



MONTANA WORLD TRADE CENTER INTERNATIONAL TRADE AND INVESTMENT SURVEY 2020

MARCH 2021



BUREAU OF BUSINESS AND
ECONOMIC RESEARCH
UNIVERSITY OF MONTANA



WORLD TRADE CENTER®
MONTANA

Acknowledgements

The Montana World Trade Center® (MWTC) thanks all of the businesses that took the time to share information with us. MWTC is grateful to the Montana High Tech Business Alliance, the Montana Manufacturing Extension Center and to its economic development partners from around Montana for their assistance in gaining the cooperation of businesses. In addition, MWTC must recognize the U.S. Small Business Administration for their generous funding of a portion of this study. Thanks must also be given to both the Montana Department of Commerce and the Montana Department of Agriculture for their assistance in disseminating the survey.

Bureau of Business and Economic Research (BBER) is especially grateful to MWTC's Executive Director, Brigitta Miranda-Freer for the extremely professional assistance she provided throughout the study process. Alex Winchell, a research intern at MWTC, reviewed early drafts of this document with great care. Finally, BBER recognizes the outstanding effort of its data collection coordinator Ms. Janet Stevens. Without her efforts none of these important results could be presented.

John Baldrige
Project Manager
Bureau of Business and Economic Research
University of Montana
March 2021

Contents

- Acknowledgements..... 1
- List of Tables and Figures 4
- Executive Summary 6
- Introduction 8
 - Background of this project 8
 - Locations of responding Montana businesses..... 9
 - Methods..... 10
 - About this report..... 10
- Q1. Which industry best represents your company? 11
- Q2. Are you an Exporter, an Importer or both an Exporter and an Importer? 13
- Q3. How many employees does your company have in Montana? 14
- Q4. What is your company’s average annual Montana wage? 16
- Q5. What were your company’s annual revenues in 2020? 17
- Q6. By what percentage do you estimate your company’s annual revenues may increase or decrease next year (2021)?..... 18
- Q7. By what percentage do you estimate your company’s annual Montana wages may increase or decrease next year (2021)? 19
- Q8. About how much money do you anticipate your company will invest in major capital expenditures in Montana next year (2021)?..... 20
- Q9. What three main products/services do you export? Export - for purposes of this survey export refers specifically to shipments of product to markets outside the U.S. 21
- Q10. What is the estimated total U.S. dollar value of your firm’s export (out of the US) sales? Export - for purposes of this survey export refers specifically to shipments of product to markets outside the U.S. 22
- Q11. What distribution channels do you use for export?..... 23
- Q12. To what main three countries do you export your product/service? Export - for purposes of this survey export refers specifically to shipments of product to markets outside the U.S. 24
- Q13. Outside of these existing foreign markets, in what other foreign market are your product/services currently likely to be competitive? 25
- Q14. Why are your products/services likely be competitive in these regions? 26
- Q15. What factors might cause you to become more successful at exporting to these countries? 27
- Q16. Are there export markets that you have an interest in but are particularly difficult to crack? If yes, what are they?..... 28

Q17. Are you thinking that you may have to curtail exporting efforts in the coming year? .	29
Q18. Does your firm currently import (from outside the U.S.) products or services for use in your Montana operations?	30
Q19. What is the estimated annual U.S. dollar value of those imports?.....	31
Q20. Do you have foreign suppliers that might benefit you if they were a resident in Montana?	32
Q21. Is your firm currently seeking investment for expansion of operations in Montana? ...	33
Q22. Does your firm have ownership over 10% by a foreign investor?	34
Q23. Has your firm ever considered seeking Foreign Direct Investment (FDI) or has your firm been approached by a foreign owned entity seeking an ownership interest in your firm?...	35
Q24. Do you know of any majority foreign-owned firms in your area? If Yes please specify which firms.	36
Q25. If your company has international operations, what prevents your company from moving your resources to the U.S. (specifically to Montana) and what would incent this investment?.....	37
Q26. From your perspective, what industry/sectors are likely to make an investment in Montana?	38
Q27-Q28. Has your firm been impacted by U.S. tariffs over the last three years?.....	39
Q29. Please tell us the top three ways your firm’s international operations have been impacted by Covid-19 pandemic.	40
Q30. What competitive advantage, if any, do you attribute to being located in Montana? .	41
Q31. If you are a MWTC member, what is the one most important thing you would like to get out of your Montana World Trade Center® membership?.....	42
Q32. What additional comments do you have? The MWTC is particularly interested in your observations about creating new, high-paying Montana jobs tied to international trade....	43
Bioscience Business Focus.....	44
Specific bioscience industries.....	44
Import / export activity.....	45
Key business characteristics.....	46
Export destinations	47
Difficult export markets	48
Investment options sought.....	49
Impacts of U.S. tariffs.....	50
Competitive advantages of location in Montana.....	51
References	52

List of Tables and Figures

Table 1: Self-assessed firm type	11
Table 2: Distribution of employees by type of business of import / export activity	15
Table 3: Average 2020 revenue	17
Table 4: Median change in 2021 revenue (%).....	18
Table 5: Fastest growing companies.....	18
Table 6: Mean change in 2021 wages (%)	19
Table 7: 2021 major capital expenditure per firm	20
Table 8: Mean 2020 export sales (\$).....	22
Table 9: Firms that may curtail exporting in 2021	29
Table 10: Imports products or services for use in Montana operations.....	30
Table 11: Mean 2020 value of imports per firm.....	31
Table 12: Importer would benefit from a foreign supplier becoming a Montana resident.....	32
Table 13: Firm is currently seeking investment for expansion of operations in Montana.....	33
Table 14: Firm has ownership over 10% by a foreign investor	34
Table 15: Foreign Direct Investment (FDI) experiences	35
Table 16: Key bioscience business characteristics.....	46
Figure 1: Number of responding businesses by zip code.....	9
Figure 2: Industry type	12
Figure 3: Importing or exporting activity	13
Figure 4: Distribution of employees among responding firms	14
Figure 5: Average annual wage.....	16
Figure 6: Most commonly exported products or services in 2020.....	21
Figure 7: Export distribution channels	23
Figure 8: Export destinations	24
Figure 9: Other potential export markets	25
Figure 10: Reasons exports will be competitive	26
Figure 11: Factors that would increase export success	27
Figure 12: Interesting export markets that are difficult to crack.....	28
Figure 13: Factors that prevent moving international operations to Montana	37
Figure 14: Industries or sectors that are likely to invest in Montana	38
Figure 15: Impact of U.S. tariffs over the last 3 years.....	39
Figure 16: Top impacts of COVID-19 on businesses.....	40
Figure 17: Competitive advantage from being located in Montana	41
Figure 18: MWTC membership benefits sought.....	42
Figure 19: Additional comments	43
Figure 20: Specific industry of bioscience firms (NAICS 2017)	44
Figure 21: Import / export activity of bioscience companies.....	45
Figure 22: Bioscience export destinations	47
Figure 23: Difficult export markets for bioscience businesses to crack	48
Figure 24: % of companies that have interest in various options to obtain investment in their bioscience company.....	49
Figure 25: Bioscience business experiences with U.S. tariffs over the last 3 years.....	50

Figure 26: Competitive advantages conferred by being based in Montana cited by bioscience firms..... 51

Executive Summary

The purpose of the Montana World Trade Center® International Trade and Investment Survey is to illuminate key characteristics of Montana businesses that engage in international trade. These characteristics demonstrate the importance of international trade to Montana's economy in terms of jobs produced, wages paid and revenue generated. The findings of this survey also provide information that business and government decision makers can use to grow Montana's international trade portfolio.

This survey was sponsored by the Montana World Trade Center® and was administered by University of Montana's Bureau of Business and Economic Research. The survey was conducted in late 2020. Of the 245 businesses asked to respond to this survey, 100 (41%) participated.

The statements that follow highlight the central findings of this survey:

- The responding businesses reported that they employed a total of 3,358 Montanans in 2020.
- On average, the responding businesses reported employing 34 Montanans per business.
- The responding businesses paid their Montana employees an average annual wage of \$61,000 in 2020. This average is considerably higher than the Montana average annual wage of \$45,370 as reported in July 2020 by the Montana Department of Labor and Industry.
- These businesses paid a total of \$204,840,000 in wages to Montana workers in 2020.
- The responding businesses averaged \$14,380,000 per business in annual revenue in 2020. Readers should keep in mind that revenue here is the total for the entire company and not just revenue earned by the company in Montana.
- Total revenue for these companies in 2020 was \$1.4 billion.
- The average anticipated change per firm in annual revenue in 2021 is an increase of 23%.
- The 2021 average estimate per firm for the change in annual wages is an 8% increase.
- Of the 100 responding businesses, 90 reported they export products or services.
- 78 exporting businesses reported the sales value of their products or services exported to markets outside the U.S. The total sales value reported was \$676,000,000 in 2020.
- The average total export sales value per business was \$8,664,000 in 2020.
- A plurality of the participating export firms (29) distribute their products or services directly or via the internet.
- The top 5 export markets for these firms were: Canada, United Kingdom, Australia, Germany and Japan.
- Improved marketing was the top ranked factor (16 firms) that would cause the responding firms to be more successful exporting.
- About three-quarters of the 83 firms (74%) that answered the question about importing, reported importing products or services for use in Montana operations.
- The total 2020 value of imports reported by the participating businesses was \$196,437,000.
- The average 2020 value of imports per business was \$3,220,000.

- About three in ten responding businesses (29%) said they are currently seeking investment for expansion of operations in Montana.
- More firms (18) said that the tech sector was most likely to make an investment in Montana when compared with any other industry or sector.
- A majority of responding businesses (53%) said that their firm was negatively impacted by U.S. tariffs over the last three years.
- The most frequently cited impact of the COVID-19 pandemic on responding firms was delayed or prevented incoming transport of components or supplies.
- More responding businesses (17) cited Montana's quality of life as a competitive advantage conferred by being located in Montana when compared to any other advantage.

Introduction

The purpose of the Montana World Trade Center® Survey is to illuminate key characteristics of Montana businesses that engage in international trade. These characteristics demonstrate the importance of international trade to Montana's economy in terms of jobs produced, wages paid and revenue generated. The findings of this survey also provide information that business and government decision makers can use to grow Montana's international trade portfolio.

Background of this project

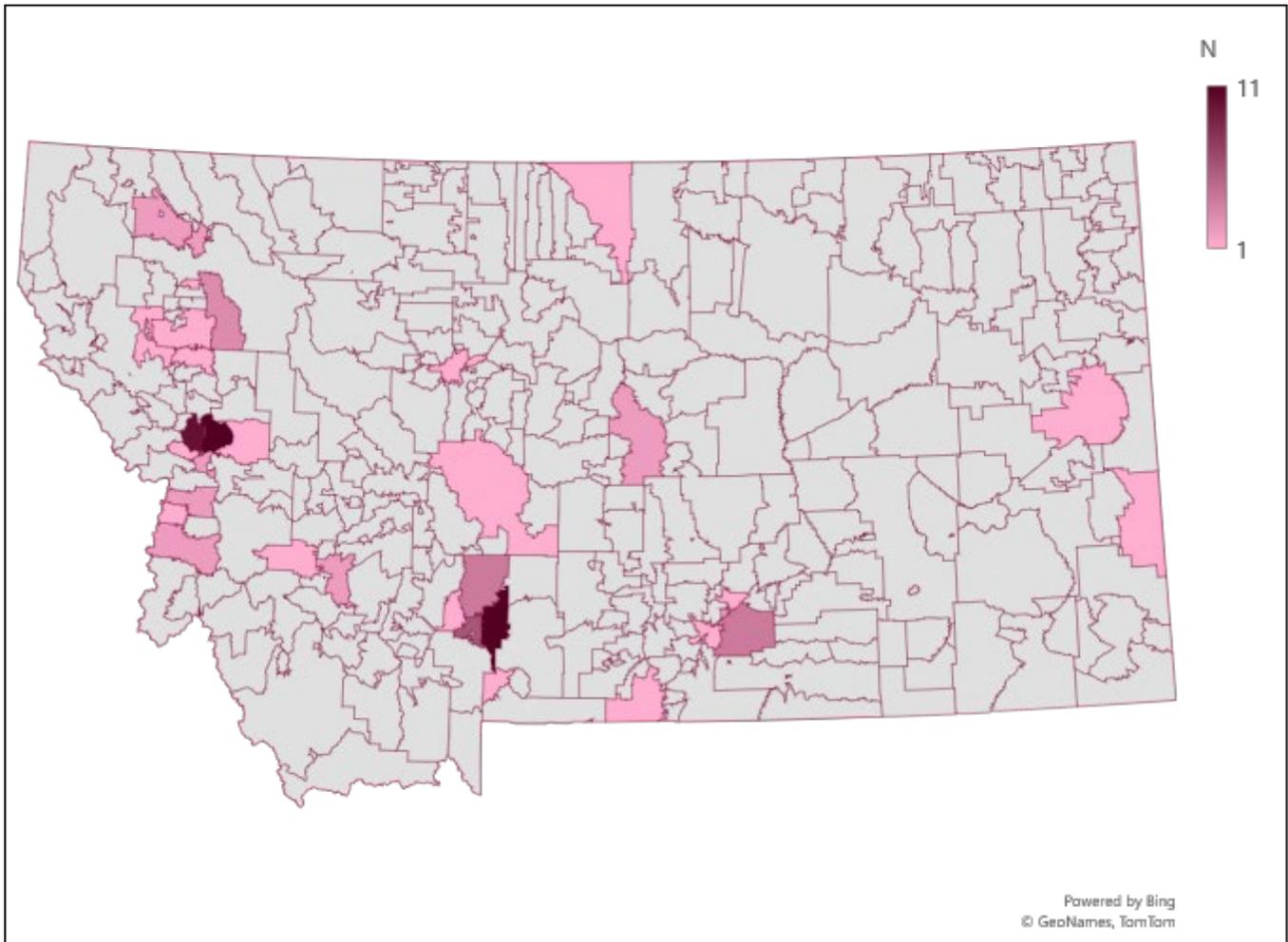
Growing international trade in Montana is central to the mission of the Montana World Trade Center® (MWTC), a longstanding program of the University of Montana. MWTC is part of the World Trade Centers® Association (WTCA), which includes nearly 300 World Trade Centers® (WTCs) in 100 countries around the globe.

MWTC's work falls into three primary areas. First, by integrating the extended resources available through the University system, compiling and analyzing information obtained through the World Trade Centers® Association, governmental organizations, trade associations, professional networking, and comprehensive primary and secondary research, MWTC trade specialists and students serve as an on-demand extension to businesses across Montana. Second, MWTC offers myriad trainings and forums relating to international business and trade each year. Finally, MWTC spearheads initiatives statewide that help grow Montana's international trade and investment portfolio. <http://www.mwtc.org>.

Locations of responding Montana businesses

As Figure 1 demonstrates, the Montana World Trade Center® International Trade and Investment Survey collected data from international trading businesses located across Montana.

Figure 1: Number of responding businesses by zip code



The responding international trade businesses were most frequently located in Bozeman or Missoula. Important concentrations of responding international trade businesses were also located in Billings, Butte, Kalispell and the Bitterroot Valley.

