

## How Illinois' Economy Benefits from International Trade & Investment



### Overview

With more than 95 percent of the world's population and 80 percent of the world's purchasing power outside the United States, future economic growth and jobs for Illinois and America increasingly depend on expanding U.S. trade and investment opportunities in the global marketplace.

The following pages feature key facts and figures drawn from new Business Roundtable research, U.S. government data, and other data sources that demonstrate the benefits of international trade and investment to economic growth and jobs in Illinois.

### Why is International Trade & Investment Important to Illinois?

- **International trade, including exports and imports, supports 1,711,100 Illinois jobs – nearly 1 in 4.** These trade-related jobs grew 5.7 times faster than total employment from 2004 to 2014 and are at large and small companies, on farms, in factories, and at the headquarters of Illinois' globally engaged firms. *(See Illinois Jobs Depend On Two-Way Trade)*
- **Illinois exported \$69.7 billion in goods and \$30.1 billion in services in 2014,** including ag & construction machinery, petroleum & coal products, oilseeds & grains and travel services. Of Illinois' 22,770 exporters, 90 percent are small- and medium-sized companies with less than 500 workers. *(See Illinois Businesses Grow With Exports)*
- **Customers in 213 countries and territories buy Illinois-made goods and services,** including billions of dollars in annual exports to top markets like Canada, Mexico and China. Illinois' goods exports have grown more than three times faster than state GDP since 2004. *(See Illinois Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Illinois companies and families.** Lower raw material and input costs help Illinois companies stay competitive in global markets, while families can stretch paychecks further as trade agreements reduce the cost of products by eliminating costly barriers to trade. *(See Illinois Companies And Workers Use Imports To Compete)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Illinois to partner countries.** In 2014, \$37.8 billion of Illinois' goods exports, or 54 percent, went to FTA partners. This represents a 142 percent increase since 2004. *(See Illinois Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 290,700 workers in Illinois.** *(See Foreign Investment In Illinois Creates Jobs)*

## Illinois Jobs Depend on Two-Way Trade



### Overview

Creating and preserving quality U.S. jobs is a goal shared by all Americans. With more than 95 percent of the world's population and 80 percent of the world's purchasing power outside of the United States, future American economic growth and job creation depend on open markets abroad.

### Trade Creates & Supports Jobs in Illinois

- Export growth increases jobs by generating new business for Illinois' manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping Illinois businesses compete and saving Illinois families real dollars at the cash register.
- Nearly one in four Illinois jobs depends upon international trade.
- Illinois' trade-related employment grew 5.7 times faster than total employment from 2004 to 2014.
- Jobs in more export-intensive industries pay about 16 percent more than jobs in less export-intensive industries.
- U.S. exporting plants increase employment 2 to 4 percent faster annually than plants that do not export. Exporting plants also are less likely to go out of business.
- Trade-supported jobs are not just at companies that export and import. Trade supports higher wages for workers and lower costs for companies and consumers, providing them with more money to spend on other things. This spending supports additional jobs throughout the U.S. economy in sectors like entertainment, education and construction.

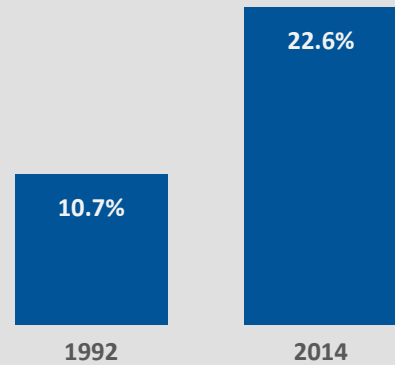
### By the Numbers

**1,711,100**

**Number of Jobs in Illinois Supported by Trade**

#### Share of Jobs Tied to Trade

**Increased 112 percent from 1992 to 2014**



#### Jobs Tied to Trade Top Sectors, 2014

Retail	168,700
Management, Administrative Services	143,300
Professional, Scientific, Tech. Services	120,100
Finance, Insurance	103,300
Manufacturing	86,300

## Illinois Businesses Grow with Exports



### Overview

Illinois exported an estimated \$69.7 billion in goods and \$30.1 billion in services in 2014. Between 2009 and 2014, Illinois goods exports have increased by 60 percent and services exports by 41 percent. Large companies now account for 75 percent of the value of Illinois' goods exports, with the rest provided by small- and medium-sized enterprises (SMEs).

