



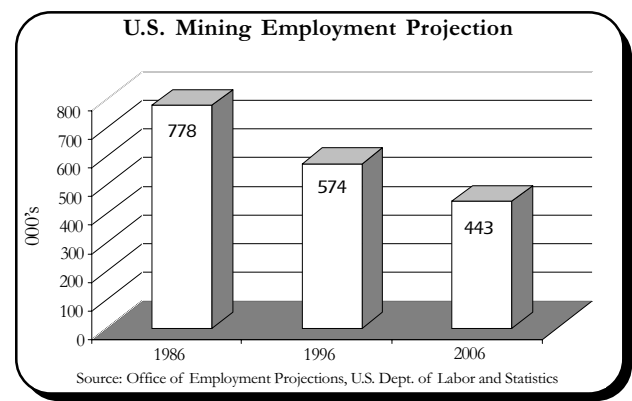
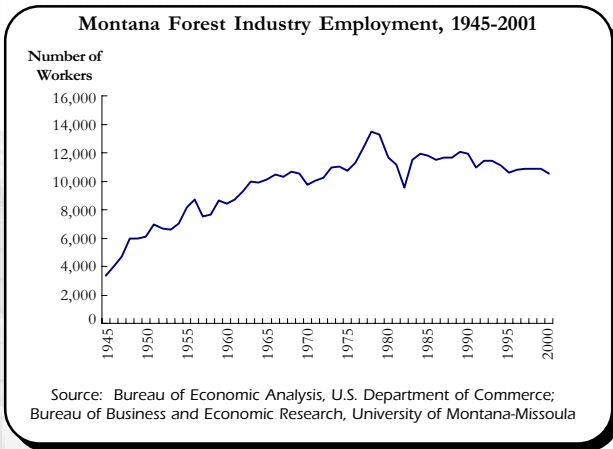
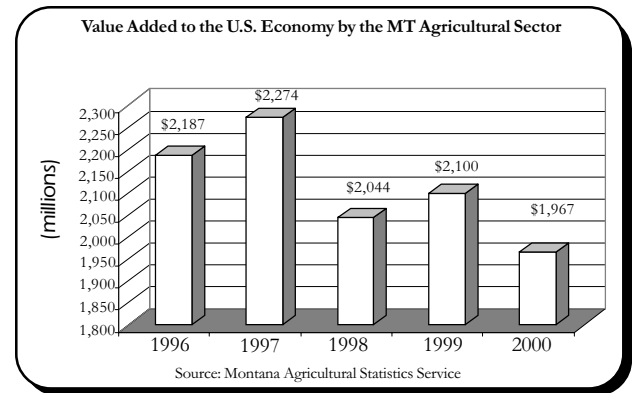
Strengthening Traditional Businesses

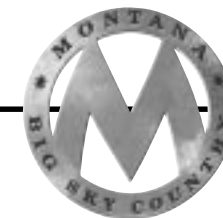
Principle 4: Grow our traditional and existing businesses and industries.

Montana's traditional industries employ large numbers of our residents and pay some of our highest wages. These foundation businesses are a fundamental component of our state's economy. Strategies focused on traditional industry development in the new economy must remain a key part of the state's economic development efforts.

Market access and global competition have fundamentally changed the marketplace. The challenge in these traditional sectors is to continue to support high quality production, while encouraging the development of value-added processing, and

facilitating entry and expansion in global markets. For all industry sectors in the state, we have worked in this document to address the fundamental business needs (e.g. workforce training alignment, taxes, regulations, etc.). However, this section focuses on specific needs and opportunities of our traditional industry segments.







Agriculture is Montana's leading industry and a major component of our economy. Our state's agricultural industry accounts for over one-third of Montana's basic employment, labor income and gross sales, and produces \$2.3 billion in annual commodity cash receipts. Little of that economic activity is derived from adding value to the raw product. Nearly 85% of our total raw agricultural production is transported out-of-state.

Over the past 50 years, the farmer's share has shrunk. In 2001, according to the Montana Department of Agriculture, agricultural producers receive less than 15 cents for every consumer dollar spent on food, down from nearly 40 cents in 1950. Changing markets, new research, and technology continue to affect agricultural businesses in this century - presenting challenges as well as opportunities.

Montanans have the chance to develop new and innovative ways to increase the bottom line for producers and processors. Building on recent successes and strategies proposed by our state's agricultural industry, we will work to build and enhance value-added opportunities for our state's farmers and ranchers.

Goals

-  Build upon the successes of Montana's existing agriculture industry.
-  Maximize returns for Montana's agricultural industry through encouragement of high value production, processing and marketing of commodities.

