

# MONTANA WORLD TRADE CENTER

## INTERNATIONAL TRADE AND INVESTMENT SURVEY

2021



WORLD TRADE CENTER  
MONTANA



BUREAU OF BUSINESS AND  
ECONOMIC RESEARCH  
UNIVERSITY OF MONTANA



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## 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 2021. Of the 271 businesses asked to respond to this survey, 88 (33%) participated.

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

- The responding businesses reported that they employed a total of 5,417 Montanans in 2021.
- On average, the responding businesses reported employing 62 Montanans per business.
- The responding businesses paid their Montana employees an average annual wage of \$61,000 in 2021. There was no change in the average wage paid in 2021 when compared with 2020. This average is considerably higher than the Montana average annual wage of \$47,270 as reported in May 2021 by the Montana Department of Labor and Industry.
- These businesses paid a total of \$330,437,000 in wages to Montana workers in 2021.
- The responding businesses averaged \$22,800,000 per business in annual revenue in 2021. 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 2021 was \$2 billion.
- The average anticipated change per firm in annual revenue in 2022 is an increase of 23%.
- The 2022 average estimate per firm for the change in annual wages is an 9% increase.
- Of the 88 responding businesses, 69 reported they export products or services.
- 69 exporting businesses reported the sales value of their products or services exported to markets outside the U.S. The total sales value reported was \$641,700,000 in 2021.
- The average total export sales value per business was \$9,300,000 in 2021.
- A plurality of the participating export firms (34) distribute their products or services using an importer, distributor or wholesaler.
- The top 5 export markets for these firms were Canada, United Kingdom, Mexico, Australia and Japan.
- Obtaining stronger distribution networks, distributors or distributor partnerships was the top ranked factor (13 firms) that would cause the responding firms to be more successful exporting.
- Almost nine-tenths of the 64 firms (87%) that answered the question about importing, reported importing products or services for use in Montana operations.



- The total 2021 value of imports reported by the participating businesses was \$172,800,000.
- The average 2021 value of imports per business was \$2,700,000.
- Over three in ten responding businesses (34%) said they are currently seeking investment for expansion of operations in Montana.
- More firms (10) 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 (62%) 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 outgoing transport of inventory.
- More responding businesses (17) cited Montana's reputation or brand 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

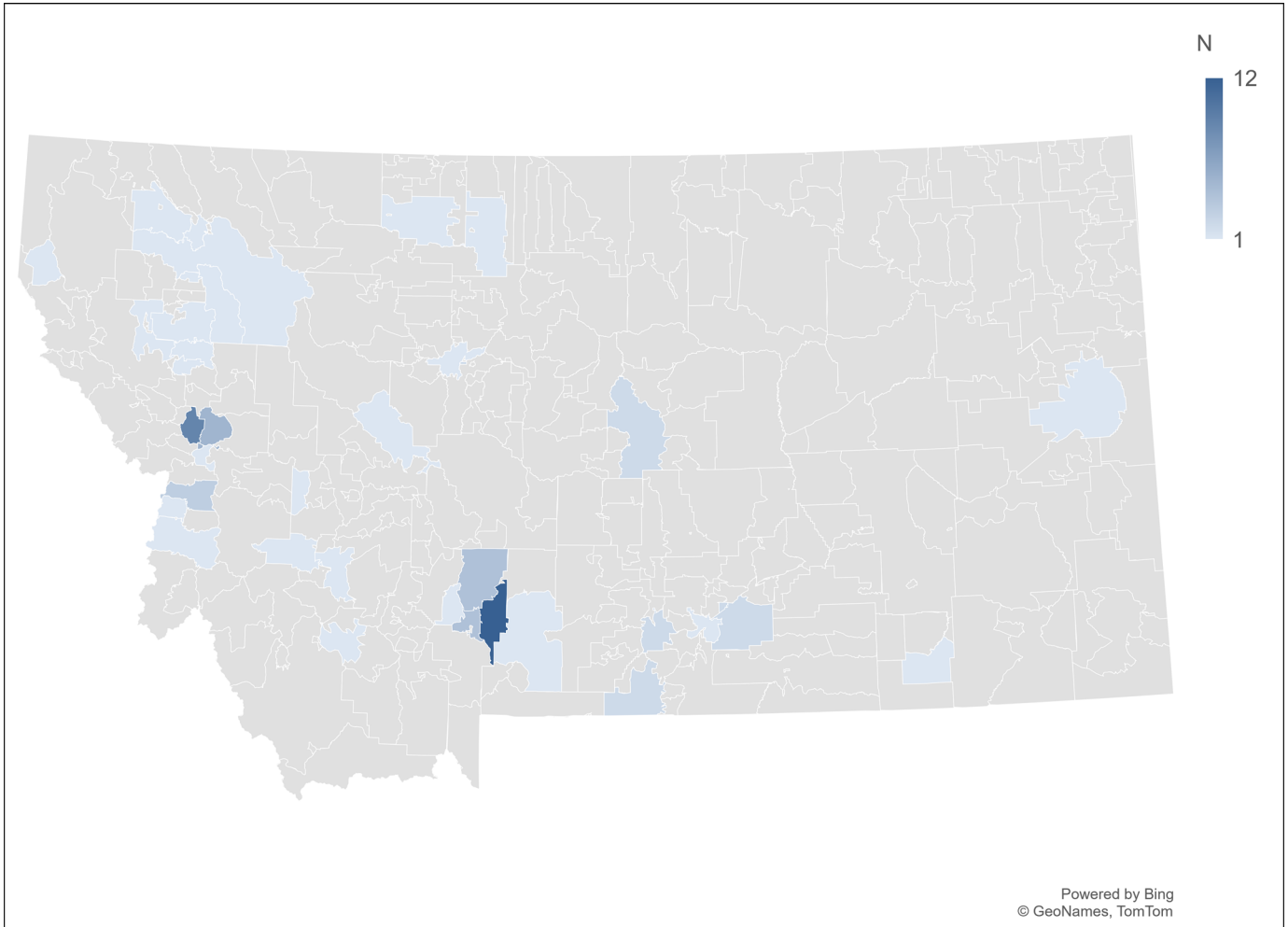
Growing international trade in Montana is central to the mission of the Montana World Trade Center® (MWTC), a longstanding program of the University of Montana. MWTC is part of the World Trade Centers® Association (WTCA), which includes nearly 300 World Trade Centers® (WTCs) in 100 countries around the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

## 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 2021. Of the 271 businesses asked to respond to this survey, 88 (33%) participated. The response rate for this survey is calculated using the American Association for Public Opinion Research's formula RR1 (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. Montana Department of Commerce and Montana Department of Agriculture also shared a hyperlink for this survey with existing lists of businesses and sought participation through social media. 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, including indicators for industry type, number of employees and import / export participation, were coded and 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.

## Q1. Which industry best represents your company?

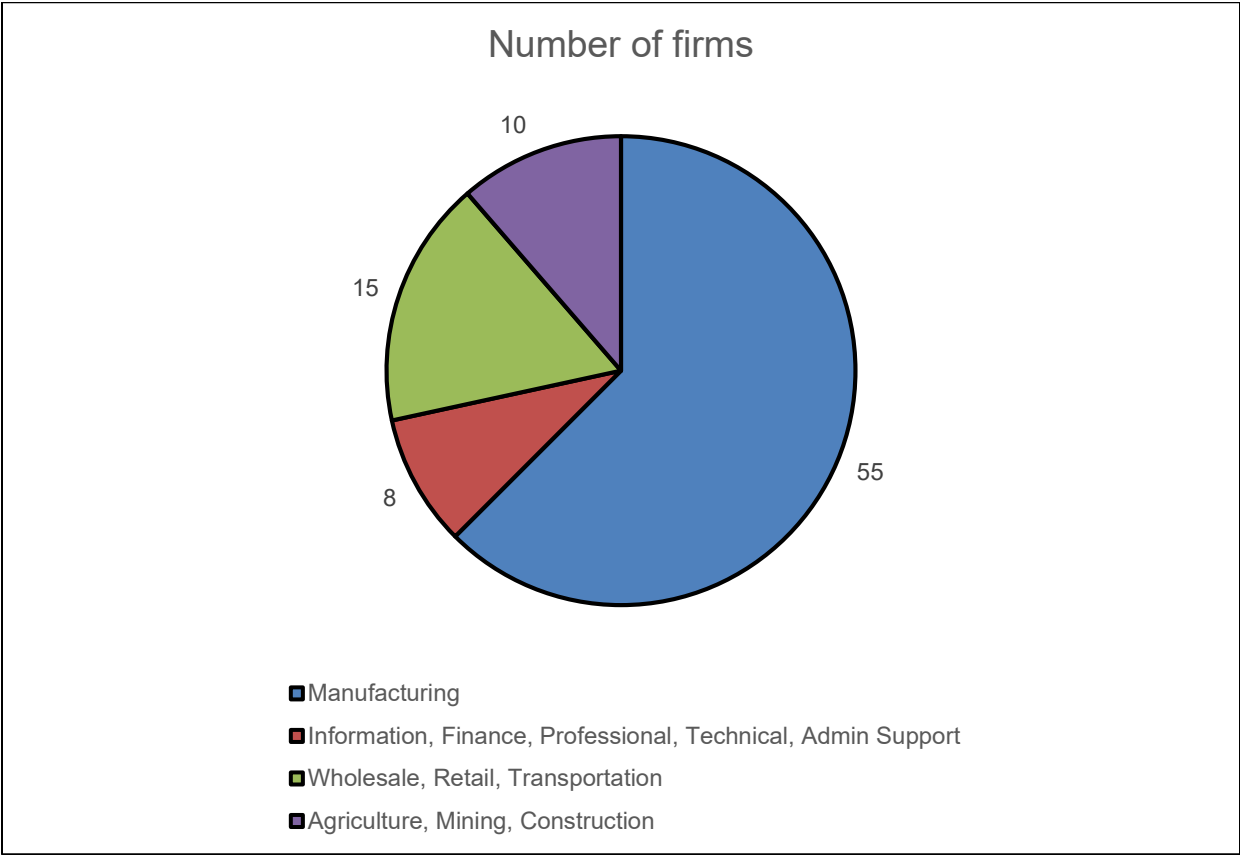
Almost two-thirds of the firms that participated in this survey classified themselves as manufacturing firms (65%). Table 1 describes the types of firms that responded to the survey. Just under one in ten firms (7%) said that they are biotechnology firms.

Table 1: Self-assessed firm type

|  | %           |
|--|-------------|
| Manufacturing - Other                        | 22%         |
| Manufacturing - Industrial equipment         | 13%         |
| Manufacturing - Value added agriculture      | 8%          |
| Wholesaler                                   | 8%          |
| Manufacturing - Biotechnology/Pharma         | 7%          |
| Manufacturing - Outdoor products             | 7%          |
| Energy/Extractive Minerals                   | 6%          |
| Manufacturing - Medical/Healthcare Devices   | 6%          |
| Other  | 5%          |
| Aerospace/Automotive/Transportation          | 5%          |
| Manufacturing - Photonics or optics products | 3%          |
| Software/SaaS                                | 3%          |
| Ecommerce                                    | 2%          |
| Engineering                                  | 2%          |
| Construction                                 | 2%          |
| Professional Services                        | 1%          |
| <b>Total</b>                                 | <b>100%</b> |

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 three-fifths of the 88 responding businesses were classified by BBER as manufacturing businesses (55). Eight businesses (8) were classified as information, finance, professional, scientific, technical or administrative support. BBER assessed that 15 of the businesses were wholesale, retail or transportation firms, and 10 were agriculture, mining or construction.

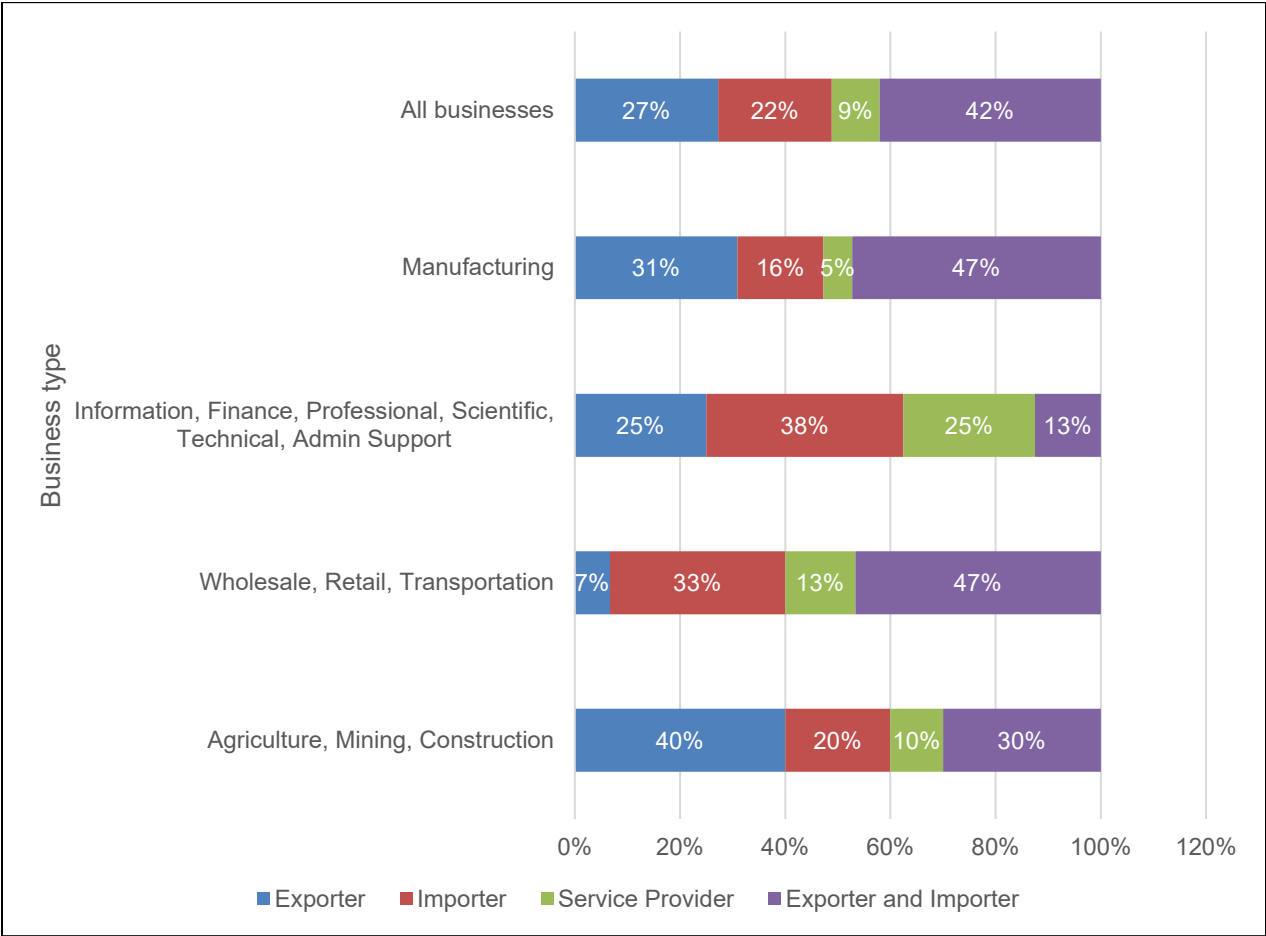
Figure 2: Industry type



Q2. Are you an Exporter, Importer, or Service Provider to firms that export/import (e.g. Freight Forwarder)?

