



HOW NORTH DAKOTA'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 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 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 North Dakota.

Why Is International Trade and Investment so Important to North Dakota?

- International trade – both exports and imports – supports more than **100,000 North Dakota jobs**. These trade-related jobs 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 exports billions of dollars** in goods and services annually, including farm products, oil and gas, agricultural, construction and mining equipment, and freight and travel services. The vast majority of North Dakota exporters are small and medium-sized companies with less than 500 workers. *See North Dakota Businesses Grow With Exports.*
- Customers in **175 countries** around the world buy North Dakota-grown and manufactured goods and services. Top markets like **Canada, China** and **Mexico** buy hundreds of millions of dollars of North Dakota products and services annually. *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 led to **rapid export growth** to partner countries. America's **FTA partners purchased 24.2 times more goods per capita from North Dakota** than non-FTA countries did in 2012. *See North Dakota Needs Trade Agreements To Grow.*
- **Foreign-owned companies** invest in North Dakota and **employ 11,600 North Dakotans**. *See Foreign Investment In North Dakota Creates Jobs.*

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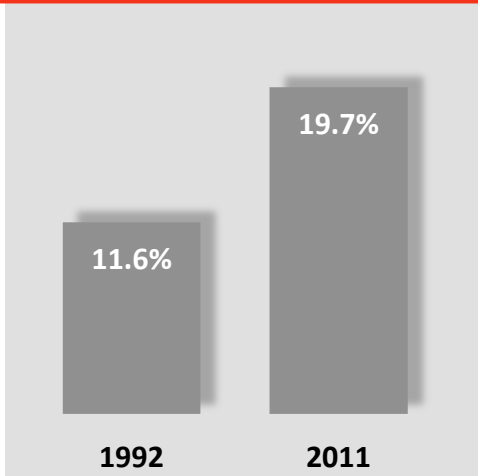
NORTH DAKOTA JOBS DEPEND ON TWO-WAY TRADE

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 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. **Foreign investment** in North Dakota creates good jobs across a range of sectors.

Today, 104,000 jobs in North Dakota depend on trade.

Share of North Dakota Jobs Tied to Trade Increased 70 Percent from 1992 to 2011



Nearly one in five North Dakota jobs depend on international trade.

- North Dakota’s **trade-related employment grew 22 percent 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 North Dakota Jobs Tied to Trade, 2011

Consumer Services	19,700
Wholesale & Retail Trade	17,800
Prof., Sci. & Tech. Services	12,600
Construction	9,400
Ag, Forestry & Fisheries	8,800
Finance & Insurance	5,000

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NORTH DAKOTA BUSINESSES GROW WITH EXPORTS

North Dakota ranked 38th in the United States in **goods exports** in 2012, with an estimated value of **\$6.6 billion**, and 46th in **services exports**, with an estimated value of **\$1.1 billion** in 2011. Large companies account for 64 percent of the value of North Dakota's merchandise exports, with the rest provided by small- and medium-sized enterprises (SMEs).

Top Goods Exports, 2012

- Oilseeds & Grains: \$2.8 billion
- Oil & Gas: \$1.2 billion
- Ag & Construction Machinery: \$1.1 billion
- Grain & Oilseed Products: \$328 million
- Basic Chemicals: \$295 million

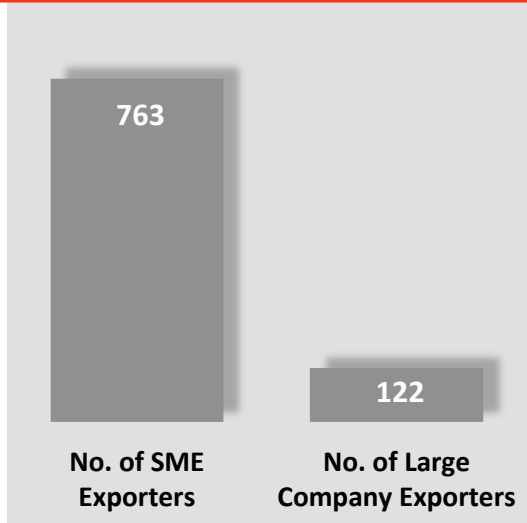
Top Services Exports, 2011

- Port & Freight Services: \$206 million
- Travel: \$192 million
- Computer Software: \$159 million

Leading Export Products

Agricultural products (including oilseeds and grains such as wheat) was North Dakota's leading export category in 2012, accounting for 43.0 percent of total merchandise exports.

