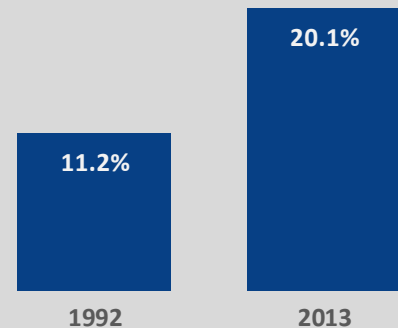
- Export growth increases jobs by generating new business for New Mexico's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping New Mexico businesses compete and saving New Mexico families real dollars at the cash register.
- More than one in five New Mexico jobs depend upon international trade.
- New Mexico's trade-related employment grew 1.5 times faster than total employment from 2004 to 2013.
- Jobs in U.S. exporting plants pay on average up to 18 percent more than similar jobs in non-exporting plants.
- 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

217,198

Number of Jobs in New Mexico Supported by Trade

Share of Jobs Tied to Trade Increased 80% from 1992 to 2013



Jobs Tied to Trade Top Sectors, 2013

Retail	26,400
Professional, Scientific, Tech Services	16,400
Management, Administrative Services	13,000
Real Estate, Rental Services	8,500
Finance, Insurance	7,600



New Mexico Businesses Grow with Exports

Overview

New Mexico exported an estimated \$2.9 billion in goods and \$2.4 billion in services in 2013. Between 2009 and 2013, New Mexico goods exports have increased by 108 percent and services exports by 22 percent. Large companies now account for 80 percent of the value of New Mexico'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 New Mexico Exports

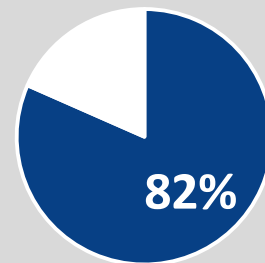
- New Mexico ranks among the top half of state exporters in nine industries, including sixth in fruits & nuts (\$122 million), 11th in vegetables & melons (\$48 million), 13th in dairy products (\$113 million), and 16th in semiconductors & parts (\$937 million).
- New Mexico is America's 32nd largest exporter of agricultural products. It is the third leading exporter of tree nuts and ranks among the top 15 exporters of vegetables and melons, dry peas and beans, cotton, and hay.
- One of New Mexico's fastest growing export categories is engines & turbines, which have increased by 29 percent per year since 2003. In 2013, exports of these products reached \$71 million.

By the Numbers

1,301

Number of New Mexico Businesses that Exported in 2012

Share of New Mexico Exporters that are Small- & Medium-Sized Businesses



Top New Mexico Exports, 2013

Goods

Semiconductors & Components	\$937 million
Petroleum & Coal Products	\$183 million
Misc. Fabricated Metal Products	\$162 million
Fruits & Tree Nuts	\$122 million
Dairy Products	\$113 million

