

How North Dakota'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 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.

Why is International Trade & Investment Important to North Dakota?

- **International trade, including exports and imports, supports 104,600 North Dakota jobs – nearly one in five.** These trade-related jobs grew 2.7 times faster than total employment from 1992 to 2016 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 \$7.7 billion in goods and \$886 million in services in 2016,** including oil & gas, oilseeds & grains, ag. & construction machinery and travel services. Of North Dakota's 1,566 exporters, 82 percent are small- and medium-sized companies with less than 500 workers. *(See North Dakota Businesses Grow With Exports)*
- **Customers in 173 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 goods exports have grown nearly 60 percent faster than state GDP since 2006. *(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 And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from North Dakota to partner countries.** In 2016, \$5.3 billion of North Dakota's goods exports, or 69 percent, went to FTA partners. This represents an increase of 321 percent since 2006. *(See North Dakota Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 12,700 workers in North Dakota.** *(See Foreign Investment In North Dakota Creates Jobs)*



North Dakota 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 North Dakota

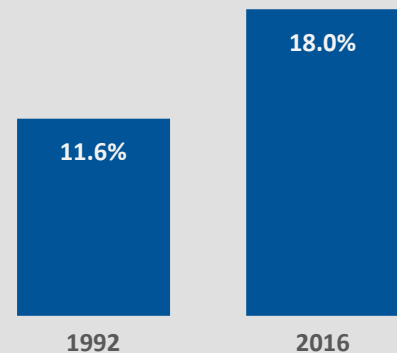
- Export growth increases jobs by generating new business for North Dakota's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping North Dakota businesses compete and saving North Dakota families real dollars at the cash register.
- Nearly one in five North Dakota jobs depends upon international trade.
- North Dakota's trade-related employment grew 2.7 times faster than total employment from 1992 to 2016.
- 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

104,600

Number of Jobs in North Dakota Supported by Trade

Share of Jobs Tied to Trade Increased 55 percent from 1992 to 2016



Jobs Tied to Trade Top Sectors, 2016

Trade & Distribution	23,500
Agriculture	13,900
Professional, Scientific, Tech. Services	11,600
Personal & Recreational Services	8,400
Finance, Insurance	4,800



North Dakota Businesses Grow with Exports

Overview

North Dakota exported an estimated \$7.7 billion in goods and \$886 million in services in 2016. Between 2006 and 2016, North Dakota goods exports have increased by 181 percent and services exports by 63 percent. Large companies now account for 65 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

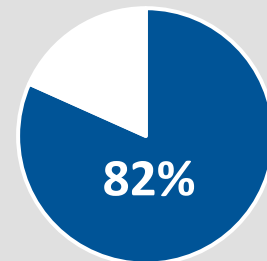
- North Dakota ranks among the top half of state exporters in 13 industries, including second in oil & gas (\$3.0 billion), sixth in oilseeds & grains (\$2.8 billion), tenth in ag. & construction machinery (\$619 million), and 12th in petroleum & coal products (\$231 million).
- North Dakota is America's seventh largest exporter of agricultural products. It is the sixth largest exporter of oilseeds & grains, the 14th largest exporter of cattle, the 15th largest exporter of miscellaneous animal products, and the 18th largest exporter of swine.
- One of North Dakota's fastest growing export categories is electrical equipment & components, which have increased by 31 percent per year since 2006. In 2016, exports of these products reached \$21 million.

By the Numbers

1,566

Number of North Dakota Businesses that Exported in 2015

Share of North Dakota Exporters that are Small- & Medium-Sized Businesses



Top North Dakota Exports, 2016

Goods

Oil & Gas	\$3.0 billion
Oilseeds & Grains	\$2.8 billion
Ag. & Construction Machinery	\$619 million
Basic Chemicals	\$257 million
Petroleum & Coal Products	\$231 million

