



Trade Makes New Mexico Strong

New Mexico gains from global trade. Trade (export and import) growth increases jobs by advancing New Mexico’s manufacturers, services providers and farmers. Imports also 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.

TRADE CREATES JOBS FOR NEW MEXICO WORKERS

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

- Today, trade supports **201,817 jobs** in New Mexico.
- **19.5 percent of jobs** in New Mexico are supported by trade, up from 11.2 percent in 1992.

New Mexico’s Three Most Export-Intensive Industries

<u>Industry</u>	<u>% Export-Related</u>
Primary Metals	40.0%
Misc. Mfg. Goods	26.5
Machinery	25.0

Trade – both exports and imports – supports jobs at New Mexico **ports**. Almost one third of all cattle imported each year from Mexico are processed at New Mexico ports.

Trade particularly benefits employees of New Mexico’s small- and mid-size companies.

- In 2004, more than **1,300 New Mexico companies** sold their products abroad; **84.6 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 NEW MEXICO STRONG

Trade supports nearly one in five jobs in New Mexico.

New Mexico’s exports have increased 3.6 times faster than its GDP.

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

3.7% of New Mexico’s GDP comes from exports.

Foreign-owned companies employ 12,600 workers in New Mexico.

Foreign-owned firms pay workers 32% more.

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

Marketing imports demands services and services account for 12.7% of the state’s GDP.

Import prices grow much slower than overall consumer prices, saving money for New Mexico consumers.

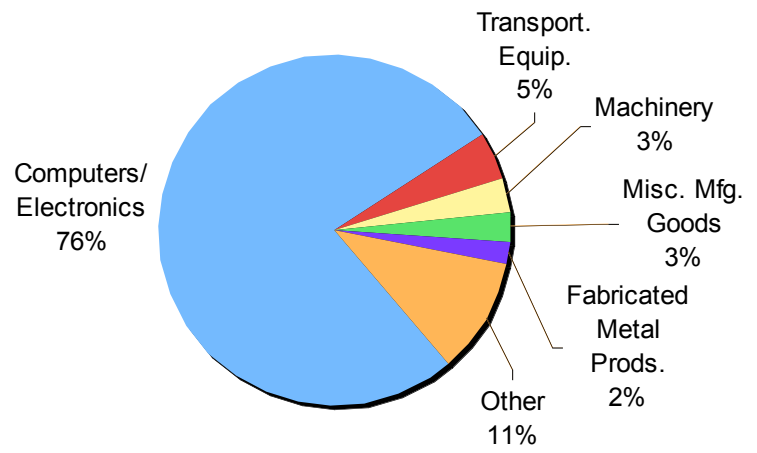
NAFTA worked for New Mexico. In 2005, New Mexico exports to Canada and Mexico were \$134 million and \$185 million.

NEW MEXICO'S KEY INDUSTRIES GROW WITH EXPORTS

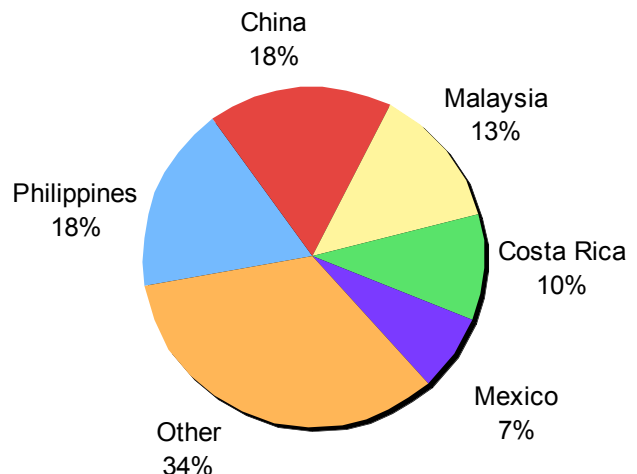
According to the U.S. Department of Commerce, New Mexico ranked 42nd in the United States with **total exports valued at \$2.5 billion** in 2005.