Methods

This survey was sponsored by the Montana World Trade Center® and was administered by University of Montana's Bureau of Business and Economic Research (BBER). The survey was conducted in late 2020. Of the 245 businesses asked to respond to this survey, 100 (41%) participated. (AAPOR, 2016)

The data for this survey were collected by administering a questionnaire via the internet to a list of businesses provided by the MWTC. BBER used Qualtrics survey research software to manage this survey. (Qualtrics, 2020) . Data were collected using industry standard methods. (Dillman, Smyth, & Christian, 2014) The questionnaire invitation was transmitted by email and respondents are asked to click on a hyperlink to access the online questionnaire. MWTC's Executive Director, Brigitta Miranda-Freer, assisted significantly by conducting additional non-respondent prompts and helping to manage the respondent list. The questionnaire was developed by the MWTC in consultation with BBER.

Following receipt of the survey responses, the data were inspected to ensure no duplicate cases were included and to correct any obvious typos made by respondents. Appropriate variable and value labels were added to the data set. Appropriate composite variables and flags were added to the data set to facilitate the analysis process.

BBER conducted a statistical analysis of the survey data using statistical analysis computer software packages SPSS and SAS. (IBM Corporation, 2019) (SAS, 2020) BBER analyzed the data collected using frequencies, cross-tabulations, standard measures of central tendency (mean, median, and mode), sums and ratios. (Heeringa, West, & Berglund, 2017) BBER used an industry standard technique called multiple imputation to estimate values of responses to key survey items that were left blank by respondents. (Rubin, 1987) (Berglund & Heeringa, 2014)

About this report

This report presents the findings of the Montana World Trade Center® International Trade and Investment Survey in the order questions appeared in the questionnaire. The exact question language is displayed at the top of each page to provide context necessary for understanding responses. Following the presentation of the overall findings of the survey, this report focuses on the responses of bioscience businesses. MWTC is an integral partner on a federal contract from the U.S. Small Business Administration called the Montana Bioscience Cluster Initiative (MTBSCI), that works to grow the bioscience cluster across Montana. Finally, this report presents the references that underpin the methods used for the study. For the purposes of this analysis, responses from four firms that are classified under NAICS digit 7 or 8 are included in reports of overall means or medians or percentages. The four firms are excluded from reports or results by business type because they are so few and because they are so small.

Q1. Which industry best represents your company?

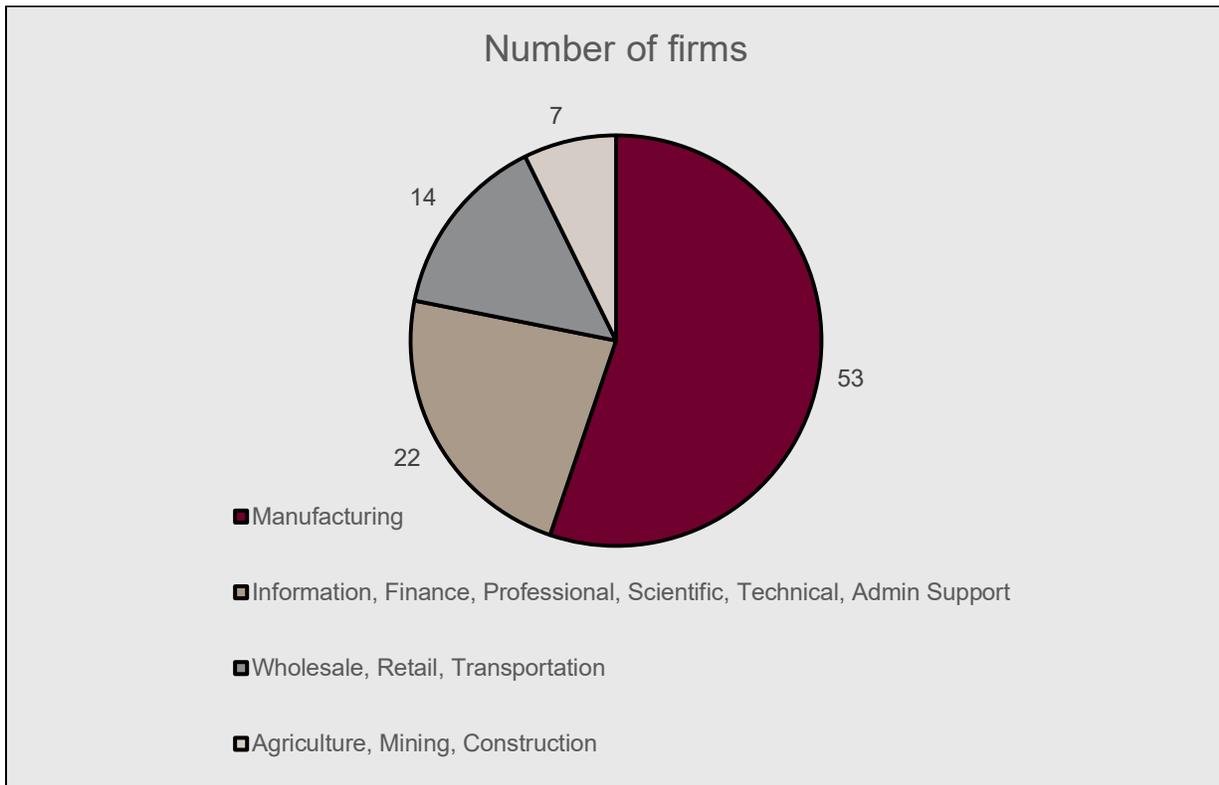
About one-third of the firms that participated in this survey classified themselves as manufacturing firms (32%). Table 1 describes the types of firms that responded to the survey. Another 15% described themselves as consumer products firms. One in ten firms (10%) said that they are biotechnology firms.

Table 1: Self-assessed firm type

	%
Manufacturing	32%
Consumer Products	15%
Other	13%
Biotechnology	10%
Software/SaaS	6%
Energy/Extractive Minerals	5%
Aerospace/Automotive/Transportation	3%
Medical/Healthcare Devices	3%
Professional Services	3%
Consulting	2%
Engineering	2%
Advertising/Marketing	1%
Data Analytics	1%
Digital Media/Broadcasting/Publishing	1%
Ecommerce	1%
Nanotechnology	1%
Construction	1%
Total	100%

A second useful way to classify the responding businesses is by their 2017 North American Industry Classification System (NAICS) code. (Executive Office of the President, Office of Management and Budget, 2017) BBER assigned each business a NAICS code. Those classifications are summarized in Figure 2 below. Just over half of the 100 responding businesses were classified by BBER as manufacturing businesses (53). One-fifth of the businesses (22) were classified as information, finance, professional, scientific, technical or admin support. BBER assessed that 14 of the businesses were wholesale, retail or transportation firms.

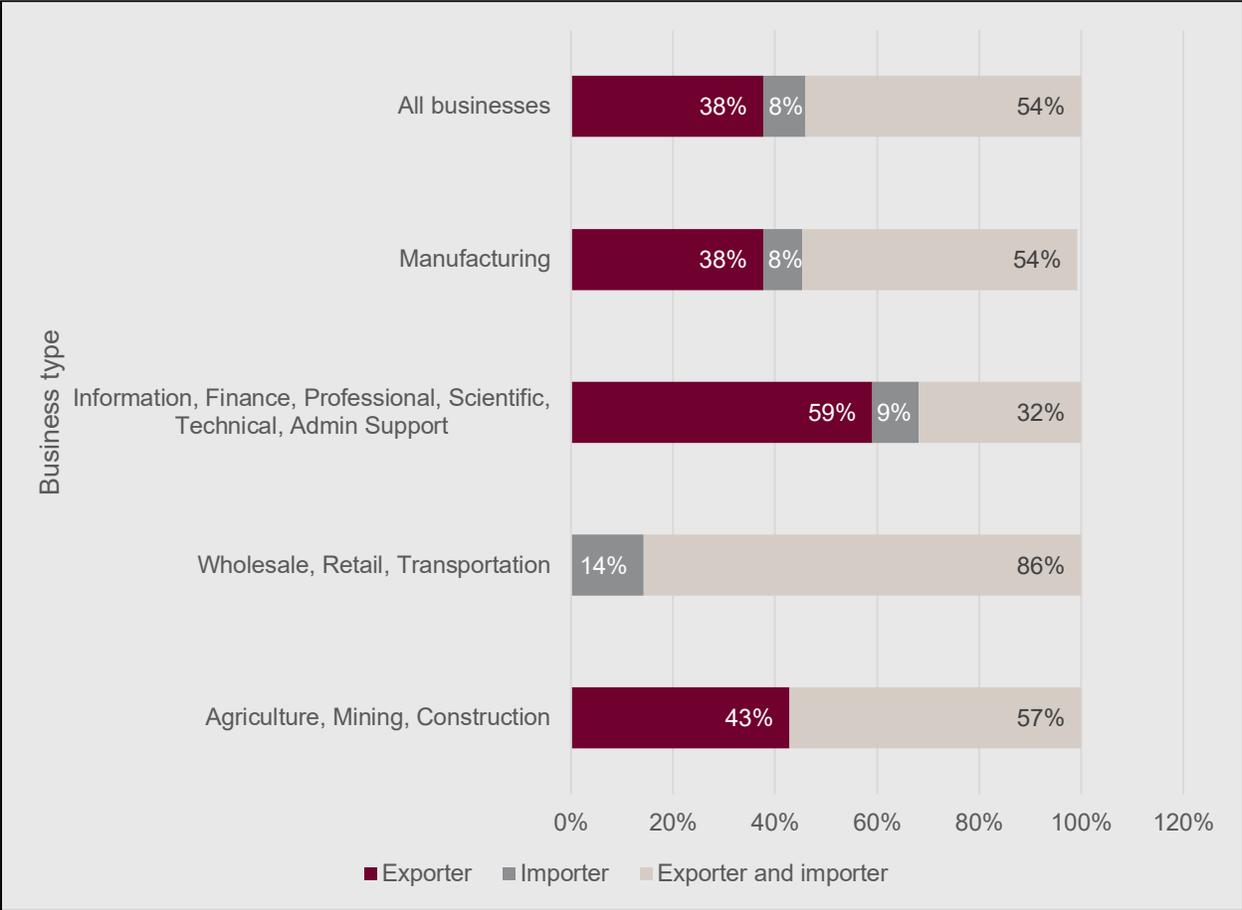
Figure 2: Industry type



Q2. Are you an Exporter, an Importer or both an Exporter and an Importer?

A majority of the firms that responded to this survey reported that they engage in both importing and exporting (54%). Figure 3 presents firms' reports on their importing or exporting activity.

Figure 3: Importing or exporting activity

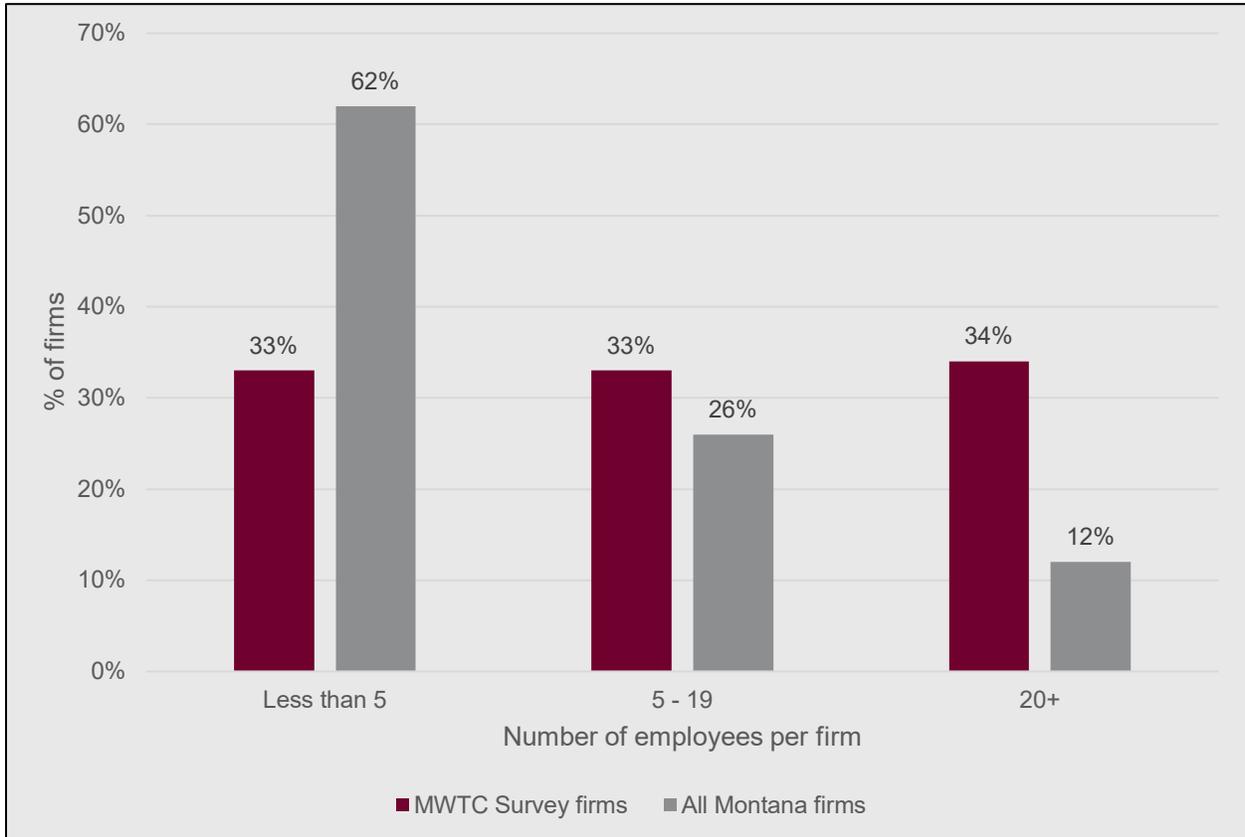


Just over one third of the businesses (38%) reported that they engage in exporting only. 8% of businesses said that they only import goods.

Q3. How many employees does your company have in Montana?

The 100 responding businesses reported that they employed a total of 3,358 Montanans in 2020. On average, the responding businesses reported employing 34 Montanans per business. The median responding firm reported employing 9 Montanans. Figure 4 presents the percentage distribution of responding businesses by the number of Montanans they employed in 2020.

Figure 4: Distribution of employees among responding firms



The responding firms employ more workers per firm than do all firms in Montana. One third of responding firms (34%) reported employing 20 or more employees, while only 12% of all Montana firms employ 20 or more employees. (U.S. Census Bureau, 2018) On the other end of the spectrum, one third of responding businesses said they employ fewer than 5 employees, but 62% of all Montana businesses employ fewer than 5 employees.

More agriculture, mining or construction businesses reported employing 20+ Montana workers (71% of firms) than did other types of businesses. Table 2 below presents the distribution of Montana workers employed by various types of business. Manufacturing businesses were next ranked in the proportion of those businesses employing 20+ workers (43%). When examining responding businesses by import / export activity, those businesses that both imported and exported goods were highest ranked in proportion of firms employing 20+ workers (42%).

