

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 1.7 million Illinois jobs – more than 1 in 5.** These trade-related jobs grew 7.5 times faster than total employment from 2004 to 2013 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 \$66.5 billion in goods and \$28.3 billion in services in 2013,** including ag & construction machinery, oilseeds & grains, motor vehicle parts and travel services. Of Illinois' 23,060 exporters, 90 percent are small- and medium-sized companies with less than 500 workers. *(See Illinois Businesses Grow With Exports)*
- **Customers in 215 countries 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 2003. *(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 2013, \$35.5 billion of Illinois' goods exports, or 53 percent, went to FTA partners. This represents a 156 percent increase since 2003. *(See Illinois Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 272,800 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.
- More than one in five Illinois jobs depend upon international trade.
- Illinois' trade-related employment grew 7.5 times faster than total employment from 2004 to 2013.
- Jobs in U.S. exporting plants pay on average up to 18 percent more than similar jobs in non-exporting plants.
- 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.

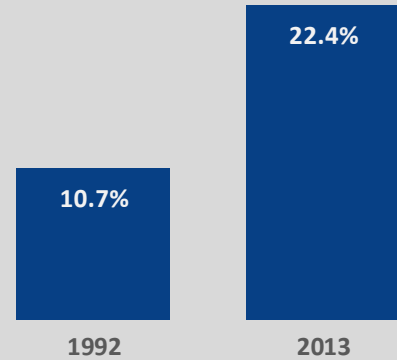
By the Numbers

1.7 million

Number of Jobs in Illinois Supported by Trade

Share of Jobs Tied to Trade

Increased 109% from 1992 to 2013



Jobs Tied to Trade Top Sectors, 2013

Retail	165,700
Management, Administrative Services	137,800
Professional, Scientific, Tech Services	116,100
Finance, Insurance	104,100
Manufacturing	85,000



Overview

Illinois exported an estimated \$66.5 billion in goods and \$28.3 billion in services in 2013. Between 2009 and 2013, Illinois goods exports have increased by 53 percent and services exports by 32 percent. Large companies now account for 77 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

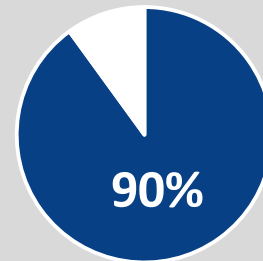
- Illinois ranks among the top 5 state exporters in 41 industries, including first in railroad rolling stock (\$957 million) and second in ag & construction machinery (\$8.0 billion), oilseeds & grains (\$4.2 billion), and engines & turbines (\$2.6 billion).
- Illinois is America's third largest exporter of agricultural products. It is the second leading exporter of soybeans and corn.
- One of Illinois' fastest growing export categories is beverages, which have increased by 53 percent per year since 2003. In 2013, exports of these products reached \$1.2 billion.

By the Numbers

23,060

Number of Illinois Businesses that Exported in 2012

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



Top Illinois Exports, 2013

Goods

Ag & Construction Machinery	\$8.0 billion
Petroleum & Coal Products	\$4.4 billion
Oilseeds & Grains	\$4.2 billion
Motor Vehicle Parts	\$2.9 billion
Motor Vehicles	\$2.8 billion