A plurality of the firms that responded to this survey reported that they engage in both importing and exporting (42%). Figure 3 presents firms' reports on their importing or exporting activity.

Figure 3: Importing or exporting activity

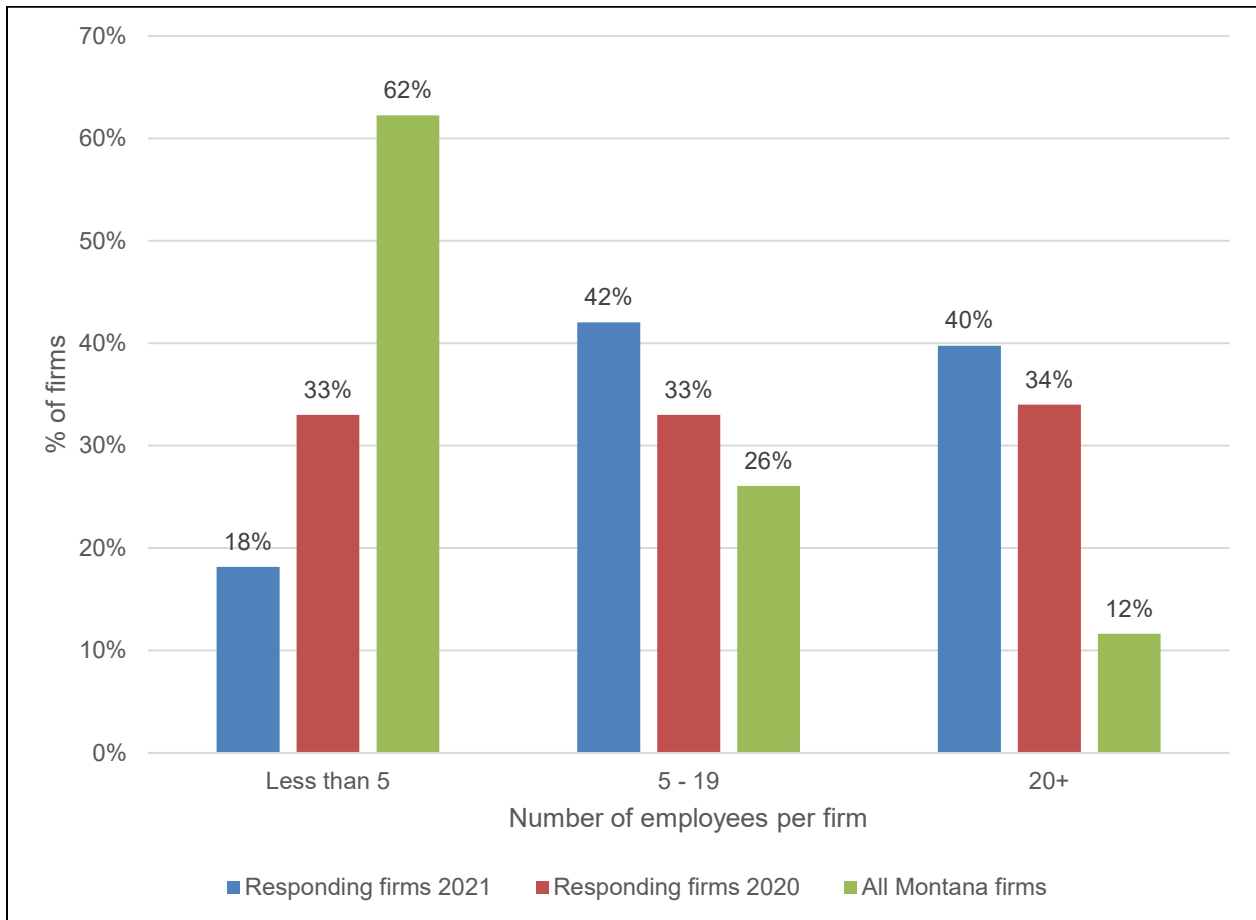


Just under three in ten of the businesses (27%) reported that they engage in exporting only. Twenty-two percent of businesses said that they only import goods.

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

The 88 responding businesses reported that they employed a total of 5,417 Montanans in 2021. On average, the responding businesses reported employing 62 Montanans per business. The median responding firm reported employing 12 Montanans. The median number of employees per business reported in 2021 is somewhat larger than the median reported in 2020 (9). Figure 4 presents the percentage distribution of responding businesses by the number of Montanans they employed in 2021.

Figure 4: Distribution of employees among responding firms



The responding firms employ more workers per firm than do all firms in Montana. Two fifths of responding firms (40%) reported employing 20 or more employees, while only 12% of all Montana firms employ 20 or more employees. (U.S. Census Bureau, 2019) On the other end of the spectrum, 18% of responding businesses said they employ fewer than 5 employees, but 62% of all Montana businesses employ fewer than 5 employees.



When examining number of employees per firm by business type or import / export activity, it is apparent that responding businesses most commonly employ between 5 and 19 employees. Table 2 below presents the distribution of Montana workers employed by various types of business.

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

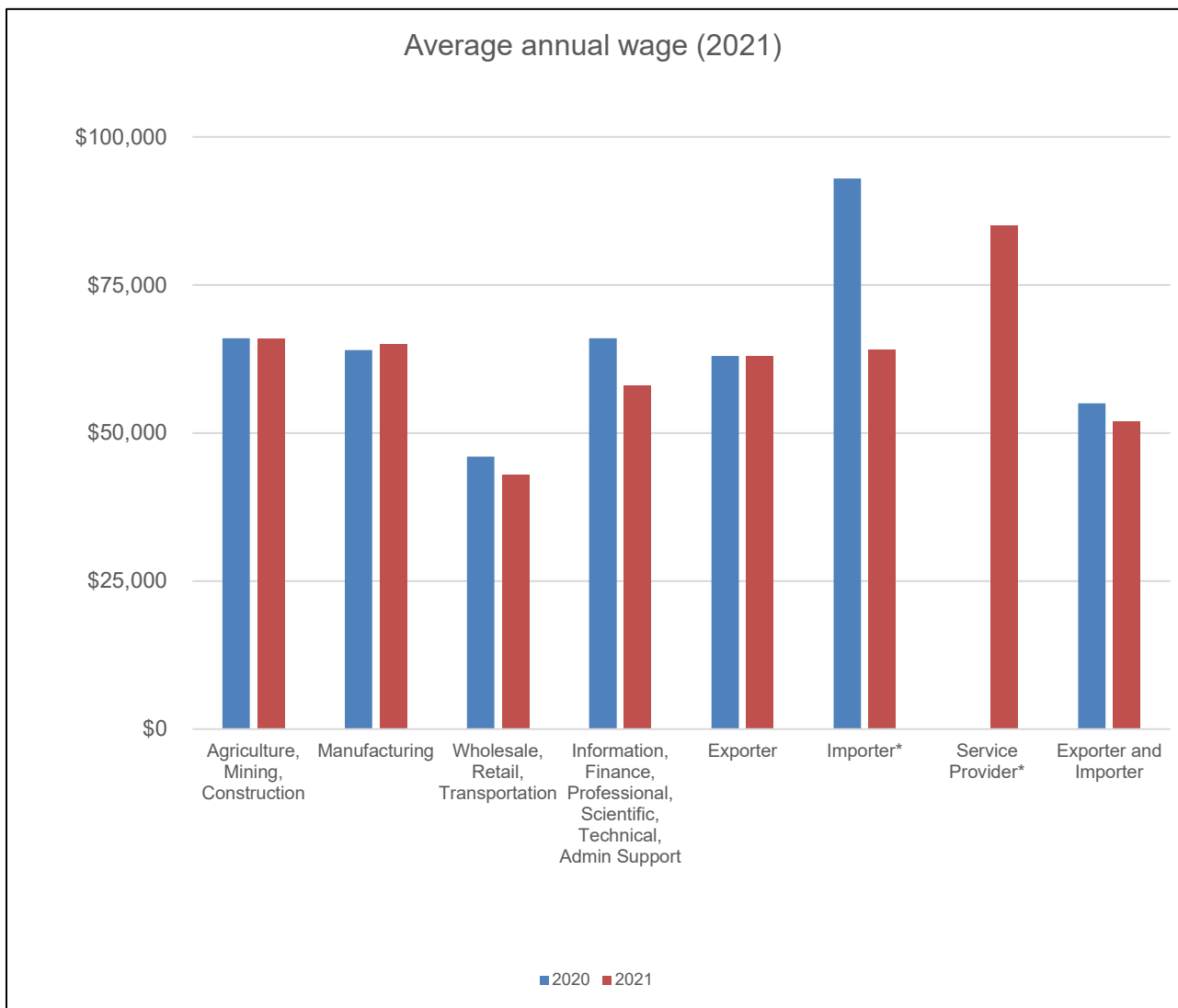
| Type of business or import / export activity                             | Number of Montana Employees |        |     |
|--|-----------------------------|--------|-----|
|  | < 5                         | 5 - 19 | 20+ |
| Agriculture, Mining, Construction  | 40%                         | 20%    | 40% |
| Manufacturing  | 13%                         | 47%    | 40% |
| Wholesale, Retail, Transportation  | 13%                         | 47%    | 40% |
| Information, Finance, Professional, Scientific, Technical, Admin Support | 38%                         | 25%    | 37% |
| Exporter   | 13%                         | 50%    | 37% |
| Importer   | 21%                         | 58%    | 21% |
| Service Provider   | 38%                         | 13%    | 49% |
| Exporter and Importer  | 16%                         | 35%    | 49% |

#### 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 2021. There was no change in the 2021 average when compared to 2020 (\$61,000). This average is considerably higher than the Montana average annual wage of \$47,270 as reported in May 2021 by the Montana Department of Labor and Industry (Montana Department of Labor and Industry, 2021). These businesses paid a total of \$330,437,000 in wages to Montana workers in 2021.

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



\* Survey question response options changed between the 2020 and 2021 versions of the survey which accounts for the differences in means for importers and service providers. Specifically, service provider was added as a response option in the 2021 survey.

## Q5. What were your company's annual revenues in 2021?

The 88 responding businesses averaged \$22.8 million in annual revenue in 2021, up from \$14.4 million in 2020. Total revenue for these companies in 2020 was an estimated \$2 billion, up from \$1.4 billion 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.

Table 3 below displays the average 2021 revenue earned by the various industry types of the responding businesses and by their import / export activity.

*Table 3: Average 2021 revenue*

| <b>Type of business or import / export activity</b>                      | <b>Average 2020 Revenue</b> | <b>Average 2021 Revenue</b> |
|--|-----------------------------|-----------------------------|
| All responding businesses  | \$14,400,000                | \$22,800,000                |
| Agriculture, Mining, Construction  | \$58,500,000                | \$113,700,000               |
| Manufacturing  | \$11,100,000                | \$13,600,000                |
| Wholesale, Retail, Transportation  | \$22,300,000                | \$3,600,000                 |
| Information, Finance, Professional, Scientific, Technical, Admin Support | \$5,800,000                 | \$8,300,000                 |
| Exporter   | \$11,400,000                | \$25,500,000                |
| Importer   | \$12,500,000                | \$44,300,000                |
| Service Provider*  |                             | \$13,100,000                |
| Exporter / Importer  | \$17,300,000                | \$12,100,000                |

\* The service provider category was added to the questionnaire in 2021.

**Q6. By what percentage do you estimate your company's annual revenues may increase or decrease next year (2022)?**

Of the 88 businesses that responded to this survey in the fall of 2021, the average anticipated change in the upcoming year's revenue is an increase of 23%. This anticipated growth rate was the same as last year's anticipated growth rate (23%). This average is influenced by some firms that had low revenue in 2021, but anticipate relatively large gains in 2022. Table 4 below presents the anticipated change in revenue for 2022 by type of business and by the business's import / export activity.

*Table 4: Mean anticipated change in 2022 revenue (%)*

| <b>Type of business or import / export activity</b>                      | <b>Anticipated change in 2021 revenue (%)</b> | <b>Anticipated change in 2022 revenue (%)</b> |
|--|---|---|
| All responding businesses  | 23%   | 23%   |
| Agriculture, Mining, Construction  | 2%  | 36%   |
| Manufacturing  | 26%   | 21%   |
| Wholesale, Retail, Transportation  | 23%   | 14%   |
| Information, Finance, Professional, Scientific, Technical, Admin Support | 23%   | 32%   |
| Exporter   | 23%   | 25%   |
| Importer   | 28%   | 9%  |
| Service Provider   |   | 22%   |
| Exporter / importer  | 17%   | 29%   |

The following are the specific NAICS classifications (Executive Office of the President, Office of Management and Budget, 2017) of the companies reporting the largest anticipated revenue growth in 2022 (in percentage terms):

*Table 5: Fastest growing companies*

| <b>NAICS</b>                                  |
|---|
| Solar power generation                        |
| Engineered wood manufacturing                 |
| Other crop farming                            |
| Surgical and medical instrument manufacturing |
| Laboratory analytical instruments             |
| Other aquaculture                             |
| Software publishers                           |

**Q7. By what percentage do you estimate your company's annual Montana wages may increase or decrease next year (2022)?**

Responding businesses estimated the anticipated percentage change in annual Montana wages their company would pay in 2022. The 2022 average estimate for these companies was a 9% increase, up slightly from last year's estimate of 8%. Table 6 displays the average anticipated change in annual wages that will be paid to Montana workers in 2022 by business type and import / export activity.

*Table 6: Mean anticipated change in 2022 wages (%)*

| <b>Type of business or import / export activity</b>                      | <b>Mean anticipated change in 2021 wages (%)</b> | <b>Mean anticipated change in 2022 wages (%)</b> |
|--|--|--|
| All responding businesses  | 8%   | 9%   |
| Agriculture, Mining, Construction  | 2%   | 9%   |
| Manufacturing  | 6%   | 9%   |
| Wholesale, Retail, Transportation  | 18%  | 7%   |
| Information, Finance, Professional, Scientific, Technical, Admin Support | 4%   | 13%  |
| Exporter   | 3%   | 6%   |
| Importer   | 8%   | 8%   |
| Service Provider   |  | 4%   |
| Exporter / importer  | 11%  | 12%  |

Q8. About how much money do you anticipate your company will invest in major capital expenditures in Montana next year (2022)?