Table 2: Distribution of employees by type of business of import / export activity

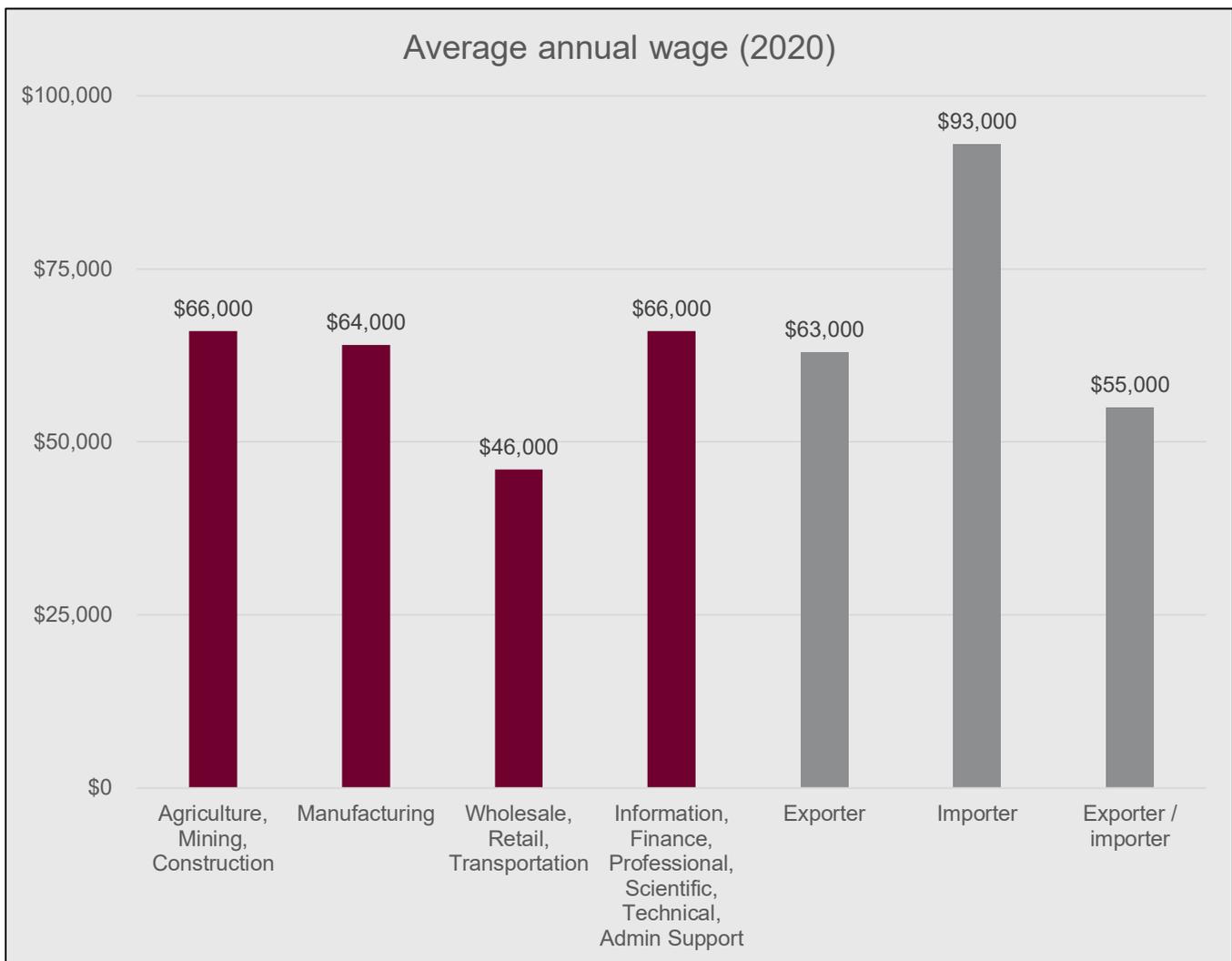
Type of business or import / export activity	Number of Montana Employees		
	< 5	5 - 19	20+
Agriculture, Mining, Construction	29%		71%
Manufacturing	17%	40%	43%
Wholesale, Retail, Transportation	36%	43%	21%
Information, Finance, Professional, Scientific, Technical, Admin Support	64%	23%	13%
Exporter	35%	38%	27%
Importer	50%	25%	25%
Exporter / importer	28%	30%	42%

Q4. What is your company's average annual Montana wage?

The responding businesses paid their Montana employees an average annual wage of \$61,000 in 2020. This average is considerably higher than the Montana average annual wage of \$45,370 as reported in July 2020 by the Montana Department of Labor and Industry. (Montana Department of Labor and Industry, 2020) These businesses paid a total of \$204,840,000 in wages to Montana workers in 2020.

Figure 5 displays the average annual wage paid by the various types of responding business and by their import / export activity.

Figure 5: Average annual wage



Q5. What were your company's annual revenues in 2020?

The 100 responding businesses averaged \$14,380,000 in annual revenue in 2020. Total revenue for these companies in 2020 was \$1.4 billion. Readers should keep in mind that revenue here is the total for the entire company and not just revenue earned by the company in Montana.

Table 3 below displays the average 2020 revenue earned by the various industry types of the responding businesses and by their import / export activity.

Table 3: Average 2020 revenue

Type of business or import / export activity	Average 2020 Revenue
Agriculture, Mining, Construction	\$58,483,000
Manufacturing	\$11,064,000
Wholesale, Retail, Transportation	\$22,267,000
Information, Finance, Professional, Scientific, Technical, Admin Support	\$5,790,000
Exporter	\$11,423,000
Importer	\$12,528,000
Exporter / importer	\$17,251,000

Q6. By what percentage do you estimate your company’s annual revenues may increase or decrease next year (2021)?

Of the 100 businesses that responded to this survey, 79 provided an estimate of the percentage that their 2021 revenue may increase or decrease. The average anticipated change in annual revenue is an increase of 23%. This average is influenced by some firms that had low revenue in 2020 and anticipate relatively large gains in 2021. The median anticipated change in 2021 revenue is an increase of 10%. Table 4 below presents the (more stable) median anticipated change in revenue for 2021 by type of business and by the business’s import / export activity.

Table 4: Median change in 2021 revenue (%)

Type of business or import / export activity	Median change in 2021 revenue (%)
Agriculture, Mining, Construction	2%
Manufacturing	11%
Wholesale, Retail, Transportation	10%
Information, Finance, Professional, Scientific, Technical, Admin Support	12%
Exporter	10%
Importer	0%
Exporter / importer	10%

The following are the specific industry classifications of the fastest growing companies with regard to revenue in 2021:

Table 5: Fastest growing companies

NAICS (2017)	Rank
Small arms ammunition manufacturing	1
Electric apparatus manufacturing	2
Miscellaneous chemical production	3
Direct sales	3
Management consulting services	3
Biotech research	3
Software publishers	4
Plastic manufacturing	5

Q7. By what percentage do you estimate your company’s annual Montana wages may increase or decrease next year (2021)?

77 responding businesses estimated the anticipated percentage change in annual Montana wages their company would pay in 2021. The 2021 average estimate for these companies was an 8% increase. This mean was not particularly influenced by outliers as was the estimate of change in annual revenue. Table 6 displays the average anticipated change in annual wages that will be paid to Montana workers in 2021 by business type and import / export activity.

Table 6: Mean change in 2021 wages (%)

Type of business or import / export activity	Mean change in 2021 wages (%)
Agriculture, Mining, Construction	2%
Manufacturing	6%
Wholesale, Retail, Transportation	18%
Information, Finance, Professional, Scientific, Technical, Admin Support	4%
Exporter	3%
Importer	8%
Exporter / importer	11%

Q8. About how much money do you anticipate your company will invest in major capital expenditures in Montana next year (2021)?

The 76 firms who responded to this question estimated that, on average, they will spend \$4,676,000 on major capital expenditures in 2021. This estimate of the average 2021 major capital expenditure per firm is influenced by one firm's particularly large anticipated expenditure. The (more stable) median estimated per company expenditure for 2021 is \$63,000. Table 7 presents the 2021 median per firm major capital expenditure by business type and import / export activity.

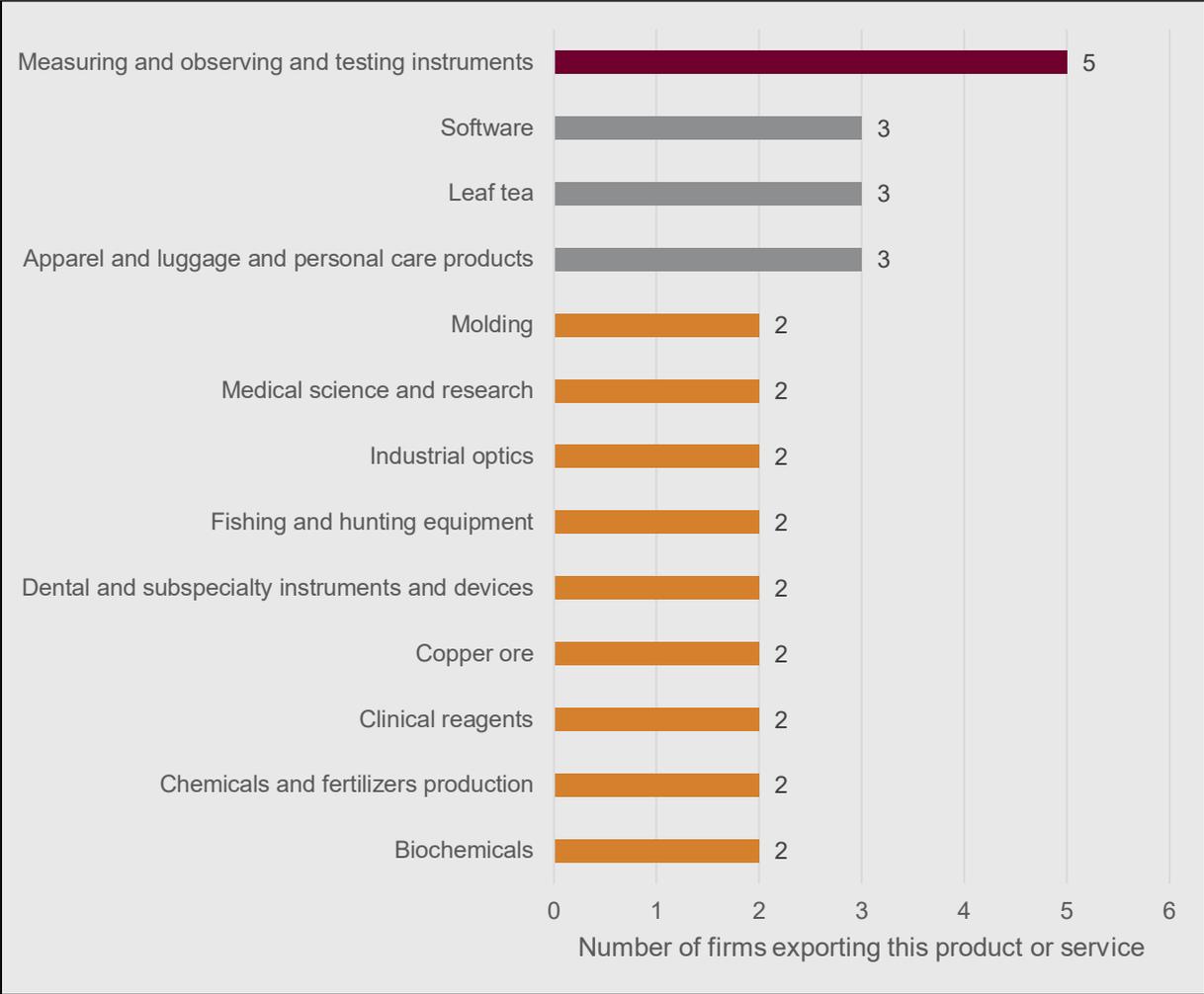
Table 7: 2021 major capital expenditure per firm

Type of business or import / export activity	Median 2021 major capital expenditure
Agriculture, Mining, Construction	\$700,000,000
Manufacturing	\$100,000
Wholesale, Retail, Transportation	\$65,000
Information, Finance, Professional, Scientific, Technical, Admin Support	\$35,000
Exporter	\$70,000
Importer	\$0
Exporter / importer	\$100,000

Q9. What three main products/services do you export? Export - for purposes of this survey export refers specifically to shipments of product to markets outside the U.S.

The exporting businesses that responded to this survey reported exporting 81 different products or services in 2020, or about 1.2 products or services per business. (United Nations Development Program, 2020) Figure 6 below lists the most commonly exported products or services as reported by the responding businesses.

Figure 6: Most commonly exported products or services in 2020



Q10. What is the estimated total U.S. dollar value of your firm’s export (out of the US) sales? Export - for purposes of this survey export refers specifically to shipments of product to markets outside the U.S.

The 78 exporting businesses that responded to question 10 reported sales of products or services to markets outside the U.S. with a total sales value of \$676,000,000 in 2020. The average total export sales value per business was \$8,664,000 in 2020, and the median total export sales value per business was \$263,000 in 2020. Table 8 presents average 2020 export sales by business type.

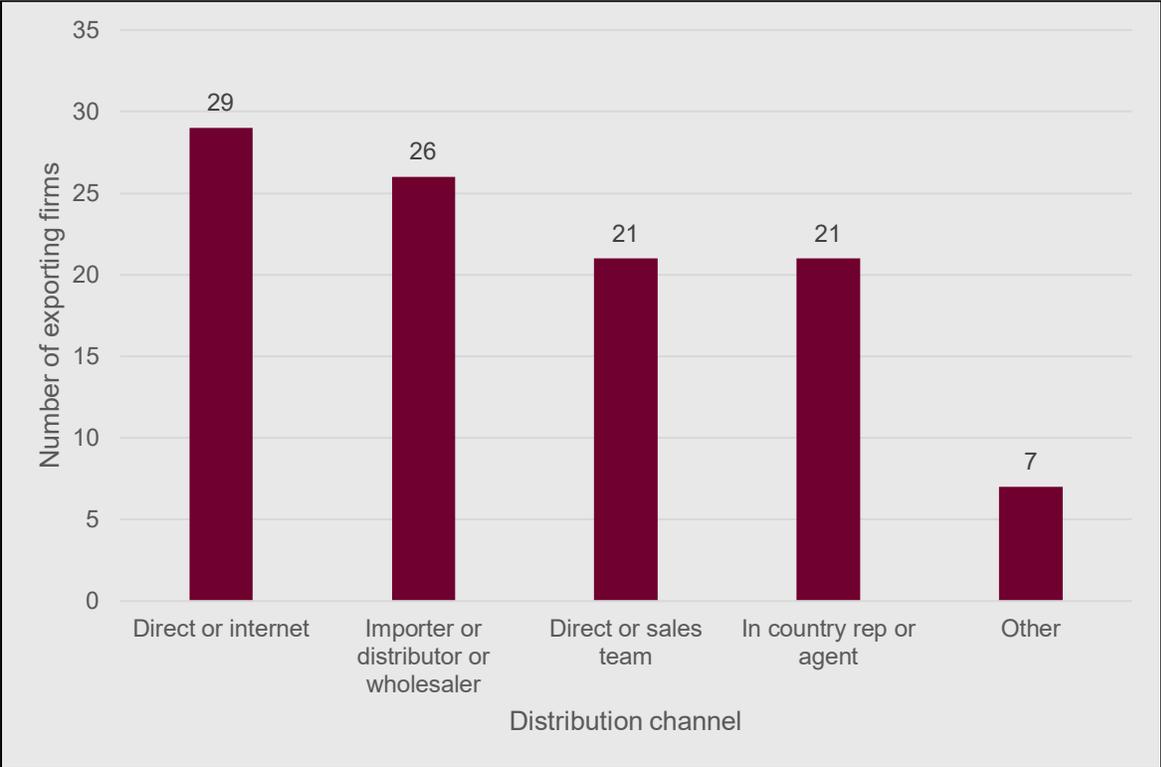
Table 8: Mean 2020 export sales (\$)

Type of business	Mean 2020 export sales
Agriculture, Mining, Construction	\$34,685,000
Manufacturing	\$6,433,000
Wholesale, Retail, Transportation	\$11,558,000
Information, Finance, Professional, Scientific, Technical, Admin Support	\$2,417,000

Q11. What distribution channels do you use for export?

