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 California 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 California.

Trade Creates & Supports Jobs in California

- **International trade, including exports and imports, supports 4,710,600 California jobs – one in five.** These trade-related jobs grew four times faster than total employment from 1992 to 2017 and are at large and small companies, on farms, in factories, and at the headquarters of California’s globally engaged firms. *(See California Jobs Depend On Two-Way Trade)*

- **California exported $167.6 billion in goods and $145.1 billion in services in 2017,** including animal foods, apparel, apparel accessories and travel services. Of California’s 72,665 exporters, 96 percent are small- and medium-sized companies with less than 500 workers. *(See California Businesses Grow With Exports)*

- **Customers in 228 countries and territories buy California-made goods and services,** including billions of dollars in annual exports to top markets like Mexico, Canada and China. California’s exports have grown more than ten percent faster than state GDP since 2007. *(See California Companies Export Throughout The World)*

- **Imports lower prices and increase choices for California companies and families.** Lower raw material and input costs help California 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 California Companies Use Imports to Make Competitive Products)*

- **Free trade agreements (FTAs) have helped fuel rapid export growth from California to partner countries.** In 2017, $67.4 billion of California’s goods exports, or 40 percent, went to FTA partners. This represents an increase of 27 percent since 2007. *(See California Needs Trade Agreements To Grow)*

- **Foreign-owned companies invest and build facilities and employ 769,200 workers in California.** *(See Foreign Investment In California Creates Jobs)*

Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org  
www.brt.org/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 Supports Jobs in California

- Export growth increases jobs by generating new business for California's manufacturers, service providers and farmers. Imports support jobs and keep costs low, helping California businesses compete and saving California families real dollars at the cash register.
- One in five California jobs depends upon international trade.
- California's trade-related employment grew four times faster than total employment from 1992 to 2017.
- Jobs in export-dependent 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

4,710,600

Number of Jobs in California Supported by Trade

Share of Jobs Tied to Trade
Increased 88 percent from 1992 to 2017

Jobs Tied to Trade
Top Sectors, 2017

<table>
<thead>
<tr>
<th>Sector</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade &amp; Distribution</td>
<td>1,015,700</td>
</tr>
<tr>
<td>Prof., Scient. &amp; Tech. Services</td>
<td>871,500</td>
</tr>
<tr>
<td>Personal &amp; Rec. Services</td>
<td>381,600</td>
</tr>
<tr>
<td>Finance, Insurance</td>
<td>218,200</td>
</tr>
<tr>
<td>Agriculture</td>
<td>207,400</td>
</tr>
</tbody>
</table>

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Overview

California exported an estimated $167.6 billion in goods and $145.1 billion in services in 2017. Between 2007 and 2017, California goods exports have increased by 28 percent and services exports by 77 percent. Large companies now account for 57 percent of the value of California’s 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 California Exports

- California is the top state exporter in 25 industries, including first in animal foods ($397 million), first in apparel ($1.4 billion), first in apparel accessories ($72 million), and first in bakery & tortilla products ($290 million).

- California is America’s largest exporter of agricultural products. It is the largest exporter of vegetables & melons, the largest exporter of fruits & tree nuts, the second largest exporter of greenhouse & nursery products, and the second largest exporter of miscellaneous crops.

- One of California’s fastest growing export categories is industrial machinery, which increased by 113 percent since 2007. In 2017, exports of these products reached $7.9 billion.

By the Numbers

72,665
Number of California Businesses that Exported in 2016

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

95%

Top California Exports, 2017

<table>
<thead>
<tr>
<th>Goods</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Semiconductors &amp; Components</td>
<td>$12.5 billion</td>
</tr>
<tr>
<td>Fruits &amp; Tree Nuts</td>
<td>$10.2 billion</td>
</tr>
<tr>
<td>Communications Equipment</td>
<td>$9.8 billion</td>
</tr>
<tr>
<td>Computer Equipment</td>
<td>$9.8 billion</td>
</tr>
<tr>
<td>Aerospace Products &amp; Parts</td>
<td>$8.7 billion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>$27.9 billion</td>
</tr>
<tr>
<td>R&amp;D &amp; Testing Services</td>
<td>$12.0 billion</td>
</tr>
<tr>
<td>Royalties from Industrial Processes</td>
<td>$11.4 billion</td>
</tr>
</tbody>
</table>

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In 2017, California companies sold their products in 228 countries and territories.

