

# HOW ILLINOIS' ECONOMY BENEFITS FROM TRADE & INVESTMENT



## Overview

With more than 96 percent of the world's population and 75 percent of its purchasing power outside the United States, economic recovery, jobs, and future growth for Illinois and America will depend on trade and investment. That includes reaching those customers with American goods and services through exports and expanding buying power and options for American companies and families with imports.

New Business Roundtable research, U.S. government data, and other data sources demonstrate the benefits of international trade and investment to jobs and the economy in Illinois. In 2020, the COVID-19 global pandemic has brought dual public health and economic crises. Meeting both challenges requires restoring trade and supporting trade-dependent jobs to help Illinois recover.

## Trade Creates & Supports Jobs in Illinois

- **International trade, including exports and imports, supported 1,591,200 Illinois jobs – one in five in 2018.** These trade-related jobs grew five times faster than total employment from 1992 to 2018 and are at large and small companies, on farms, in factories, and at the headquarters of Illinois' globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Illinois. *(See Illinois Jobs Depend On Two-Way Trade)*
- **Illinois exported \$68.0 billion in goods and \$36.7 billion in services in 2018**, including agriculture and construction machinery, oilseeds and grains, motor vehicle parts and travel services. Of Illinois' 23,635 exporters, 90 percent are small- and medium-sized companies with less than 500 workers. *(See Illinois Businesses Grow With Exports)*
- **Customers in 215 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 nearly 70 percent faster than state GDP since 2009. Policies that help Illinois businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(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 Families Benefit from Imports)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Illinois to partner countries.** In 2018, \$37.1 billion of Illinois' goods exports, or 55 percent, went to FTA partners. This represents an increase of 77 percent since 2009. *(See Illinois Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 353,000 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 96 percent of the world's population and 75 percent of the world's purchasing power outside of the United States, future American economic growth and job creation depend on open markets abroad. At the beginning of 2020, the COVID-19 global pandemic dramatically decreased trade, stopped economic growth and ended millions of jobs across America, including in Illinois. Policies that expand trade can create new job opportunities in Illinois and help it recover faster.

## Trade Creates & Supports Jobs in Illinois

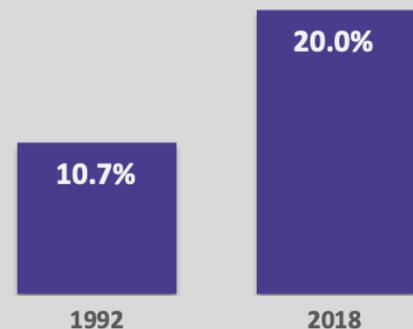
- Export growth increases jobs by generating new business for Illinois' manufacturers, services providers and farmers. Imports support jobs and keep costs low, helping Illinois businesses compete and saving Illinois families real dollars at the cash register.
- One in five Illinois jobs depends upon international trade.
- Illinois' trade-related employment grew five times faster than total employment from 1992 to 2018.
- 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

**1,591,200**

Number of Jobs in Illinois Supported by Trade

**Share of Jobs Tied to Trade**  
**Increased 88 percent from 1992 to 2018**



## Jobs Tied to Trade Top Sectors, 2018

Trade & Distribution	363,300
Prof., Scient. & Tech. Services	272,900
Personal & Rec. Services	102,900
Transportation & Warehousing	74,400
Finance	60,100



# ILLINOIS BUSINESSES GROW WITH EXPORTS



## Overview

Illinois exported an estimated \$68.0 billion in goods and \$36.7 billion in services in 2018. Between 2009 and 2018, Illinois goods exports have increased by 55 percent and services exports by 64 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

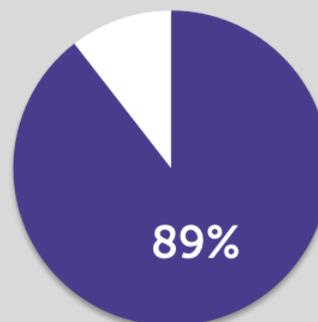
- Illinois ranks among the top five state exporters in 34 industries, including first in agriculture and construction machinery (\$5.7 billion), in oilseeds and grains (\$5.3 billion), and in railroad rolling stock (\$616 million), and second in grain and oilseed milling products (\$1.3 billion).
- Illinois is America's second largest exporter of agricultural products. It is the largest exporter of oilseeds and grains, the fifth largest exporter of greenhouse and nursery products, the fifth largest exporter of swine, and the eighth largest exporter of miscellaneous animal products.
- One of Illinois' fastest growing export categories is communications equipment, which increased by 17 percent since 2009. In 2018, exports of these products reached \$3.5 billion.