A plurality of the participating export firms (29) distribute their products or services directly or via the internet. Figure 7 illustrates the frequency of use of various export distribution channels by firm in 2020.

Figure 7: Export distribution channels

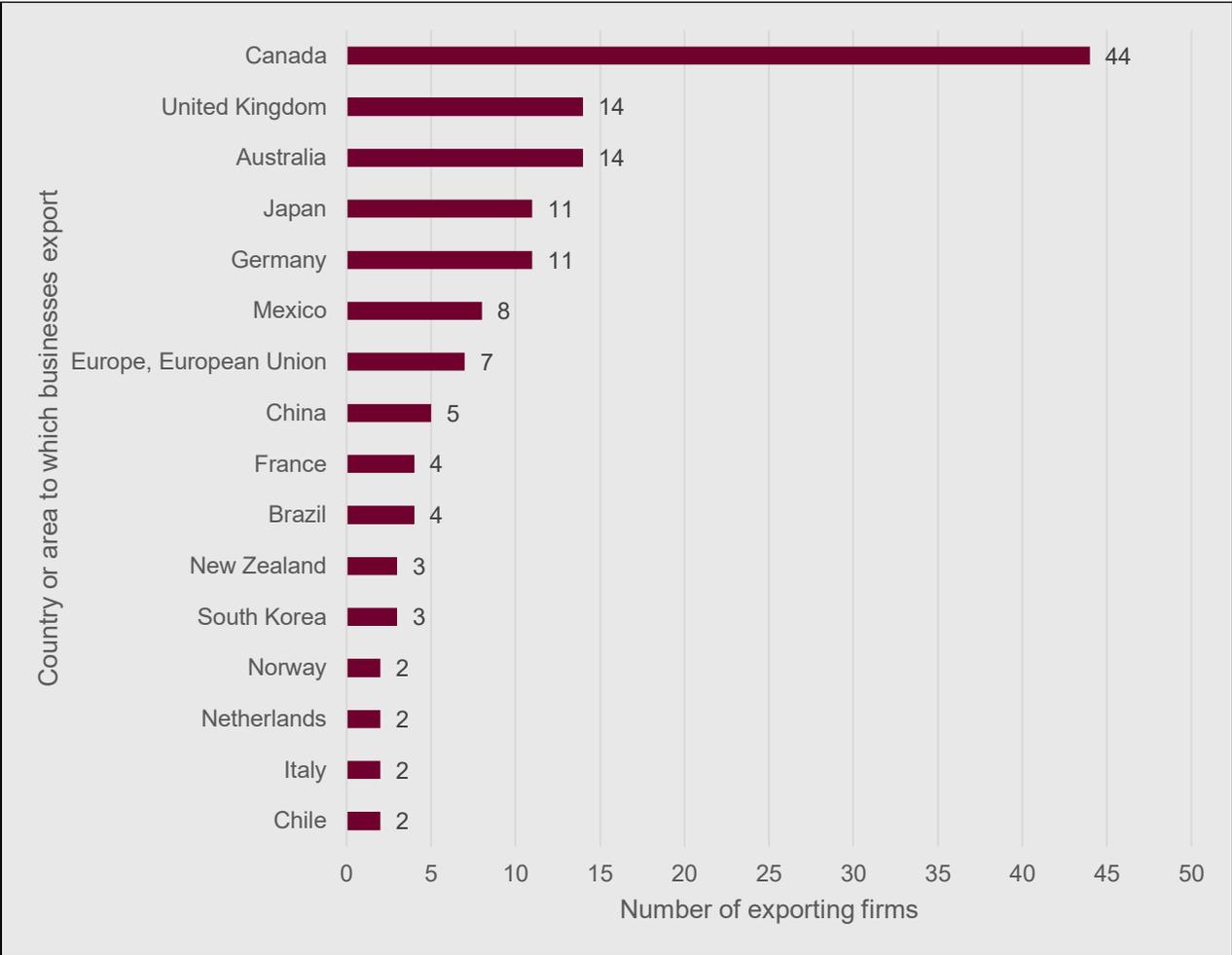


Slightly fewer businesses (26) use an importer, distributor or wholesaler. In terms of use, the 3rd ranked distribution channel (21 businesses) was tied between direct (21 businesses) and an in-country representative or agent.

Q12. To what main three countries do you export your product/service?
Export - for purposes of this survey export refers specifically to shipments of product to markets outside the U.S.

Exporting businesses that responded to this survey reported exporting products or services to 35 different countries or regions throughout the world. (ISO 3166 Maintenance Agency, 2020) Canada was the dominant destination for exports (44 firms). Figure 8 describes the distribution of top destinations for exports among the businesses surveyed.

Figure 8: Export destinations

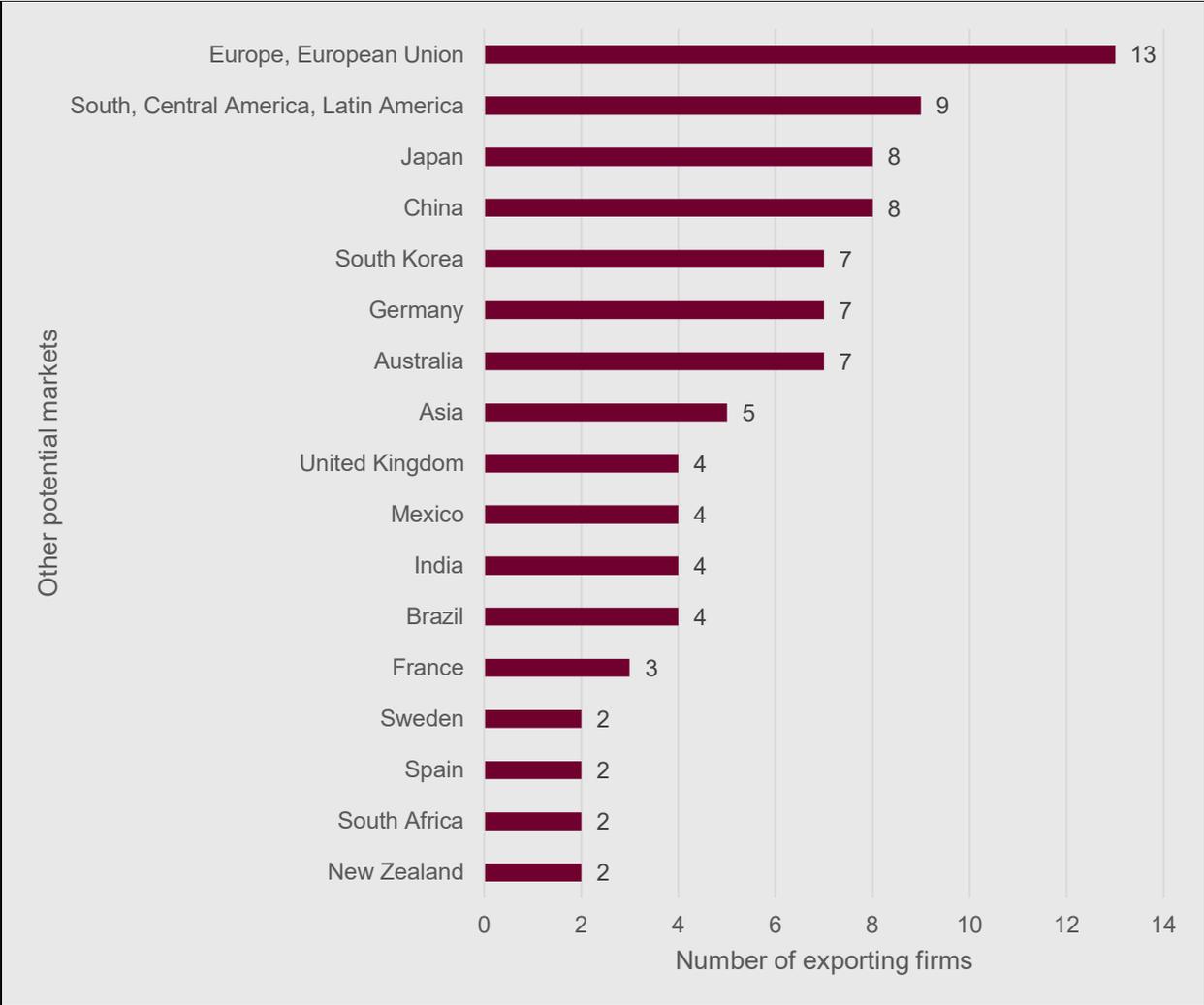


The United Kingdom and Australia ranked 2nd (14 firms) as an export destination. Japan and Germany tied as the 3rd ranked destination (11 firms) for exports among the businesses that participated in the survey.

Q13. Outside of these existing foreign markets, in what other foreign market are your product/services currently likely to be competitive?

Exporting businesses reported a total of 32 additional countries or regions that they viewed as potential markets. A plurality of responding firms (13) cited the European Union as a foreign market in which their product or service may be competitive. Figure 9 displays the distribution of top potential foreign markets for exporting firms.

Figure 9: Other potential export markets

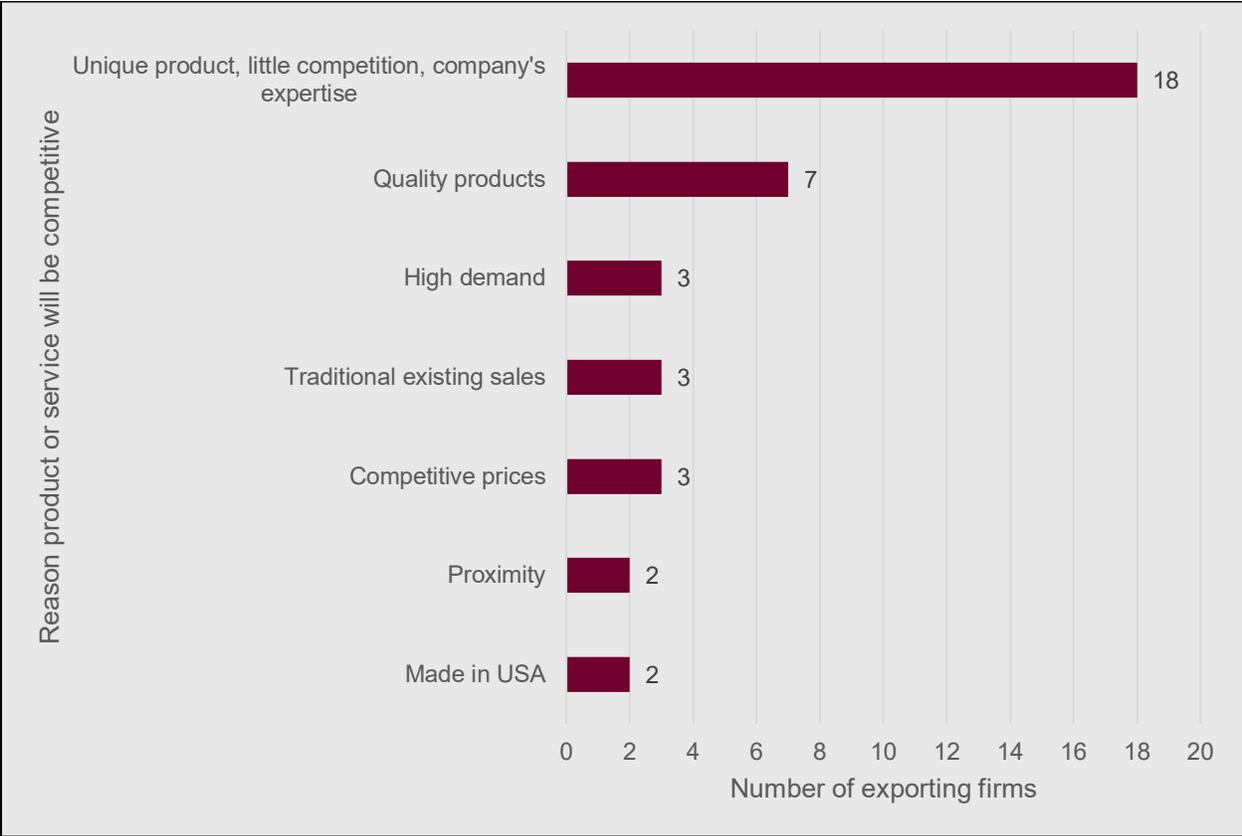


South America, Central America and Latin America were the areas ranked 2nd (9 firms) as potential markets. Japan and China were tied for the 3rd ranked countries (8 firms).

Q14. Why are your products/services likely be competitive in these regions?

Most exporting firms (18) said that the reason they expected their products or services to be competitive were that their product was unique, there was little competition or their company’s expertise was substantial. Figure 10 describes the range of reasons cited by responding firms.

Figure 10: Reasons exports will be competitive

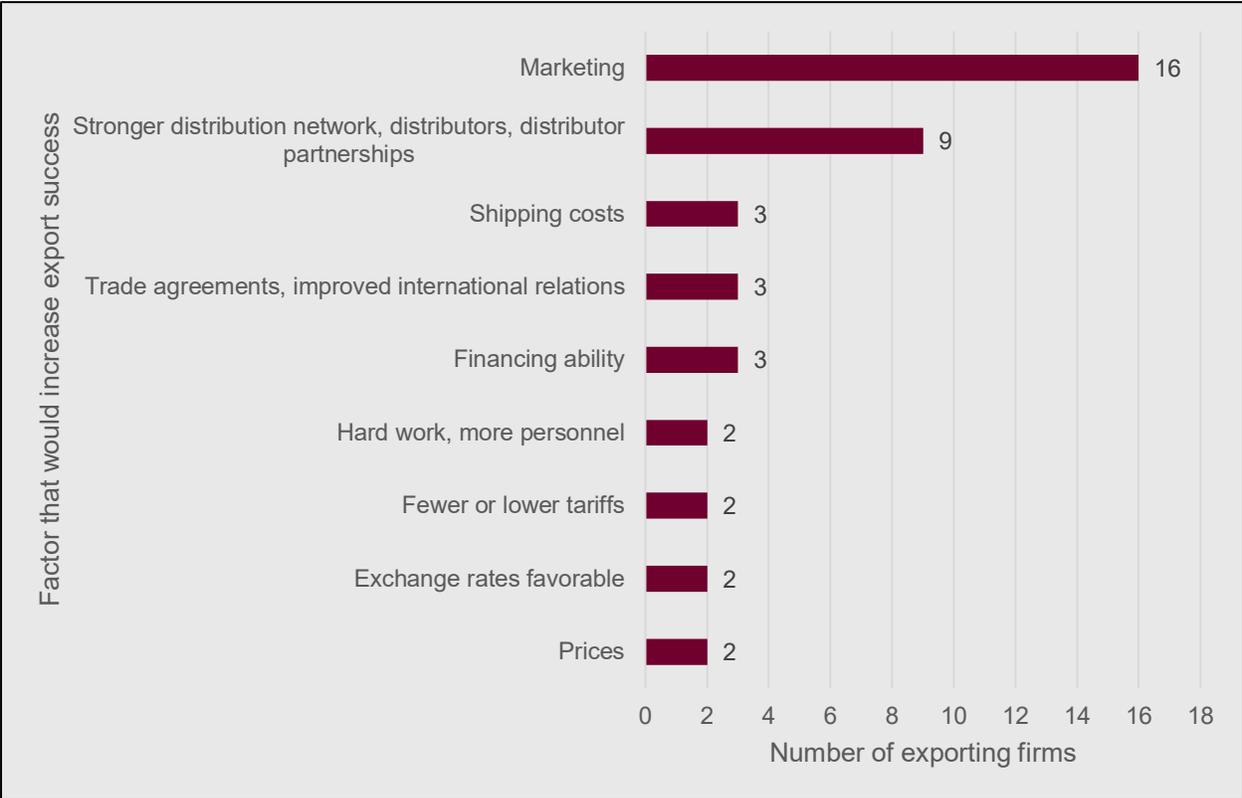


The 2nd ranked competitive edge cited by firms (7) was the quality of their product. Three advantages tied for 3rd rank: high demand, traditional or existing sales in the country / region and the competitive price of the product.

