



Trade Makes Idaho Strong

Idaho gains from global trade. Trade (export and import) growth increases jobs by advancing Idaho's manufacturers, services providers and farmers. Imports also keep costs low, helping Idaho businesses compete and saving Idaho families real dollars at the cash register. Foreign investment in Idaho creates good jobs across a range of sectors.

TRADE CREATES JOBS FOR IDAHO WORKERS

Trade with the world – both exports and imports of goods and services – creates jobs in Idaho.

- Today, trade supports **836,679 jobs** in Idaho.
- **18 percent of jobs** in Idaho are supported by trade, up from 11.1 percent in 1992.
- As trade in Idaho has grown, unemployment has fallen. Idaho's unemployment rate – **3.8 percent** – is below the national average.

Idaho's Most Export-Intensive Industries

Industry	% Export-Related
Machinery	33.3%
Fabr. Metal Prods.	25.0

Trade particularly benefits employees of Idaho's small- and mid-size companies.

- In 2004, more than **1,200 Idaho companies** sold their products abroad.
- 1,042 exporters – **80.8 percent** – were small- or mid-sized companies in 2004.
- **Jobs in exporting plants pay on average up to 18 percent more** than similar jobs in non-exporting plants.

TEN WAYS TRADE MAKES IDAHO STRONG

Trade supports nearly one in five jobs in Idaho.

Idaho's exports have increased two times faster than its GDP.

Jobs at exporting plants pay 18% more than at non-exporting plants.

7% of Idaho's GDP was from exports in 2005.

Foreign-owned companies employ 12,900 workers in Idaho.

Foreign-owned firms pay workers 32% more.

Half of imports are raw materials and other items needed for manufacturing.

Marketing imports demand services and services account for 15% of Idaho's GDP.

Import prices grow much slower than overall consumer prices saving money for Idaho consumers.

NAFTA worked for Idaho. In 2005, Idaho exports to Canada and Mexico were \$528 million and \$101 million.

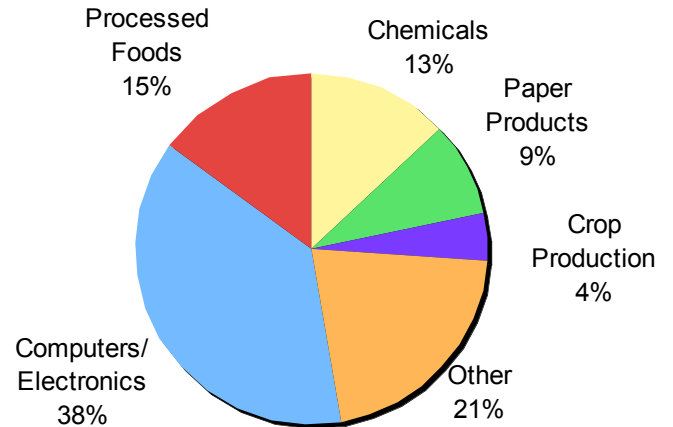
IDAHO'S FARMERS AND KEY INDUSTRIES GROW WITH EXPORTS

Idaho farmers are strong exporters. The state exported **\$856 million** worth of **agricultural products** in 2005 and ranked among the top 10 U.S. exporters of **vegetables** (4th), **dairy products** (5th), and **wheat** (9th).

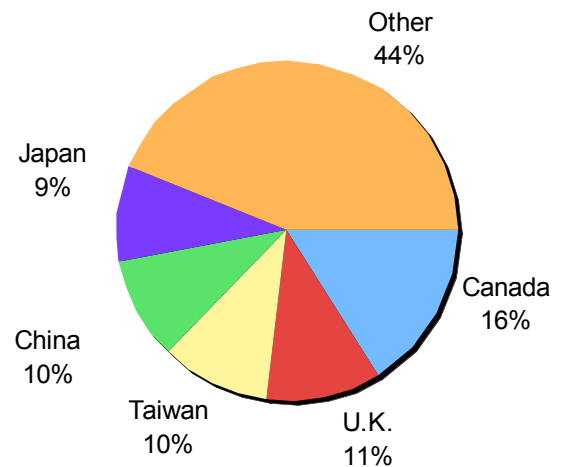
According to the U.S. Department of Commerce, Idaho's **total exports had a value of \$3.3 billion** in 2005.

- **Computers and electronics** were Idaho's leading export products in 2005, and accounted for **38 percent** of total exports.
- One of the fastest growing exports for Idaho is **transportation equipment**, which grew at an annual rate of 84 percent between 2001 and 2005.
- In 2005, Idaho companies sold their products in **152 foreign markets**.
- The top export market is **Canada** (\$528 million). Other leading markets include the **United Kingdom** (\$348 million) and **Taiwan** (\$335 million).
- **China** is one of Idaho's fastest growing trading partners. In 2005, Idaho exported \$318 million worth of goods to China, an increase of 457 percent since 2000.
- In 2005, exports represented **6.9 percent of Idaho's state GDP**.
- Idaho's share of exports to state GDP ranked 15th among all states in 2005.
- Since 2002, exports have increased **2.3 times faster** than state GDP.

