



HOW NEW MEXICO'S ECONOMY BENEFITS FROM INTERNATIONAL TRADE AND INVESTMENT

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 and U.S. government data that help explain the benefits of international trade and investment and the importance of active trade and investment initiatives to U.S. economic growth and jobs, including in New Mexico.

Why Is International Trade and Investment so Important to New Mexico?

- International trade – both exports and imports – supports more than **200,000 New Mexico jobs**. These trade-related jobs 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 exports billions of dollars** in goods and services annually, including semiconductors, farm products, fabricated metals, and travel and research and development services. The vast majority of New Mexico exporters are small and medium-sized companies with less than 500 workers. *See New Mexico Businesses Grow With Exports.*
- Customers in **187 countries** around the world buy New Mexico-grown and manufactured goods and services. Top markets like **Israel, Mexico** and **Canada** buy hundreds of millions of dollars of New Mexico products and services annually. *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 led to **rapid export growth** to partner countries. America's **FTA partners purchased 40.4 times more goods per capita from New Mexico** than non-FTA countries did in 2012. *See New Mexico Needs Trade Agreements To Grow.*
- **Foreign-owned companies** invest in New Mexico and **employ nearly 15,000 New Mexicans.** *See Foreign Investment In New Mexico Creates Jobs.*

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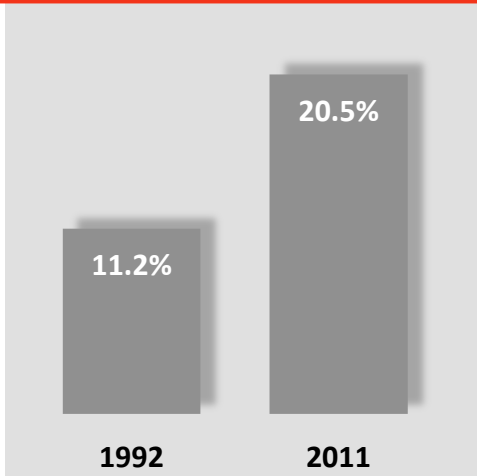
NEW MEXICO JOBS DEPEND ON TWO-WAY TRADE

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 and 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. **Foreign investment** in New Mexico creates good jobs across a range of sectors.

Today, 218,000 jobs in New Mexico depend on trade.

Share of New Mexico Jobs Tied to Trade Nearly Doubled from 1992 to 2011



More than one in five New Mexico jobs depend on international trade.

- New Mexico's **trade-related employment grew three times faster** than total employment from 2004 to 2011.
- **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.

Small and Large Employers Partner to Export

In addition to exporting directly themselves, more than 6,000 American small- and medium-sized enterprises (SMEs) export indirectly when they sell goods and services to large U.S. companies that export. SMEs account for nearly a quarter of the value of purchases by large companies, which in turn often export finished goods and services to customers around the world.

Top Sectors for New Mexico Jobs Tied to Trade, 2011

Consumer Services	46,200
Prof., Sci. & Tech. Services	36,500
Wholesale & Retail Trade	30,900
Construction	16,800
Ag, Forestry & Fisheries	7,700
Finance & Insurance	7,000

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NEW MEXICO BUSINESSES GROW WITH EXPORTS

New Mexico ranked 45th in the United States in **goods exports** in 2012, with an estimated value of **\$3.2 billion**, and 38th in **services exports**, with an estimated value of **\$2.5 billion** in 2011. Large companies account for 51 percent of the value of New Mexico's merchandise exports, with the rest provided by small- and medium-sized enterprises (SMEs).

Top Goods Exports, 2012

- Semiconductors & Components: \$1.4 billion
- Other Fabricated Metals: \$195 million
- Fruits & Tree Nuts: \$156 million
- Dairy Products: \$125 million
- Computer Equipment: \$108 million