Q15. What factors might cause you to become more successful at exporting to these countries?

Improved marketing was the top ranked factor (16 firms) that would cause the responding firms to be more successful exporting. Figure 11 presents the top ranked factors mentioned by firms.

Figure 11: Factors that would increase export success

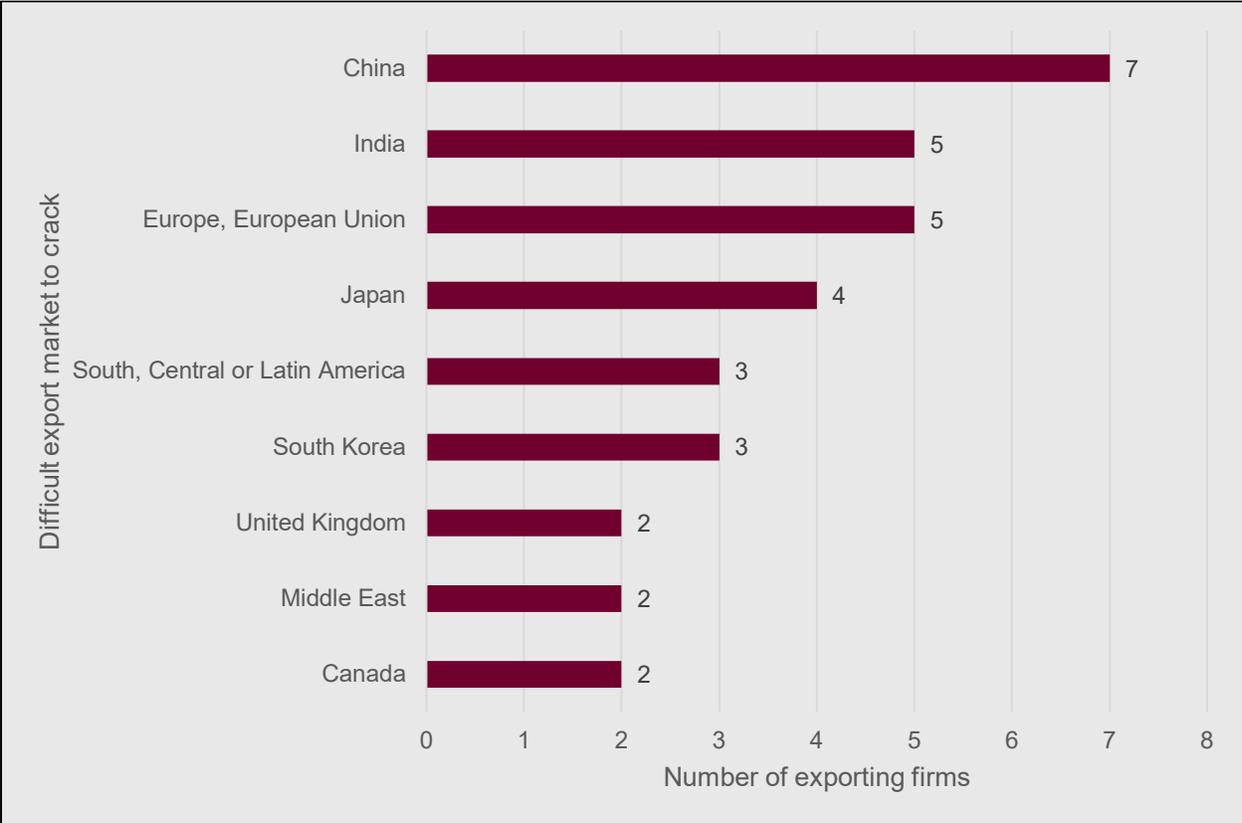


Obtaining a stronger distribution network, distributors or distributor partnerships was the 2nd ranked success factor (9 firms). 3 factors tied for the 3rd ranking among firms (3 firms): 1) reduced shipping costs, 2) improved trade agreements or international relations and 3) increased financing.

Q16. Are there export markets that you have an interest in but are particularly difficult to crack? If yes, what are they?

Of the 68 firms that provided an answer to question 16, 33 (48%) answered Yes - there are export markets in which they are interested but are hard to crack. 35 firms (52%) answered No. China was most frequently mentioned (7 firms) as a market in which firms were interested but had difficulty gaining access. Figure 12 displays the top markets in which firms were interested but had difficulty gaining access.

Figure 12: Interesting export markets that are difficult to crack



India and the European Union were tied as the 2nd ranked markets (5 firms) that were interesting but difficult to crack. Japan was the 3rd ranked market (4 firms).

Q17. Are you thinking that you may have to curtail exporting efforts in the coming year?

Ten firms (14% of responding firms) stated that they may have to curtail exporting efforts in 2021, while 60 firms (86%) stated they would not curtail exporting. Table 9 presents the proportion of businesses that may curtail exporting in 2021 by the type of business.

Table 9: Firms that may curtail exporting in 2021

Type of business	May curtail exporting in 2021	
	Yes	No
Agriculture, Mining, Construction	25%	75%
Manufacturing	10%	90%
Wholesale, Retail, Transportation		100%
Information, Finance, Professional, Scientific, Technical, Admin Support	27%	72%

All wholesale, retail or transportation companies reported that they will continue exporting in 2021. Nine in ten (90%) of manufacturing firms will continue exporting in 2021. About three-quarters of agriculture, mining or construction companies (75%) and information, finance, professional, scientific, technical and admin support companies (72%) will continue exporting in 2021.

Q18. Does your firm currently import (from outside the U.S.) products or services for use in your Montana operations?

About three quarters of the 83 firms that responded to this question (74%) reported importing products or services for use in Montana operations, while 26% reporting importing no products or services. Table 10 describes the proportions of businesses that import products or services by the type of business.

Table 10: Imports products or services for use in Montana operations

Type of business	Imports products or services for use in Montana operations	
	Yes	No
Agriculture, Mining, Construction	57%	43%
Manufacturing	73%	27%
Wholesale, Retail, Transportation	100%	
Information, Finance, Professional, Scientific, Technical, Admin Support	64%	36%

All of the responding wholesale, retail, or transportation companies (100%) import products or services for use in Montana operations. Nearly three-quarters of manufacturing firms (73%) reported importing products or services. Among information, finance, professional, scientific, technical or admin support companies 64% said they import products or services.

Q19. What is the estimated annual U.S. dollar value of those imports?

The total 2020 value of imports reported by the 61 participating importing businesses was \$196,437,000. The average 2020 value of imports per business was \$3,220,000, while the median 2020 value per firm was \$200,000. Table 11 presents the average 2020 value of imports by business type.

Table 11: Mean 2020 value of imports per firm

Type of business	Mean 2020 value of imports
Agriculture, Mining, Construction	\$15,087,000
Manufacturing	\$1,598,000
Wholesale, Retail, Transportation	\$4,535,000
Information, Finance, Professional, Scientific, Technical, Admin Support	\$2,208,000

Q20. Do you have foreign suppliers that might benefit you if they were a resident in Montana?

Among importing businesses, 24% reported that their firm would benefit from a foreign supplier being a Montana resident, while 76% said they have no such foreign supplier. Table 12 shows the proportion of firms answering Yes to this question by type of business.

Table 12: Importer would benefit from a foreign supplier becoming a Montana resident

Type of business	Importer would benefit from a foreign supplier becoming a Montana resident	
	Yes	No
Agriculture, Mining, Construction	33%	67%
Manufacturing	18%	82%
Wholesale, Retail, Transportation	36%	64%
Information, Finance, Professional, Scientific, Technical, Admin Support	25%	75%

More wholesale, retail or transportation importers (36%) would benefit from a foreign supplier becoming a Montana resident than any other type of business. Manufacturers that import were the least likely (18%) to report that they would benefit from a foreign supplier becoming a Montana resident.

Q21. Is your firm currently seeking investment for expansion of operations in Montana?

About three in ten responding businesses (29%) said they are currently seeking investment for expansion of operations in Montana, while 71% said that they are not. Table 13 displays the proportion of businesses that are currently seeking investment for expansion of Montana operations by business type and import / export activity.

Table 13: Firm is currently seeking investment for expansion of operations in Montana

Type of business or import / export activity	Firm is currently seeking investment for expansion of operations in Montana	
	Yes	No
Agriculture, Mining, Construction	17%	83%
Manufacturing	31%	69%
Wholesale, Retail, Transportation	33%	67%
Information, Finance, Professional, Scientific, Technical, Admin Support	33%	67%
Exporter	24%	76%
Importer	67%	33%
Exporter / importer	30%	70%

When examining responses by business type wholesale, retail or transportation firms (33%) and information, finance, professional, scientific, technical or admin support firms (33%) were most likely to be seeking investment for expansion in Montana. When viewing responses by import / export activity importers (67%) were most likely to be seeking investment for expansion in Montana.

Q22. Does your firm have ownership over 10% by a foreign investor?

Relatively few responding firms (11%) reported having ownership of over 10% by a foreign investor. Table 14 describes rates of firms with greater than 10% foreign ownership by business type and import / export activity.

Table 14: Firm has ownership over 10% by a foreign investor

Type of business or import / export activity	Firm has ownership over 10% by a foreign investor	
	Yes	No
Agriculture, Mining, Construction	14%	86%
Manufacturing	12%	88%
Wholesale, Retail, Transportation	8%	92%
Information, Finance, Professional, Scientific, Technical, Admin Support	8%	92%
Exporter	5%	95%
Importer		100%
Exporter / importer	14%	88%

When examining businesses by import / export activity service providers were most likely (33%) to say their business has over 10% ownership by a foreign investor. Viewing responses by business type - agriculture, mining or construction firms most frequently (14%) reported foreign ownership greater than 10%.

Q23. Has your firm ever considered seeking Foreign Direct Investment (FDI) or has your firm been approached by a foreign owned entity seeking an ownership interest in your firm?

About 16% of responding businesses reported that they have considered seeking Foreign Direct Investment (FDI). Another 11% of responding businesses reported that they have been approached by a foreign owned entity seeking an ownership interest in their firm. The remaining 73% have neither considered FDI nor been approached about it. Table 15 presents the proportions of firms that have had experiences with FDI by business type or import / export activity.

Table 15: Foreign Direct Investment (FDI) experiences

Type of business or import / export activity	Foreign Direct Investment		
	Considered	Approached	Neither
Agriculture, Mining, Construction		17%	83%
Manufacturing	17%	15%	68%
Wholesale, Retail, Transportation	25%		75%
Information, Finance, Professional, Scientific, Technical, Admin Support	17%	8%	75%
Exporter	11%	28%	61%
Importer	33%		67%
Exporter / importer	17%	6%	77%

Q24. Do you know of any majority foreign-owned firms in your area? If Yes please specify which firms.

Only 7% of responding businesses reported knowing of any majority foreign-owned firms in their area, the remaining 93% reported not knowing of any. The companies that respondents named were:

1. Imerys Performance Minerals
2. LafargeHolcim
3. Lumibird
4. Sandfire Resources America
5. Sibanye-Stillwater
6. GCC America
7. Intertek Wisetail

Q25. If your company has international operations, what prevents your company from moving your resources to the U.S. (specifically to Montana) and what would incent this investment?

One in five responding companies (20%) provided an answer to question 25. Figure 13 below presents the responses to question 25 and the frequency of those responses.

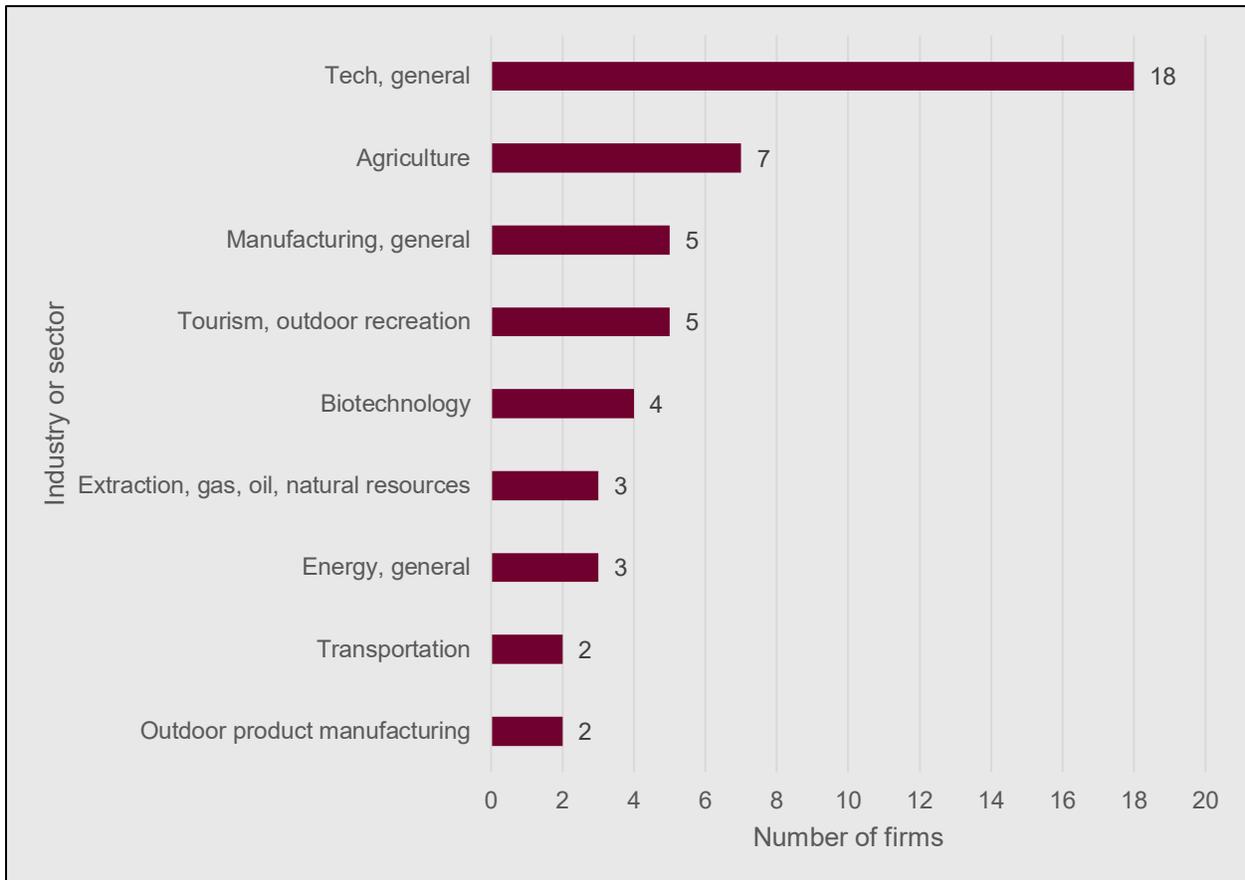
Figure 13: Factors that prevent moving international operations to Montana



Q26. From your perspective, what industry/sectors are likely to make an investment in Montana?

More firms (18) said that the tech sector was likely to make an investment in Montana than any other industry or sector. Figure 14 list the top industries or sectors cited by firms as likely to invest in Montana.