The responding firms estimated that, on average, they will spend \$3,900,000 on major capital expenditures in 2022, down slightly from the 2021 estimate of \$4,700,000. The estimates of the average major capital expenditure per firm are influenced by one firm's particularly large anticipated expenditures. Table 7 presents the 2022 per firm major capital expenditure by business type and import / export activity.

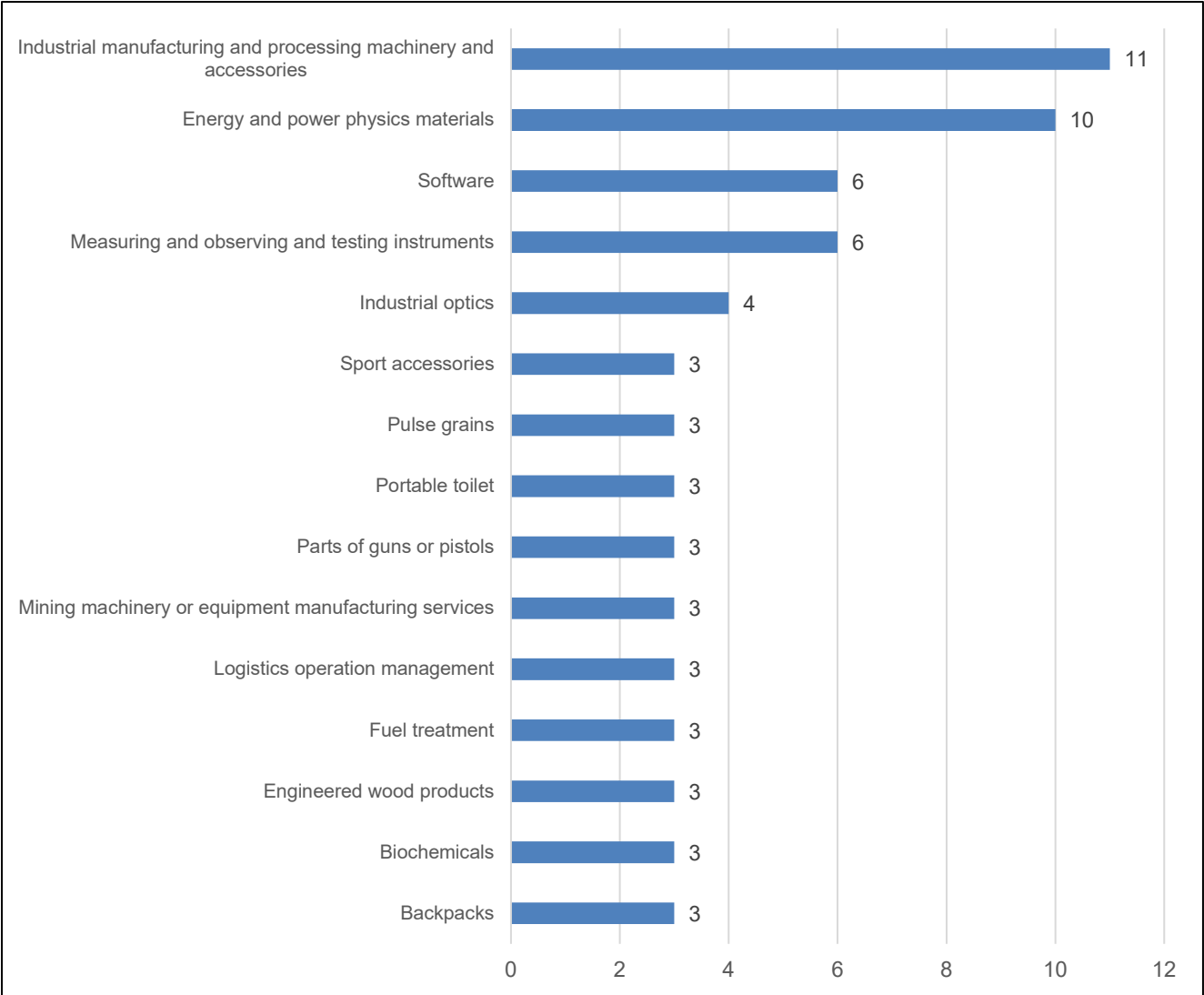
Table 7: 2022 Anticipated major capital expenditure per firm

| Type of business or import / export activity                             | 2021 anticipated major capital expenditure | 2022 anticipated major capital expenditure |
|--|--|--|
| All responding businesses  | \$4,700,000                                | \$3,900,000                                |
| Agriculture, Mining, Construction  | \$63,800,000                               | \$24,600,000                               |
| Manufacturing  | \$400,000                                  | \$900,000                                  |
| Wholesale, Retail, Transportation  | \$200,000                                  | \$300,000                                  |
| Information, Finance, Professional, Scientific, Technical, Admin Support | \$1,200,000                                | \$3,900,000                                |
| Exporter   | \$1,300,000                                | \$13,000,000                               |
| Importer   | \$0  | \$1,800,000                                |
| Service Provider   |  | \$400,000                                  |
| Exporter / importer  | \$6,700,000                                | \$1,300,000                                |

Q9. What three main products/services do you export? For purposes of this survey, export refers specifically to sale of products or services to markets outside the U.S.

The exporting businesses that responded to this survey reported exporting 62 different types of products or services in 2021, or about 1.4 products or services per business. (United Nations Development Program, 2020) Figure 6 below lists the most commonly exported types of products or services as reported by the responding businesses.

Figure 6: Most commonly cited export products or services in 2021



Q10. What is the estimated total U.S. dollar value of your firm’s export sales? For purposes of this survey, export refers specifically to sales of products or services to markets outside the U.S.

The 69 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 \$641,700,000 in 2021. The average total export sales value per business in 2021 was \$9,300,000, up slightly from \$8,700,000 in 2020. Table 8 presents average 2021 export sales by business type.

*Table 8: Mean 2021 export sales (\$)*

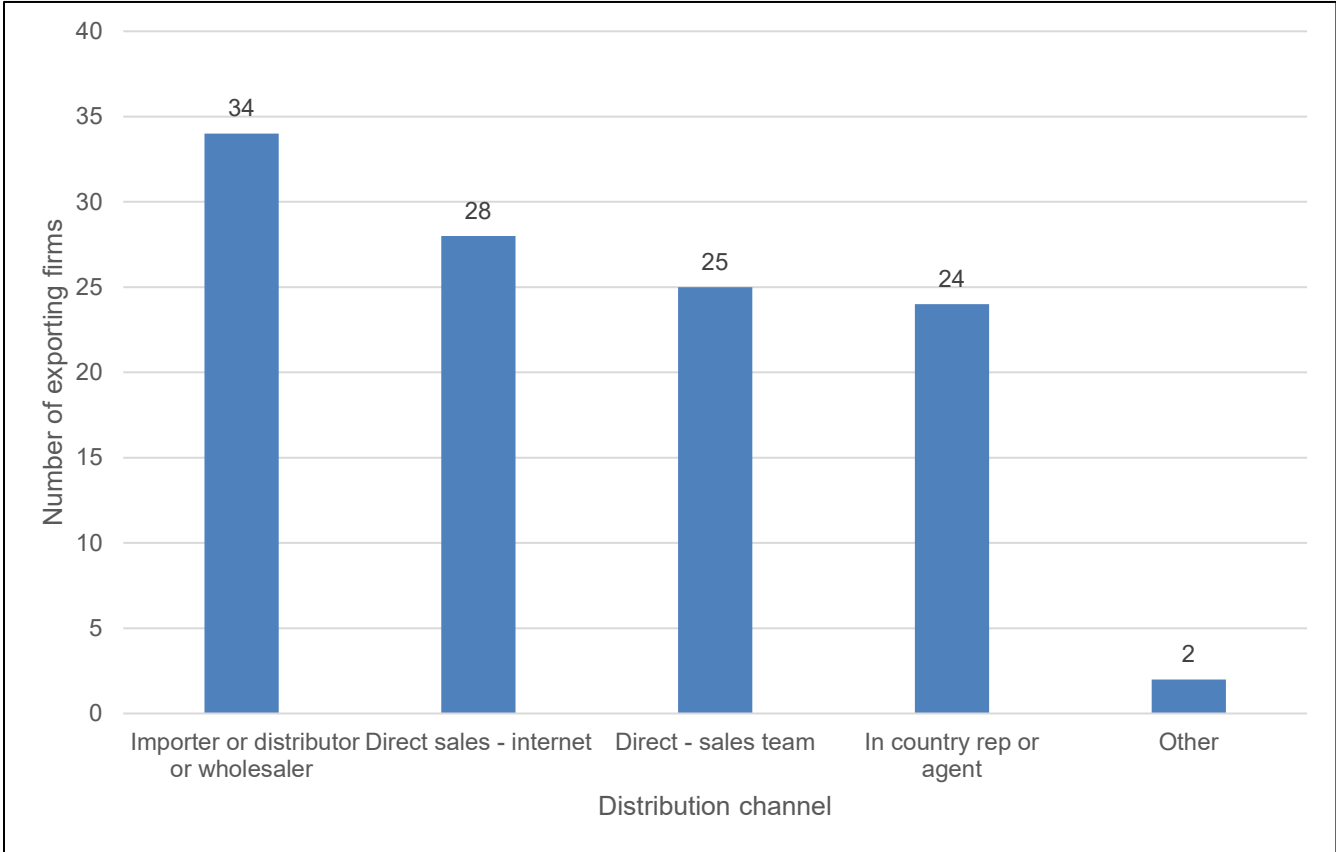
| <b>Type of business</b>  | <b>Mean 2020 export sales</b> | <b>Mean 2021 export sales</b> |
|--|-------------------------------|-------------------------------|
| All responding businesses  | \$8,700,000                   | \$9,300,000                   |
| Agriculture, Mining, Construction  | \$34,700,000                  | \$44,700,000                  |
| Manufacturing  | \$6,400,000                   | \$4,800,000                   |
| Wholesale, Retail, Transportation  | \$11,600,000                  | \$5,700,000                   |
| Information, Finance, Professional, Scientific, Technical, Admin Support | \$2,400,000                   | \$1,000,000                   |



### Q11. What distribution channels do you use for export?

A plurality of the participating export firms (34) distribute their products or services using an importer, distributor or wholesaler. Figure 7 illustrates the frequency of use of various export distribution channels by firm in 2021.

Figure 7: Export distribution channels

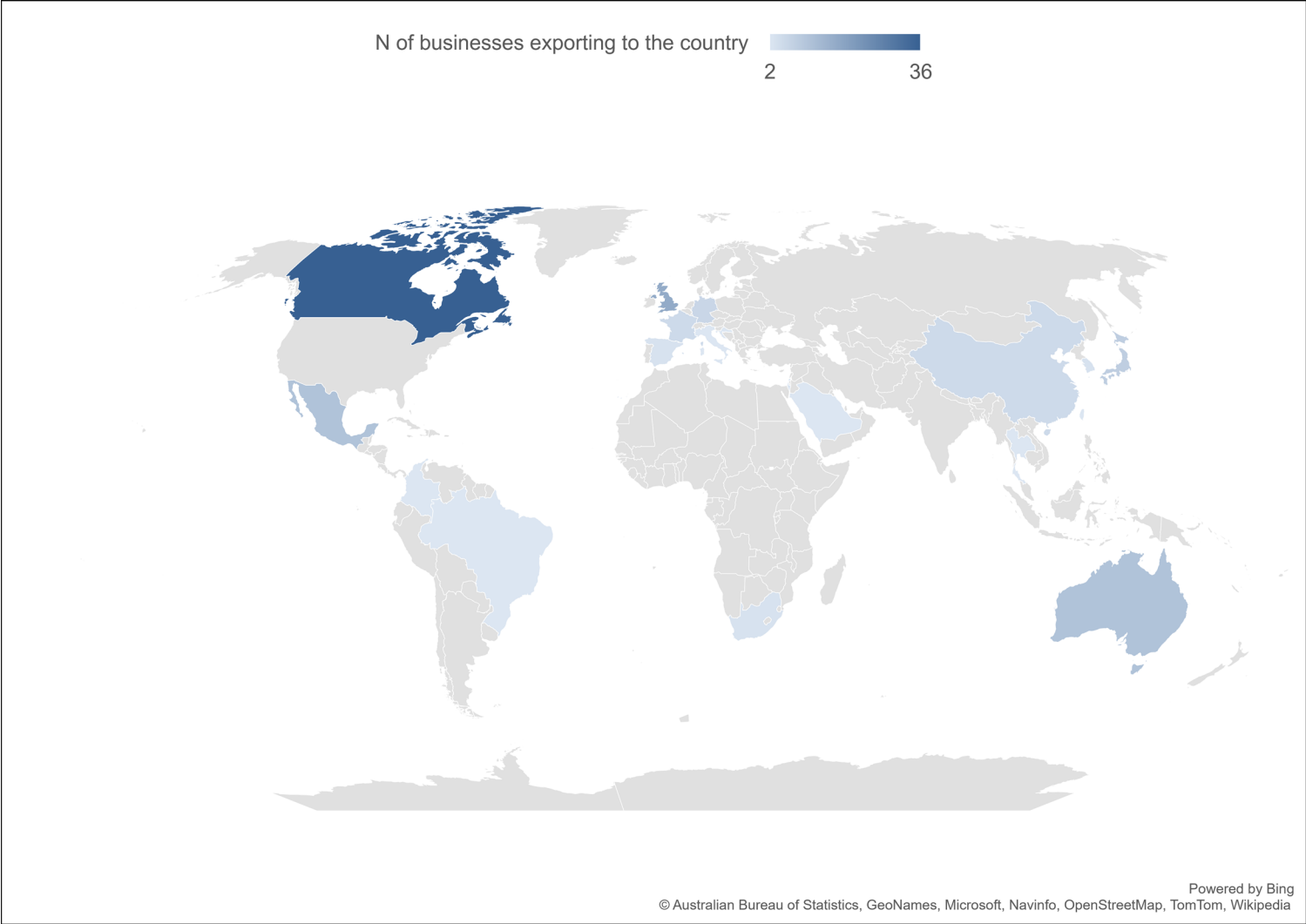


Slightly fewer businesses (28) sell directly using the internet. In terms of use, the 3<sup>rd</sup> ranked distribution channel (25 businesses) was direct using a sales team.

Q12. To what main three countries do you export your product/service? For purposes of this survey, export refers specifically to sales of products or services to markets outside the U.S.