86 Percent of North Dakota Exporters Are Small- or Medium-Sized Companies



- North Dakota **ranks among the top 20 state exporters in nine industries**, including third in oil and gas (\$1.2 billion), 12th in agricultural and construction machinery (\$1.1 billion) and grain and oilseed products (\$328 million).
- North Dakota is **America's seventh largest exporter of agricultural products**. It is the **top exporter of wheat, oilseeds (excluding soybeans), and dry peas and beans** and ranks among the top 10 exporters of **soybeans** and **other grains**.
- One of North Dakota's fastest growing exports is **beverages**, which have increased by 70 percent per year since 2002. In 2012, exports of these products reached \$89.5 million.

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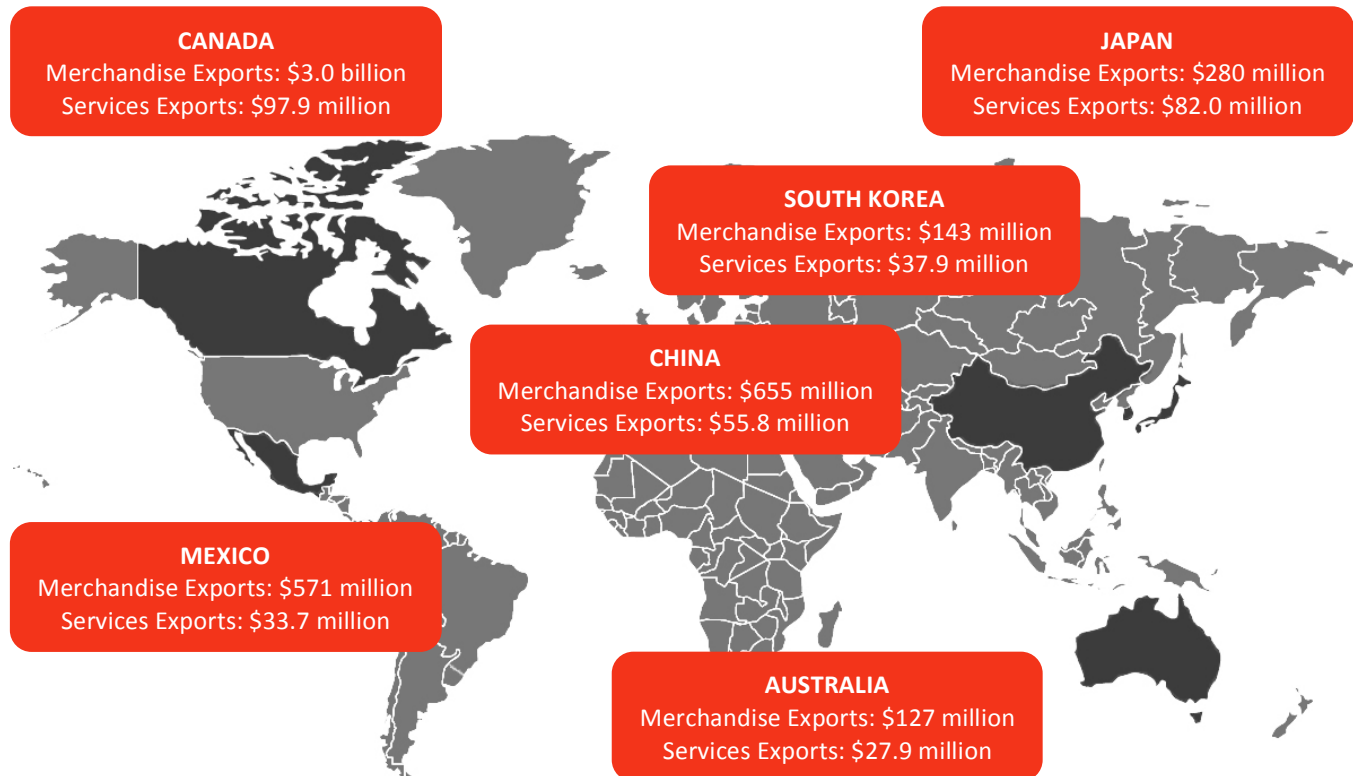
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NORTH DAKOTA COMPANIES EXPORT THROUGHOUT THE WORLD

