

How Minnesota'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 Minnesota 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 Minnesota.

Why is International Trade & Investment Important to Minnesota?

- **International trade, including exports and imports, supports 788,600 Minnesota jobs – more than 1 in 5.** These trade-related jobs grew 4.3 times faster than total employment from 2004 to 2014 and are at large and small companies, on farms, in factories, and at the headquarters of Minnesota's globally engaged firms. *(See Minnesota Jobs Depend On Two-Way Trade)*
- **Minnesota exported \$24.7 billion in goods and \$9.6 billion in services in 2014,** including oilseeds & grains, medical equipment & supplies, navigational & meas. instruments and travel services. Of Minnesota's 8,579 exporters, 87 percent are small- and medium-sized companies with less than 500 workers. *(See Minnesota Businesses Grow With Exports)*
- **Customers in 215 countries and territories buy Minnesota-made goods and services,** including billions of dollars in annual exports to top markets like Canada, China and Mexico. Minnesota's goods exports have grown more than two times faster than state GDP since 2004. *(See Minnesota Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Minnesota companies and families.** Lower raw material and input costs help Minnesota 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 Minnesota Companies And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Minnesota to partner countries.** In 2014, \$10.8 billion of Minnesota's goods exports, or 44 percent, went to FTA partners. This represents a 110 percent increase since 2004. *(See Minnesota Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 104,000 workers in Minnesota.** *(See Foreign Investment In Minnesota Creates Jobs)*

Minnesota 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 Minnesota

- Export growth increases jobs by generating new business for Minnesota's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Minnesota businesses compete and saving Minnesota families real dollars at the cash register.
- More than one in five Minnesota jobs depends upon international trade.
- Minnesota's trade-related employment grew 4.3 times faster than total employment from 2004 to 2014.
- Jobs in more export-intensive 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.

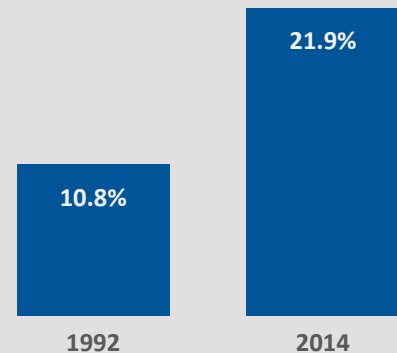
By the Numbers

788,600

**Number of Jobs in Minnesota
Supported by Trade**

Share of Jobs Tied to Trade

Increased 103 percent from 1992 to 2014



Jobs Tied to Trade Top Sectors, 2014

Retail	83,800
Management, Administrative Services	56,000
Professional, Scientific, Tech. Services	47,900
Finance, Insurance	46,200
Wholesale	33,500

Minnesota Businesses Grow with Exports



Overview

Minnesota exported an estimated \$24.7 billion in goods and \$9.6 billion in services in 2014. Between 2009 and 2014, Minnesota goods exports have increased by 39 percent and services exports by 34 percent. Large companies now account for 72 percent of the value of Minnesota'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 Minnesota Exports

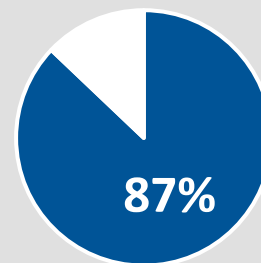
- Minnesota ranks among the top 10 state exporters in 23 industries, including third in oilseeds & grains (\$4.0 billion) and misc. transportation equipment (\$456 million), fourth in comm. & serv. industry machinery (\$536 million), and fifth in medical equipment & supplies (\$1.9 billion).
- Minnesota is America's fourth largest exporter of agricultural products. It is the largest exporter of sugar beets, the second largest exporter of swine, the third largest exporter of soybeans, and the fourth largest exporter of corn.
- One of Minnesota's fastest growing export categories is resins & synthetic fibers, which have increased by 20 percent per year since 2004. In 2014, exports of these products reached \$237 million.