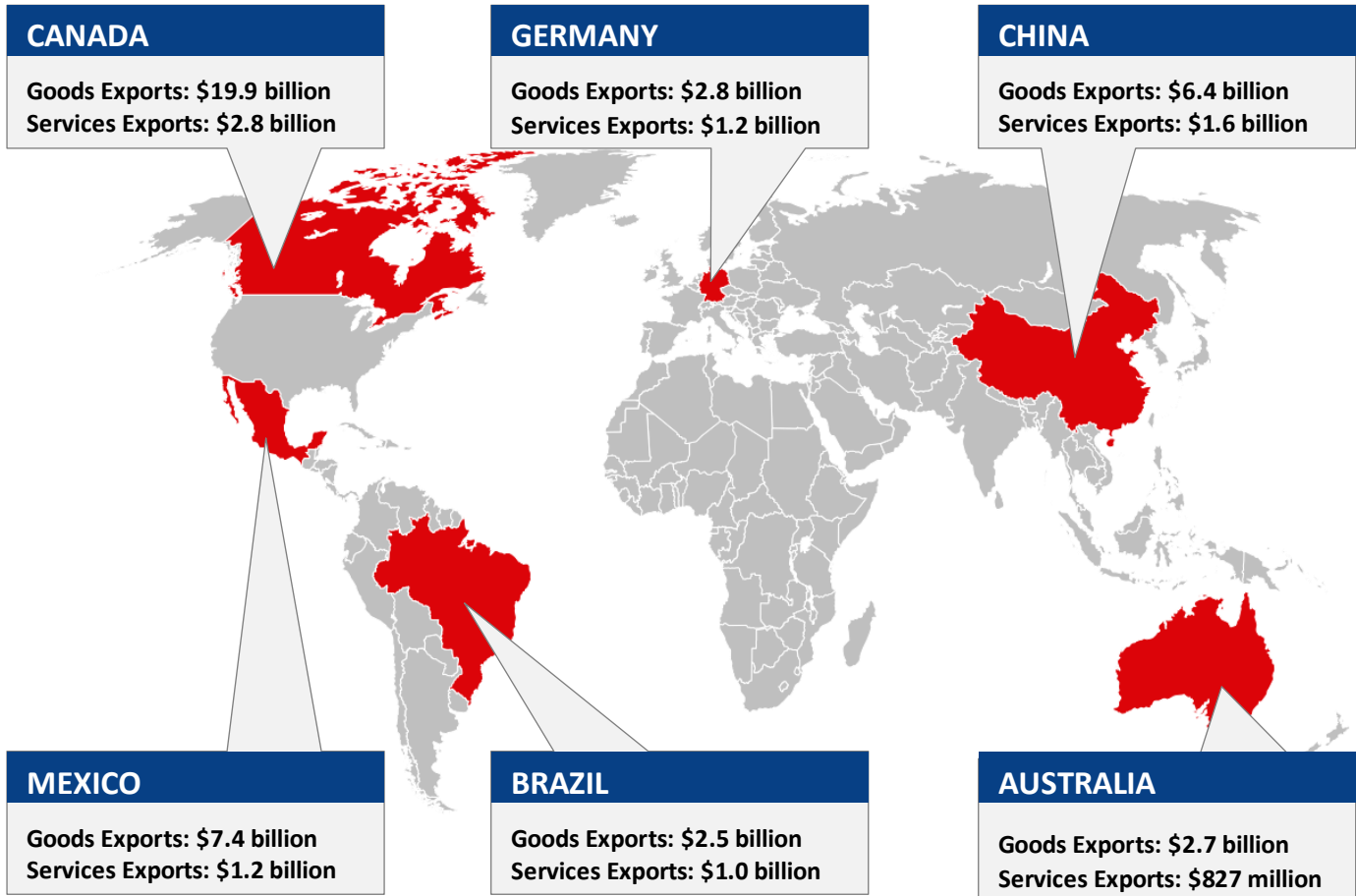
Services

Travel	\$4.6 billion
Passenger Fares	\$3.4 billion
Business Mgmt. & Consulting Services	\$2.5 billion



Illinois Companies Export throughout the World

In 2013, Illinois companies sold their products in 215 international markets.
Top export markets include:



Fast Facts: How Exports Help the Illinois Economy Grow

- Goods exports accounted for 9.2 percent of Illinois' state GDP in 2013.
- Illinois' goods exports have grown more than three times faster than state GDP since 2003. The average annual export growth during this period was 9.9 percent, while the average annual state GDP growth was 3.1 percent.
- Illinois' top export markets for goods are Canada, Mexico, and China. Its top market for services is the United Kingdom.
- Among major export markets for Illinois' goods, China has grown the fastest at 19 percent per year since 2003. Exports to Brazil grew by 17 percent per year, while exports to Indonesia grew by 14 percent per year.

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



Overview

In 2013, 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 2012, 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 2012, nearly 186,000 U.S. companies (including 16,096 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



-86.9%

Decrease in the Price of Televisions Between 2003 and 2013.



-71.2%

Decrease in the Price of Computers Between 2003 and 2013.



-41.9%

Decrease in the Price of Toys Between 2003 and 2013.