In 2012, North Dakota companies sold their products in **175 international markets**.

Top Export Markets*



- North Dakota's top export market for good and services is **Canada**. Other leading markets include **China** and **Mexico**.
- Among North Dakota's top export markets for goods, **China** has grown the fastest at **45 percent per year** since 2002. Exports to **Chile** grew by **43 percent per year**, while exports to **Canada** grew by **24 percent per year**.
- North Dakota's **goods exports have grown twice as fast as the state GDP** since 2002. The average annual export growth during this period was 16.2 percent, while the average annual state GDP growth was 7.9 percent.
- Goods exports accounted for **14.5 percent of North Dakota's state GDP** in 2011.

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

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NORTH DAKOTA 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 North Dakota.

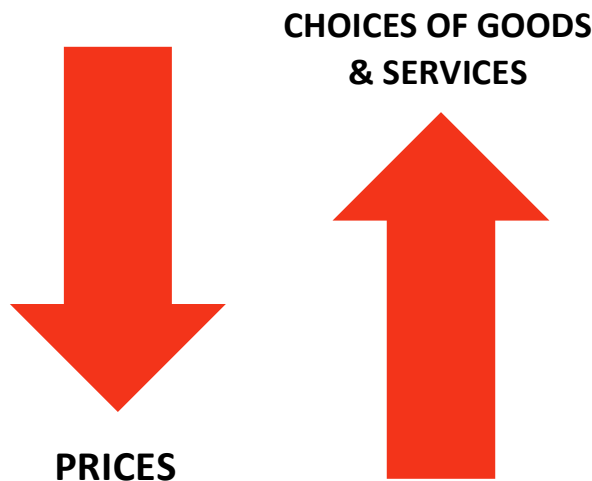
736 North Dakota companies imported products in 2010.

Services, especially transportation from North Dakota'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 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.



Imports Help Lower Prices (2002-2012)

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

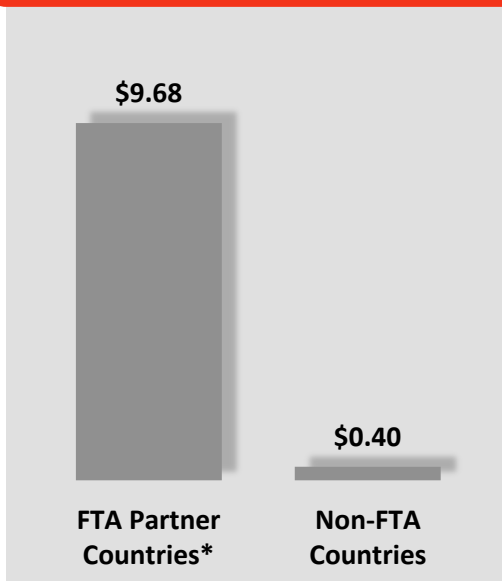


NORTH DAKOTA NEEDS TRADE AGREEMENTS TO GROW

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

Since 2002, **North Dakota's goods exports to FTA partners** in effect in 2012 have **increased by 442 percent**, compared to 164 percent growth in exports to the rest of the world. In 2012, **\$4.1 billion of North Dakota's merchandise exports**, or 62 percent, went to FTA partners.