Exporting businesses that responded to this survey reported exporting products or services to 44 different countries or regions throughout the world (ISO 3166 Maintenance Agency, 2020). Canada was the dominant destination for exports (36 firms). Figure 8 presents the distribution of top destinations for exports among the businesses surveyed.

Figure 8: Export destinations

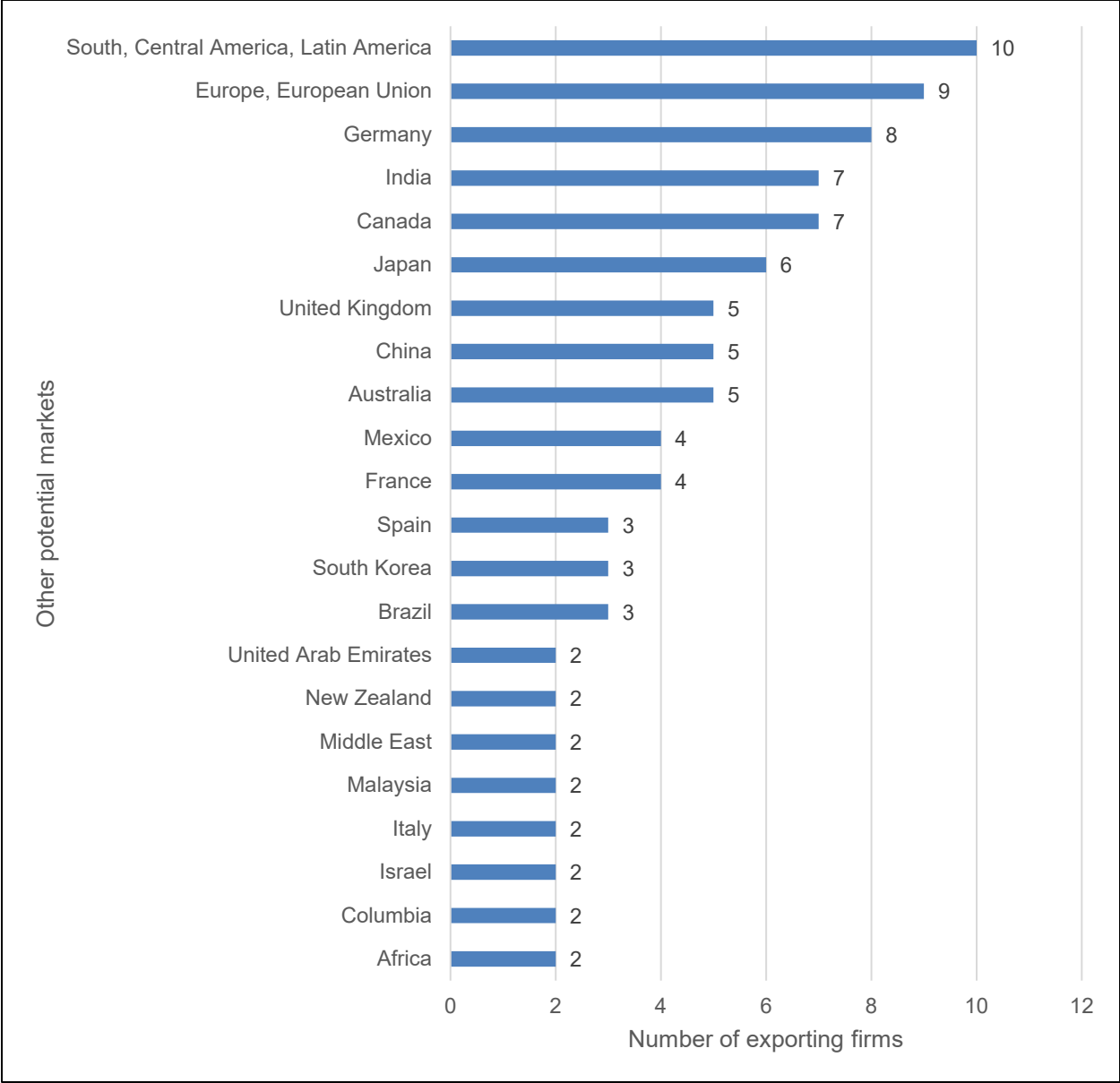


The United Kingdom ranked 2<sup>nd</sup> (17 firms) as an export destination. Mexico and Australia tied as the 3<sup>rd</sup> ranked destination (11 firms) for exports among the businesses that participated in the survey. Japan ranked 4<sup>th</sup> (8 firms) and Germany ranked 5<sup>th</sup> (6 firms).

**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 38 additional countries or regions that they viewed as potential markets. A plurality of responding firms (10) cited South America, Central America or Latin America 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*

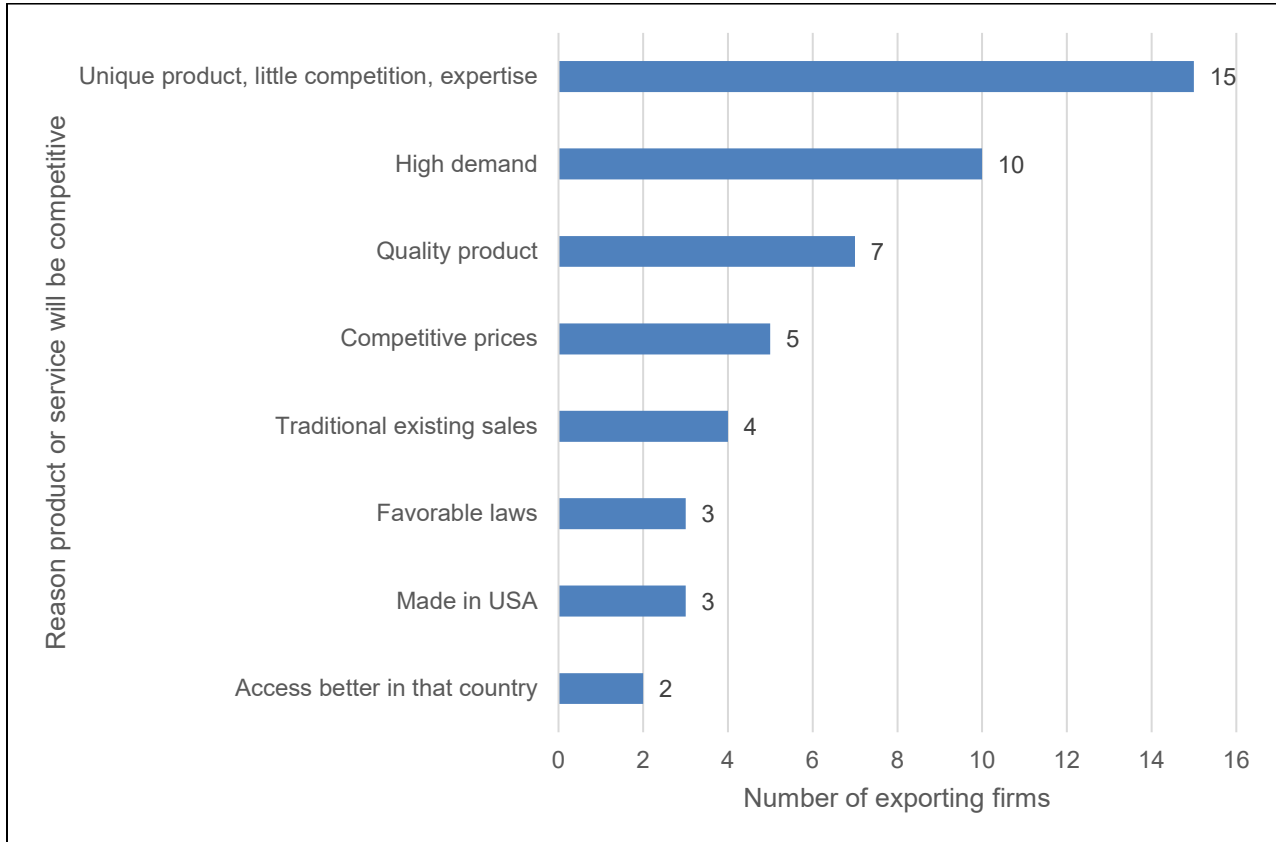


Europe or the European Union were the areas ranked 2<sup>nd</sup> (9 firms) as potential markets. Germany was 3<sup>rd</sup> ranked (8 firms), India (7 firms) and Canada (7 firms) were tied for 4<sup>th</sup>.

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

Most exporting firms (15) 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

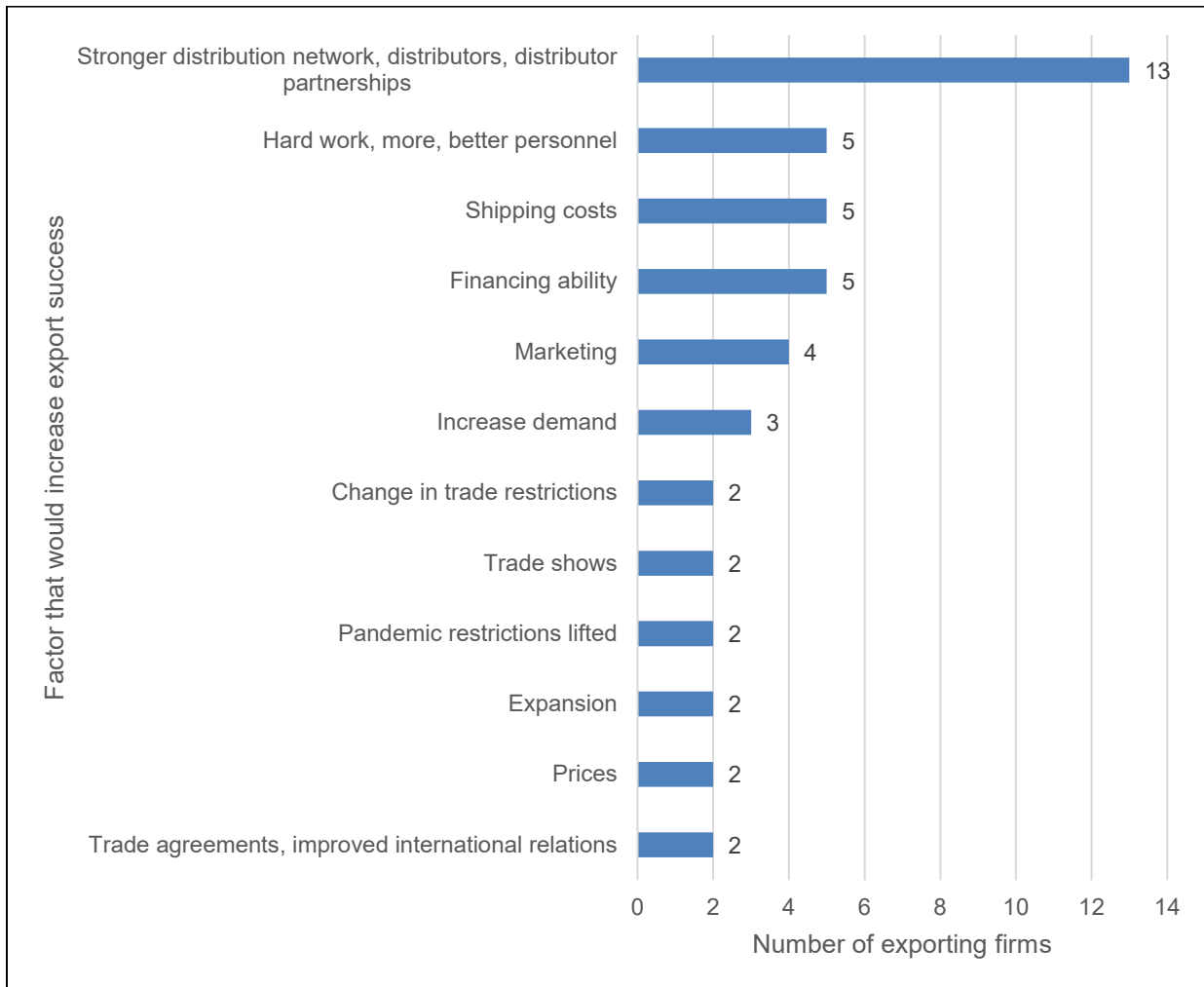


The 2<sup>nd</sup> ranked competitive edge cited by firms (7) was high demand. The 3<sup>rd</sup> ranked reason was the exporter has a quality product. The competitive price of their product was the 4<sup>th</sup> ranked reason..

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

Obtaining stronger distribution networks, distributors or distributor partnerships was the top ranked factor (13 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

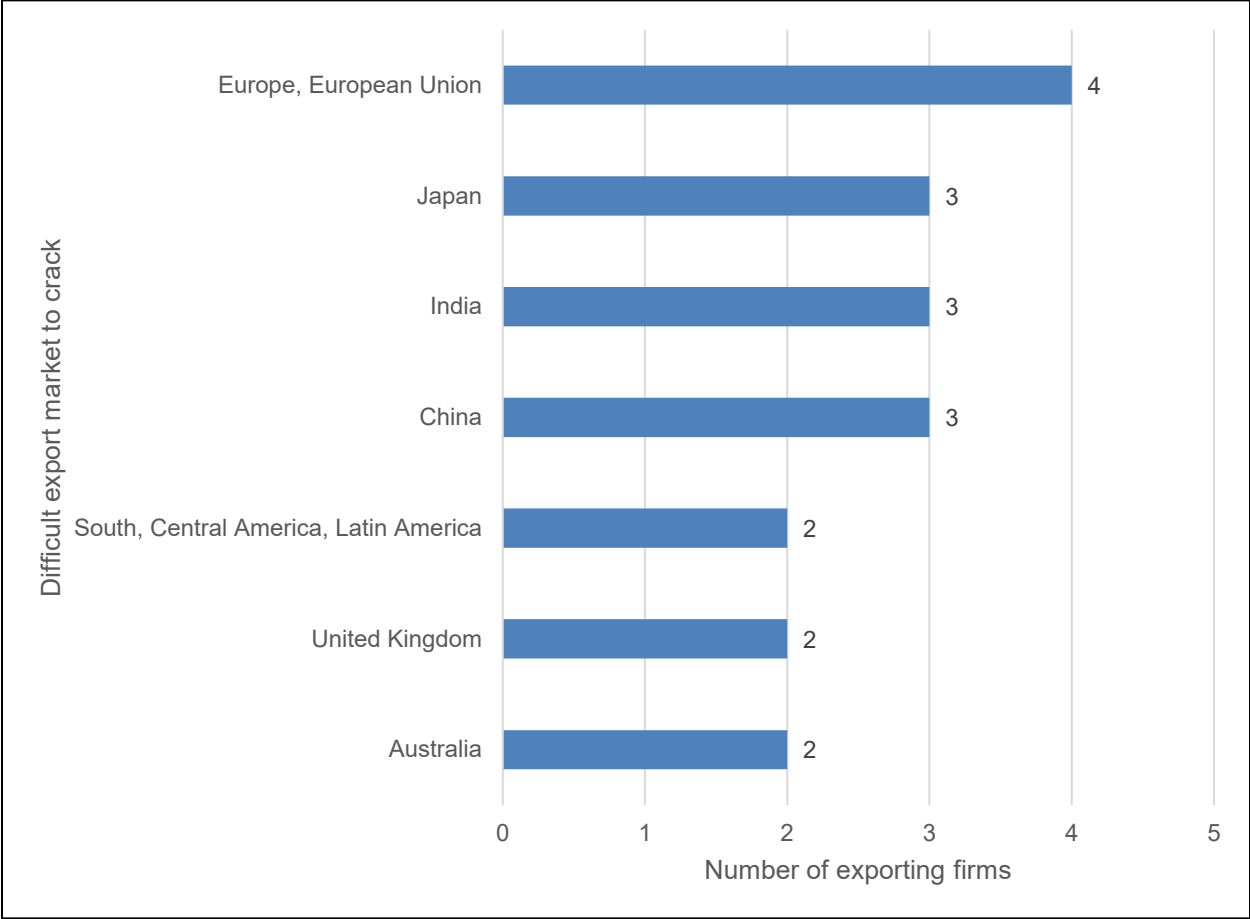


Three factors tied for the 2<sup>nd</sup> ranked success factor: 1) hard work, more or better personnel, 2) reduced shipping costs and 3) improved financing ability. Improved marketing was the 3<sup>rd</sup> ranked factor (4 firms).