Strategies



- 1** Maintain and strengthen Montana's agriculture industry through continued support of the Final Report recommendations of Vision 2005 Task Force on Agriculture.
- 2** Encourage value-added processing in Montana for both existing and new generations of value-added agricultural products.
- 3** Expand the marketing resources available to Montana's agricultural producers and manufacturers to support increased sales to higher value markets.
- 4** Ensure Montana's agricultural economy is part of the new economy by accelerating the development and adoption of technology that maximizes value for Montana's natural resources and unique environments.
- 5** Expand training and education regarding new technologies and processes that add value.



Tourism is Montana's second largest industry. According to the Institute for Tourism and Recreation Research, nonresident travel expenditures totaled nearly \$1.6 billion in 1999 and Montana's tourism numbers have been steadily rising over the past dozen years. Approximately 9.4 million nonresidents visited the state in 1999. Even though Montana continues to draw more visitors each year, there is a vast wealth of untapped potential consumers. With parks, wilderness areas, wildlife, historic attractions and more, the state offers what more and more vacationers are looking for – an escape from their everyday lives.

For that trend to continue, Montana needs to ensure it has a strong marketing plan and adequate facilities and services to provide a positive experience for visitors. We continue to support efforts to strengthen Montana's economy through the promotion of the state as a vacation destination. The film industry is a valuable component of our state's economy and influences tourism. We have included the film industry with tourism in this framework document.

Goals

-  Build upon and strengthen Montana's market position as a travel destination for national and international visitors.
-  Improve Montana's competitiveness as a world-class film and entertainment industry business and production destination.

Strategies

- 1** Support the travel and film industries' development goals as identified in Travel Montana's 5-Year Marketing Plan.
- 2** Continue to develop tourism infrastructure in all regions of the state.
- 3** Evaluate and recommend targeted incentives to enhance Montana's competitiveness as a film location.
- 4** Promote rural regional eco-tourism and heritage tourism.

Other Industry Sectors



Construction, manufacturing, services, timber, mining, oil and gas, military services and other traditional industries in Montana are important components of our state's economy. We will work in concert with these and other respective industry sectors to refine or develop strategic plans. We will identify those areas where government can play a key role in industry growth and expansion.

Services

The service sector can include a variety of jobs, including hotel and lodging, health care, motion pictures, marketing, education, financial, legal and computer services. As reported by the U.S. Bureau of Labor Statistics, the market value for services in Montana increased 34% from 1994 to 1999 to \$4.2 billion.

Health care services generate the largest percent of the state's overall service sector GSP (39% according to the U.S. Bureau of Economic Analysis). Currently, the health care sector provides good paying jobs for Montanans. In 2000, the average health care worker earned \$29,412, approximately 21% more than the average Montanan.

Construction

Montana's Construction Industry continues to expand. According to the U.S. Bureau of Labor Statistics, the dollar value of construction in Montana increased \$350 million from 1994 to 1999 to \$1.2 billion.

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Manufacturing

The manufacturing sector includes traditional heavy industries as well as a broad array of other activities ranging from the production of high technology equipment to cottage industries producing jewelry or sporting goods. As reported by the U.S. Bureau of Labor Statistics, the state's manufacturing sector produced \$1.5 billion in output and directly employed 24,645 workers, which earned more than \$773 million in annual wages in 1999.

Natural Resources

For most of the last century, Montana's economy was based on our abundance of natural resources. From the first miners who came to Montana in search of gold, copper and silver; to today's high technology mining, timber harvesting, and oil and gas extraction methods; natural resources play a key role in our state's economy.

According to the Bureau of Business and Economic Research at the University of Montana, total sales value of Montana's primary wood and paper products in 2000 was about \$1.1 billion and estimated forest industry employment was 10,600.




Mining is a major provider of good paying jobs in Montana. As reported by the U.S. Bureau of Labor Statistics, in Montana 2,835 people were employed in metal and coal mining with an

average annual pay of approximately \$55,000. Total employment in oil and gas extraction was 1,367 with an average annual wage of \$40,395 in 2000.

Military Establishments

Montana has long been recognized as a beneficial area for the development and expansion of military facilities and establishments. As our nation looks to expand its defensive and offensive capabilities, we will market Montana's advantages as a location for expanded military logistical and training activities.

Goals

-  Ensure that Montana's business environment supports growth in our traditional industries.
-  Actively manage our resources with environmentally responsible practices to create and sustain good paying jobs.
-  Develop and evaluate environmental regulations to ensure the health and safety of our citizens, while rewarding companies who utilize sound resource management practices.

Business
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