By the Numbers

8,579

**Number of Minnesota Businesses
that Exported in 2013**

**Share of Minnesota Exporters that are
Small- & Medium-Sized Businesses**



Top Minnesota Exports, 2014

Goods

Oilseeds & Grains	\$4.0 billion
Medical Equipment & Supplies	\$1.9 billion
Navigational & Meas. Instruments	\$1.5 billion
Misc. General Purpose Machinery	\$1.4 billion
Semiconductors & Components	\$1.1 billion

Services

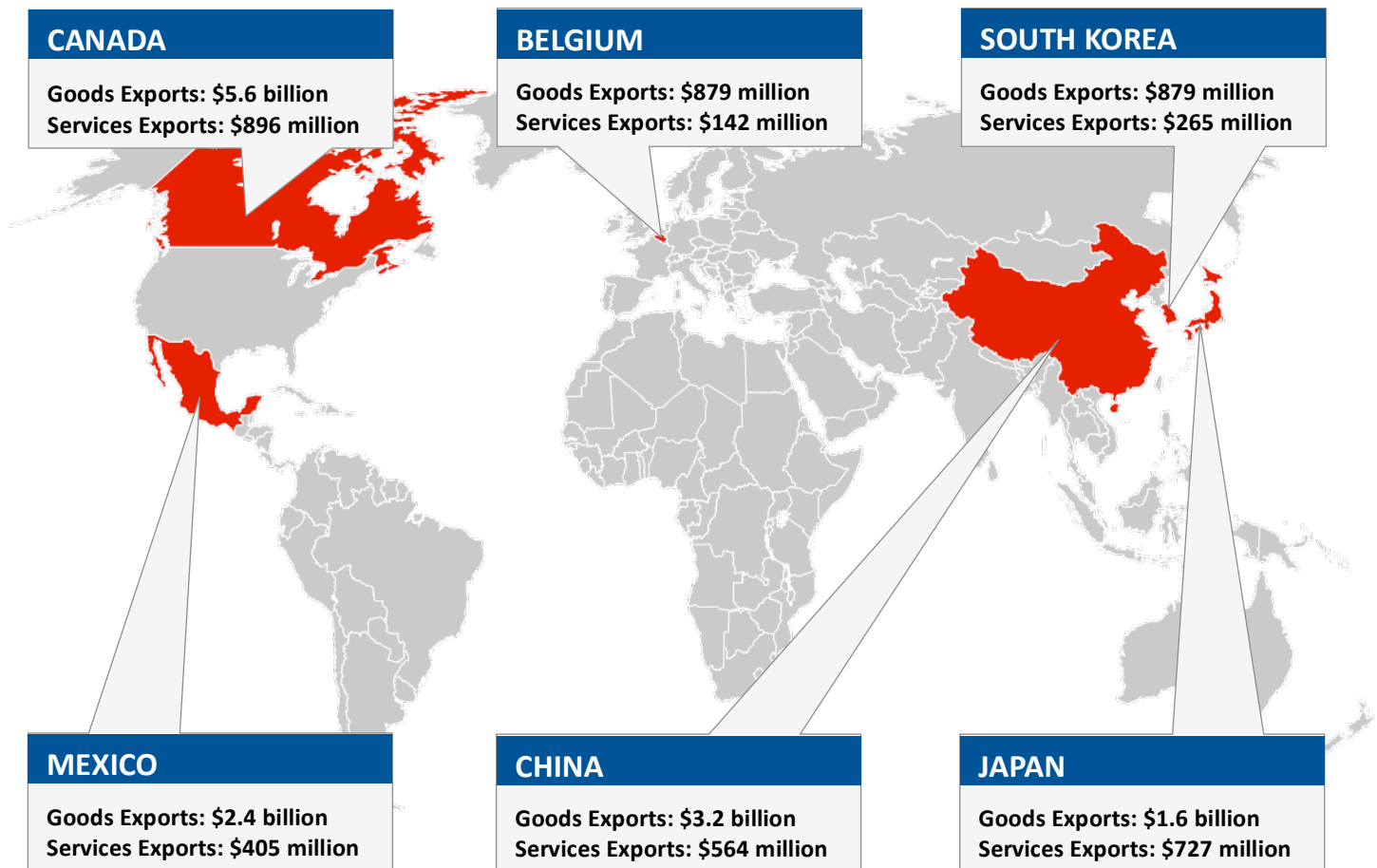
Travel	\$1.5 billion
Passenger Fares	\$1.2 billion
Industrial Processes Royalties	\$835 million