## By the Numbers

# 23,635

Number of Illinois Businesses that Exported in 2018

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



## Top Illinois Exports, 2018

### Goods

Ag. & Construction Machinery	\$5.7 billion
Oilseeds & Grains	\$5.3 billion
Motor Vehicle Parts	\$3.8 billion
Pharmaceuticals & Medicines	\$3.7 billion
Communications Equipment	\$3.5 billion

### Services

Travel	\$6.0 billion
Mgmt. & Consulting Services	\$3.9 billion
Mgmt. & Advisory Services	\$3.2 billion

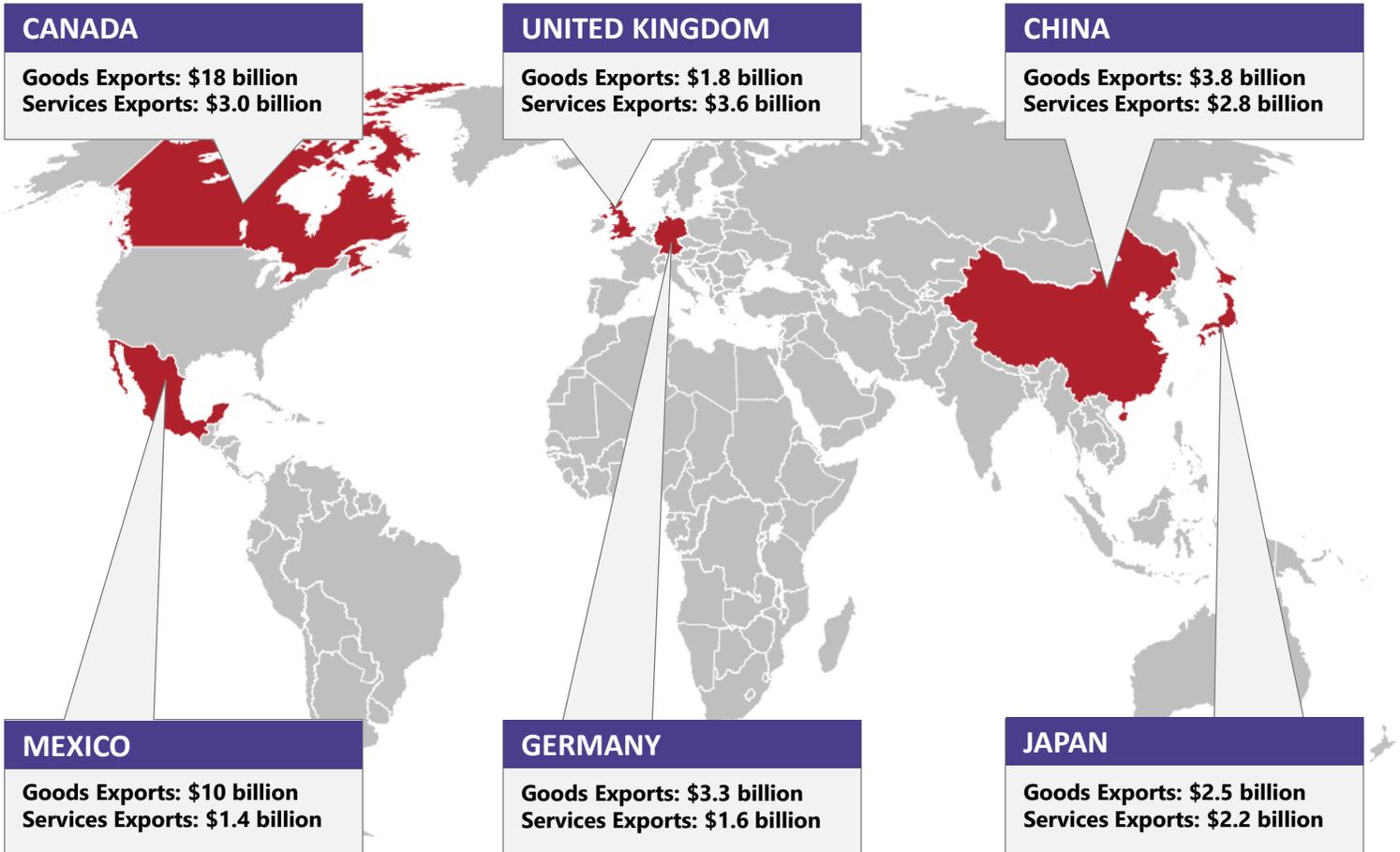


# ILLINOIS COMPANIES EXPORT THROUGHOUT THE WORLD



In 2018, Illinois companies sold their products in 215 countries and territories.