Imports Increase Choices for Goods & Services

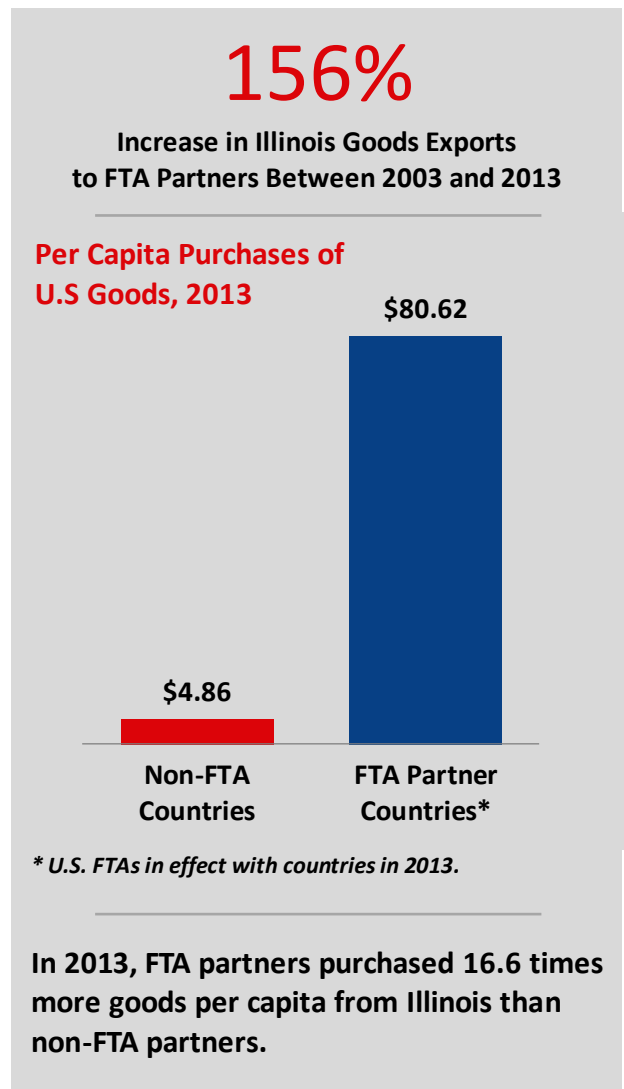


Overview

The United States has some of the lowest trade barriers in the world. Overall U.S. trade with our 20 free trade agreement (FTA) partner countries supports 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 2013, \$35.5 billion of Illinois' goods exports, or 53 percent, went to FTA partners.
- Since 2003 Illinois' goods exports to countries with FTAs in effect with the United States in 2012 have increased by 156 percent.
- Illinois' exports to Canada and Mexico have increased by \$21.0 billion (330 percent) since NAFTA went into effect in 1994.
- Illinois' exports to Chile have increased by 499 percent since the FTA with Chile took effect in 2004.
- Illinois' exports to Peru of general purpose machinery have increased every year, from \$11 million to \$101 million, since 2009 when the FTA with Peru went into effect.
- Canada and Mexico combined to buy 89 percent of Illinois' exports of iron, steel & ferroalloys in 2013.
- Countries negotiating the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements purchased \$46.3 billion, or 70 percent, of Illinois' goods exports in 2013.

By the Numbers



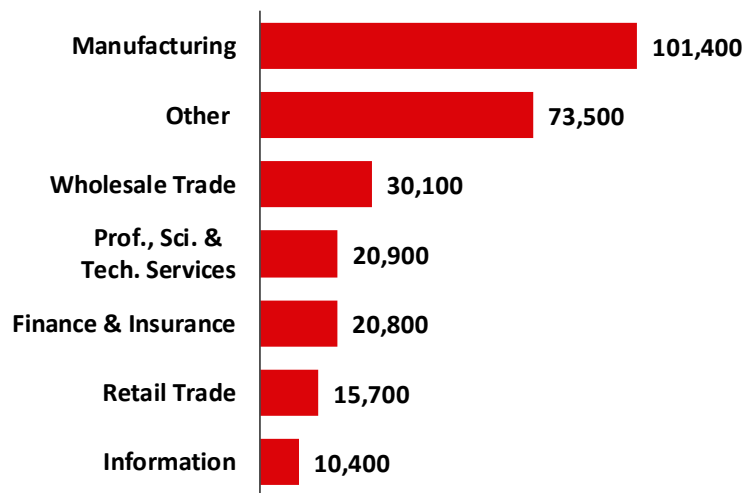


Overview

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:

- 50,500 workers employed by companies based in the United Kingdom;
- 39,100 workers employed by companies based in Japan;
- 37,100 workers employed by companies based in Germany;
- 25,600 workers employed by companies based in France;
- 24,800 workers employed by companies based in Canada.

Foreign-Owned Companies Employ 272,800 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: Baughman and Francois, “Trade and American Jobs, The Impact of Trade on U.S. and State-Level Employment: 2014 Update” (2014) (<http://businessroundtable.org/resources/trade-and-american-jobs-2014-update>)

Exporting Firm Wages: Riker, “Do Jobs in Export Industries Still Pay More? And Why?” (2010) (http://www.trade.gov/mas/ian/build/groups/public/@tg_ian/documents/webcontent/tg_ian_003208.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, 2011 – 2012” (<http://www.census.gov/foreign-trade/Press-Release/edb/2012>)

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, 2011 – 2012” (<http://www.census.gov/foreign-trade/Press-Release/edb/2012>)

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/pdf_files/US%20Chamber%20-%20Opening%20Markets,%20Creating%20Jobs%20study.pdf)

FOREIGN INVESTMENT IN ILLINOIS CREATES JOBS

Employment Data: BEA “Direct Investment & Multinational Companies” database (http://bea.gov/iTable/index_MNC.cfm)

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