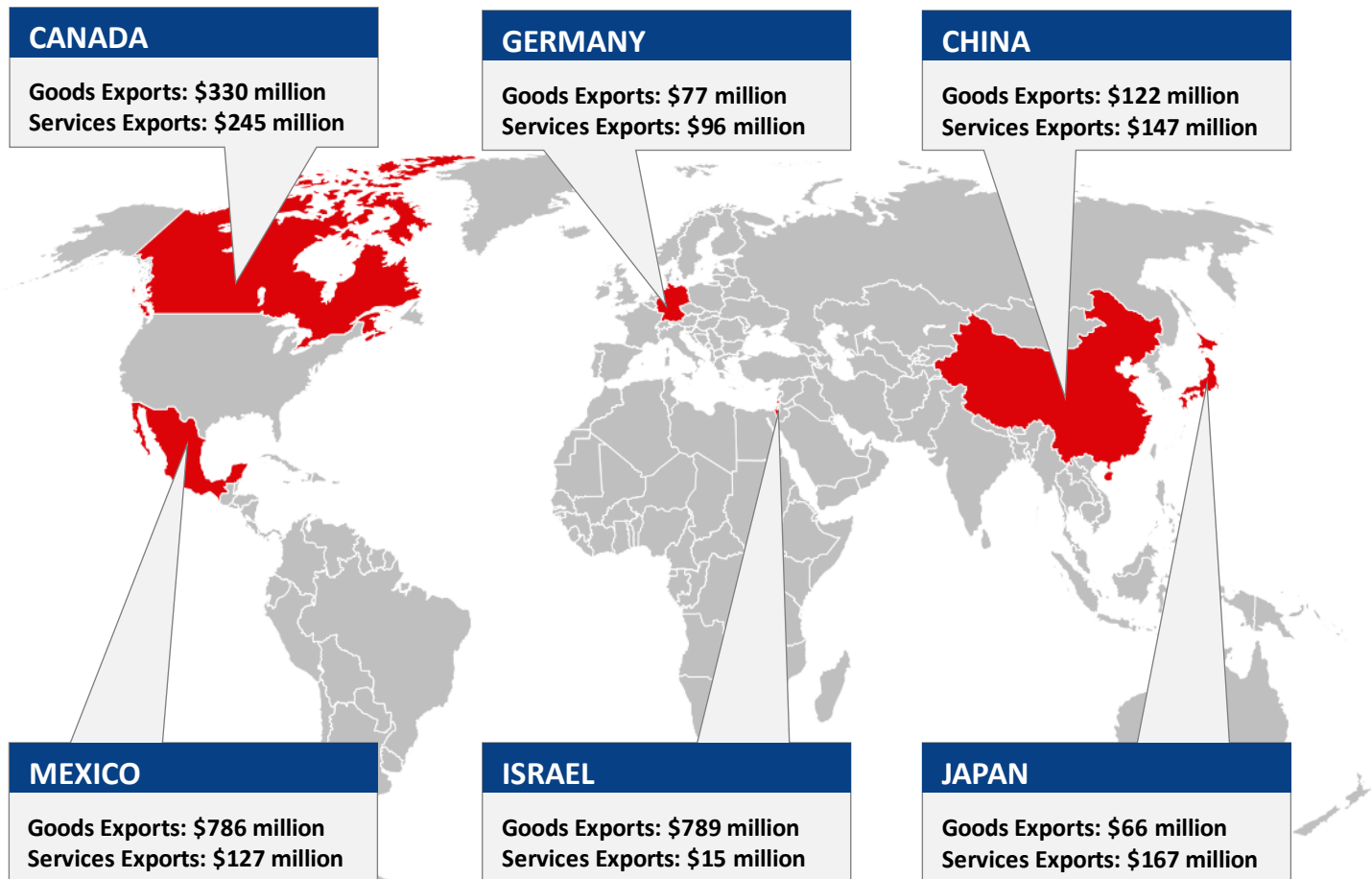
Services

Travel	\$831 million
R&D and Testing Services	\$359 million
Industrial Processes Royalties	\$209 million



New Mexico Companies Export throughout the World

In 2013, New Mexico companies sold their products in 184 international markets.
Top export markets include:



Fast Facts: How Exports Help the New Mexico Economy Grow

- Goods exports accounted for 3.2 percent of New Mexico's state GDP in 2013.
- New Mexico's goods exports have grown 55 percent faster than state GDP since 2003. The average annual export growth during this period was 5.9 percent, while the average annual state GDP growth was 3.8 percent.
- New Mexico's top export markets for goods are Israel, Mexico, and Canada. Its top market for services is Canada.
- Among major export markets for New Mexico's goods, India has grown the fastest at 27 percent per year since 2003. Exports to Australia grew by 21 percent per year, while exports to Mexico grew by 17 percent per year.



New Mexico Companies & Workers Use Imports to Make Products and Compete in International Markets

Overview

In 2013, 60 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 New Mexico.

- Services, such as transportation, finance and insurance, marketing, and legal services are needed to bring imported goods to New Mexico's manufacturers and households.
- In 2012, 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 New Mexico family of four more than \$10,000 per year.
- Imports help keep prices down for New Mexico families while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.

In 2012, nearly 186,000 U.S. companies (including 1,063 in New Mexico) imported products...

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

Imports Decrease Prices for Goods & Services



-86.9%

Decrease in the Price of Televisions Between 2003 and 2013.



-71.2%

Decrease in the Price of Computers Between 2003 and 2013.



-41.9%

Decrease in the Price of Toys Between 2003 and 2013.

Imports Increase Choices for Goods & Services



New Mexico Needs Trade Agreements to Grow

Overview

The United States has some of the lowest trade barriers in the world. Overall U.S. trade with our 20 free trade agreement (FTA) partner countries supports 17.7 million 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. New Mexico has increased its exports to FTA partners following implementation of the U.S. FTAs with those countries.

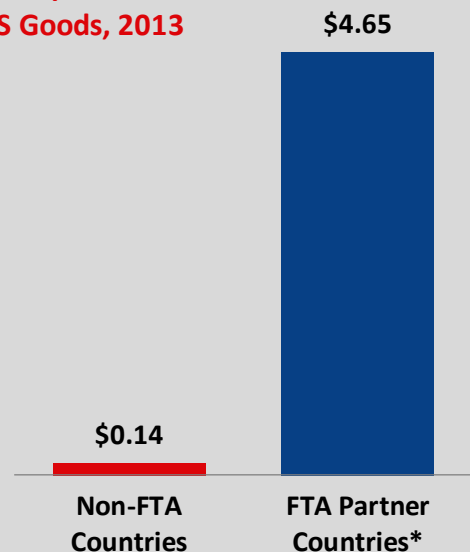
- In 2013, \$2.0 billion of New Mexico's goods exports, or 70 percent, went to FTA partners.
- Since 2003 New Mexico's goods exports to countries with FTAs in effect with the United States in 2012 have increased by 112 percent.
- New Mexico's exports to Canada and Mexico have increased by \$1.0 billion (878 percent) since NAFTA went into effect in 1994.
- New Mexico's exports to Australia have increased by 439 percent since the FTA with Australia took effect in 2005.
- New Mexico's exports to Singapore of commercial and service industry machinery have increased twenty-fold, from just \$181,000 to \$3.6 million, since the FTA with Singapore went into effect in 2004.
- Israel bought 83 percent of New Mexico's exports of semiconductors in 2013.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased \$1.6 billion, or 56 percent, of New Mexico's goods exports in 2013.