Leading Export Products



Leading Export Markets



*In January 2007, the Idaho Department of Commerce and Labor held the **Ninth Annual Global Market Trends seminar**, which featured presentations and consultations on **export opportunities with Idaho's trade representatives from China, India, Japan, Mexico, Korea, and Taiwan.***

"Exporting Idaho's products and services grows more important to our state's economy with the passage of every year. This seminar provides a world-class opportunity for Idaho companies to learn first hand from experts, who can help them succeed in the world market."

-Idaho Commerce and Labor Director Roger B. Madsen

IDAHO WORKERS & BUSINESSES BENEFIT FROM FOREIGN INVESTMENT

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Idaho every year, infusing money into the local economy and keeping unemployment low.

- Foreign-owned companies employ **more than 12,900 workers**, nearly three percent of all Idaho employees.
- **Manufacturing** accounts for **4,500 insourced jobs**, representing 35 percent of all insourced jobs in Idaho.
- U.S. subsidiaries of **foreign companies pay** an average compensation of \$63,428 per year, **32 percent higher** than U.S. companies.

Selected Corporations with Operations in Idaho

<u>Company</u>	<u>Industry</u>	<u>Country</u>
Glanbia Foods Inc.	Processed Foods	Ireland
Grupo Modelo	Breweries	Mexico
McCain	Processed Foods	Canada
Oldcastle, Inc.	Building Materials	Ireland
KPMG	Financial Services	Netherlands
Nippon Yusen Kaisha	Industrial Controls	Japan
Syngenta Seeds Inc.	Agricultural Supplies	Germany
Transector Systems Inc.	Electrical Equipment	United Kingdom

Ireland-based Glanbia Foods Inc is one of the most efficient cheese processors in the world. At its four plants in Gooding, Richfield, and Twin Falls, Glanbia processes 1.6 billion liters of milk per year into 360 million pounds of cheese.

Glanbia's impact on the state economy reaches far beyond its 500 employees. The company purchases from local farmers and the Gooding facility alone processes more than 7 million pounds of milk daily, which requires the milk from more than 100,000 cows. Glanbia's total milk purchases account for one third of Idaho's annual milk production.

In 2005, the company announced a \$13 million expansion of its Gooding plant, the plant's second major expansion in 18 months. The expansion will allow the Glanbia to increase production by an extra 20 percent, which in turn increases its purchases from farmers in Idaho's Magic Valley.

IDAHO MANUFACTURERS NEED IMPORTS TO BE COMPETITIVE

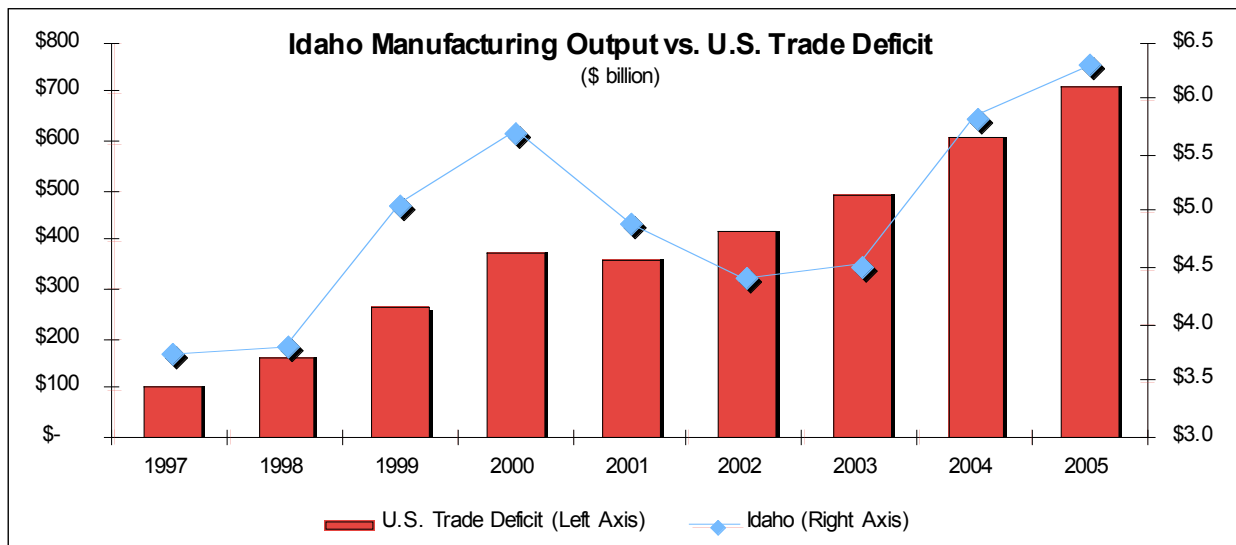
Raw materials, capital goods and industrial products used to manufacture goods in the United States account for approximately half of total U.S. merchandise imports.