Figure 14: Industries or sectors that are likely to invest in Montana



Agriculture firms in general and agricultural processing firms were mentioned by 7 firms as being likely to invest in Montana. Manufacturing in general and tourism / outdoor recreation were tied as the 3rd most often cited industry (5 firms) that is likely to invest in Montana.

Q27-Q28. Has your firm been impacted by U.S. tariffs over the last three years?

A majority of responding businesses (53%) said that their firm was negatively impacted by U.S. tariffs in the three years prior to the survey. Only 6% said their firm was positively impacted. The remaining 41% experienced no impact from U.S. tariffs over the past three years. Figure 15 describes the proportions of firms that report various impacts by business type and import / export activity.

Figure 15: Impact of U.S. tariffs over the last 3 years

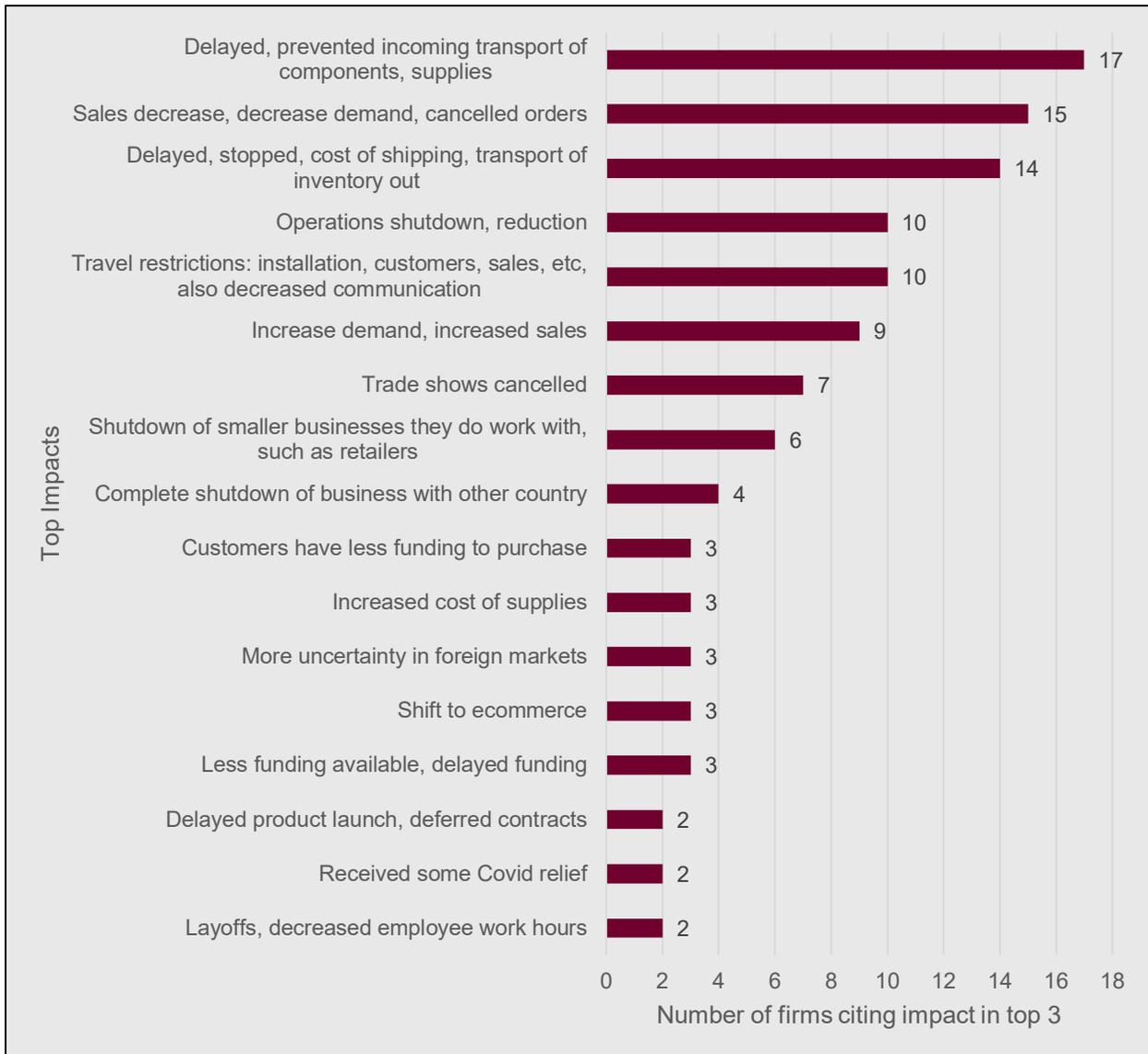
Type of business or import / export activity	Impact of U.S. tariffs over the last 3 years		
	Positive	Negative	No impact
Agriculture, Mining, Construction		50%	50%
Manufacturing	10%	51%	39%
Wholesale, Retail, Transportation		92%	8%
Information, Finance, Professional, Scientific, Technical, Admin Support		25%	75%
Exporter		25%	75%
Importer	34%	33%	33%
Exporter / importer	6%	54%	40%

An overwhelming proportion (92%) of wholesale, retail or transportation companies reported being negatively impacted by U.S. tariffs.

Q29. Please tell us the top three ways your firm’s international operations have been impacted by Covid-19 pandemic.

The most frequently cited impact of the COVID-19 pandemic on responding firms was delayed or prevented incoming transport of components or supplies, which was cited by 17 firms. Figure 16 lists the top impacts mentioned by the responding firms.

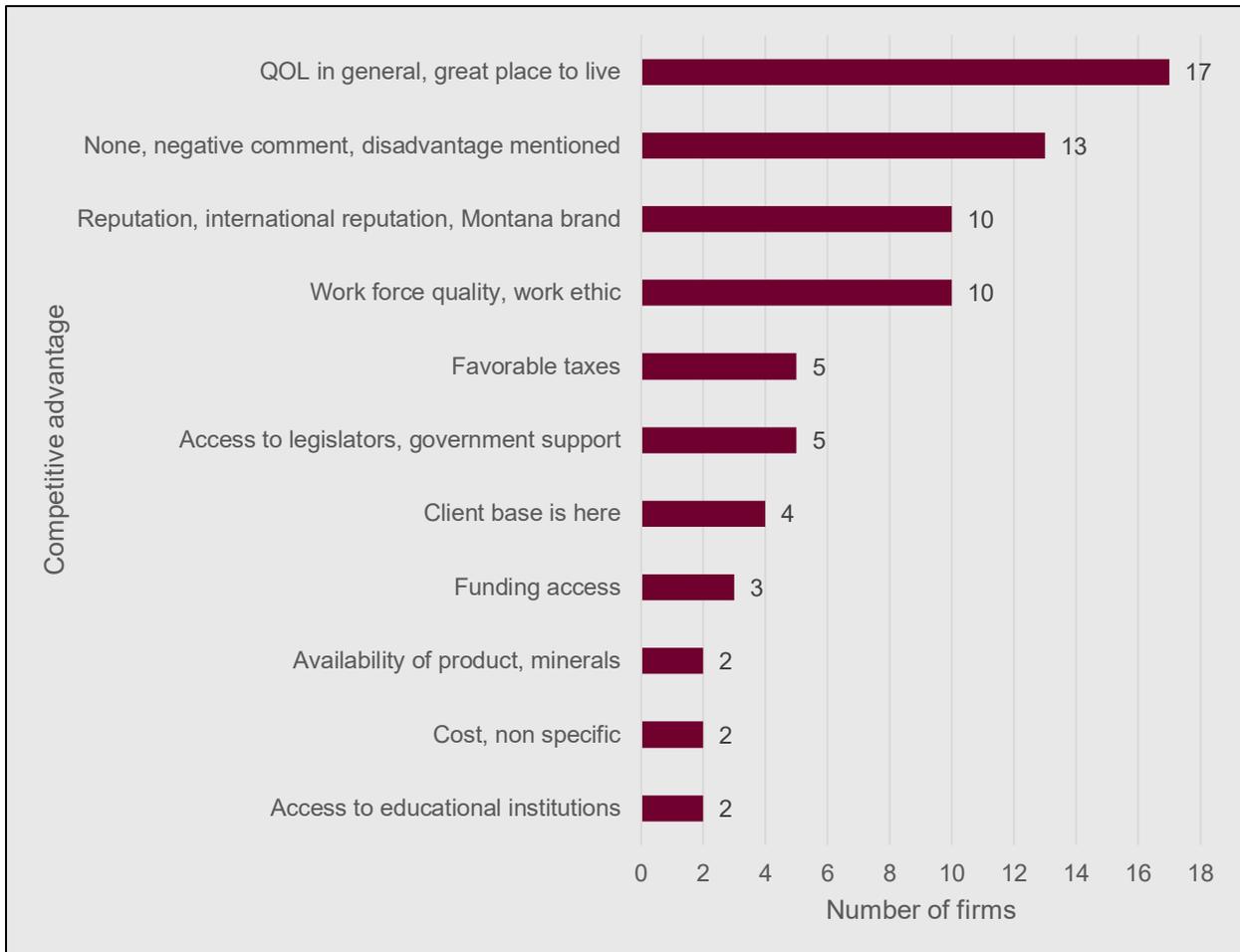
Figure 16: Top impacts of COVID-19 on businesses



Q30. What competitive advantage, if any, do you attribute to being located in Montana?

More responding businesses (17) cited Montana’s quality of life as a competitive advantage than any other advantage. Figure 17 lists the top competitive advantages cited by responding businesses.

Figure 17: Competitive advantage from being located in Montana

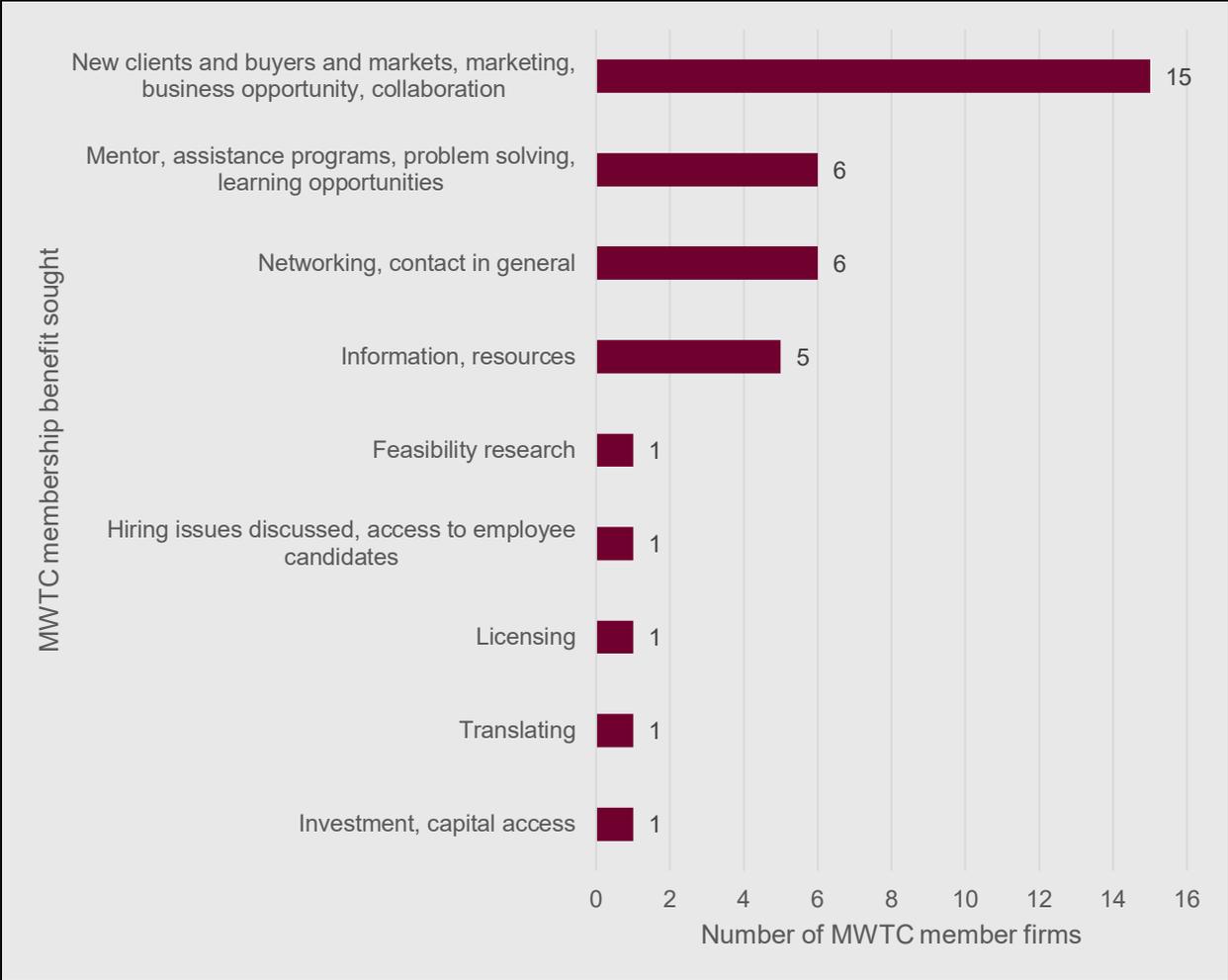


It is important to note that 13 firms said that Montana either conferred no advantage or was a disadvantage. Overall, 83% percent of the items cited were positive competitive advantages while 17% of the items cited were either none or a disadvantage.

Q31. If you are a MWTC member, what is the one most important thing you would like to get out of your Montana World Trade Center® membership?

According to Montana World Trade Center® (MWTC) member businesses, the most important things they seek out of membership are new clients and buyers and markets, marketing, business opportunity and collaboration. These benefits were mentioned by 15 MWTC member firms. Figure 18 below lists the most important things MWTC member firms want out of membership.

