How Arizona'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 Arizona 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 Arizona.

Why is International Trade & Investment Important to Arizona?

• International trade, including exports and imports, supports 772,800 Arizona jobs – more than 1 in 5. These trade-related jobs grew 3.1 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 Arizona’s globally engaged firms. (See Arizona Jobs Depend On Two-Way Trade)

• Arizona exported $20.6 billion in goods and $12.5 billion in services in 2014, including aerospace products & parts, semiconductors & components, metal ores and travel services. Of Arizona’s 7,488 exporters, 88 percent are small- and medium-sized companies with less than 500 workers. (See Arizona Businesses Grow With Exports)

• Customers in 208 countries and territories buy Arizona-made goods and services, including billions of dollars in annual exports to top markets like Mexico, Canada and China. Arizona’s goods exports have grown more than 60 percent faster than state GDP since 2004. (See Arizona Companies Export Throughout The World)

• Imports lower prices and increase choices for Arizona companies and families. Lower raw material and input costs help Arizona 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 Arizona Companies And Workers Use Imports To Compete)

• Free trade agreements (FTAs) have helped fuel rapid export growth from Arizona to partner countries. In 2014, $12.0 billion of Arizona’s goods exports, or 58 percent, went to FTA partners. This represents a 84 percent increase since 2004. (See Arizona Needs Trade Agreements To Grow)

• Foreign-owned companies invest and build facilities and employ 84,300 workers in Arizona. (See Foreign Investment In Arizona Creates Jobs)

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www.brt.org/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 Arizona

- Export growth increases jobs by generating new business for Arizona's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Arizona businesses compete and saving Arizona families real dollars at the cash register.
- More than one in five Arizona jobs depends upon international trade.
- Arizona's trade-related employment grew 3.1 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

<table>
<thead>
<tr>
<th>Number of Jobs in Arizona Supported by Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>772,800</td>
</tr>
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</table>

Share of Jobs Tied to Trade
Increased 104 percent from 1992 to 2014

<table>
<thead>
<tr>
<th>1992</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.0%</td>
<td>22.3%</td>
</tr>
</tbody>
</table>

Jobs Tied to Trade Top Sectors, 2014

<table>
<thead>
<tr>
<th>Sector</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>89,100</td>
</tr>
<tr>
<td>Management, Administrative Services</td>
<td>70,200</td>
</tr>
<tr>
<td>Real Estate, Rental Services</td>
<td>48,400</td>
</tr>
<tr>
<td>Professional, Scientific, Tech. Services</td>
<td>47,500</td>
</tr>
<tr>
<td>Finance, Insurance</td>
<td>46,900</td>
</tr>
</tbody>
</table>
### Overview

Arizona exported an estimated $20.6 billion in goods and $12.5 billion in services in 2014. Between 2009 and 2014, Arizona goods exports have increased by 52 percent and services exports by 52 percent. Large companies now account for 71 percent of the value of Arizona’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 Arizona Exports

- Arizona ranks among the top 15 state exporters in 17 industries, including first in metal ores ($2.5 billion), third in vegetables & melons ($256 million), fourth in semiconductors & components ($2.9 billion), and sixth in oil & gas ($648 million).

- Arizona is America’s 29th largest exporter of agricultural products. It is the third largest exporter of vegetables and melons, the fourth largest exporter of citrus fruits (except oranges), and the seventh largest exporter of both hay and tree nuts.

- One of Arizona's fastest growing export categories is soaps, cleaning agents & toiletries, which have increased by 15 percent per year since 2004. In 2014, exports of these products reached $193 million.

### By the Numbers

<table>
<thead>
<tr>
<th>Number of Arizona Businesses that Exported in 2013</th>
<th>7,488</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of Arizona Exporters that are Small- &amp; Medium-Sized Businesses</td>
<td>88%</td>
</tr>
</tbody>
</table>

### Top Arizona Exports, 2014

<table>
<thead>
<tr>
<th>Goods</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace Products &amp; Parts</td>
<td>$3.1 billion</td>
</tr>
<tr>
<td>Semiconductors &amp; Components</td>
<td>$2.9 billion</td>
</tr>
<tr>
<td>Metal Ores</td>
<td>$2.5 billion</td>
</tr>
<tr>
<td>Electrical Equipment &amp; Components</td>
<td>$833 million</td>
</tr>
<tr>
<td>Navigational &amp; Meas. Instruments</td>
<td>$663 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>$3.6 billion</td>
</tr>
<tr>
<td>Passenger Fares</td>
<td>$1.6 billion</td>
</tr>
<tr>
<td>Industrial Processes Royalties</td>
<td>$974 million</td>
</tr>
</tbody>
</table>

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In 2014, Arizona companies sold their products in 208 countries and territories.

Top export markets include:

- **CANADA**
  - Goods Exports: $2.0 billion
  - Services Exports: $1.2 billion

- **UNITED KINGDOM**
  - Goods Exports: $982 million
  - Services Exports: $1.1 billion

- **CHINA**
  - Goods Exports: $1.0 billion
  - Services Exports: $857 million

- **MEXICO**
  - Goods Exports: $8.5 billion
  - Services Exports: $653 million

- **GERMANY**
  - Goods Exports: $736 million
  - Services Exports: $427 million

- **JAPAN**
  - Goods Exports: $672 million
  - Services Exports: $879 million

**Fast Facts: How Exports Help the Arizona Economy Grow**

- Goods exports accounted for 7.2 percent of Arizona’s state GDP in 2014.
- Arizona's goods exports have grown more than 60 percent faster than state GDP since 2004. The average annual export growth during this period was 5.6 percent, while the average annual state GDP growth was 3.4 percent.
- Arizona’s top export markets for goods are Mexico, Canada, and China. Its top market for services is Canada.
- Arizona’s goods exports to Saudi Arabia have grown by 38 percent per year since 2004. Exports to Chile grew by 20 percent per year, while exports to Ireland grew by 17 percent per year.