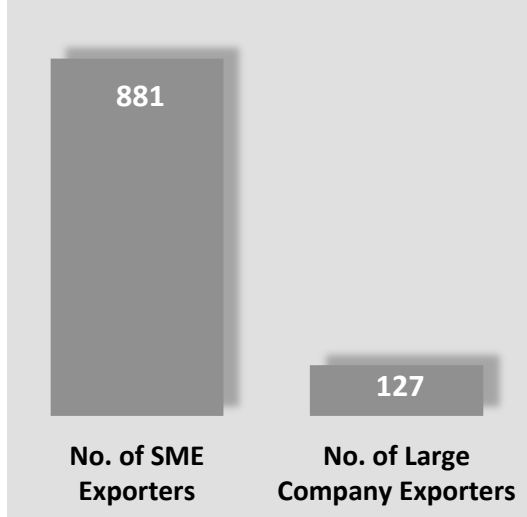
Top Services Exports, 2011

- Travel: \$765 million
- R&D & Testing Services: \$309 million
- Industrial Processes Royalties: \$283 million

Leading Export Products

Computers and electronics (including semiconductors and computer equipment) was New Mexico's leading export category in 2012, accounting for 51.5 percent of total merchandise exports.

87 Percent of New Mexico Exporters Are Small- or Medium-Sized Companies



- New Mexico **ranks among the top 20 state exporters in 10 industries**, including ninth in semiconductors and components (\$1.4 billion) and furniture-related products (\$5.4 million), and 11th in dairy products (\$125 million).
- While New Mexico is **America's 35th largest exporter of agricultural products**, it is the **third largest exporter of tree nuts** and ranks among the top 15 exporters of **cattle, peanuts, dry peas and beans, hay and other miscellaneous agricultural products**.
- One of New Mexico's fastest growing exports is **engines and turbines**, which have increased by 22 percent per year since 2002. In 2012, exports of these products reached \$63.9 million.

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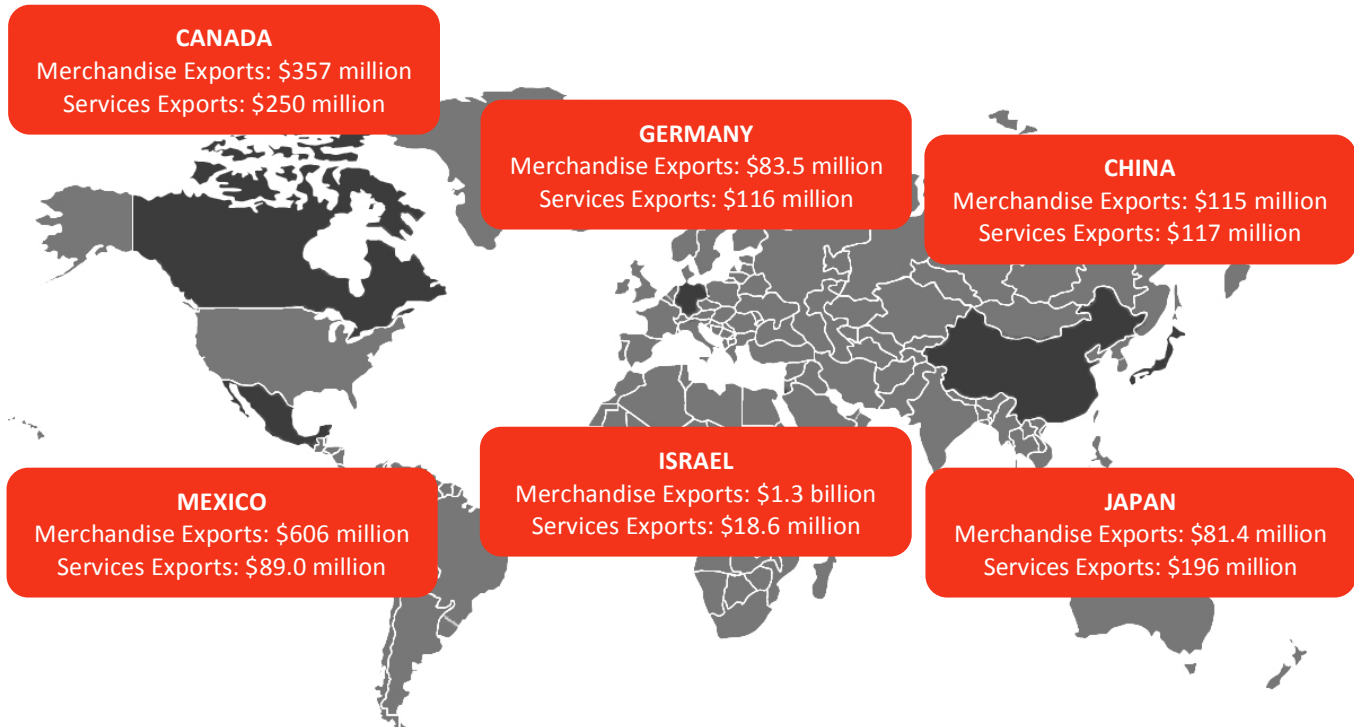
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NEW MEXICO COMPANIES EXPORT THROUGHOUT THE WORLD

In 2012, New Mexico companies sold their products in **187 international markets**.