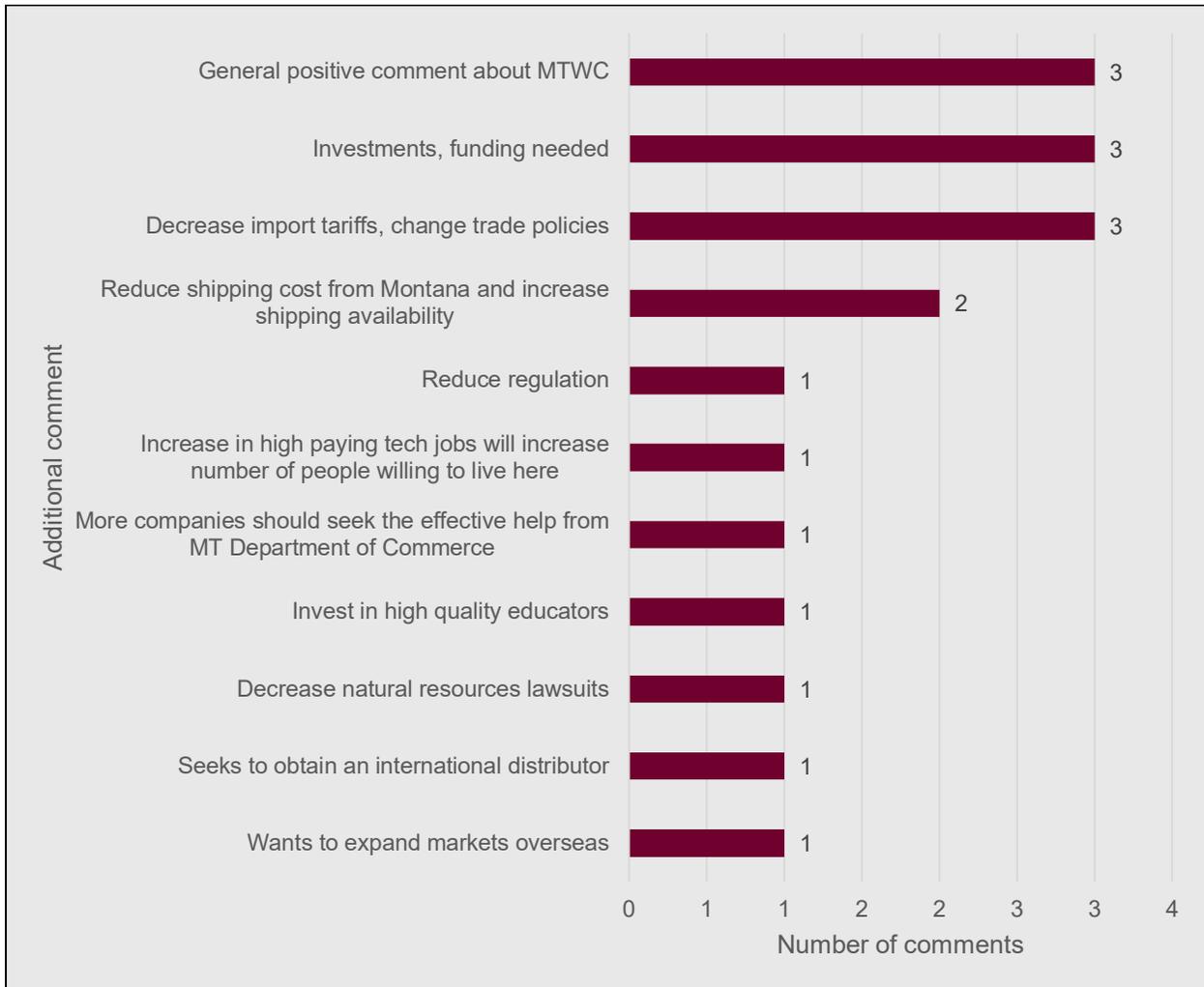
Figure 18: MWTC membership benefits sought



Q32. What additional comments do you have? The MWTC is particularly interested in your observations about creating new, high-paying Montana jobs tied to international trade.

Compliments for MWTC, firms' need for additional investment and businesses desire to decrease tariffs were tied as the most often mentioned additional observations offered in this survey. Figure 19 describes the additional observations received.

Figure 19: Additional comments



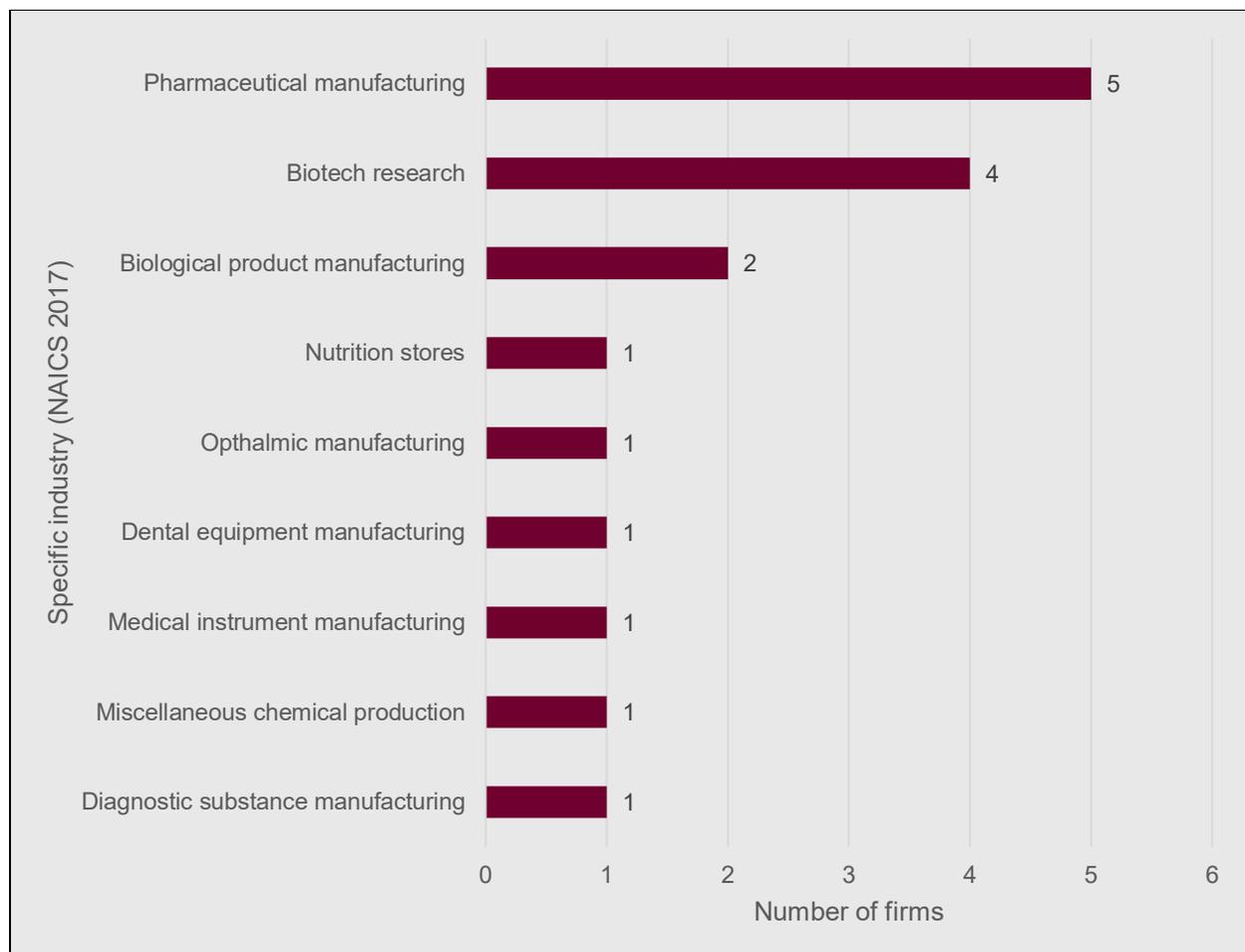
Bioscience Business Focus

Montana World Trade Center® is an integral partner on a federal contract from the U.S. Small Business Administration, the Montana Bioscience Cluster Initiative (MTBSCI), that works to grow the bioscience cluster across Montana. MWTC plays a key role in working to implement MTBSCI training and outreach activities that tie into our mission to grow Montana’s international trade portfolio one business deal, one connection at a time. To further this mission, this report presents key information collected from Montana bioscience businesses.

Specific bioscience industries

The Montana World Trade Center® International Trade and Investment Survey data included responses from 17 bioscience firms. The most common specific industry type among the firms is pharmaceutical manufacturing (5 firms). Figure 20 below describes the specific industries in which the responding bioscience firms operate.

Figure 20: Specific industry of bioscience firms (NAICS 2017)

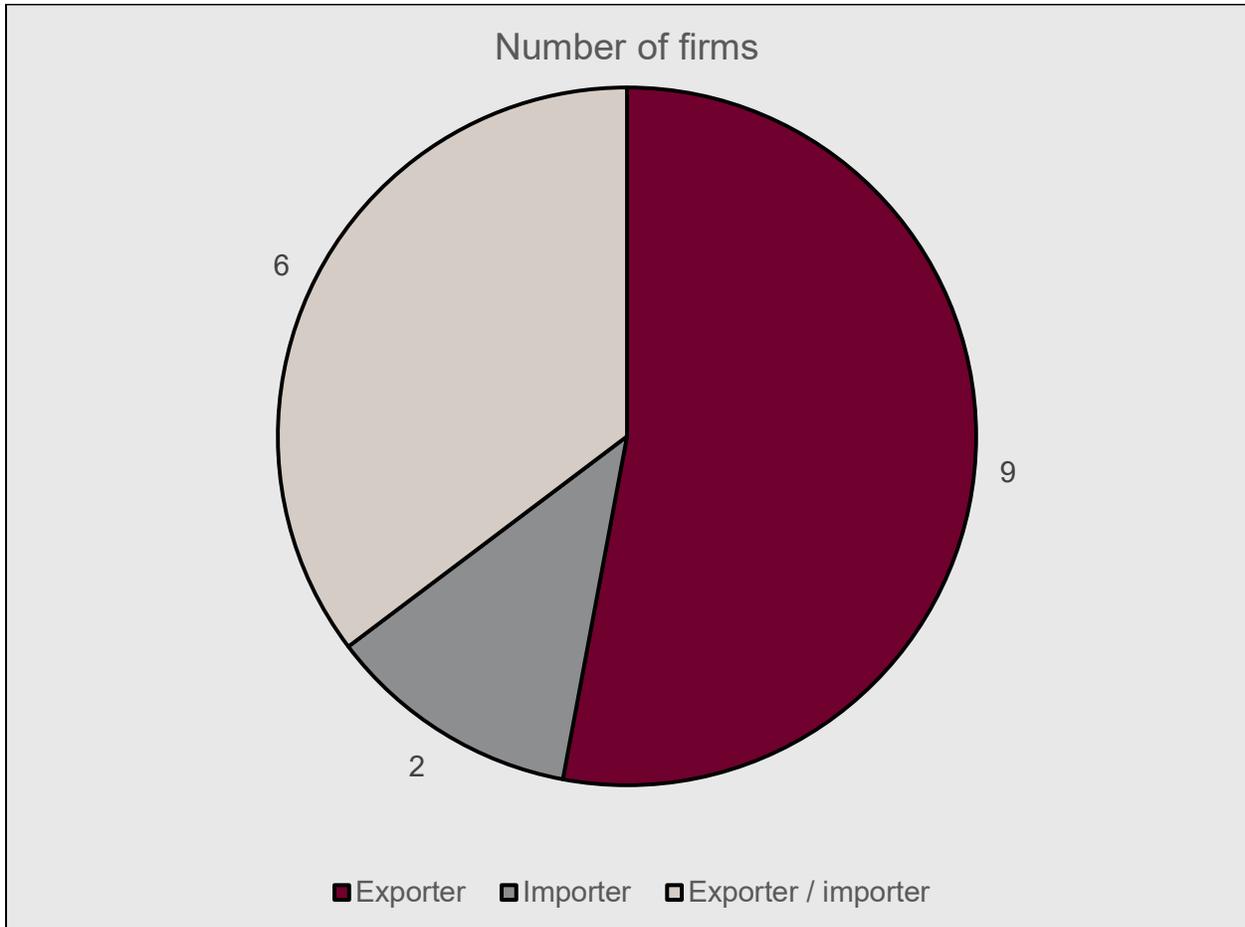


The 2nd ranked industry type is biotech research firms (4 firms). The 3rd ranked industry type is biological product manufacturing (2 firms).

Import / export activity

Over half (53%) of the bioscience firms identified themselves as exporting firms. Figure 21 presents the number of bioscience firms by their import / export activity.

Figure 21: Import / export activity of bioscience companies



Another six businesses (35%) said that they engage in both importing and exporting. Two firms (12%) said they are importers.

Key business characteristics

The bioscience businesses that responded to this survey were more involved in international trade than were all the responding businesses, based on the average annual value of export sales and imports displayed in Table 16 below. The average annual value of export sales per business was 70% higher for bioscience businesses when compared to all businesses. Similarly, the average annual of imports per business was 73% higher for bioscience businesses when compared to all businesses.

Table 16: Key bioscience business characteristics

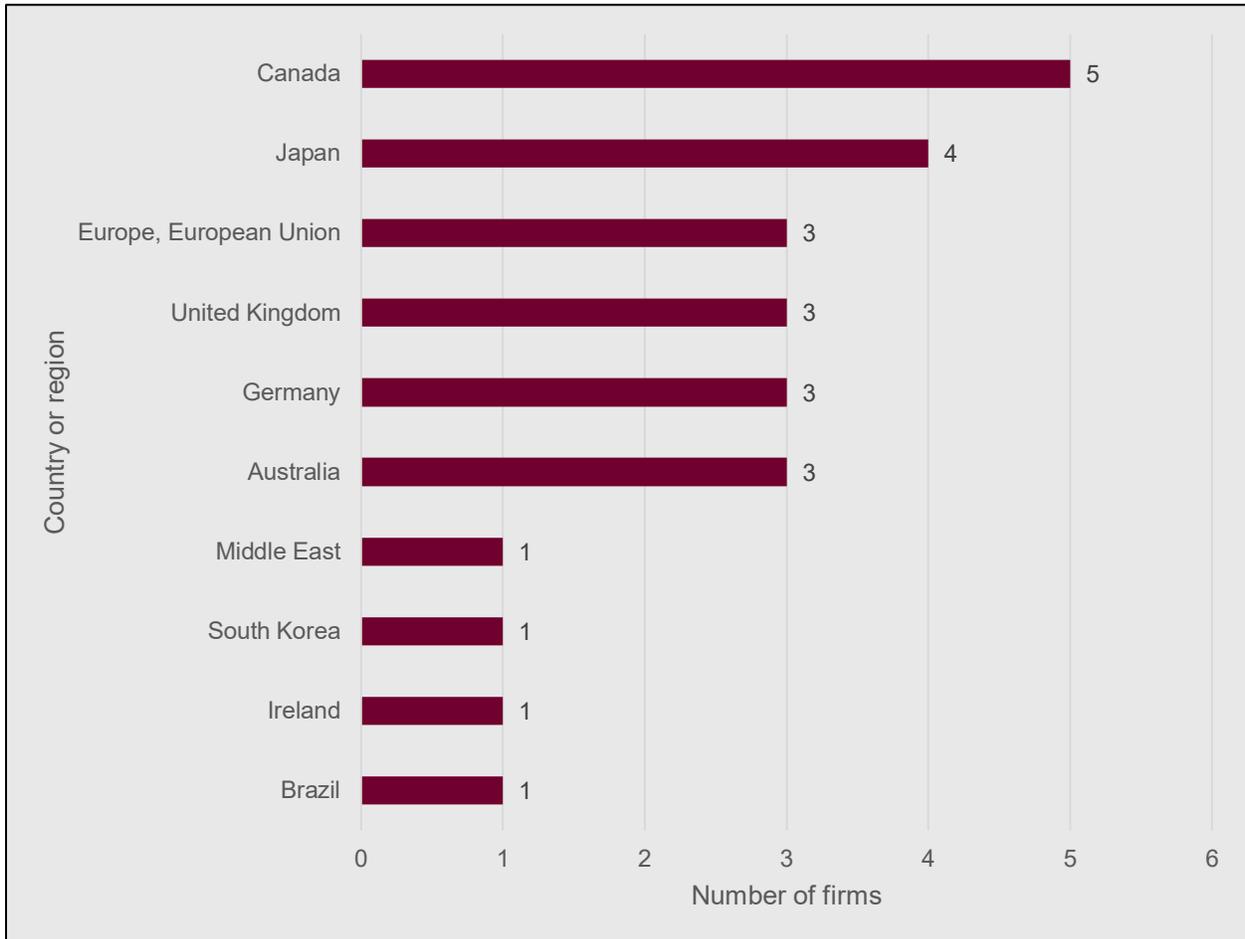
Annual average per firm	Bioscience businesses	All businesses
Employees	31	34
Wage	\$98,000	\$61,000
Revenue	\$15,729,000	\$14,380,000
Value of export sales	\$14,723,000	\$8,664,000
Value of imports	\$5,570,000	\$3,220,000
Anticipated 2021 wage growth rate	6%	8%
Anticipated 2021 revenue growth rate	26%	23%

Average annual wages for 2020 among bioscience businesses (\$98,000) were also considerably higher than average annual wages among all responding businesses (\$61,000). The other key business characteristics examined in Table 16 - number of employees, annual revenue and anticipated growth rates - were quite similar across the businesses examined. Bioscience businesses anticipate 2021 revenue growth at a rate (26%) that is quite substantial.