### Small & Large Employers Partner to Export

In addition to exporting directly themselves, thousands of American SMEs export indirectly when they sell goods and services to large U.S. exporters. Based on their direct and indirect export activity combined, SMEs represent more than 40 percent of the value of U.S. exports.

### Top Illinois Exports

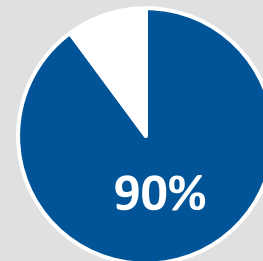
- Illinois ranks among the top five state exporters in 40 industries, including first in railroad rolling stock (\$912 million), second in ag & construction machinery (\$6.6 billion), oilseeds & grains (\$5.3 billion), and electrical equipment (\$1.8 billion).
- Illinois is America's third largest exporter of agricultural products. It is the second largest exporter of soybeans and corn.
- Illinois is the fifth largest U.S. exporter of services. It is the second largest exporter of financial mgmt. & advisory services, insurance services, and securities transactions.
- One of Illinois' fastest growing export categories is boilers, tanks & containers, which have increased by 23 percent per year since 2004. In 2014, exports of these products reached \$446 million.

### By the Numbers

**22,770**

Number of Illinois Businesses that Exported in 2013

### Share of Illinois Exporters that are Small- & Medium-Sized Businesses



### Top Illinois Exports, 2014

#### Goods

Ag & Construction Machinery	\$6.6 billion
Petroleum & Coal Products	\$5.4 billion
Oilseeds & Grains	\$5.3 billion
Motor Vehicle Parts	\$3.0 billion
Motor Vehicles	\$2.7 billion