Minnesota Companies Export throughout the World

In 2014, Minnesota companies sold their products in 215 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Minnesota Economy Grow

- Goods exports accounted for 7.8 percent of Minnesota's state GDP in 2014.
- Minnesota's goods exports have grown more than two times faster than state GDP since 2004. The average annual export growth during this period was 6.6 percent, while the average annual state GDP growth was 3.2 percent.
- Minnesota's top export markets for goods are Canada, China, and Mexico. Its top market for services is Canada.
- Minnesota's goods exports to the Philippines have grown by 21 percent per year since 2004. Exports to Indonesia grew by 20 percent per year, while exports to Colombia grew by 16 percent per year.

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



Overview

In 2014, 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 Minnesota.

- Services, especially transportation from Minnesota's ports, finance and insurance, marketing and legal services are needed to bring imported goods to American manufacturers and households.
- In 2013, 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 Minnesota family of four more than \$10,000 per year.
- Imports help keep prices down for Minnesota families while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.

In 2013, about 184,000 U.S. companies (including 5,587 in Minnesota) 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



-87.0%

Decrease in the Price of Televisions Between 2004 and 2014.



-69.2%

Decrease in the Price of Computers Between 2004 and 2014.



-42.9%

Decrease in the Price of Toys Between 2004 and 2014.

Imports Increase Choices for Goods & Services

Minnesota 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 free trade agreement (FTA) partner countries supports more than 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. Minnesota has increased its exports to FTA partners following implementation of the U.S. FTAs with those countries.

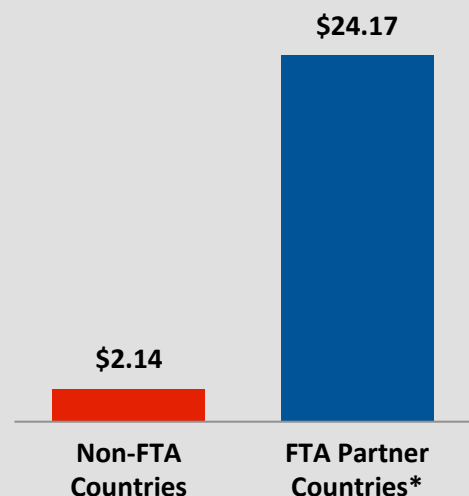
- In 2014, \$10.8 billion of Minnesota's goods exports, or 44 percent, went to FTA partners.
- Since 2004 Minnesota's goods exports to countries with FTAs in effect with the United States in 2014 have increased by 110 percent.
- Minnesota's exports to Canada and Mexico have increased by \$5.9 billion (289 percent) since NAFTA went into effect in 1994.
- Minnesota's exports to Chile have increased by 297 percent since the U.S.-Chile FTA took effect in 2004.
- Minnesota's exports to Costa Rica of medical equipment & supplies have increased every year, from \$2.0 million to \$39 million, since the FTA with Costa Rica went into effect in 2009.
- South Korea bought 16 percent of Minnesota's exports of meat products in 2014.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased \$15.6 billion, or 63 percent, of Minnesota's goods exports in 2014.