Export destinations

More Montana bioscience businesses export products or services to Canada (5 firms) than any other country or region. Figure 22 displays the range and frequency of countries to which Montana bioscience firms export.

Figure 22: Bioscience export destinations



Japan is the 2nd ranked bioscience business export destination (4 firms). The 3rd ranked destination is tied between the European Union as a whole, the United Kingdom, Germany and Australia (3 firms).

Difficult export markets

The European Union as a whole and China are the two countries or regions most likely to be cited by bioscience businesses as export markets in which they are interested but are difficult for them to crack. Figure 23 below lists countries mentioned as difficult export markets to crack.

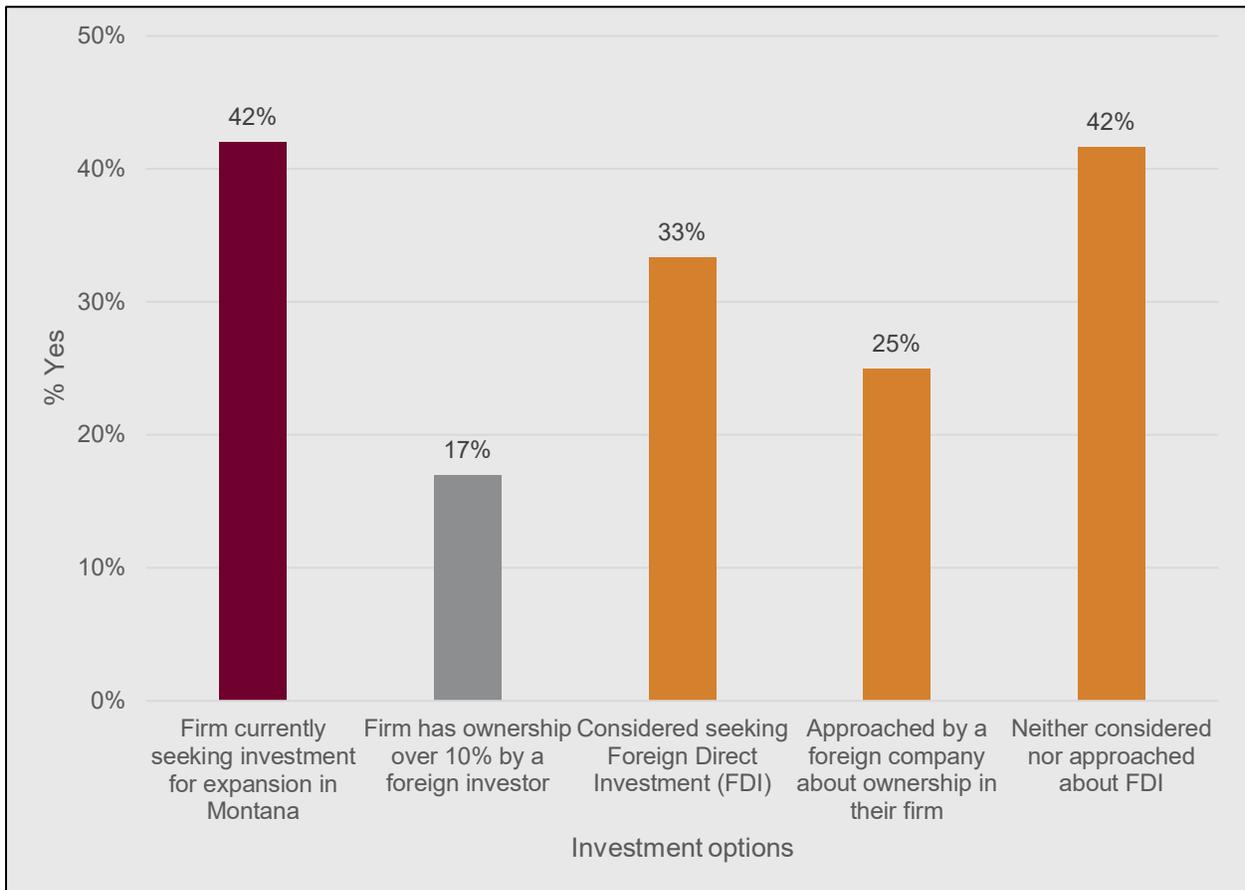
Figure 23: Difficult export markets for bioscience businesses to crack



Investment options sought

Just over two out of every five bioscience companies (42%) is currently seeking investment for expansion of operations in Montana. Figure 24 presents the results of questions that ask about various options for bioscience companies seeking investment in their company.

Figure 24: % of companies that have interest in various options to obtain investment in their bioscience company

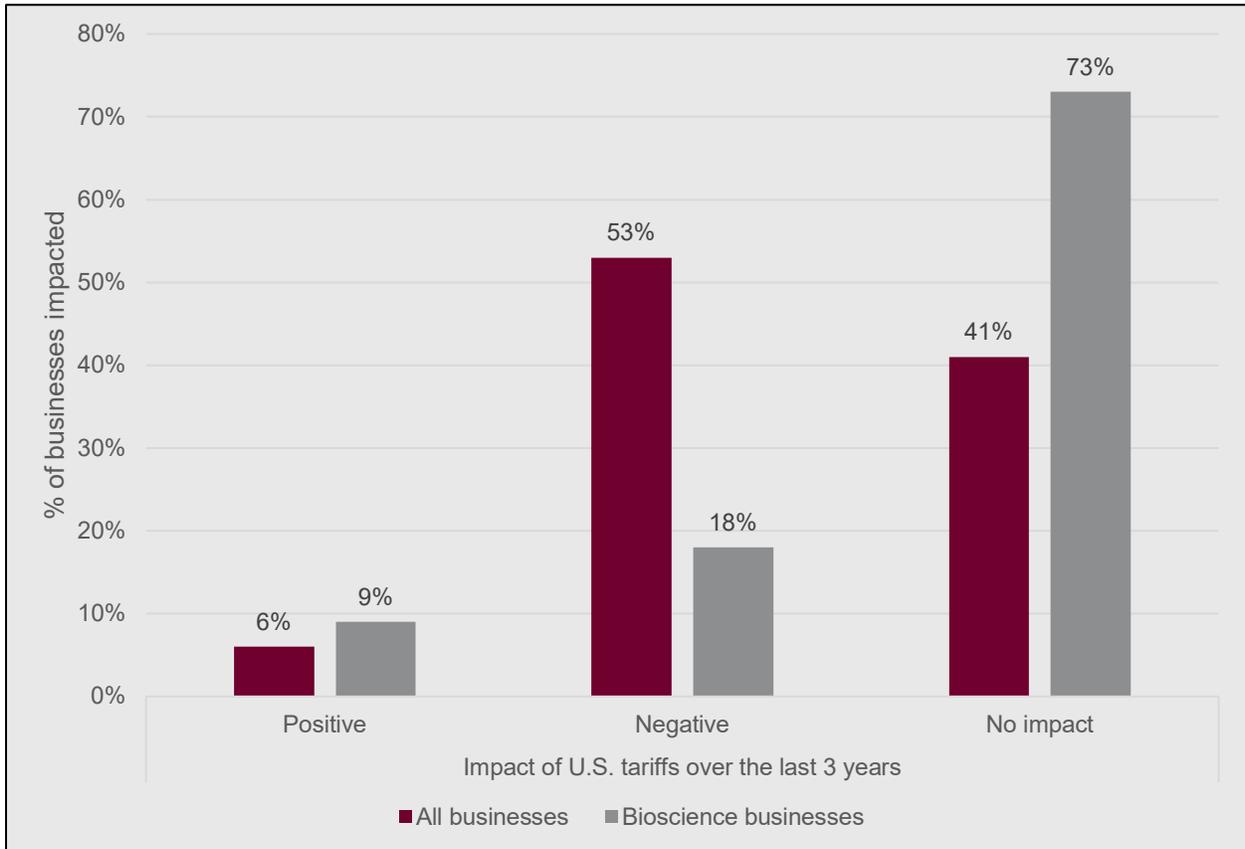


About 17% of bioscience firms have more than 10% ownership by a foreign entity. One-third of bioscience firms (33%) have considered seeking Foreign Direct Investment and another 25% have been approached by a foreign entity about an ownership interest in their firm.

Impacts of U.S. tariffs

Far fewer bioscience businesses (27%) reported experiencing any impact from U.S. tariffs over the last three years when compared to all responding businesses (59%). Figure 25 compares the reported experiences of bioscience businesses with those of all businesses.

Figure 25: Bioscience business experiences with U.S. tariffs over the last 3 years

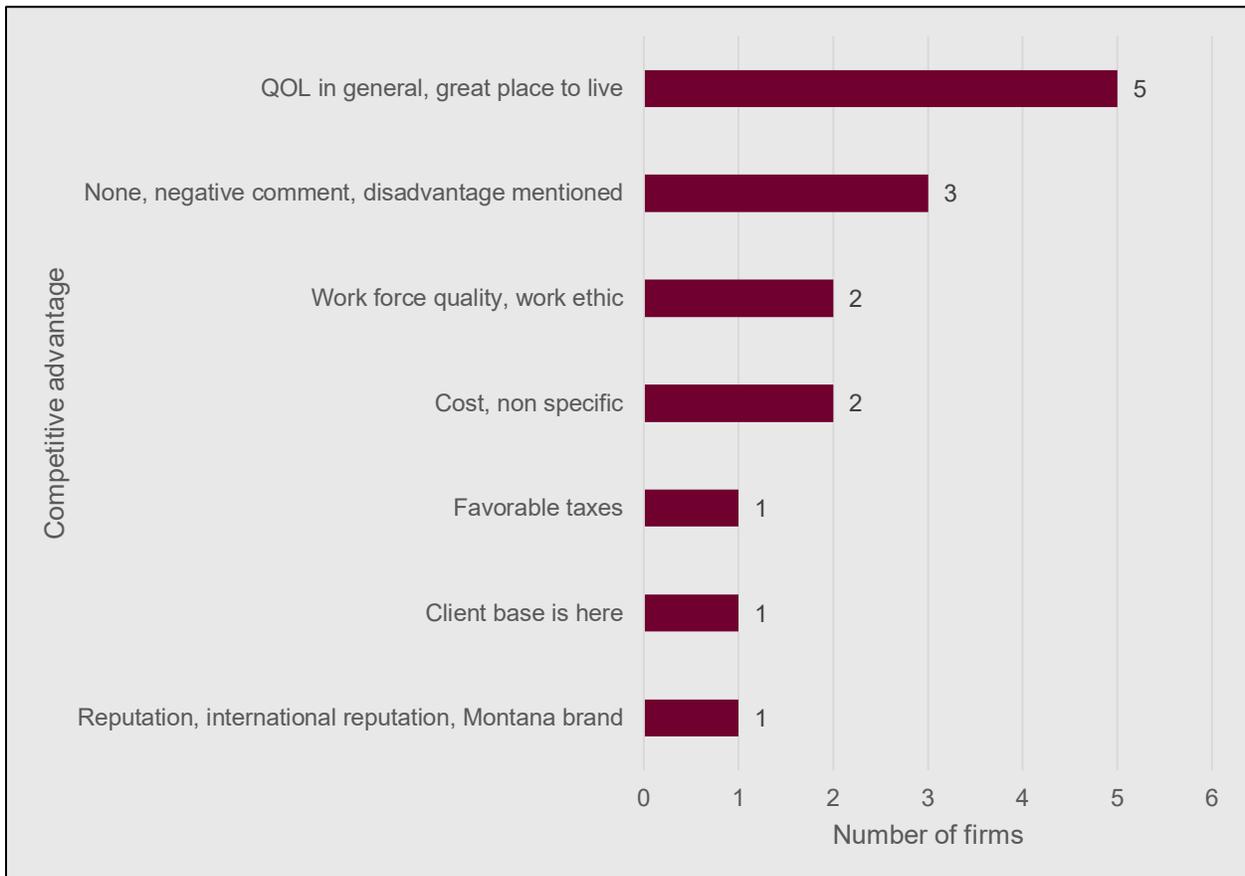


Only 18% of bioscience businesses cited a negative impact from U.S. tariffs compared with 53% of all businesses. The fraction of bioscience businesses that reported a positive impact (9%) was very similar to that of all businesses (6%).

Competitive advantages of location in Montana

Montana's quality of life was cited most frequently (5 firms) by bioscience companies as a competitive advantage of being based in Montana. The various competitive advantages of being based in Montana that were mentioned by bioscience firms are presented in Figure 26.

Figure 26: Competitive advantages conferred by being based in Montana cited by bioscience firms



The quality of Montana's work force and Montana's costs were tied as the 2nd ranked competitive advantages cited by bioscience firms.

References

- AAPOR. (2016). *Standard Definitions: Final Dispositions of Case Codes and Outcome Rates for Surveys. 9th edition*. The American Association for Public Opinion Research.
- Bergland, P., & Heeringa, S. (2014). *Multiple Imputation of Missing Data Using SAS*. Cary, North Carolina: SAS Institute Inc.
- Dillman, D., Smyth, J., & Christian, L. M. (2014). *Internet, Phone, Mail, and Mixed-Mode Surveys: The Tailored Design Method, 4th Edition*. Hoboken, New Jersey: John Wiley & Sons, Inc.
- Executive Office of the President, Office of Management and Budget. (2017). North American Industry Classification System. Washington, D. C., USA.
- Heeringa, S., West, B., & Berglund, P. (2017). *Applied Survey Data Analysis, 2nd Edition*. Boca Raton, Florida: CRC Press, Taylor & Francis Group.
- IBM Corporation. (2019). IBM SPSS Statistics for Windows, Version 26.0. Armonk, New York.
- ISO 3166 Maintenance Agency. (2020, November 24). ISO 3166 Country Codes. Geneva, Switzerland: International Organization for Standardization.
- Montana Department of Labor and Industry. (2020). *Informational Wage Rates by Occupation: 2020*. Helena, Montana: Montana Department of Labor and Industry.
- Qualtrics. (2020). Qualtrics, Version December 2020. Provo, Utah, USA.
- Rubin, D. B. (1987). *Multiple Imputation for Nonresponse in Surveys*. New York: John Wiley & Sons.
- SAS. (2020). SAS/STAT software, Version 14.1 for Windows. Cary, North Carolina, USA: SAS Institute Inc.
- U.S. Census Bureau. (2018). *Annual Business Survey*. Retrieved from Annual Business Survey: Employment Size of Firm Statistics for Employer Firms by Sector, Sex, Ethnicity, Race, and Veteran Status for the U.S., States and Metro Areas: 2018: <https://data.census.gov/cedsci/table?q=ABSCS2018.AB1800CSA04&g=0400000US30&tid=ABSCS2018.AB1800CSA04&hidePreview=true>
- United Nations Development Program. (2020). *Search-Code*. Retrieved from United Nations Standard Products and Services Code: <https://www.unspsc.org/>



WORLD TRADE CENTER[®]
MONTANA



**BUREAU OF BUSINESS AND
ECONOMIC RESEARCH**
UNIVERSITY OF MONTANA