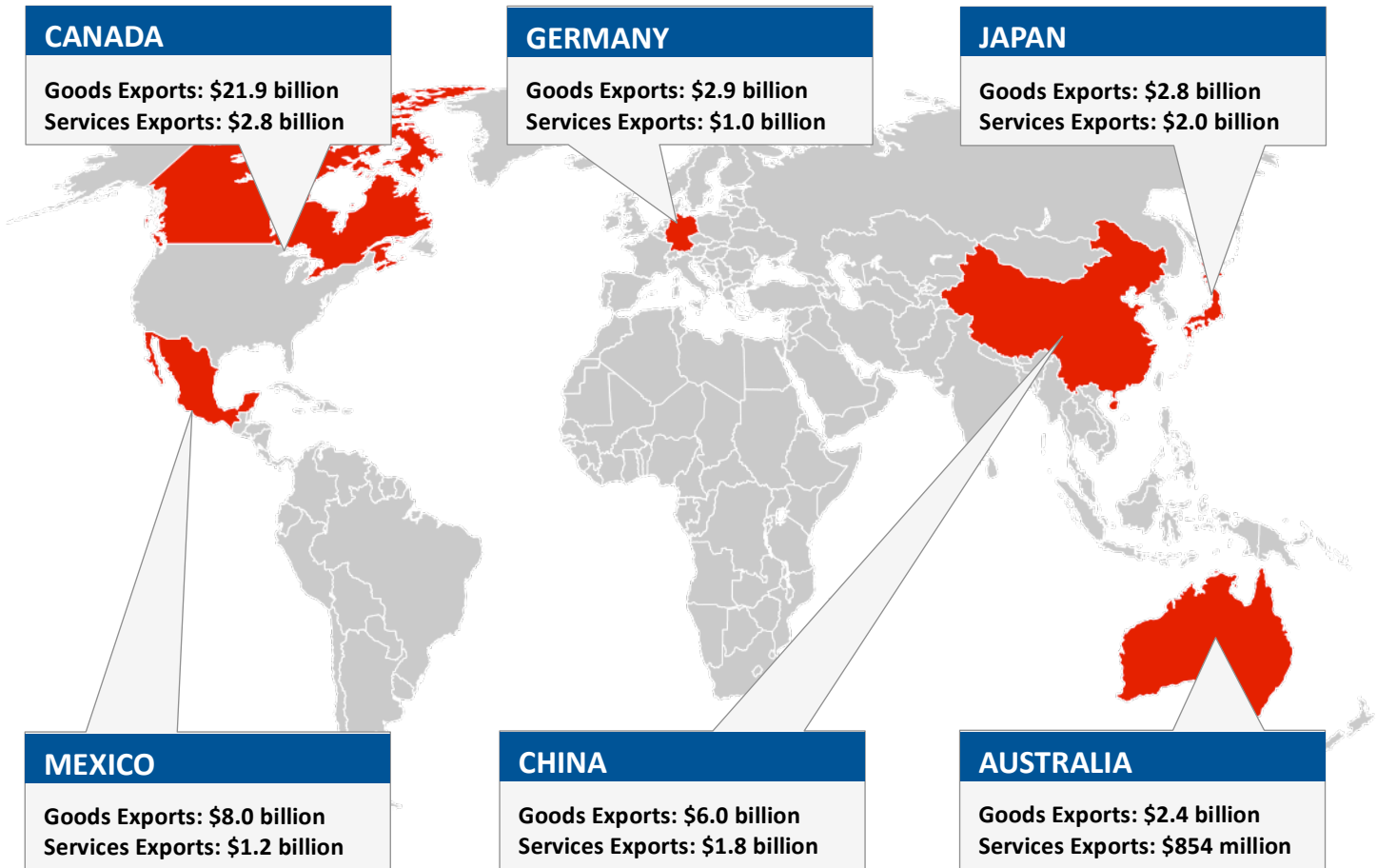
#### Services

Travel	\$4.5 billion
Passenger Fares	\$3.7 billion
Management & Consulting Services	\$2.6 billion



## Illinois Companies Export throughout the World

In 2014, Illinois companies sold their products in 213 countries and territories.  
Top export markets include:



### Fast Facts: How Exports Help the Illinois Economy Grow

- Goods exports accounted for 9.5 percent of Illinois' state GDP in 2014.
- Illinois' goods exports have grown more than three times faster than state GDP since 2004. The average annual export growth during this period was 9.0 percent, while the average annual state GDP growth was 2.9 percent.
- Illinois' top export markets for goods are Canada, Mexico, and China. Its top market for services is the United Kingdom.
- Illinois' goods exports to the United Arab Emirates have grown by 22 percent per year since 2004. Exports to South Africa grew by 19 percent per year, while exports to Colombia grew by 16 percent per year.

## Illinois Companies & Workers Use Imports to Make Products and Compete in International Markets



### Overview

In 2014, 60 percent (\$1.3 trillion) of the products imported into the United States were inputs and components used by American producers. Lower cost inputs keep U.S. manufacturing competitive in international markets. Imports frequently contain components (like cotton or semiconductors) and services inputs (like design) provided by U.S. companies and farmers, including companies and farmers in Illinois.

- Services, especially transportation from Illinois' ports, finance and insurance, marketing and legal services are needed to bring imported goods to American manufacturers and households.
- In 2013, about 75 percent of identified U.S. importers were very small businesses with less than 20 employees.
- Trade and investment liberalization policies save the average Illinois family of four more than \$10,000 per year.
- Imports help keep prices down for Illinois families while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.

**In 2013, about 184,000 U.S. companies (including 16,095 in Illinois) imported products...**

**And roughly three-quarters of U.S. importers were very small businesses with less than 20 employees.**

### Imports Decrease Prices for Goods & Services



**-87.0%**

Decrease in the Price of Televisions Between 2004 and 2014.



**-69.2%**

Decrease in the Price of Computers Between 2004 and 2014.