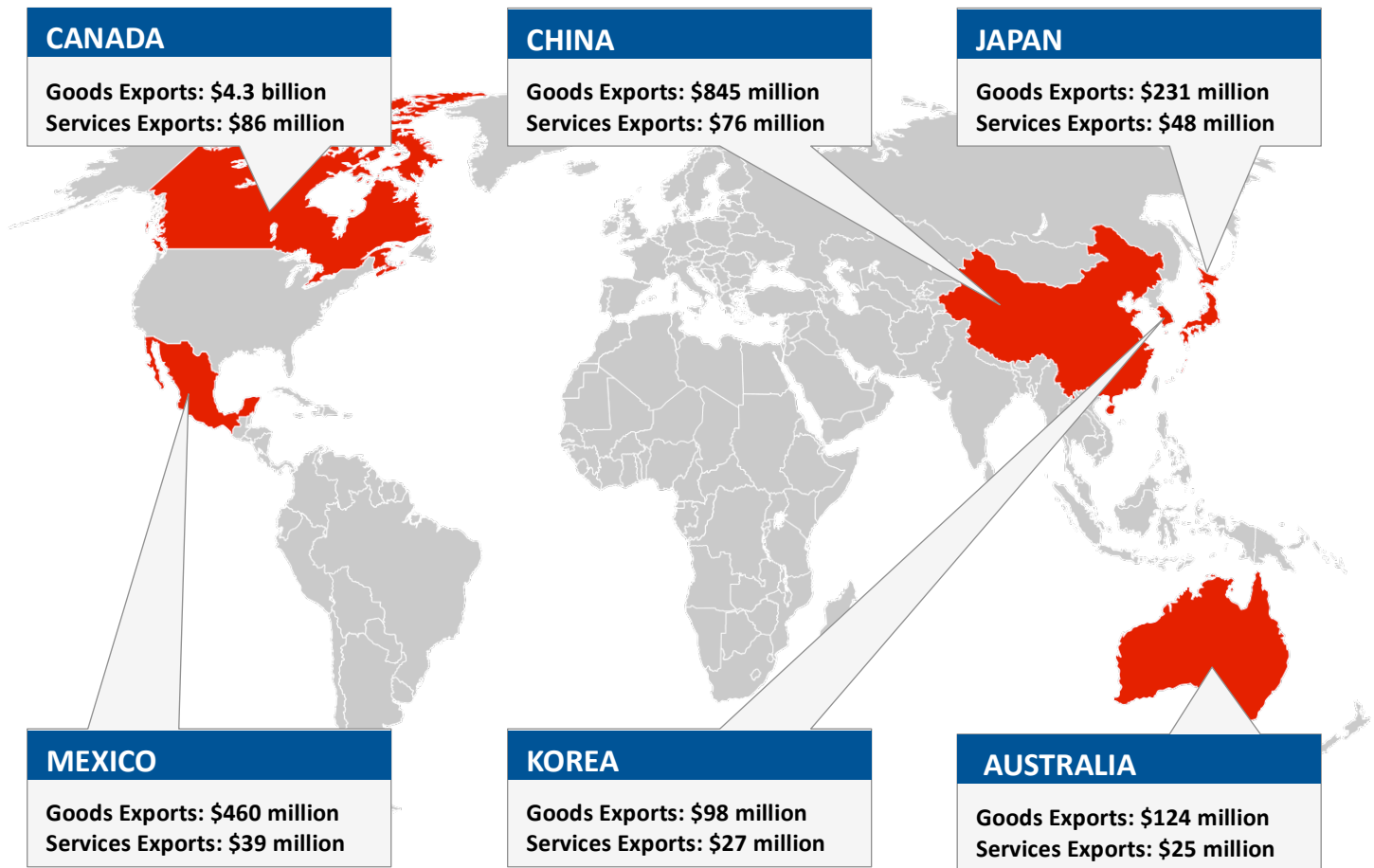
Services

Travel	\$190 million
Equip. Install., Maint., & Repair	\$119 million
Operational Leasing	\$99 million



North Dakota Companies Export throughout the World

In 2016, North Dakota companies sold their products in 173 countries and territories.
Top export markets include:



Fast Facts: How Exports Help the North Dakota Economy Grow

- Goods and services exports accounted for 16.0 percent of North Dakota's state GDP in 2016.
- North Dakota's exports have grown nearly 60 percent faster than state GDP since 2006. The average annual export growth during this period was 12.2 percent, while the average annual state GDP growth was 7.7 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 China have grown by 24 percent per year since 2006, while North Dakota's services exports to China have grown by 19 percent per year.



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

Overview

In 2016, 56 percent (\$1.2 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 2015, 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 2015, about 197,000 U.S. companies (including 992 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



-87.9%

Decrease in the Price of Televisions Between 2006 and 2016.



-63.3%

Decrease in the Price of Computers Between 2006 and 2016.



-44.7%

Decrease in the Price of Toys Between 2006 and 2016.

Imports Increase Choices



North Dakota 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 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. North Dakota has increased its exports to FTA partners following implementation of the U.S. FTAs with those countries.