Top Export Markets*



- New Mexico’s top export market for goods is **Israel** and its top market for services is **Canada**. Other leading markets include **Mexico** and **China**.
- Among New Mexico’s top export markets for goods, the **United Arab Emirates** has grown the fastest at **44 percent per year** since 2002. Exports to **Vietnam** grew by **34 percent per year**, while exports to **Turkey** grew by **31 percent per year**.
- New Mexico’s **goods exports have grown nearly three times faster than state GDP** since 2002. The average annual export growth during this period was 13.3 percent, while the average annual state GDP growth was 4.5 percent.
- Goods exports accounted for **3.0 percent of New Mexico’s state GDP** in 2011.

**Goods data are for 2012; services data are for 2011*

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NEW MEXICO COMPANIES AND WORKERS USE IMPORTS TO COMPETE

In 2012, 61 percent 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.

\$1.3 trillion of U.S. imported goods in 2012 were inputs or materials used by U.S. producers.

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.

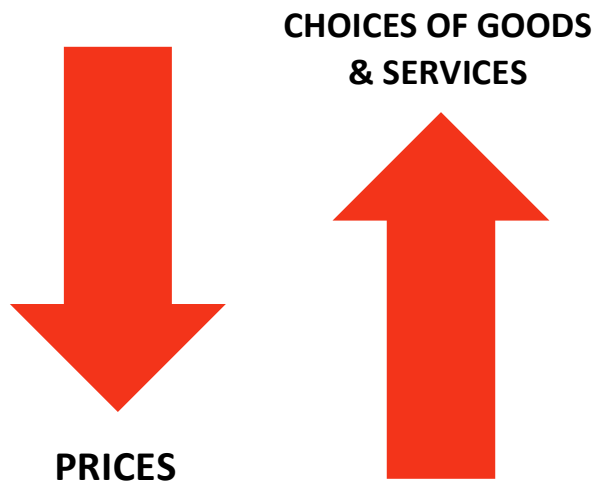
1,056 New Mexico companies imported products in 2010.

Services, especially transportation from New Mexico’s ports, finance and insurance, marketing and legal services are needed to bring imported goods to American manufacturers and households.

In 2010, nearly **64 percent** of identified 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.



Imports Help Lower Prices (2002-2012)

	<u>Price Change</u>
Televisions	-86.5%
Personal Computers	-74.9%
Toys	-42.8%
Furniture & Bedding	-7.1%

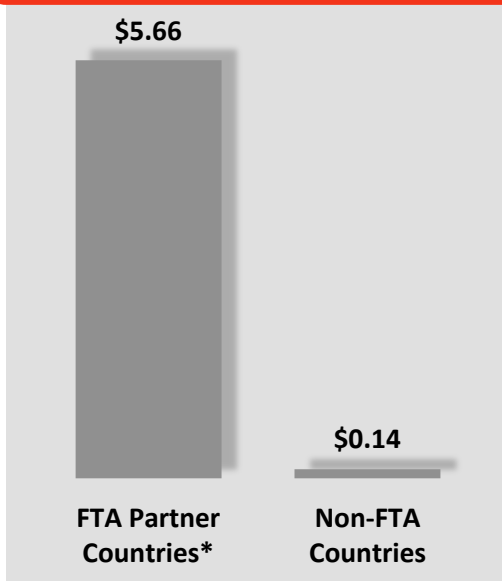


NEW MEXICO NEEDS TRADE AGREEMENTS TO GROW

The United States has some of the lowest trade barriers in the world. Overall U.S. trade with 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 partner countries following implementation of the U.S. FTAs with those countries.