**-42.9%**

Decrease in the Price of Toys Between 2004 and 2014.

### Imports Increase Choices for Goods & Services

## Illinois Needs Trade Agreements to Grow



### Overview

The United States has some of the lowest trade barriers in the world. Overall U.S. trade with our free trade agreement (FTA) partner countries supports more than 17.7 million American jobs. Trade agreements level the playing field by lowering other nations' trade barriers, opening up foreign markets to U.S. exports and setting strong, enforceable rules for trade between the United States and those other countries. Illinois has increased its exports to FTA partners following implementation of the U.S. FTAs with those countries.

- In 2014, \$37.8 billion of Illinois' goods exports, or 54 percent, went to FTA partners.
- Since 2004 Illinois' goods exports to countries with FTAs in effect with the United States in 2014 have increased by 142 percent.
- Illinois' exports to Canada and Mexico have increased by \$23.5 billion (370 percent) since NAFTA went into effect in 1994.
- Illinois' exports to Nicaragua have increased by 289 percent since the U.S.-Nicaragua FTA took effect in 2006.
- Illinois' exports to Australia of misc. fabricated metal products have increased from \$30 million to \$136 million since the FTA with Australia went into effect in 2005.
- Canada bought 52 percent of Illinois' exports of iron, steel & ferroalloys in 2014.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased \$48.9 billion, or 70 percent, of Illinois' goods exports in 2014.

### By the Numbers



## Foreign Investment in Illinois Creates Jobs

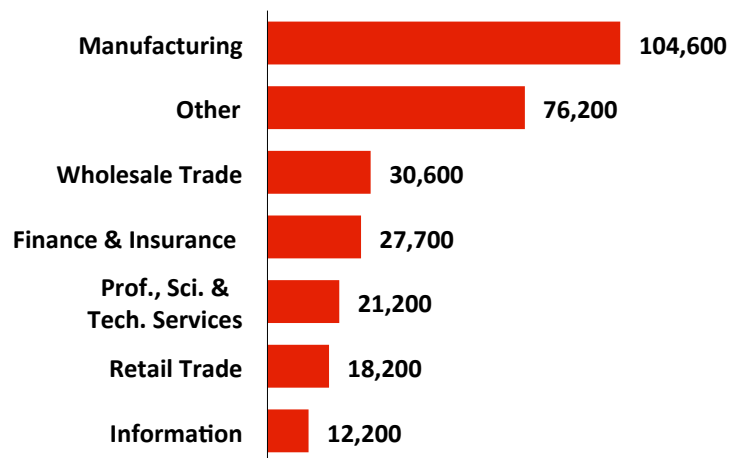


### Overview

Foreign-owned companies invest significant amounts of capital to open or expand facilities in Illinois every year. Foreign-owned companies from around the world employ hundreds of thousands of workers in Illinois, including:

- 58,000 workers employed by companies based in the United Kingdom;
- 40,100 workers employed by companies based in Japan;
- 36,900 workers employed by companies based in Germany;
- 25,500 workers employed by companies based in Canada;
- 25,500 workers employed by companies based in France.

### Foreign-Owned Companies Employ 290,700 Illinois Workers Across Many Industries



### Selected Foreign-Owned Companies Employing Workers in Illinois

Company	Industry	Country
CNH North America	Agricultural/Construction Equip. Mfg.	Netherlands
EMR USA Holdings	Metal Recycling Services	United Kingdom
Epson Electronics America, Inc.	Electronic Components Manufacturing	Japan
Gate Gourmet	Food Catering Services	Switzerland
Invensys Appliance Controls	Software, Process Control Mfg.	United Kingdom
Lee Hecht Harrison	Employment Services	Switzerland
McCain Foods USA	Food Product Manufacturing	Canada
Oriental Motor USA Corp.	Electronic Components Manufacturing	Japan
RSM McGladrey	Accounting Services	United Kingdom
Saint-Gobain Abrasives	Construction Materials Manufacturing	France
Siemens PLM Software	Electronics and Electrical Engineering	Germany
Trader Joe's	Food Retailing	Germany
Veolia Environmental Services	Waste Management Services	France