Per Capita Purchases of North Dakota Goods, 2012



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

FTA partners purchased 24.2 times more goods per capita from North Dakota than non-FTA partners in 2012.

- North Dakota's **exports to Canada and Mexico have increased by \$3.3 billion** (1,150 percent) since NAFTA went into effect in 1994. Exports to Canada have increased \$2.8 billion (1,010 percent), while exports to Mexico have increased \$556 million (3,632 percent).
- North Dakota's **exports to Chile** have experienced very strong growth, **increasing by 395 percent** since the U.S.-Chile FTA took effect in 2004.
- North Dakota's **exports to Korea** of agricultural and construction machinery **tripled to \$19.9 million** in the first year that the U.S.-Korea FTA went into effect.
- FTA partner countries, led by **Canada** and **Australia**, bought **98 percent** of North Dakota's motor vehicle exports in 2012.
- The **Trans-Pacific Partnership (TPP) countries** that are not current FTA partners — Brunei, Malaysia, New Zealand and Vietnam — were North Dakota's 17th largest export market in 2011 with a **combined value of \$46.6 million**.

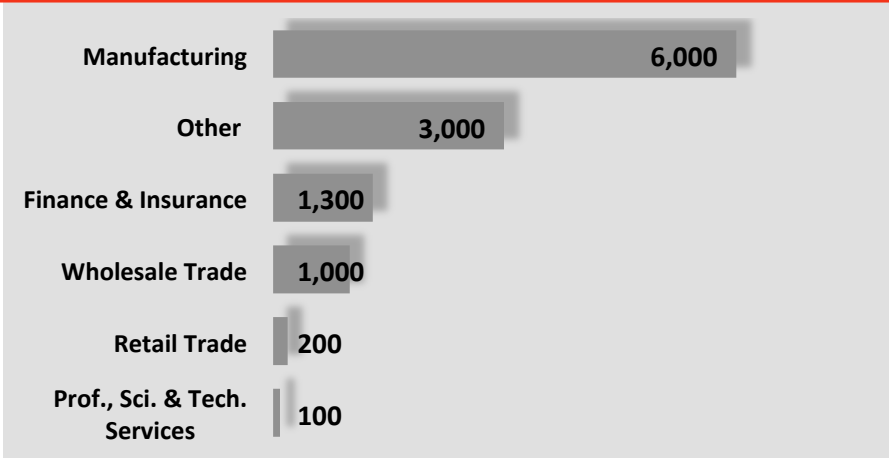


FOREIGN INVESTMENT IN NORTH DAKOTA CREATES JOBS

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 employ more than 10,000 workers** in North Dakota, including:

- **1,700 by companies based in Canada**
- **700 by companies based in France**
- **700 by companies based in the Netherlands**
- **600 by companies based in the United Kingdom**
- **500 by companies based in Japan**

Foreign-Owned Companies Employ a Total of 11,600 North Dakota Workers Across Many Industries



Selected Foreign-Owned Companies Employing Workers in North Dakota

<u>Company</u>	<u>Industry</u>	<u>Country</u>
Allied Building Products Corp.	Building Materials Manufacturing	Ireland
Alliance Pipeline LP	Energy Services	Canada
Bobcat Company	Construction Equip. Manufacturing	South Korea
CNH Global NV	Agricultural/Construction Equip. Mfg.	Italy
Ferguson Enterprises, Inc.	Plumbing/Heating Supplies	Switzerland
Flint Energy Services	Energy Services	Canada
Gerdau Ameristeel	Steel Product Manufacturing	Brazil
Holiday Inn	Hotels	United Kingdom
Hubbard Feeds Inc.	Animal Feed and Supplies	Canada
Siemens Energy & Automation	Electronics and Engineering Services	Germany
Tire Plus Store	Retailing	Japan
Wood Group Production Services	Oil and Gas Services	Scotland

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