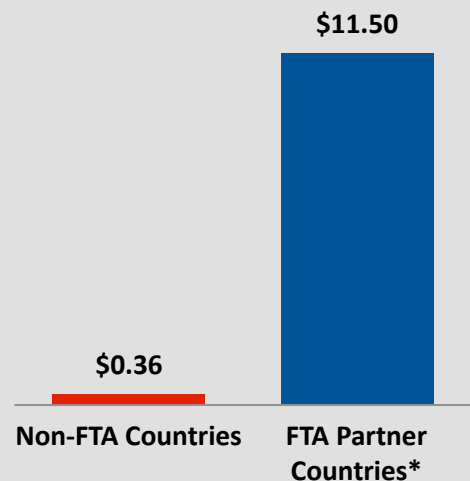
- In 2016, \$5.3 billion of North Dakota's goods exports, or 69 percent, went to FTA partners.
- Since 2006, North Dakota's goods exports to countries with FTAs in effect with the United States in 2016 have increased by 321 percent.
- North Dakota's exports to Canada and Mexico have increased by \$4.5 billion (1,559 percent) since NAFTA went into effect in 1994.
- North Dakota's exports to Honduras have increased by 126 percent since the FTA with Honduras took effect in 2006.
- North Dakota's exports to Australia of navigational & meas. Instruments have increased from \$42,000 to \$3.4 million since the FTA with Australia went into effect in 2005.
- Peru bought 30 percent of North Dakota's exports of preserves & specialty foods in 2016.
- In 2016, \$221 million of North Dakota's services exports, or 25 percent, went to FTA partners.
- North Dakota's exports to Singapore of equipment installation, maintenance & repair services have increased from \$774,000 to \$5.6 million, or by over 623 percent, since 2006 (earliest year available).

By the Numbers

321%

Increase in North Dakota Goods Exports to FTA Partners Between 2006 and 2016

Per Capita Purchases of North Dakota Goods, 2016



* U.S. FTAs in effect with countries in 2016.

In 2016, FTA partners purchased 32.1 times more goods per capita from North Dakota than non-FTA partners.



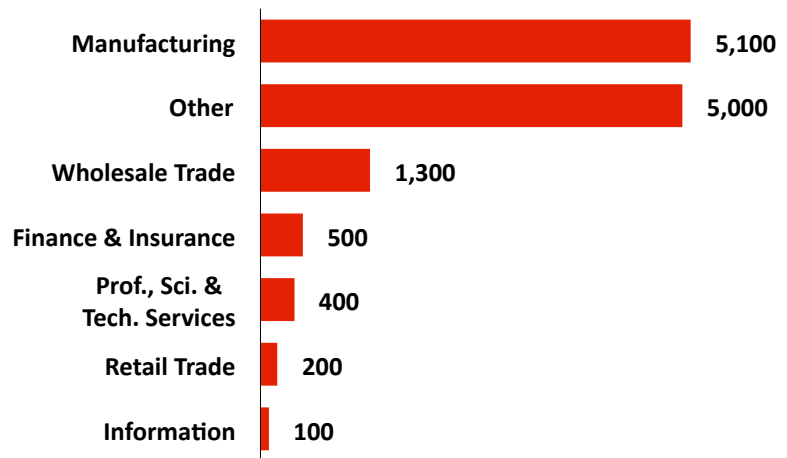
Foreign Investment in North Dakota Creates Jobs

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 nearly 13,000 workers in North Dakota, including:

- 1,900 workers employed by companies based in Canada;
- 1,200 workers employed by companies based in Japan;
- 600 workers employed by companies based in France;
- 500 workers employed by companies based in Germany;
- 300 workers employed by companies based in Switzerland.

Foreign-Owned Companies Employed 12,700 North Dakota Workers Across Many Industries, 2015



Selected Foreign-Owned Companies Employing Workers in North Dakota

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



NORTH DAKOTA JOBS DEPEND ON TWO-WAY TRADE

Jobs-Tied-to-Trade: Boughman and Francois, "Terminating NAFTA: The National and State-by-State Impacts on Jobs, Exports and Output" (2018) (<http://businessroundtable.org/media/news-releases/new-study-withdrawal-nafta-would-jeopardize-american-jobs-and-hurt-u.s.-economy>)

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>)

NORTH DAKOTA 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, 2014 – 2015" (<https://www.census.gov/foreign-trade/Press-Release/edb/2015/>)

NORTH DAKOTA 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>)

NORTH DAKOTA COMPANIES & WORKERS USE IMPORTS TO COMPETE IN INTERNATIONAL MARKETS

Importing Company Information: Census, "A Profile of U.S. Importing and Exporting Companies, 2014 – 2015" (<https://www.census.gov/foreign-trade/Press-Release/edb/2015/>)

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/>)

NORTH DAKOTA NEEDS TRADE AGREEMENTS TO GROW

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

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>)