- **Computers and electronics** was New Mexico's leading export product category in 2005 accounting for **76 percent** of total exports.
- One of the fastest growing exports for New Mexico is **transportation equipment**, which grew at an annual rate of 67.8 percent between 2001 and 2005.
- In 2005, New Mexico companies sold their products in **146 foreign markets**.
- The top export markets are the **Philippines** (\$453 million), **China** (\$343 million) and **Malaysia** (\$343 million).
- **Costa Rica** is one of New Mexico's fastest growing trading partners. In 2005, New Mexico companies exported \$255 million worth of goods to Costa Rica, an increase of 347 percent since 2000.
- In 2005, exports represented approximately **3.7 percent of New Mexico's state GDP**.
- Since 2002, exports have increased **nearly four times faster** than state GDP.

Leading Export Products



Leading Export Markets



Intel's Rio Rancho facility, outside of Albuquerque, produces flash memory and processor chips for use in mobile, desktop, server, and workstation computing. Intel exports those chips to assembly and testing facilities around the world, including Costa Rica, China, Malaysia, and the Philippines.

The overlap between Intel's export destinations and New Mexico's top trading partners illustrates the importance of the Rio Racho facility to New Mexico's exports. In fact, Intel alone accounts for as much as 90 percent of the state's high-tech exports.

Exports have had a strong local impact as well, as they have helped the Rio Rancho facility grow from just 25 employees in 1980 to 5,200 workers today, making it Albuquerque's largest private-sector industrial employer.

NEW MEXICO WORKERS & BUSINESSES BENEFIT FROM FOREIGN INVESTMENT

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

- Foreign-owned companies employ **more than 12,600 workers**, more than 2 percent of all New Mexico employees.
- **Manufacturing** accounts for **1,700 insourced jobs**, representing 13 percent of all insourced jobs in New Mexico.
- U.S. subsidiaries of **foreign companies pay** an average compensation of \$63,428 per year, **32 percent higher** than U.S. companies.

*In 2004, Governor Bill Richardson traveled to Korea and Japan to **increase cooperation** between **foreign companies and New Mexico research facilities**. The trip produced concrete results, including:*

- *New Mexico signed a Memorandum of Understanding (MOU) with Japan's **Sharp Corporation** to jointly develop advanced clean energy technologies in the state.*
- ***Itochu Corporation** of Japan signed an MOU that provides a structure for the company to work strategically with the New Mexico Economic Development Department.*

Selected Corporations with Operations in New Mexico

<u>Company</u>	<u>Industry</u>	<u>Country</u>
BP	Petroleum/Chemicals	United Kingdom
Bridgestone Americas	Rubber Products	Germany
Deutsche Telekom	Telecommunications	Germany
Lafarge North America	Building Materials	France
Oldcastle Inc.	Building Materials	Ireland
Sodexo	Food/Facilities Management	France

"We have worked hard to develop and grow [international business] relationships, and believe our efforts will ultimately pay off in new high-wage, high-tech jobs for New Mexicans and increased momentum for our economy."

-Governor Bill Richardson, June 2005

New Mexico maintains a Mexican Affairs Office within the Economic Development Department devoted to working with maquilas and their suppliers, connecting maquilas with suppliers in New Mexico, or working with maquilas managers to attract their existing key vendors in other U.S. states to relocate to southern New Mexico.

Governor Bill Richardson meets regularly with Mexican officials, including Mexico's President, to increase trade between New Mexico and Mexico.