By the Numbers

110%

**Increase in Minnesota Goods Exports
to FTA Partners Between 2004 and 2014**

Per Capita Purchases of Minnesota Goods, 2014



** U.S. FTAs in effect with countries in 2014.*

In 2014, FTA partners purchased 11.3 times more goods per capita from Minnesota than non-FTA partners.

Foreign Investment in Minnesota Creates Jobs

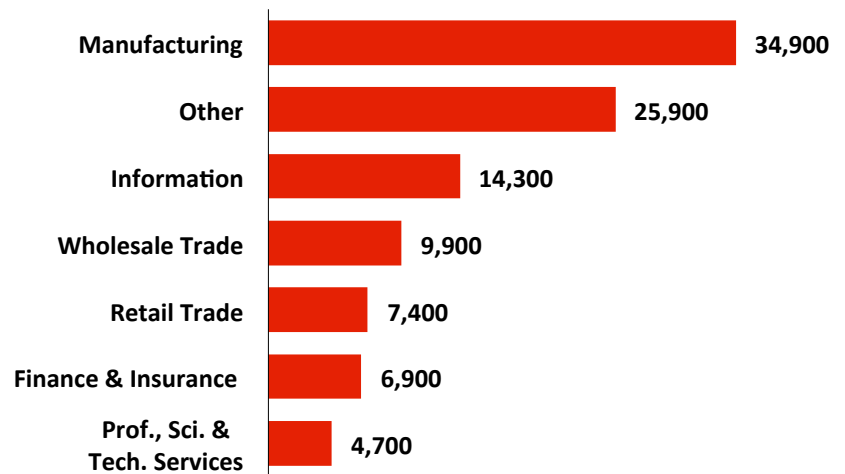


Overview

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Minnesota every year. Foreign-owned companies from around the world employ more than 100,000 workers in Minnesota, including:

- 22,500 workers employed by companies based in Canada;
- 17,400 workers employed by companies based in the United Kingdom;
- 14,400 workers employed by companies based in Germany;
- 7,400 workers employed by companies based in France;
- 6,400 workers employed by companies based in Japan.

Foreign-Owned Companies Employ 104,000 Minnesota Workers Across Many Industries



Selected Foreign-Owned Companies Employing Workers in Minnesota

Company	Industry	Country
Alliance Pipeline	Energy Services	Canada
BASF	Chemical Manufacturing	Germany
Crowne Plaza	Hotel Services	United Kingdom
Golder Associates	Engineering/Environmental Consulting	Canada
KPMG LLP	Accounting Services	Netherlands
Norandex Building Materials	Construction Materials Manufacturing	France
Siemens Energy	Engineering Services	Germany
Sunopta Food Group LLC	Organic Corn and Soy Products	Canada
Tire Plus Store	Retailing	Japan
UBS Financial Services	Financial Services	Switzerland
Veolia Environmental Services	Water Management Services	France
Wagner Spray Tech Corp	Painting Supplies Manufacturing	Switzerland



MINNESOTA 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" (2016) (<http://businessroundtable.org/resources/trade-and-american-jobs-2016-update>)

Exporting Firm Wages: Riker, "Export-Intensive Industries Pay More on Average: An Update" (2015) (<https://www.usitc.gov/publications/332/ec201504a.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>)

MINNESOTA 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, 2012 – 2013" (<http://www.census.gov/foreign-trade/Press-Release/edb/2013>)

MINNESOTA 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>)

MINNESOTA COMPANIES & WORKERS USE IMPORTS TO COMPETE IN INTERNATIONAL MARKETS

Importing Company Information: Census, "A Profile of U.S. Importing and Exporting Companies, 2012 – 2013" (<http://www.census.gov/foreign-trade/Press-Release/edb/2013>)

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/>)

MINNESOTA NEEDS TRADE AGREEMENTS TO GROW

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

Per Capita Purchases of Minnesota 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/wp-content/uploads/2014/06/opening_markets_creating_jobs_USChamber.pdf)

FOREIGN INVESTMENT IN MINNESOTA 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>)