By the Numbers

112%

Increase in New Mexico Goods Exports to FTA Partners Between 2003 and 2013

Per Capita Purchases of U.S. Goods, 2013



* U.S. FTAs in effect with countries in 2013.

In 2013, FTA partners purchased 33.3 times more goods per capita from New Mexico than non-FTA partners.



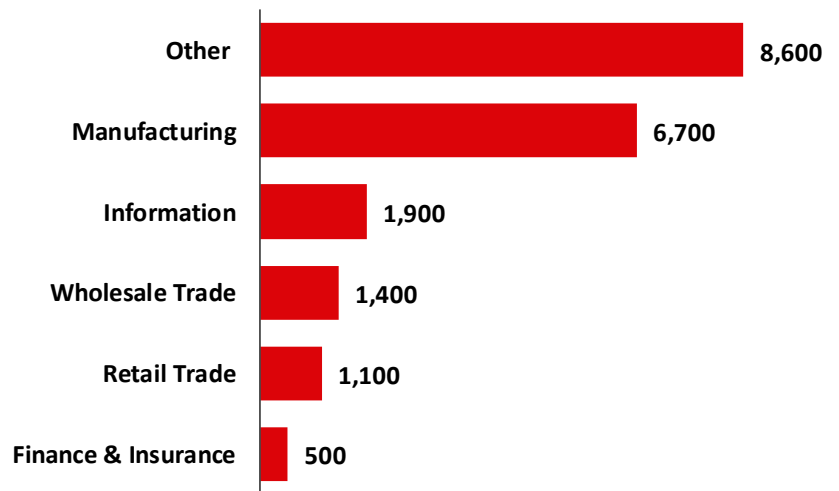
Foreign Investment in New Mexico Creates Jobs

Overview

Foreign-owned companies invest significant amounts of capital to open or expand facilities in New Mexico every year. Foreign-owned companies from around the world employ tens of thousands of workers in New Mexico, including:

- 5,000 workers employed by companies based in Germany;
- 3,800 workers employed by companies based in Canada;
- 3,300 workers employed by companies based in the United Kingdom;
- 1,300 workers employed by companies based in France;
- 1,300 workers employed by companies based in Switzerland.

Foreign-Owned Companies Employ 20,200 New Mexico Workers Across Many Industries



Selected Foreign-Owned Companies Employing Workers in New Mexico

Company	Industry	Country
AMEC Earth and Environmental	Engineering & Consulting Services	United Kingdom
ASML Albuquerque	Semiconductor Machinery Mfg.	Netherlands
BBVA Compass Bank	Financial Services	Spain
Bio Pappel International	Paper Products Manufacturing	Mexico
Cemex	Cement Manufacturing	Mexico
Encana Oil & Gas	Mining	Canada
Firestone Complete Auto Care	Retailing	Japan
Holiday Inn	Hotel Services	United Kingdom
Parex USA, Inc.	Specialty Chemical Manufacturing	France
Qinetiq North America, Inc.	Research Services	United Kingdom
Siemens Water Technologies	Engineering Services	Germany
Tetra Pak Cheese and Powder	Food Processing/Packaging Products	Switzerland



Data Sources

NEW MEXICO JOBS DEPEND ON TWO-WAY TRADE

Jobs-Tied-to-Trade: Baughman and Francois, "Trade and American Jobs, The Impact of Trade on U.S. and State-Level Employment: 2014 Update" (2014) (<http://businessroundtable.org/resources/trade-and-american-jobs-2014-update>)

Exporting Firm Wages: Riker, "Do Jobs in Export Industries Still Pay More? And Why?" (2010) (http://www.trade.gov/mas/ian/build/groups/public/@tg_ian/documents/webcontent/tg_ian_003208.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>)

NEW MEXICO BUSINESSES GROW WITH EXPORTS

Small and Large Firms Partnering to Export (for 2007, 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, 2011 – 2012" (<http://www.census.gov/foreign-trade/Press-Release/edb/2012>)

NEW MEXICO 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>)

NEW MEXICO COMPANIES & WORKERS USE IMPORTS TO COMPETE IN INTERNATIONAL MARKETS

Importing Company Information: Census, "A Profile of U.S. Importing and Exporting Companies, 2011 – 2012" (<http://www.census.gov/foreign-trade/Press-Release/edb/2012>)

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/>)

NEW MEXICO NEEDS TRADE AGREEMENTS TO GROW

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

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

Jobs-Tied-to-FTAs: U.S. Chamber of Commerce, "Opening Markets, Creating Jobs: Estimated U.S. Employment Effects of Trade with FTA Partners" (2010) (http://tradepartnership.com/pdf_files/US%20Chamber%20-%20Opening%20Markets,%20Creating%20Jobs%20study.pdf)

FOREIGN INVESTMENT IN NEW MEXICO 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>)