

The Economic Impact of the Canada/Northeastern Minnesota Relationship on the Arrowhead Region of Minnesota

- Study conducted by the Bureau of Business and Economic Research, an entity of the University of Minnesota Duluth's Labovitz School of Business and Economics for the Consulate General of Canada in Minneapolis, August 2018.
- Study area - Northeastern Minnesota's Arrowhead region consists of Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis counties



EXPORTS

- In 2017, goods and projected services of exports to Canada resulted in 1,714 jobs, \$84.9 million in labor income, and \$179.1 million in value-added with a total output of \$408.9 million.
- The total number of jobs created as a result of exports to Canada increased 20% from 2016 to 2017.
- Total revenue from exports increased by \$77 million from 2016 to 2017.
- Labor income, value added, and regional output recognized sizable growth between 2016 and 2017 with regional output seeing roughly \$100 million in growth, a 25% increase from 2016.

CANADIAN FOREIGN DIRECT INVESTMENT

- In 2017, Canada was directly invested in 39 businesses in the region, employing more than 2,600 workers.
- Foreign Direct Investment (FDI) supported over 5,100 jobs through direct, indirect, and induced effects.
- More than \$1.1 billion in total output can be tied to FDI and its overall economic impact was nearly three times as large as that from exports.
- Canadian FDI contributed more than twice as much value added (\$640 million) to the study area as compared with exports and added \$348 million in labor income.

TRAVEL/TOURISM

- Spending on travel, \$12 million in 2016 and \$13 million (projected) in 2017, was the primary driver of the service export industry to Canada, and supported the most jobs.

MINING/SEAWAY PORT INFLUENCE

- Iron ore mining was the industry most impacted by the trade relationship with Canada by a significant margin. In 2017 alone, nearly 250 jobs were supported in iron ore mining as a result of trade with Canada.
- The Arrowhead region exported \$47 million in metal ore to Canada in 2016, which represented 26% of the region's total revenue from exports. In 2017, metal ore exports grew to \$143 million (56% of the region's export revenue).
- Of all the iron ore that left the Port of Duluth-Superior in 2017, 36% (7.2 million tons) was Canada-bound.
- More than 30% of all vessels in the Duluth-Superior port in 2017 were Canadian.

The full report, along with data references, can be accessed on the Bureau of Business and Economic Research's website – z.umn.edu/bber

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