### **ILLINOIS JOBS DEPEND ON TWO-WAY TRADE**

**Jobs-Tied-to-Trade:** Boughman and Francois, "Trade and American Jobs, The Impact of Trade on U.S. and State-Level Employment: 2014 Update" (2016) (<http://businessroundtable.org/resources/trade-and-american-jobs-2016-update>)

**Exporting Firm Wages:** Riker, "Export-Intensive Industries Pay More on Average: An Update" (2015) (<https://www.usitc.gov/publications/332/ec201504a.pdf>)

**Exporting Firm Growth:** Bernard and Jensen, "Exporting and Productivity in the USA" (2004) (<http://faculty.tuck.dartmouth.edu/images/uploads/faculty/andrew-bernard/exprod.pdf>)

### **ILLINOIS BUSINESSES GROW WITH EXPORTS**

**Small and Large Firms Partnering to Export** (for 2007, the most recent year for which data were available): U.S. International Trade Commission, *Small and Medium-Sized Enterprises: Characteristics and Performance*, November 2010, (<http://www.usitc.gov/publications/332/pub4189.pdf>)

**Exports, Rankings, and Trends:** The Trade Partnership, derived from U.S. Census Bureau ("Census") data (<http://tradepartnership.com/data/cdxports-and-cdxjobs>)

**Exporting Company Information:** Census, "A Profile of U.S. Importing and Exporting Companies, 2012 – 2013" (<http://www.census.gov/foreign-trade/Press-Release/edb/2013>)

### **ILLINOIS COMPANIES EXPORT THROUGHOUT THE WORLD**

**Exports, Rankings, and Trends:** The Trade Partnership (<http://tradepartnership.com/data/cdxports-and-cdxjobs>)

**Export vs. GDP Growth:** Derived from Census export data and U.S. Bureau of Economic Analysis (BEA) "GDP by State" database (<http://bea.gov/regional/index.htm>)

### **ILLINOIS COMPANIES & WORKERS USE IMPORTS TO COMPETE IN INTERNATIONAL MARKETS**

**Importing Company Information:** Census, "A Profile of U.S. Importing and Exporting Companies, 2012 – 2013" (<http://www.census.gov/foreign-trade/Press-Release/edb/2013>)

**Imports as Components:** Derived from Census end-use import data

**Savings from Liberalization:** Bradford, Grieco, and Hufbauer, "The Payoff to America from Global Integration" (2005) (<http://www.piie.com/publications/papers/2iie3802.pdf>)

**Price Changes:** Derived from BLS Consumer Price Index database (<http://www.bls.gov/cpi/>)

### **ILLINOIS NEEDS TRADE AGREEMENTS TO GROW**

**Exports and Trends:** The Trade Partnership (<http://tradepartnership.com/data/cdxports-and-cdxjobs>)

**Per Capita Purchases of Illinois Goods:** Derived from The Trade Partnership (<http://tradepartnership.com/data/cdxports-and-cdxjobs>) and World Bank population estimates

**Jobs-Tied-to-FTAs:** U.S. Chamber of Commerce, "Opening Markets, Creating Jobs: Estimated U.S. Employment Effects of Trade with FTA Partners" (2010) ([http://tradepartnership.com/wp-content/uploads/2014/06/opening\\_markets\\_creating\\_jobs\\_USChamber.pdf](http://tradepartnership.com/wp-content/uploads/2014/06/opening_markets_creating_jobs_USChamber.pdf))

### **FOREIGN INVESTMENT IN ILLINOIS CREATES JOBS**

**Employment Data:** BEA "Direct Investment & Multinational Companies" database ([http://bea.gov/iTable/index\\_MNC.cfm](http://bea.gov/iTable/index_MNC.cfm))

**Foreign Investors:** Uniworld BP database of "Foreign Firms Operating in the United States" (<http://www.uniworldbp.com>)