Since 2002, **New Mexico’s goods exports to FTA partners** in effect in 2012 have **increased by 373 percent**, compared to 20 percent growth in exports to the rest of the world. In 2012, **\$2.4 billion of New Mexico’s merchandise exports**, or 74 percent, went to FTA partners.

Per Capita Purchases of New Mexico Goods, 2012



**U.S. FTAs in effect with countries in 2012.*

FTA partners purchased 40.4 times more goods per capita from New Mexico than non-FTA partners in 2012.

- New Mexico’s **exports to Canada and Mexico have increased by \$849 million** (744 percent) since NAFTA went into effect in 1994. Exports to Canada have increased \$317 million (798 percent), while exports to Mexico have increased \$532 million (715 percent).
- New Mexico’s **exports to Australia** have experienced very strong growth, **increasing by 317 percent** since the U.S.-Australia FTA took effect in 2005.
- New Mexico’s **exports to Singapore** of general-purpose machinery have increased **eightfold to \$1.5 million** since 2004 when the U.S.-Singapore FTA went into effect.
- **Israel** bought **88 percent** of New Mexico’s \$1.4 billion of semiconductor exports in 2012.
- The **Trans-Pacific Partnership (TPP) countries** that are not current FTA partners — Brunei, Malaysia, New Zealand and Vietnam — were New Mexico’s 24th largest export market in 2011 with a **combined value of \$17.8 million**.

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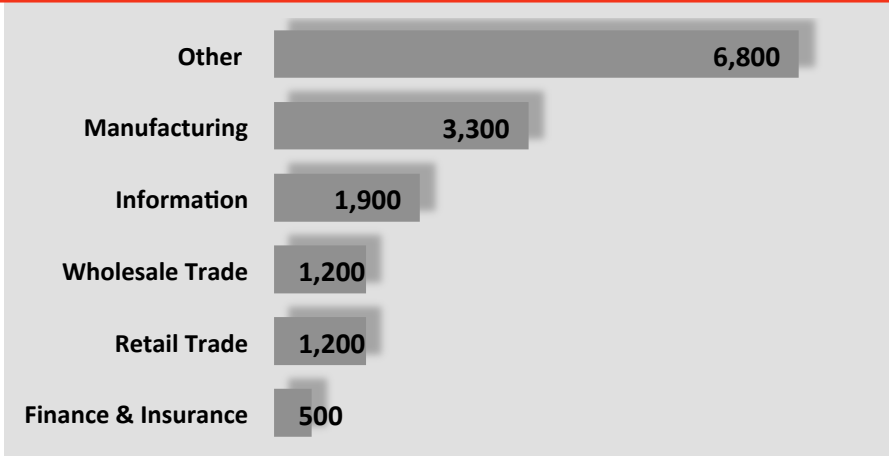


FOREIGN INVESTMENT IN NEW MEXICO CREATES JOBS

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 more than 10,000 workers** in New Mexico, including:

- **3,400 by companies based in Canada**
- **2,600 by companies based in Germany**
- **2,400 by companies based in the United Kingdom**
- **1,400 by companies based in France**
- **1,000 by companies based in Japan**

Foreign-Owned Companies Employ a Total of 14,900 New Mexico Workers Across Many Industries



Selected Foreign-Owned Companies Employing Workers in New Mexico

<u>Company</u>	<u>Industry</u>	<u>Country</u>
AMEC Earth and Environmental	Engineering & Consulting Services	United Kingdom
ASML Albuquerque	Semiconductor Machinery Mfg.	Netherlands
BHP Billiton-New Mexico Coal	Mining	Australia
Cemex	Cement Manufacturing	Mexico
Durango McKinley Paper Co.	Paper Manufacturing	Mexico
Firestone Complete Auto Care	Retailing	Japan
Holiday Inn	Hotel Services	United Kingdom
Nabors Industries, Ltd.	Oilfield Services	Bermuda
Parex USA, Inc.	Specialty Chemical Manufacturing	France
Qinetiq North America, Inc.	Research Services	United Kingdom
Tetra Pak	Food Processing/Packaging Products	Switzerland
Weatherford Artificial Lift Systems	Energy Services	Switzerland

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FOREIGN INVESTMENT IN NEW MEXICO CREATES JOBS

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