NEW MEXICO MANUFACTURERS NEED IMPORTS TO BE COMPETITIVE

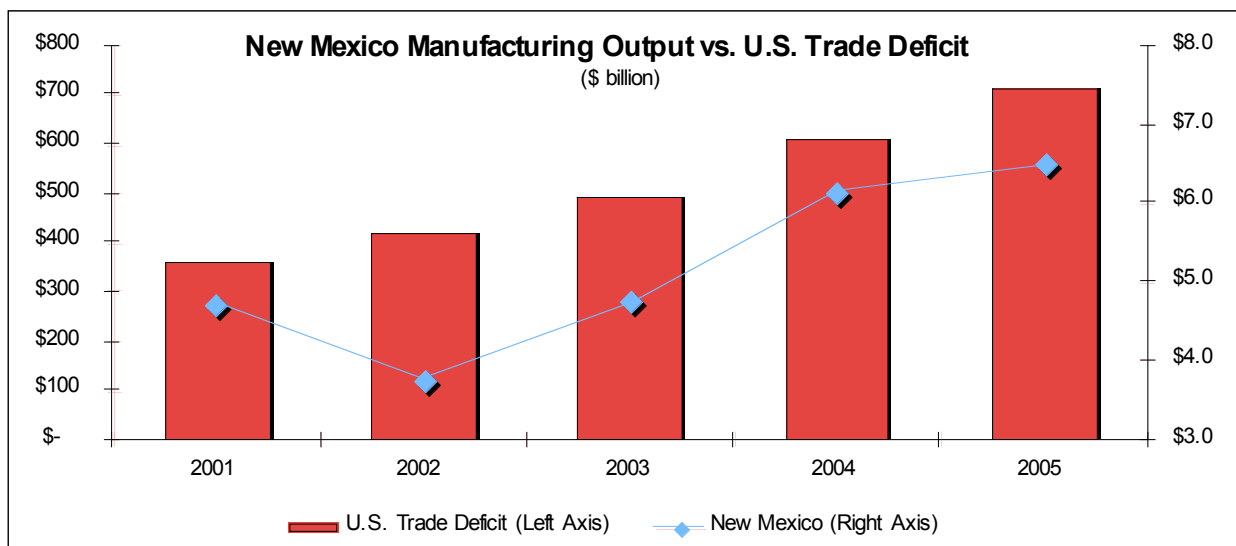
Raw materials, capital goods and industrial products used to manufacture goods in the United States account for approximately half of total U.S. merchandise imports.

- Numerous New Mexico manufacturing sectors benefit from imports.
- New Mexico **machinery and fabricated metal products manufacturers** use **imported steel** to produce goods for the domestic market.
- The state's **high-tech manufacturers** import **some semiconductors** and other parts to keep costs low.

Capital Goods Imports Benefiting New Mexico'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%

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



NEW MEXICO'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 New Mexico's growth, and account for **12.7 percent of state GDP**, nearly one-and-a-half times more than manufacturing.
- Imports comprise a significant portion of New Mexico **transportation and product sales** (both wholesale and retail), which account for **12.9 percent of state GDP**.

NEW MEXICO FAMILIES ENJOY A HIGHER STANDARD OF LIVING BECAUSE OF IMPORTS

Imports help keep prices for New Mexico 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 New Mexico 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)

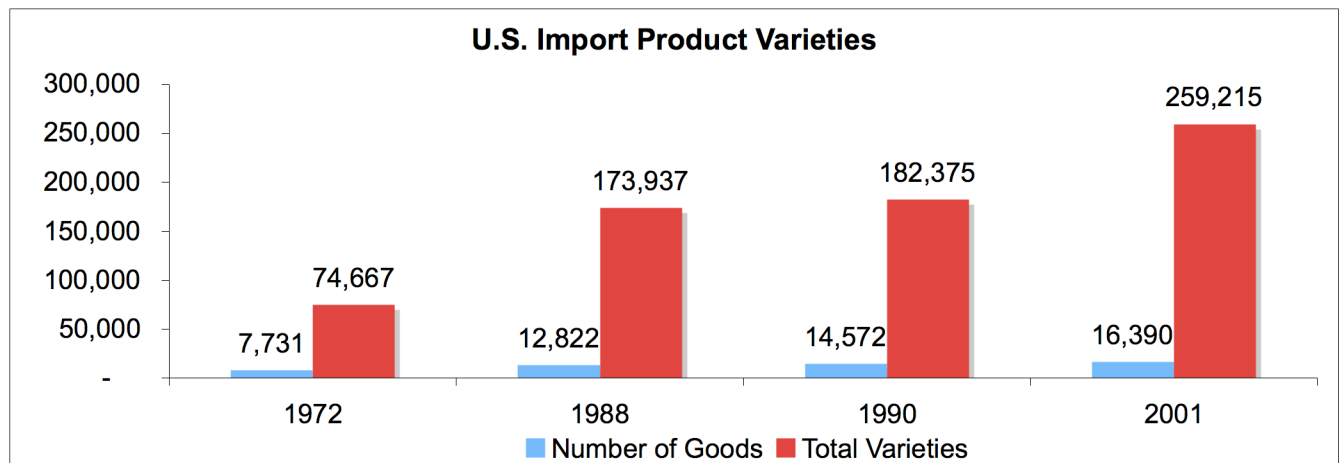
<u>Traded Goods</u>	<u>Price Change</u>
Toys	-36%
Household Appliances	-15%
Clothing	-11%
Footwear	-6%
<u>Non-Traded Goods</u>	
Milk	24%
Margarine	22%
Ice Cream	17%
Sugar	9%

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

- In 2005, 73,000 families in New Mexico 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.