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

Of the firms that provided an answer to question 16, 33 (46%) answered Yes - there are export markets in which they are interested but are hard to crack. 39 firms (54%) answered No. Europe or the European Union were most frequently mentioned (4 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*



Japan, India and China were tied as the 2<sup>nd</sup> ranked markets (3 firms) that were interesting but difficult to crack.

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

Twelve firms (17% of responding firms) stated that they may have to curtail exporting efforts in 2022, while 57 firms (83%) stated they would not curtail exporting. Table 9 presents the proportion of businesses that may curtail exporting in 2022 by the type of business.

Table 9: Firms that may curtail exporting in 2022

| Type of business   | May curtail exporting in 2022 |     |
|--|-------------------------------|-----|
|  | Yes                           | No  |
| Agriculture, Mining, Construction  | 38%                           | 62% |
| Manufacturing  | 10%                           | 90% |
| Wholesale, Retail, Transportation  | 26%                           | 74% |
| Information, Finance, Professional, Scientific, Technical, Admin Support | 40%                           | 60% |

Nine in ten (90%) of manufacturing firms will definitely continue exporting in 2022. At least three-fifths of agriculture, mining or construction companies (62%) and information, finance, professional, scientific, technical and admin support companies (60%) will continue exporting in 2022. Three-quarters (74%) of wholesale, retail or transportation companies are likely to continue exporting.

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

Fifty-six of the 64 firms that responded to this question (87%) reported importing products or services for use in Montana operations, while 13% 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  | 83%  | 17% |
| Manufacturing  | 84%  | 16% |
| Wholesale, Retail, Transportation  | 91%  | 9%  |
| Information, Finance, Professional, Scientific, Technical, Admin Support | 100%   |     |

All of the responding information, finance, professional, scientific, technical or admin support companies (100%) import products or services for use in Montana operations. More than four-fifths of responding manufacturing firms (84%) reported importing products or services. Among responding wholesale, retail or transportation companies 91% said they import products or services. Eighty-three percent of responding agriculture, mining or construction companies reported importing goods or services.



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

The total 2021 value of imports reported by the 64 participating importing businesses was \$172,800,000, down from \$196,400,000 in 2020. The average 2020 value of imports per business was \$2,700,000, down from \$3,200,000 in 2020. Table 11 presents the average 2021 value of imports by business type.

*Table 11: Mean 2021 value of imports per firm*

| <b>Type of business</b>  | <b>Mean 2020 value of imports</b> | <b>Mean 2021 value of imports</b> |
|--|-----------------------------------|-----------------------------------|
| All responding businesses  | \$3,200,000                       | \$2,700,000                       |
| Agriculture, Mining, Construction  | \$15,000,000                      | \$11,200,000                      |
| Manufacturing  | \$1,600,000                       | \$2,100,000                       |
| Wholesale, Retail, Transportation  | \$4,500,000                       | \$1,600,000                       |
| Information, Finance, Professional, Scientific, Technical, Admin Support | \$2,200,000                       | \$500,000                         |

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

Among importing businesses, 27% reported that their firm would benefit from a foreign supplier being a Montana resident, up slightly from 24% in the previous survey. 73% 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  | 83%  | 17% |
| Manufacturing  | 23%  | 77% |
| Wholesale, Retail, Transportation  | 16%  | 84% |
| Information, Finance, Professional, Scientific, Technical, Admin Support | 20%  | 80% |

Of the six importing agriculture, mining or construction firms that responded to this question, five (83%) said that they have a supplier that would benefit from becoming a Montana resident. This proportion significantly exceeds those found among the other responding business types.

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

About three in ten responding businesses (34%) said they are currently seeking investment for expansion of operations in Montana, while 66% said that they are not. The proportion of firms currently seeking investment for expansion is up slightly from that found in the previous survey (29%). 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  | 60%   | 40% |
| Manufacturing  | 31%   | 69% |
| Wholesale, Retail, Transportation  | 16%   | 84% |
| Information, Finance, Professional, Scientific, Technical, Admin Support | 50%   | 50% |
| Exporter   | 29%   | 71% |
| Importer   | 30%   | 70% |
| Service Provider   | 43%   | 57% |
| Exporter / importer  | 37%   | 63% |

When examining responses by business agriculture, mining and construction firms (60%) and information, finance, professional, scientific, technical or admin support firms (50%) were most likely to be seeking investment for expansion in Montana. When viewing responses by import / export activity service providers (43%) 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. This represents no change from the previous survey. 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  | 10%   | 90% |
| Manufacturing  | 11%   | 89% |
| Wholesale, Retail, Transportation  | 15%   | 85% |
| Information, Finance, Professional, Scientific, Technical, Admin Support | 13%   | 88% |
| Exporter   | 11%   | 89% |
| Importer   | 16%   | 84% |
| Service Provider   | 15%   | 85% |
| Exporter / importer  | 7%  | 93% |

**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 16% of responding businesses reported that they have been approached by a foreign owned entity seeking an ownership interest in their firm. These proportions represent almost no change from those found in the 2020 survey (16% considered, 11% approached). The remaining 68% 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  | 27%                       | 27%        | 46%     |
| Manufacturing  | 16%                       | 16%        | 68%     |
| Wholesale, Retail, Transportation  | 0%                        | 8%         | 92%     |
| Information, Finance, Professional, Scientific, Technical, Admin Support | 22%                       | 11%        | 67%     |
| Exporter   | 24%                       | 20%        | 56%     |
| Importer   | 11%                       | 6%         | 83%     |
| Service Provider   | 13%                       | 38%        | 49%     |
| Exporter / importer  | 14%                       | 14%        | 72%     |

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

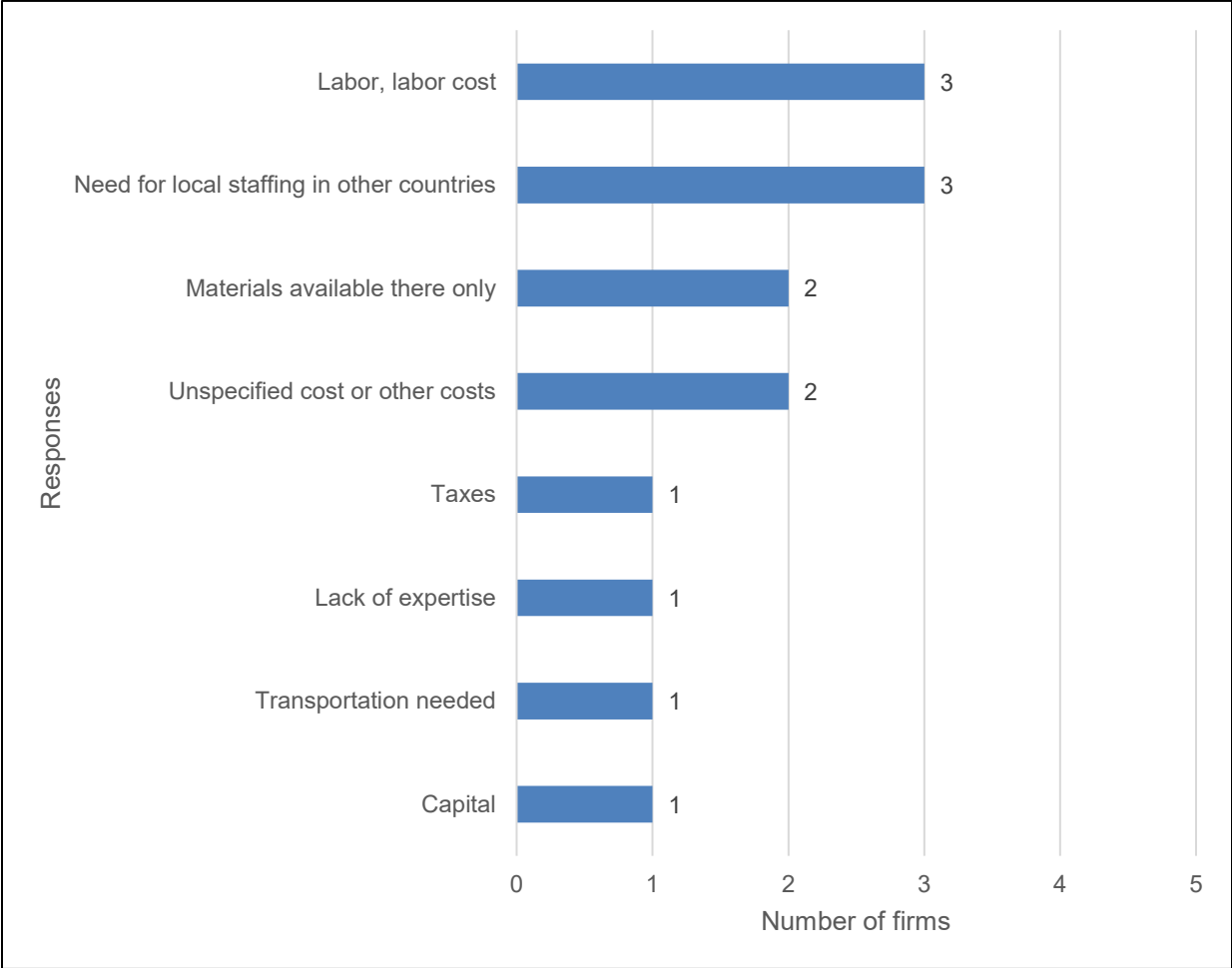
Only 15% of responding businesses reported knowing of any majority foreign-owned firms in their area, the remaining 85% reported not knowing of any. The companies that respondents named were:

1. Sibanye-Stillwater
2. Administrate
3. Brenntag
4. Univar
5. EGT
6. Eurofins
7. Sartorius
8. Lumbird
9. OBOZ
10. TSI Group Ltd.

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 (16%) provided an answer to question 25. Figure 13 below presents the responses to question 25 and the frequency of those responses.

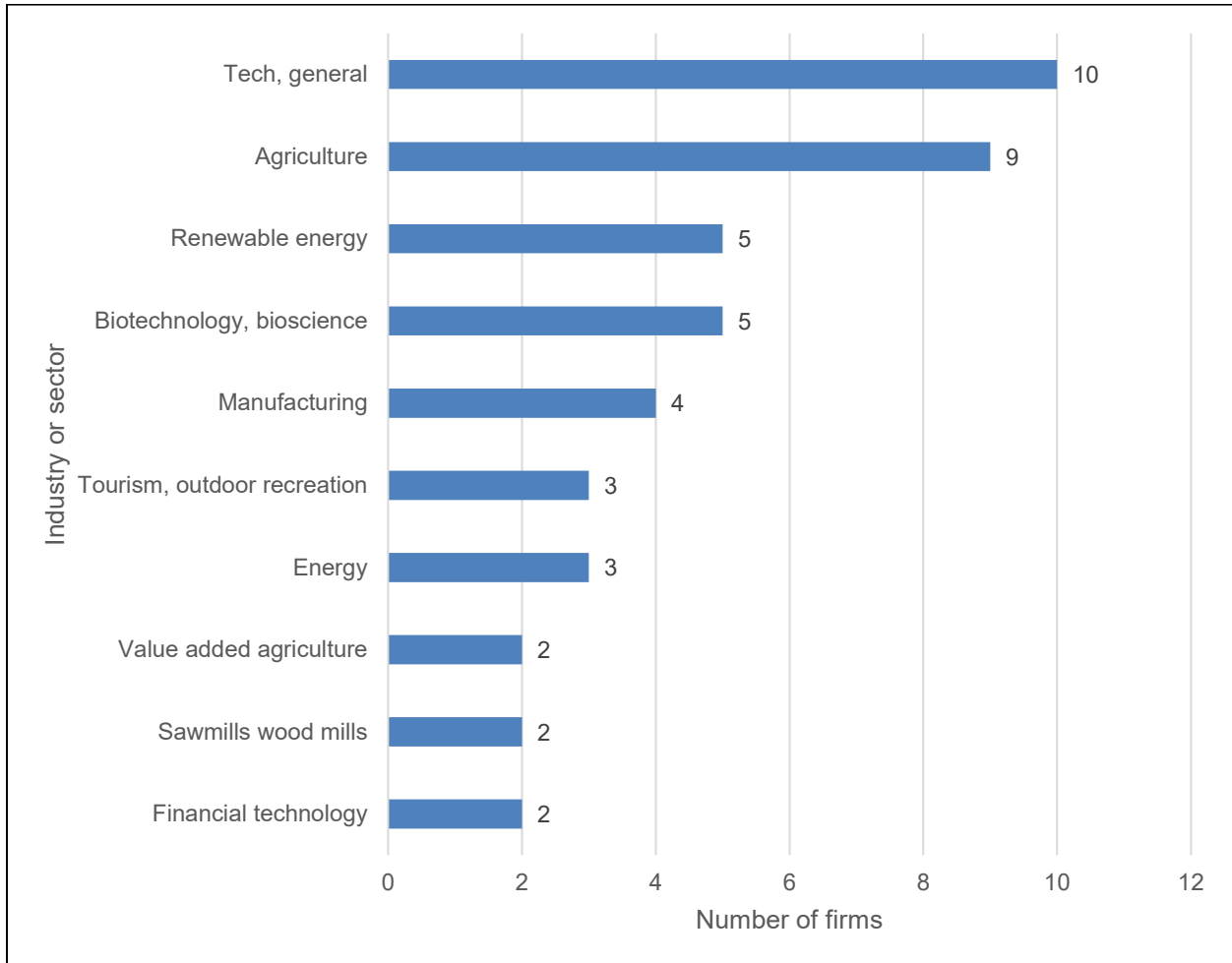
Figure 13: Factors that prevent moving international operations to Montana



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

More firms (10) 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 were mentioned by 9 firms as being likely to invest in Montana. Renewable energy and biotechnology or bioscience were tied as the 3<sup>rd</sup> most often cited industry (5 firms) that is likely to invest in Montana.