Top export markets include:

- **Canada**: Goods Exports: $16.7 billion, Services Exports: $10.5 billion
- **United Kingdom**: Goods Exports: $4.4 billion, Services Exports: $13.4 billion
- **China**: Goods Exports: $15.7 billion, Services Exports: $9.0 billion
- **Mexico**: Goods Exports: $26.6 billion, Services Exports: $5.7 billion
- **Hong Kong**: Goods Exports: $12.0 billion, Services Exports: $2.5 billion
- **Japan**: Goods Exports: $12.6 billion, Services Exports: $8.4 billion

**Fast Facts: How Exports Help the California Economy Grow**

- Goods and services exports accounted for 11.2 percent of California's state GDP in 2017.
- California's exports have grown more than ten percent faster than state GDP since 2007. The average annual export growth during this period was 4.2 percent, while the average annual state GDP growth was 3.7 percent.
- California's top export markets for goods are Mexico, Canada, and China. Its top market for services is the United Kingdom.
- California's goods exports to India have grown by 13 percent per year since 2007, while California's services exports to China have grown by 16 percent per year.

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CALIFORNIA COMPANIES USE IMPORTS TO MAKE COMPETITIVE PRODUCTS

Overview

In 2017, 58 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 California.

- Services, especially transportation from California's ports, finance and insurance, marketing and legal services are needed to bring imported goods to American manufacturers and households.
- In 2016, 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 California family of four more than $10,000 per year.
- Imports help keep prices down for California families while increasing their choices for goods and services. Prices for imported consumer goods tend to drop year after year.

Imports Decrease Prices

- **-87.9%** Decrease in the Price of Televisions Between 2007 and 2017.
- **-44.7%** Decrease in the Price of Toys Between 2007 and 2017.

Imports Increase Choices

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Overview

Trade with our free trade agreement (FTA) partner countries supports millions of 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.

- In 2017, $67.4 billion of California’s goods exports, or 40 percent, went to FTA partners.
- Since 2007, California’s goods exports to countries with FTAs in effect with the United States in 2017 have increased by 27 percent.
- California’s goods exports to Canada and Mexico have increased by $30.3 billion (235 percent) since NAFTA went into effect in 1994.
- California’s goods exports to Nicaragua have increased by 975 percent since DR-CAFTA went into effect for Nicaragua in 2006.
- California’s exports to Korea of industrial machinery have increased from $1.2 billion to $2.9 billion since the FTA went into effect in 2012.
- Mexico bought 68 percent of California’s exports of motor vehicle parts in 2017.
- In 2017, $33.8 billion of California’s services exports, or 23 percent, went to FTA partners.
- California’s exports to Singapore of R&D & testing services have increased from $40 million to $1.8 billion, or by 4,269 percent, since 2006 (earliest year available).

By the Numbers

27%
Increase in California Goods Exports to FTA Partners Between 2007 and 2017

Per Capita Purchases of California Goods, 2017

$144.69

$14.8

Non-FTA Countries
FTA Partner Countries*

* U.S. FTAs in effect with countries in 2017.

In 2017, FTA partners purchased 9.7 times more goods per capita from California than non-FTA partners.

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Overview

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

- 117,900 workers employed by companies based in Japan;
- 112,700 workers employed by companies based in the United Kingdom;
- 87,500 workers employed by companies based in France;
- 72,000 workers employed by companies based in Germany;
- 72,000 workers employed by companies based in Switzerland.

**Foreign-Owned Companies Employed 769,200 California Workers Across Many Industries, 2016**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>199,900</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>101,900</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>67,500</td>
</tr>
<tr>
<td>Prof., Sci. &amp; Tech. Services</td>
<td>55,400</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>43,200</td>
</tr>
<tr>
<td>Information</td>
<td>42,900</td>
</tr>
<tr>
<td>Other</td>
<td>258,400</td>
</tr>
</tbody>
</table>

**Selected Foreign-Owned Companies Employing Workers in California**

- ABB Inc.
- Airbus SE
- Burston-Marsteller
- Gerdau Ameristeel
- GKN Aerospace
- Henkel Corporation
- Mercedes-Benz R&D
- PCL Construction
- Schneider Electric
- Solvay Chemicals
- Toyota Motor Company
- Trader Joe's

**Industry**

- Electrical Equipment Manufacturing
- Aerospace Manufacturing
- Business Services
- Steel Manufacturing
- Engineering Services
- Chemical Product Manufacturing
- Research Services
- Construction
- Electrical Equipment Manufacturing
- Chemicals Manufacturing
- Motor Vehicle Manufacturing
- Food Retailing

**Country**

- Switzerland
- France
- United Kingdom
- Brazil
- United Kingdom
- Germany
- Germany
- Canada
- France
- Belgium
- Japan
- Germany

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CALIFORNIA JOBS DEPEND ON TWO-WAY TRADE


CALIFORNIA BUSINESSES GROW WITH EXPORTS


CALIFORNIA COMPANIES EXPORT THROUGHOUT THE WORLD


CALIFORNIA COMPANIES USE IMPORTS TO MAKE COMPETITIVE PRODUCTS


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


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

CALIFORNIA NEEDS TRADE AGREEMENTS TO GROW


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

FOREIGN INVESTMENT IN CALIFORNIA 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)

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