- Numerous Idaho manufacturing sectors benefit from imports in some way.
- Idaho's **computer manufacturers** import component parts to produce goods for the U.S. market.
- Imported **fertilizers and minerals** help **Idaho farmers** keep costs low and improve productivity.

Capital Goods Imports Benefiting Idaho's Manufacturers

Product	Price Change, 1996-2005
All Capital Goods	-23.4%
Electric Generators and Parts	-6.4%
Non-Electrical Machinery, (excl. Computers)	-9.4%
Business Machinery (excl. Computers)	-12.4%
Computers	-50.2%

Idaho experienced some of its strongest growth during periods when imports contributed to increasing national trade deficits.



IDAHO'S SERVICES INDUSTRIES BENEFIT FROM IMPORT-DRIVEN DEMAND

Numerous **services industries** benefit from business generated by imported goods.

- **Professional services**, including finance, insurance, marketing, and legal services, are needed to market imported products. These industries are vital to Idaho's growth, and account for **14.7 percent of state GDP**.
- Imports comprise a significant portion of Idaho's **transportation and product sales** (both wholesale and retail). **These industries account for 16.9 percent of state GDP**.

IDAHO FAMILIES ENJOY A HIGHER STANDARD OF LIVING BECAUSE OF IMPORTS

Imports help keep prices for Idaho families down while increasing their choices for goods and services.

- Trade helps **keep inflation in check**. Prices for widely traded consumer goods tend to rise less than prices for non-traded goods.
- Trade and investment liberalization policies are **worth over \$10,000 per year** to an average Idaho family of four.
- Between 1990 and 2004, U.S. import prices grew at about a quarter of the rate of growth of overall consumer prices (0.6 percent per year vs. 2.2 percent per year).

Trade and Low Inflation: Price Changes (1997-2004)

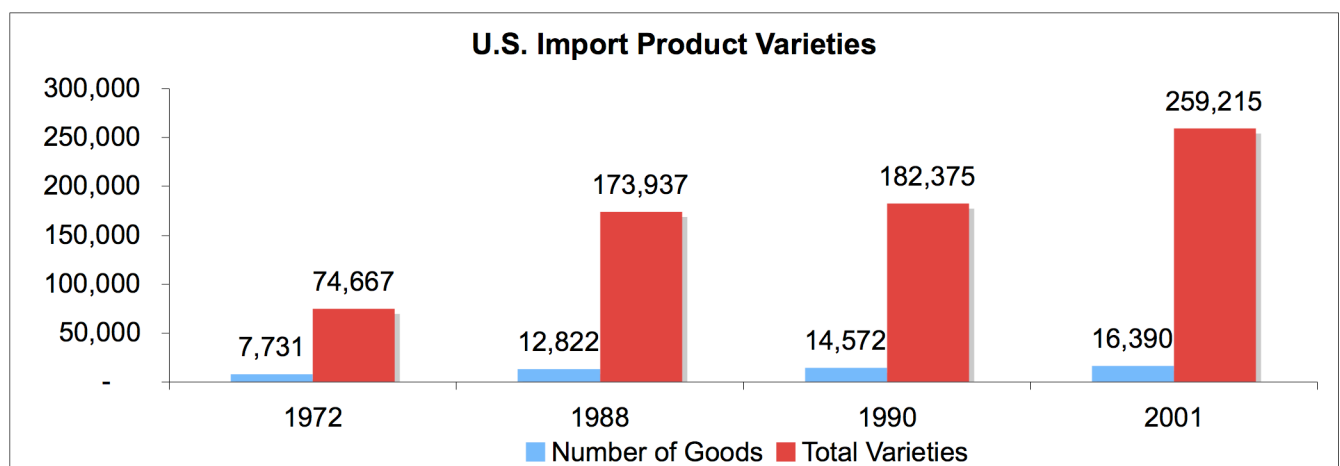
<u>Traded Goods</u>	<u>Price Change</u>
Toys	-36%
Household Appliances	-15%
Clothing	-11%
Footwear	-6%
<u>Non-Traded Goods</u>	
Milk	24%
Margarine	22%
Ice Cream	17%
Sugar	9%

The lower costs resulting from trade mean **more purchasing power** for Idaho consumers, which is particularly important for lower-income families.