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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 Arizona.

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

Imports Decrease Prices for Goods & Services

- **-87.0%**
  Decrease in the Price of Televisions Between 2004 and 2014.

- **-69.2%**

- **-42.9%**
  Decrease in the Price of Toys Between 2004 and 2014.

Imports Increase Choices for Goods & Services

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

- In 2014, $12.0 billion of Arizona's goods exports, or 58 percent, went to FTA partners.
- Since 2004 Arizona's goods exports to countries with FTAs in effect with the United States in 2014 have increased by 84 percent.
- Arizona's exports to Canada and Mexico have increased by $8.1 billion (334 percent) since NAFTA went into effect in 1994.
- Arizona's exports to Chile have increased by 360 percent since the U.S.-Chile FTA took effect in 2004.
- Arizona's exports to South Korea of aerospace products & parts have increased every year, from $15 million to $78 million, since the FTA with South Korea went into effect in 2012.
- Mexico bought 92 percent of Arizona's exports of metal ores in 2014.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased $15.7 billion, or 76 percent, of Arizona's goods exports in 2014.

By the Numbers

| Increase in Arizona Goods Exports to FTA Partners Between 2004 and 2014 |
| Per Capita Purchases of Arizona Goods, 2014 |
| Non-FTA Countries | FTA Partner Countries* |
| $1.33 | $26.94 |

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

In 2014, FTA partners purchased 20.3 times more goods per capita from Arizona than non-FTA partners.

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Overview

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

- 14,300 workers employed by companies based in Canada;
- 12,200 workers employed by companies based in the United Kingdom;
- 8,200 workers employed by companies based in Germany;
- 8,100 workers employed by companies based in France;
- 7,900 workers employed by companies based in Japan.

**Foreign-Owned Companies Employ 84,300 Arizona Workers Across Many Industries**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>31,600</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>23,400</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>10,100</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>8,400</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>4,500</td>
</tr>
<tr>
<td>Information</td>
<td>3,300</td>
</tr>
<tr>
<td>Prof., Sci. &amp; Tech. Services</td>
<td>3,000</td>
</tr>
</tbody>
</table>

**Selected Foreign-Owned Companies Employing Workers in Arizona**

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adecco Staffing</td>
<td>Employment Services</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Alt Software</td>
<td>Computer Software Services</td>
<td>Canada</td>
</tr>
<tr>
<td>Bull Moose Tube Company</td>
<td>Metal Products</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Cemex</td>
<td>Construction Materials Manufacturing</td>
<td>Mexico</td>
</tr>
<tr>
<td>CGI Group</td>
<td>Business Services</td>
<td>Canada</td>
</tr>
<tr>
<td>Finetech Inc.</td>
<td>Industrial Equipment Manufacturing</td>
<td>Germany</td>
</tr>
<tr>
<td>Fujifilm Electronic Materials</td>
<td>Electronic Components Manufacturing</td>
<td>Japan</td>
</tr>
<tr>
<td>Gerdeau Reinforcing Steel West</td>
<td>Steel Manufacturing</td>
<td>Brazil</td>
</tr>
<tr>
<td>Great Western Bank</td>
<td>Banking Services</td>
<td>Australia</td>
</tr>
<tr>
<td>Harrington Industrial Plastics</td>
<td>Plastic Products Manufacturing</td>
<td>Belgium</td>
</tr>
<tr>
<td>Siemens</td>
<td>Electrical Equipment Manufacturing</td>
<td>Germany</td>
</tr>
<tr>
<td>Soitec Phoenix Labs</td>
<td>Semiconductor Manufacturing</td>
<td>France</td>
</tr>
</tbody>
</table>

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ARIZONA JOBS DEPEND ON TWO-WAY TRADE


ARIZONA BUSINESSES GROW WITH EXPORTS


ARIZONA COMPANIES EXPORT THROUGHOUT THE WORLD


ARIZONA COMPANIES & WORKERS USE IMPORTS TO COMPETE IN INTERNATIONAL MARKETS


**Imports as Components**: Derived from Census end-use import data


ARIZONA NEEDS TRADE AGREEMENTS TO GROW


**Per Capita Purchases of Arizona Goods**: Derived from The Trade Partnership [http://tradepartnership.com/data/cdxports-and-cdxjobs](http://tradepartnership.com/data/cdxports-and-cdxjobs) and World Bank population estimates


FOREIGN INVESTMENT IN ARIZONA CREATES JOBS

**Employment Data**: BEA “Direct Investment & Multinational Companies” database [http://bea.gov/iTable/index_MNC.cfm](http://bea.gov/iTable/index_MNC.cfm)

**Foreign Investors**: Uniworld BP database of “Foreign Firms Operating in the United States” [http://www.uniworldbp.com](http://www.uniworldbp.com)

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