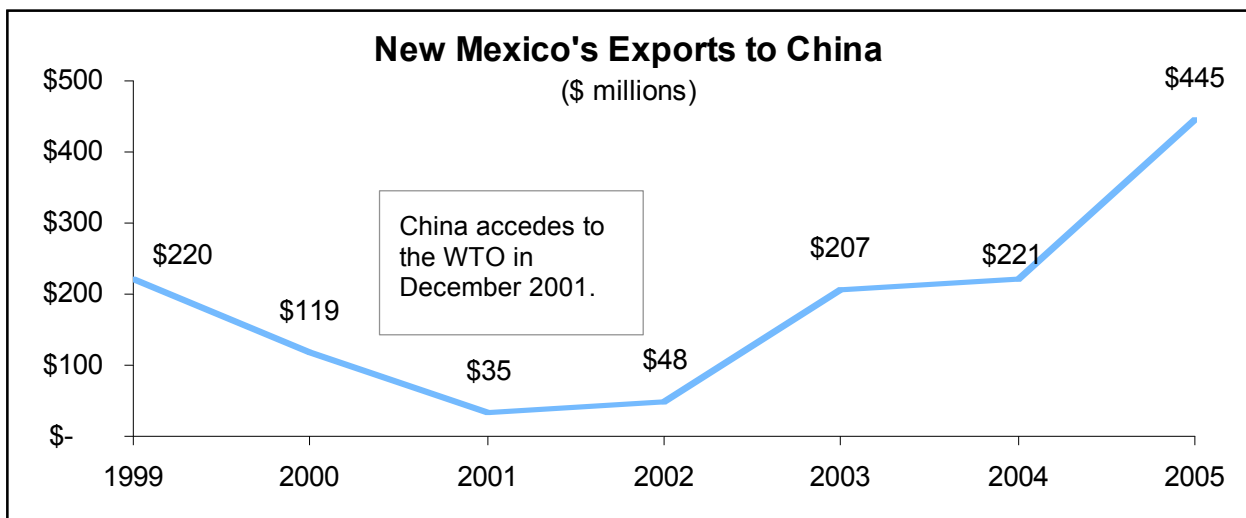
- Trade allows consumers to enjoy products with limited U.S. production (e.g., coffee) as well as out-of-season goods (e.g., strawberries in January).
- The number of product varieties imported by the United States increased fourfold over the last three decades.



MORE OF A GOOD THING FOR NEW MEXICO – 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, New Mexico's exports to Canada have increased \$94 million (237 percent), while exports to Mexico have increased \$111 million (149 percent).
- In 2001, a recession year, New Mexico's total trade with **Canada** generated \$666 million for New Mexico's economy and supported 29,603 jobs.
- Similarly, **China's** accession to the World Trade Organization in late 2001 has had a significant effect on export growth from New Mexico to China.



SOURCES

JOBS

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FOREIGN INVESTMENT

New Mexico Economic Development Department
(http://ww1.edd.state.nm.us/index.php?/news/entry/governor_bill_richardson_secures_european_support_to_increase_trade_tourism/),
(<http://ww1.edd.state.nm.us/images/uploads/publications/06Stratplan%20overview.pdf>)
New Mexico Office of the Governor (<http://www.governor.state.nm.us/priorities-economic.php?mm=4>)
Organization for International Investment (<http://www.ofii.org>)

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STANDARD OF LIVING

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U.S. Department of Commerce (<http://www.bea.gov/>)
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TRADE LIBERALIZATION

U.S. Department of Commerce (<http://tse.export.gov>)
Joseph Francois and Laura Baughman (http://tradepartnership.com/pdf_files/2004_Canada_Jobs.pdf)

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