- In 2005, 27,000 families in Idaho were at or below the national poverty level (about \$20,000 per year for a family of four).
- Lower-income families spend nearly three times as much on footwear and 50 percent more on apparel than upper-income families spend, both goods that are largely traded.

Consumer choice increases with trade.

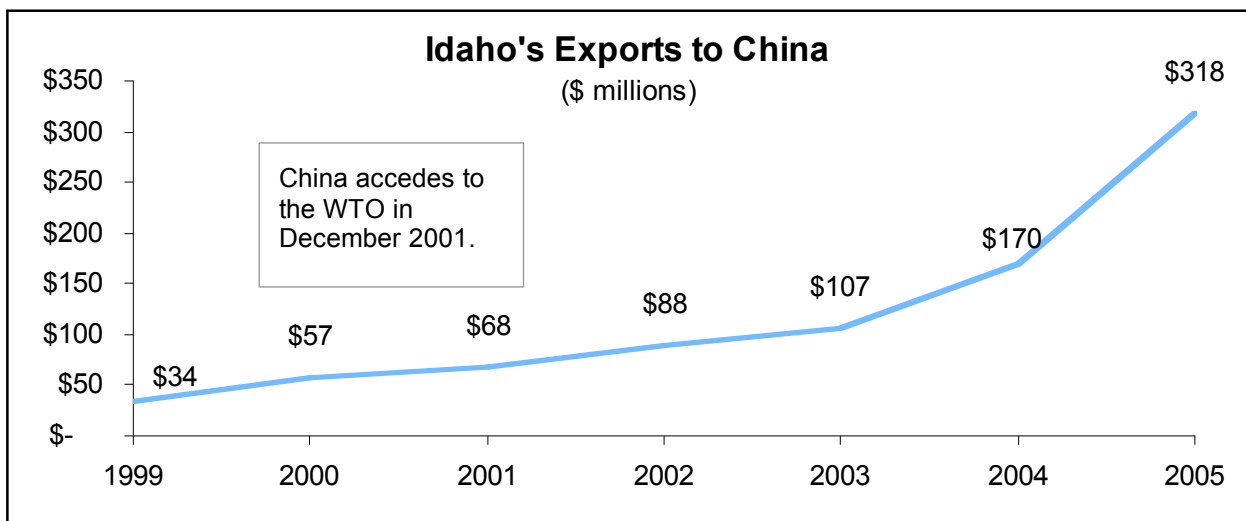
- Trade allows consumers to enjoy products with limited U.S. production (e.g., coffee) as well as out-of-season goods (e.g., strawberries in January).
- The number of product varieties imported by the United States increased fourfold over the last three decades.



MORE OF A GOOD THING FOR IDAHO – LEVELING THE TRADE PLAYING FIELD

The United States has some of the lowest trade barriers in the world. Free trade agreements level the playing field by lowering other nations' trade barriers and opening up foreign markets to U.S. exports.

- Since the **North American Free Trade Agreement** went into effect in 1994, Idaho's exports to Canada have increased \$365 million (223 percent), while exports to Mexico have increased \$65 million (178 percent).
- In 2001, a recession year, Idaho's total trade with **Canada** generated \$551 million for Idaho's economy and supported 55,453 jobs.
- Similarly, **China's** accession to the World Trade Organization, which went into effect in late 2001, has had a significant effect on export growth from Idaho to China.



SOURCES

JOBS

Laura Baughman and Joseph Francois (<http://www.businessroundtable.org>)
U.S. Department of Labor (<http://www.bls.gov/lau/home.htm>)
U.S. Department of Commerce (<http://ita.doc.gov/td/industry/otea/jobs/index.html>),
(<http://ita.doc.gov/td/industry/otea/edb/index.html>)

EXPORTS

Idaho Department of Commerce and Labor
(<http://cl.idaho.gov/news/PressReleases/tabid/294/ctl/PressRelease/mid/1047/ItemID/1841/Default.aspx>)
U.S. Department of Commerce (<http://tse.export.gov>),
(<http://ita.doc.gov/td/industry/otea/edb/index.html>), (<http://www.bea.gov/beat/regional/gsp/>)

FOREIGN INVESTMENT

Food Processing Technology (<http://www.foodprocessing-technology.com/projects/glanbia/>)
Glanbia plc Corporate Website (<http://www.glanbia.com/>)
Organization for International Investment (<http://www.ofii.org>)

IMPORTS

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STANDARD OF LIVING

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U.S. Department of Labor (<http://www.bls.gov/cpi/home.htm>), (<http://www.bls.gov/cex/home.htm>)
U.S. Department of Commerce (<http://www.bea.gov/>)
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TRADE LIBERALIZATION

U.S. Department of Commerce (<http://tse.export.gov>)
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