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

A majority of responding businesses (62%) said that their firm was negatively impacted by U.S. tariffs in the three years prior to the survey. Only 1% said their firm was positively impacted. The remaining 37% 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

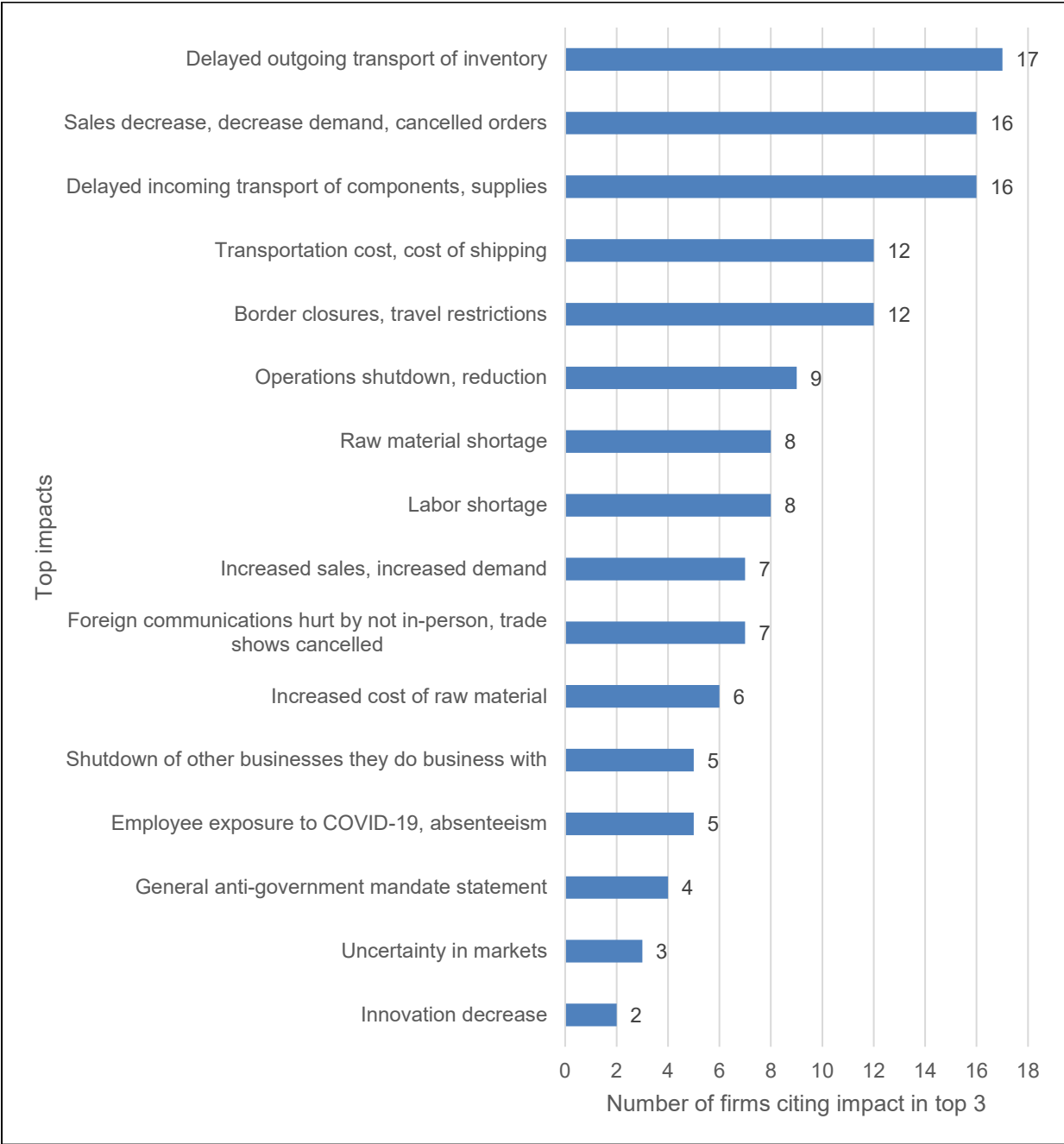
| Type of business or import / export activity                             | Impact of U.S. tariffs over the last 3 years |          |           |
|--|--|----------|-----------|
|  | Positive                                     | Negative | No impact |
| Agriculture, Mining, Construction  |  | 70%      | 30%       |
| Manufacturing  | 2%   | 57%      | 41%       |
| Wholesale, Retail, Transportation  |  | 83%      | 17%       |
| Information, Finance, Professional, Scientific, Technical, Admin Support |  | 50%      | 50%       |
| Exporter   | 4%   | 61%      | 35%       |
| Importer   |  | 72%      | 28%       |
| Service Provider   |  | 63%      | 37%       |
| Exporter / importer  |  | 57%      | 43%       |

An overwhelming proportion (83%) of wholesale, retail or transportation companies and 70% of agriculture, mining or construction companies reported being negatively impacted by U.S. tariffs.

Q28. 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 outgoing transport of inventory, which was cited by 17 firms. Figure 16 lists the top impacts mentioned by the responding firms.

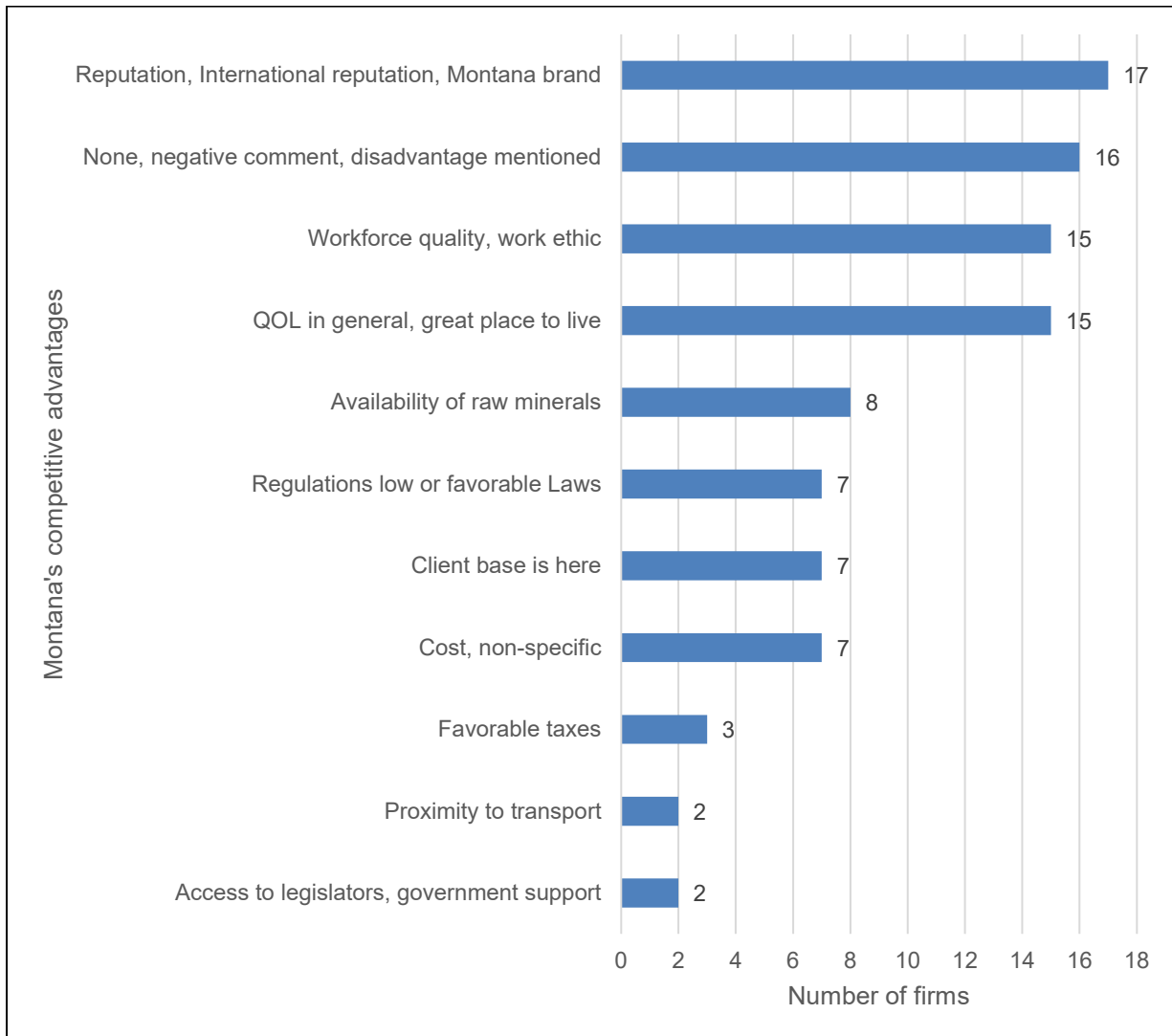
Figure 16: Top impacts of COVID-19 on businesses



## Q29. What competitive advantage, if any, do you attribute to being located in Montana?

More responding businesses (17) cited Montana’s reputation or brand 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

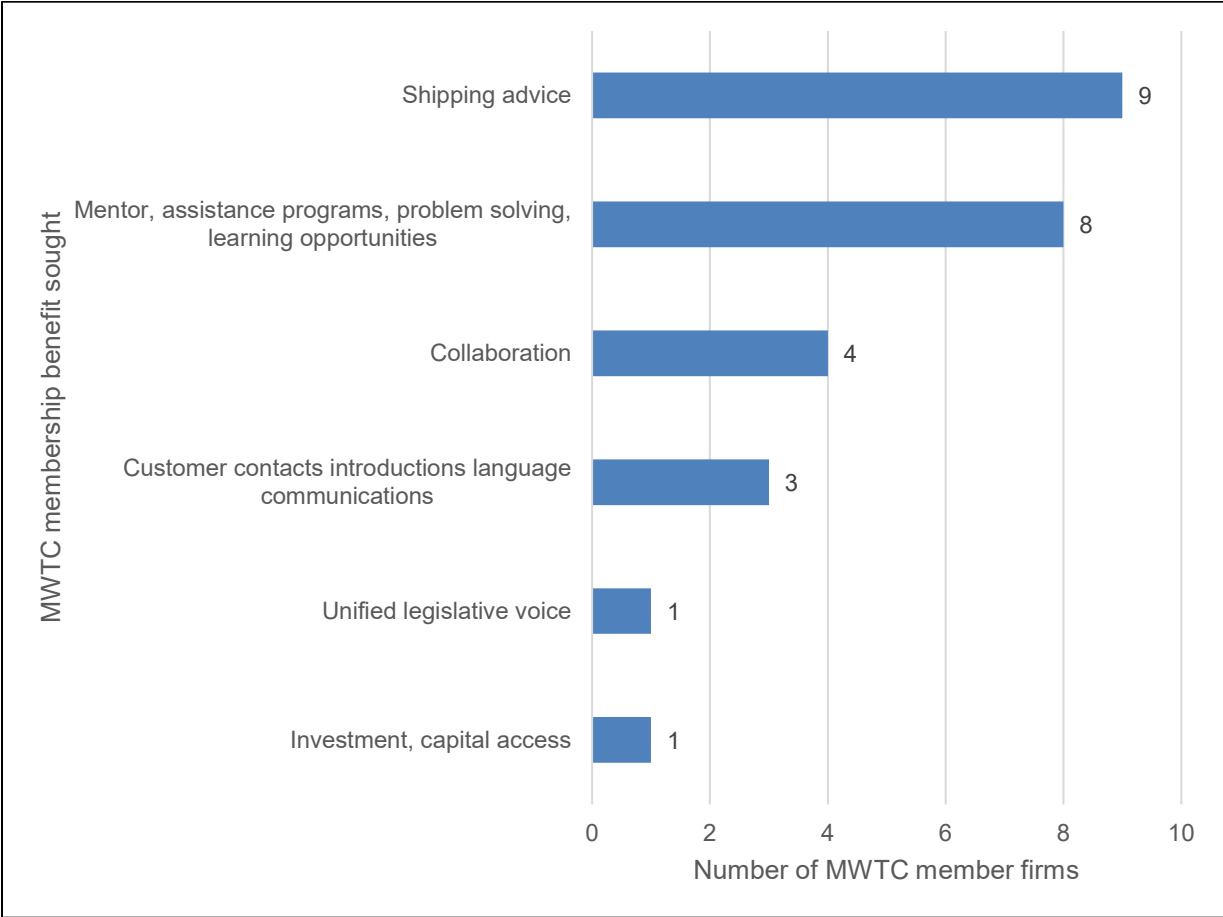


It is important to note that 16 firms said that Montana either conferred no advantage or was a disadvantage. Overall, 84% percent of the items cited were positive competitive advantages while 16% of the items cited were either none or a disadvantage.

Q30. 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 is shipping advice. These benefits were mentioned by 9 MWTC member firms. Eight firms are seeking mentorship, assistance programs, problem solving or learning opportunities. Figure 18 below lists the most important things MWTC member firms want out of membership.

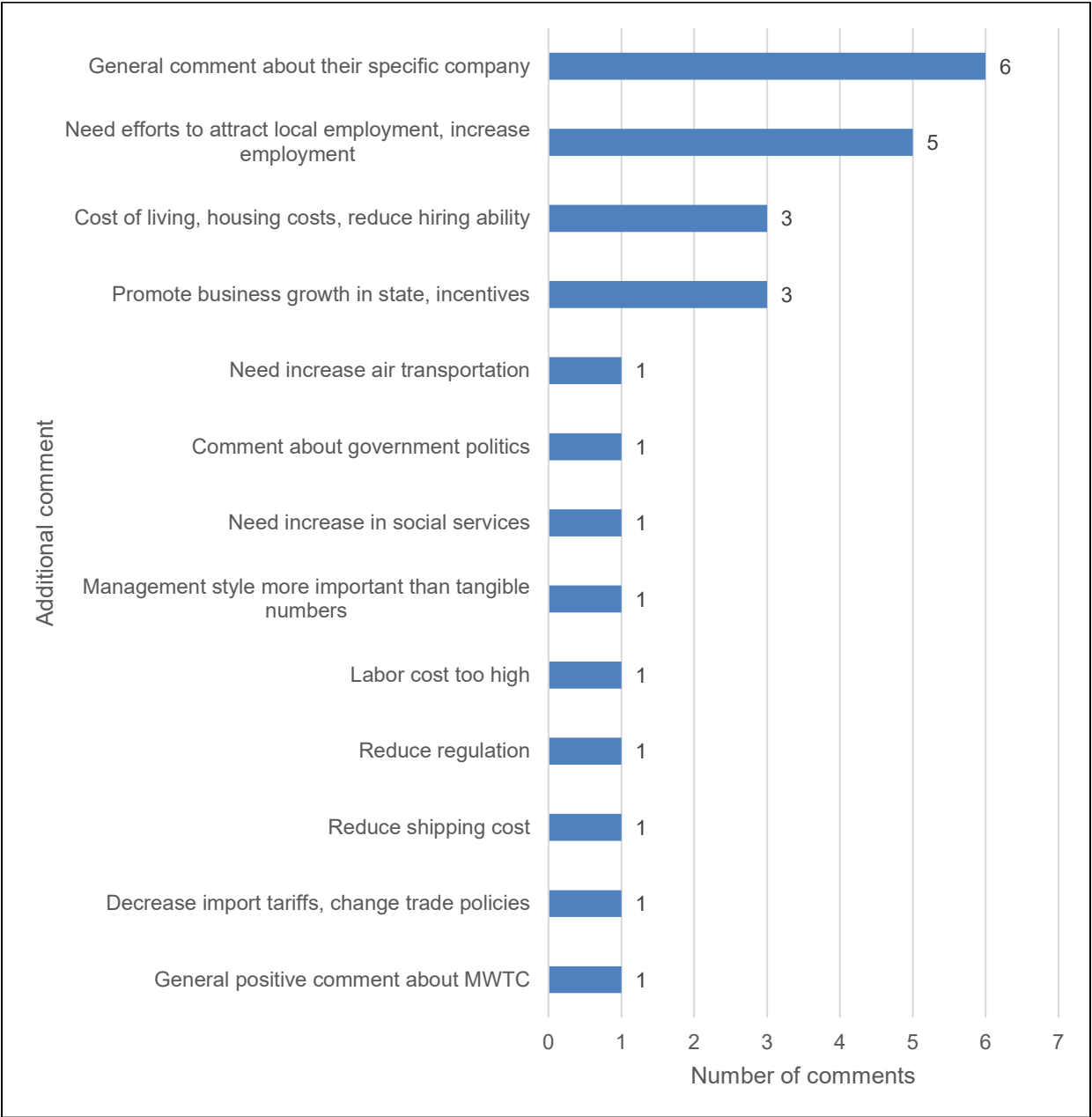
Figure 18: MWTC membership benefits sought



Q31. What additional comments do you have? MWTC is particularly interested in your observations about creating new, high-paying Montana jobs tied to international trade.

Firms' need to attract and increase local employment was the most often mentioned additional observation offered in this survey, mentioned by 6 firms. Figure 19 describes the additional observations received.

Figure 19: Additional comments



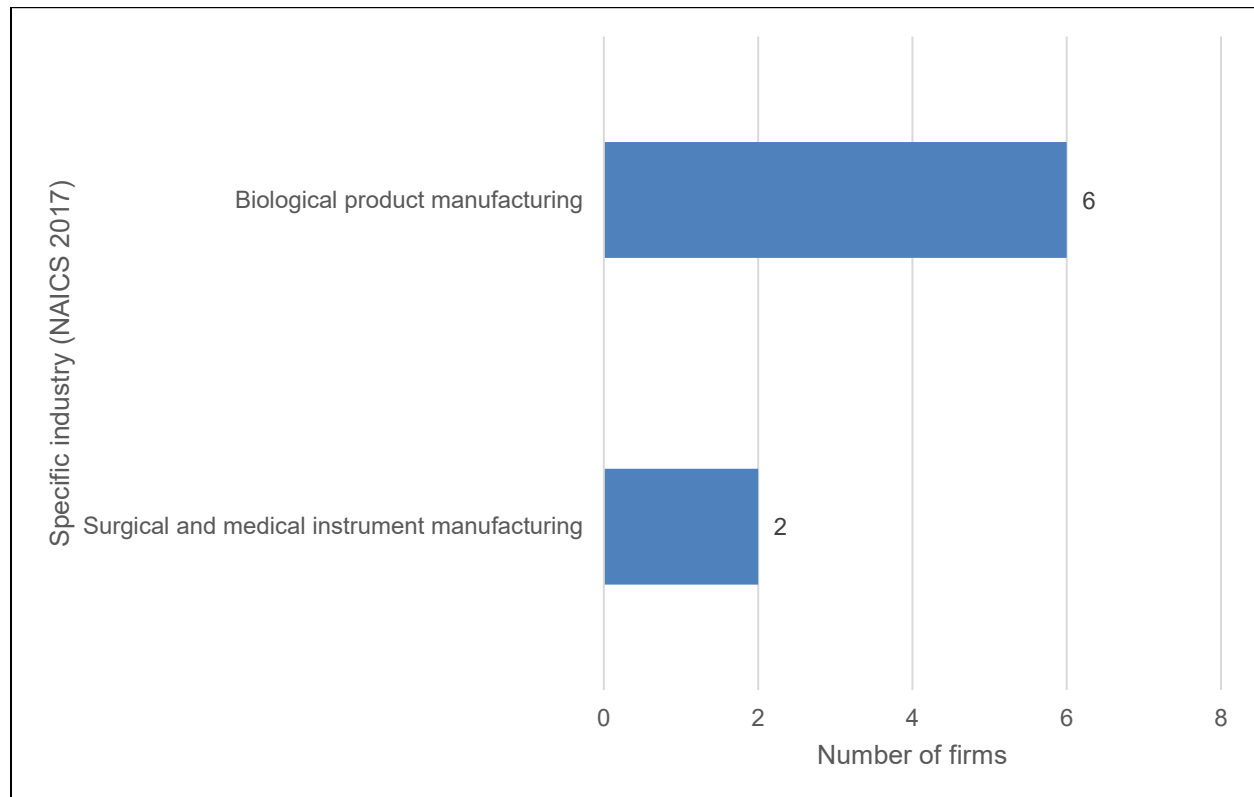
## Bioscience Business Focus

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 8 bioscience firms. The most common specific industry type among the firms is biological product manufacturing (6 firms). Figure 20 below describes the specific industries in which the responding bioscience firms operate.

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

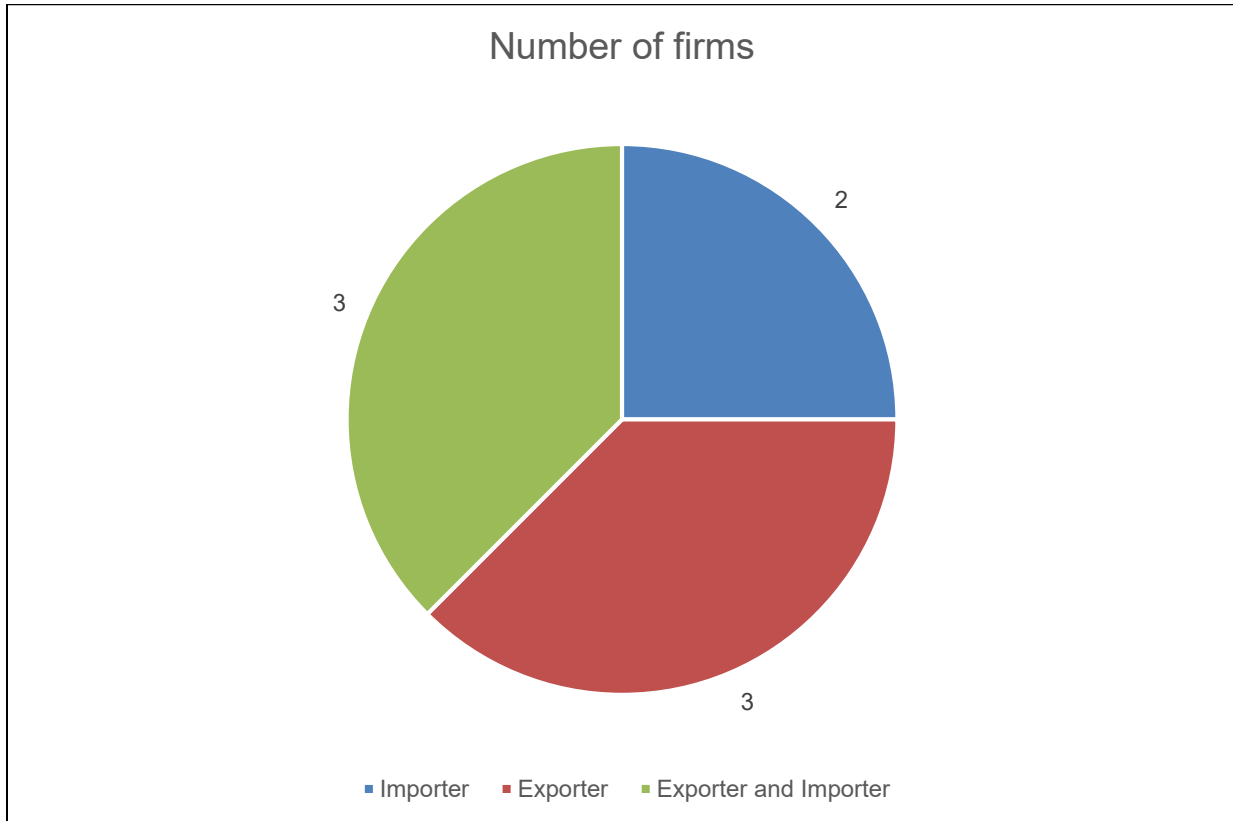


The 2<sup>nd</sup> ranked industry type is surgical and medical instrument manufacturing (2 firms).

### Import / export activity

Over half (6) of the bioscience firms identified themselves as exporting firms, either exclusively exporting (3) or exporting and importing (3). Figure 21 presents the number of bioscience firms by their import / export activity. Two firms said they are importers.

Figure 21: Import / export activity of bioscience companies



### Key business characteristics

The bioscience businesses that responded to this survey were smaller than were all the responding businesses, based on the average number of employees and annual revenue displayed in Table 16 below.

*Table 16: Key bioscience business characteristics*

| <b>Annual average per firm</b>              | <b>Bioscience businesses</b> | <b>All businesses</b> |
|---|------------------------------|-----------------------|
| <b>Employees</b>                            | 11                           | 62                    |
| <b>Wage</b>                                 | \$75,000                     | \$61,000              |
| <b>Revenue</b>                              | \$6,100,000                  | \$22,800,000          |
| <b>Value of export sales</b>                | \$2,100,000                  | \$9,300,000           |
| <b>Value of imports</b>                     | \$2,900,000                  | \$2,700,000           |
| <b>Anticipated 2021 wage growth rate</b>    | 9%                           | 9%                    |
| <b>Anticipated 2021 revenue growth rate</b> | 67%                          | 23%                   |

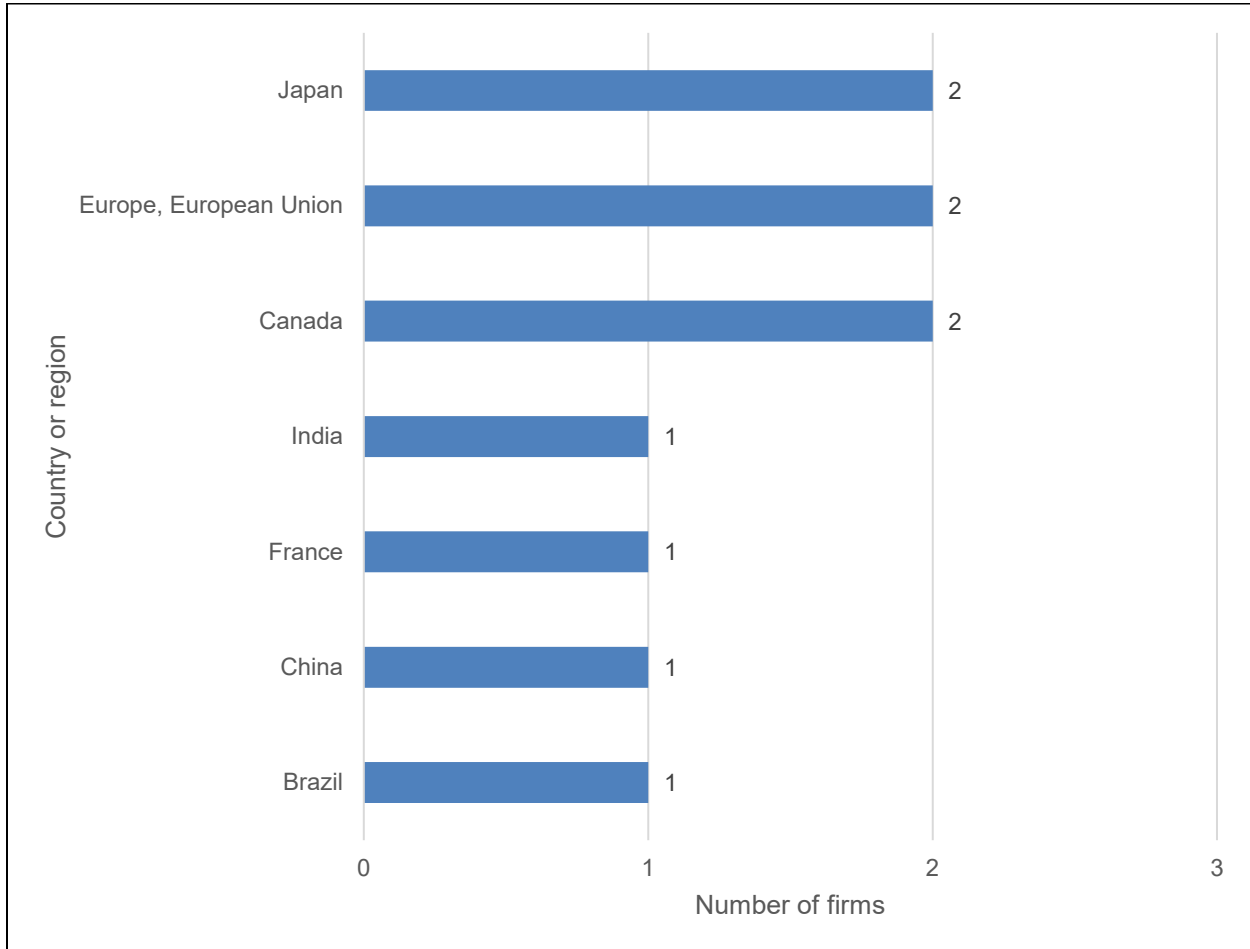
Average annual wages for 2021 among bioscience businesses (\$75,000) were also considerably higher than average annual wages among all responding businesses (\$61,000). Bioscience businesses anticipate 2022 revenue growth at a rate (67%) that is substantially higher than that found for all businesses.



## Export destinations

More Montana bioscience businesses export products or services to Canada, Japan or Europe in general than any other country or region. Figure 22 displays the range and frequency of countries to which Montana bioscience firms export.

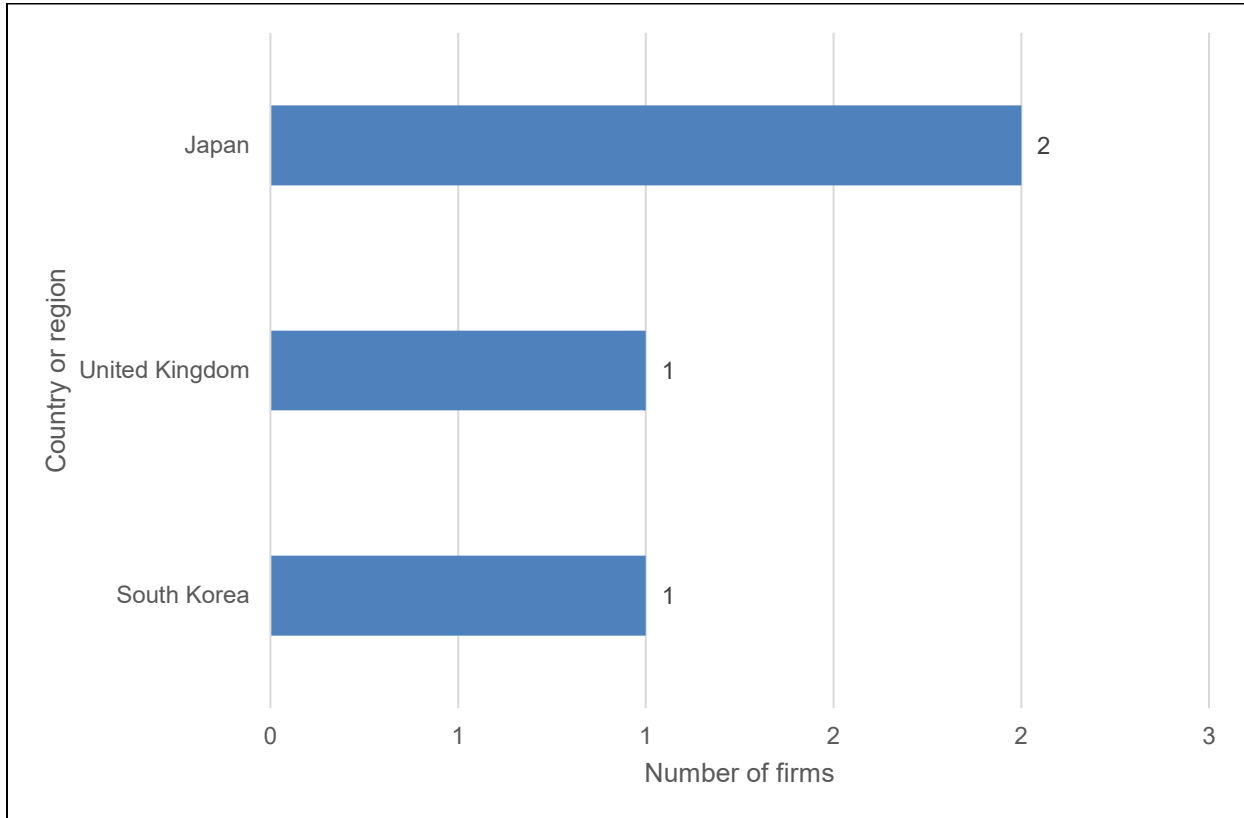
Figure 22: Bioscience export destinations



### Difficult export markets

Japan, United Kingdom and South Korea are the three 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 illustrates this..

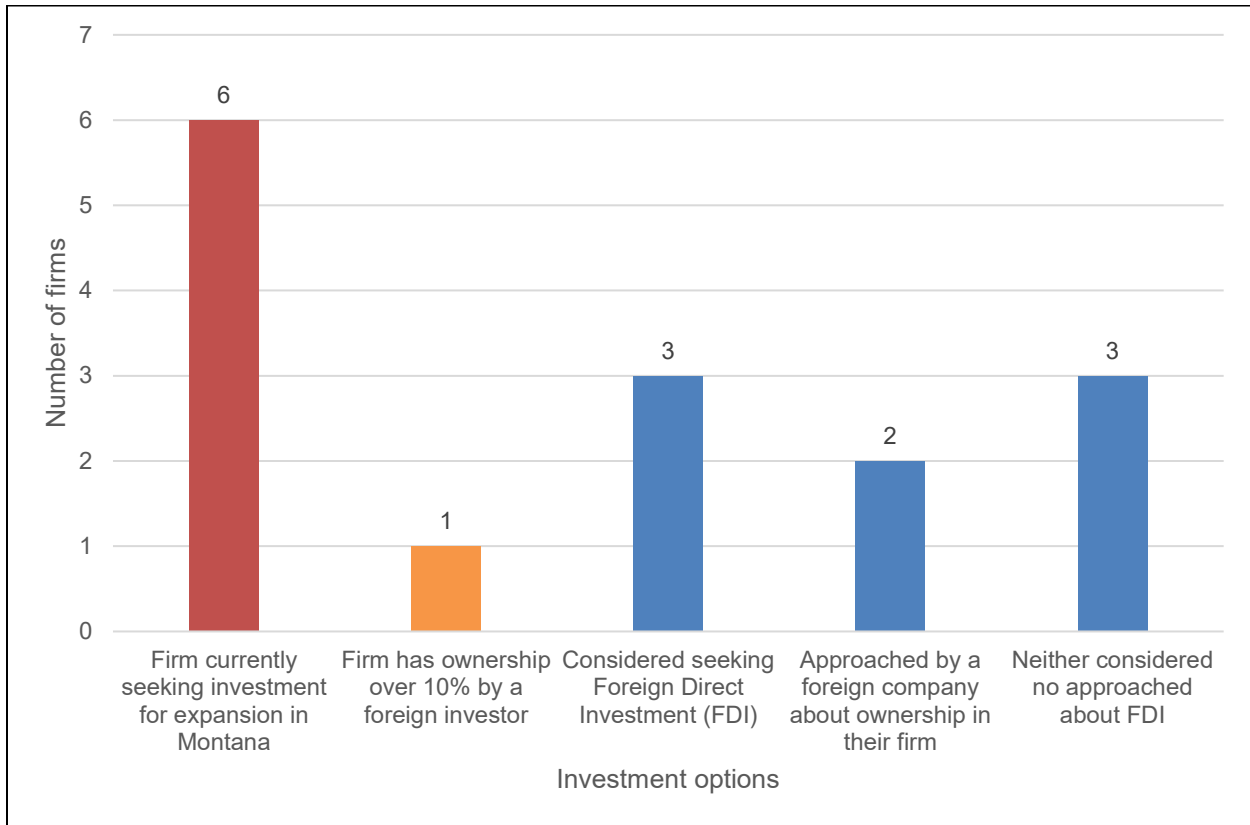
Figure 23: Difficult export markets for bioscience businesses to crack



### Investment options sought

Six out of eight bioscience companies are 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

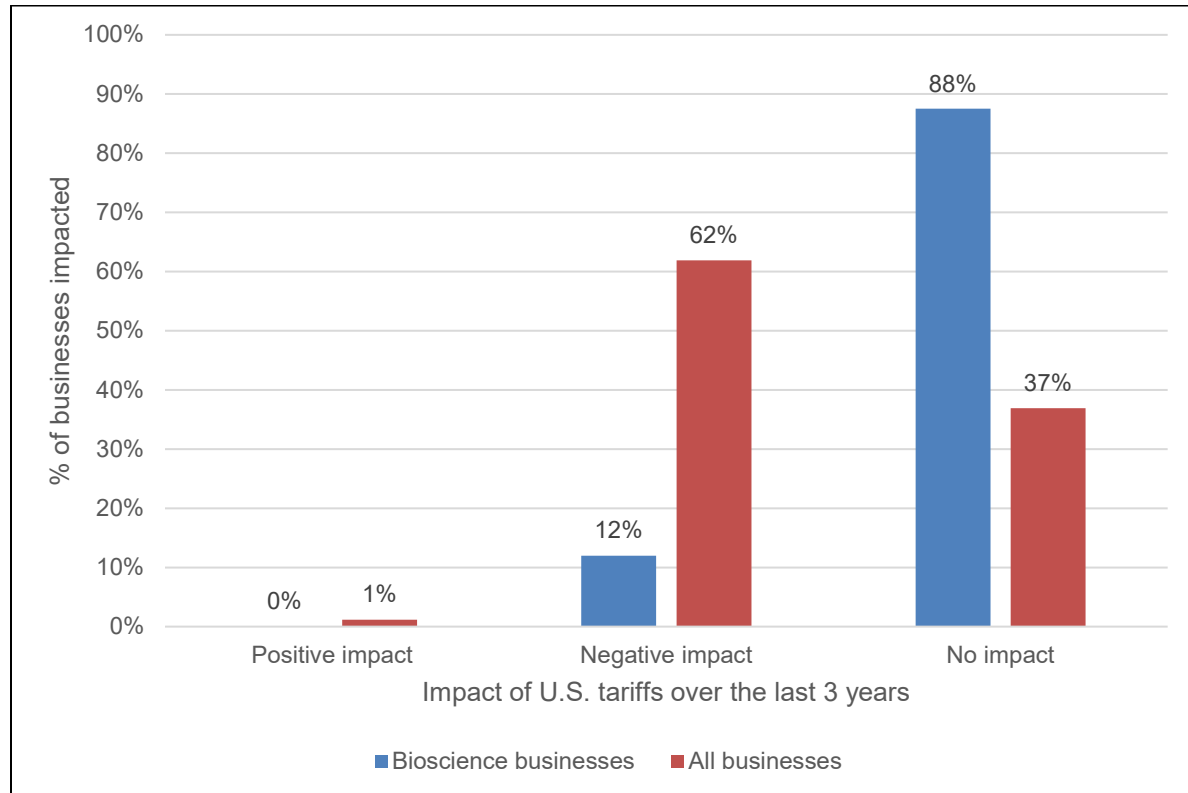


One bioscience firm has more than 10% ownership by a foreign entity. Three bioscience firms have considered seeking Foreign Direct Investment and two have been approached by a foreign entity about an ownership interest in their firm.

## Impacts of U.S. tariffs

Far fewer bioscience businesses (12%) reported experiencing any impact from U.S. tariffs over the last three years when compared to all responding businesses (62%). 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

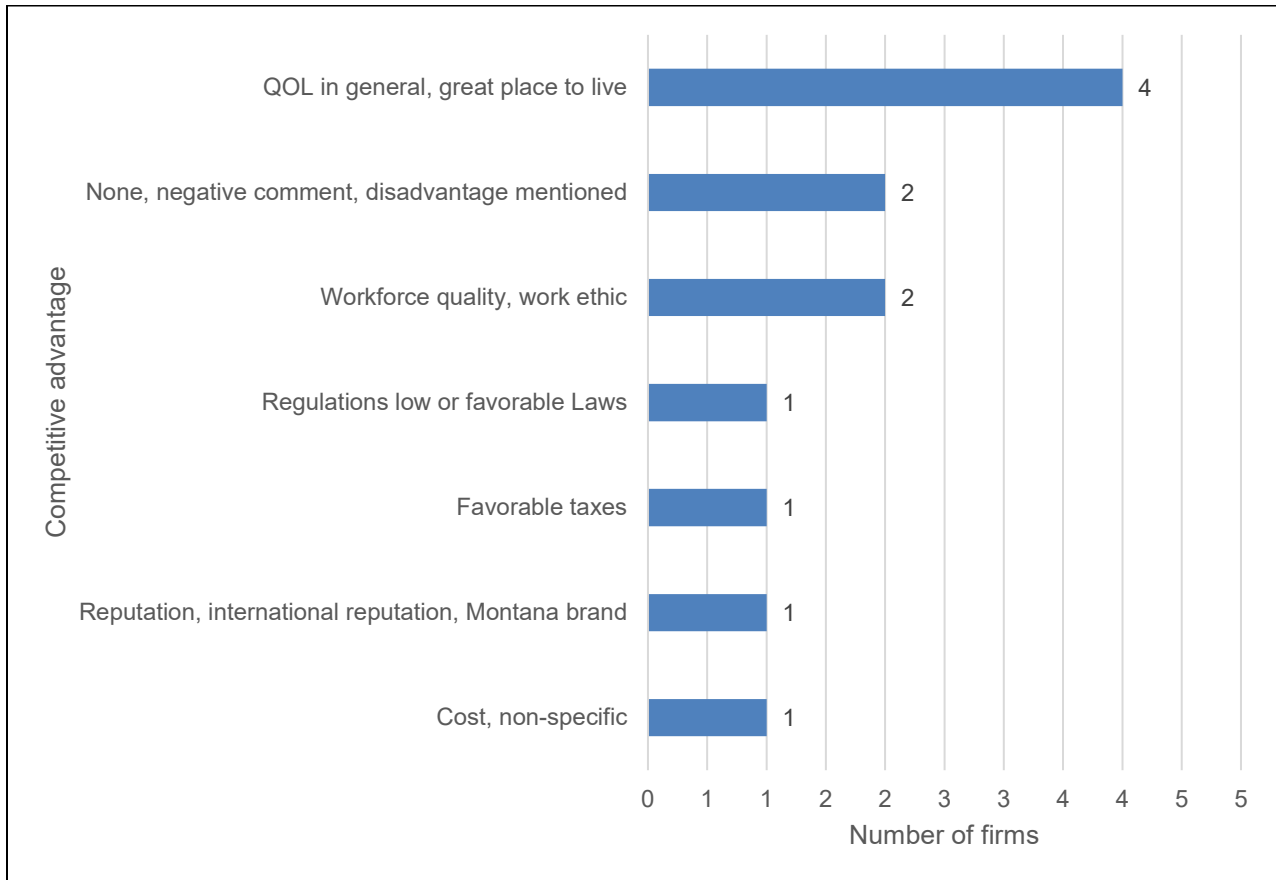


Only 12% of bioscience businesses cited a negative impact from U.S. tariffs compared with 62% of all businesses. The fraction of bioscience businesses that reported a positive impact (0%) was very similar to that of all businesses (1%).

### Competitive advantages of location in Montana

Montana's quality of life was cited most frequently (4 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 was the 2<sup>nd</sup> ranked competitive advantage cited by bioscience firms.

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