Top export markets include:



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

- Goods and services exports accounted for 12.1 percent of Illinois' state GDP in 2018.
- Illinois' exports have grown nearly 70 percent faster than state GDP since 2009. The average annual export growth during this period was 5.6 percent, while the average annual state GDP growth was 3.3 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 Hong Kong have grown by 14 percent per year since 2009, while Illinois' services exports to China have grown by 15 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Illinois businesses, workers, and farmers reach the growing number of customers around the world.



# ILLINOIS COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



## Overview

Imports provide a variety of benefits for Illinois companies and families. Imported consumer goods help keep prices down for Illinois families while increasing choices for foods and other products that are not available locally. Imported inputs help Illinois manufacturers compete in both the United States and international markets, while exported goods (e.g., components) and services (e.g., design) often return to the United States as imports. To best meet the COVID-19 challenges, trade policies should ensure that American families and businesses retain access to both domestic and international inputs, supplies and services they need at prices they can afford.

## Illinois Families Benefit from Imports

- In 2018, 26 percent of Illinois' imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Illinois families more money to spend on locally provided goods and services, such as housing, education, and health care.
- Trade and investment liberalization policies save the average Illinois family of four more than \$10,000 per year through lower prices and increased specialization.

## 2008-2018 Price Decrease



**-88%** for Televisions



**-63%** for Computers



**-45%** for Toys

## Most Importers are Small Businesses

- In 2018, 21,131 Illinois companies imported goods from 205 countries around the world.
- Nationally, 77 percent of importers were very small businesses with less than 20 employees, while less than 3 percent had over 500 employees.

## Illinois Exports and Imports are Linked Through Global Value Chains

- In 2018, 74 percent of Illinois goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Illinois' top imports are critical components for Illinois exports. Conversely, Illinois exports of raw materials and parts may return to the United States in imported finished goods.



**Imports:**  
**Construction  
equipment parts  
(\$763M in 2018)**



**Exports:**  
**Bulldozers, graders,  
and similar equipment  
(\$1.3B in 2018)**



# ILLINOIS NEEDS TRADE AGREEMENTS TO GROW



## 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. Illinois businesses, workers and farmers benefit from market-opening agreements, and would be harmed from new barriers to trade that limit exports, competitiveness, and jobs in Illinois and the United States.

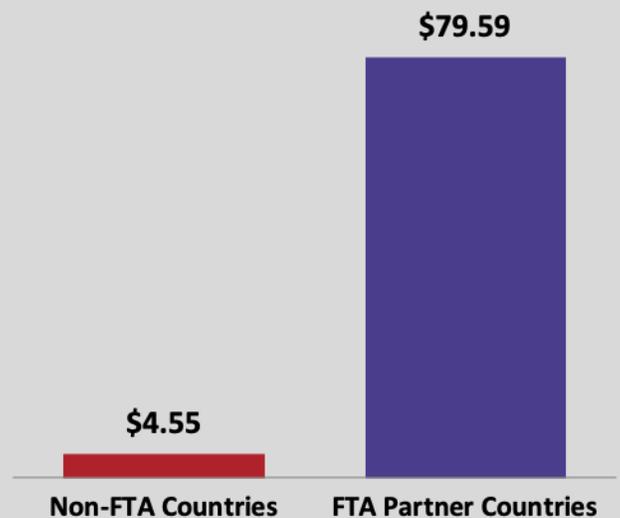
- In 2018, \$37.1 billion of Illinois' goods exports, or 55 percent, went to FTA partners.
- Since 2009, Illinois' goods exports to countries with FTAs in effect with the United States in 2018 have increased by 77 percent.
- Illinois' exports to Canada and Mexico have increased by \$21.7 billion (341 percent) since NAFTA went into effect in 1994.
- Illinois' exports to Morocco more than tripled – from \$29 million to \$98 million – since the FTA with Morocco took effect in 2006.
- Illinois' exports to Australia of pharmaceuticals and medicines have increased from \$25 million to \$414 million since the FTA with Australia went into effect in 2005.
- Canada bought \$3.3 billion of Illinois' \$3.5 billion in petroleum and coal products exports in 2018.
- In 2018, \$8.7 billion of Illinois' services exports, or 24 percent, went to FTA partners.
- Illinois' exports to Singapore of management and consulting services have increased from \$18 million to \$187 million, or ten-fold, since 2006 (earliest year available).

## By the Numbers

77%

Increase in Illinois Goods Exports to FTA Partners Between 2009 and 2018

## Per Capita Purchases of Illinois Goods, 2018



\* U.S. FTAs in effect with countries in 2018.

**In 2018, FTA partners purchased 17.5 times more goods per capita from Illinois than non-FTA partners.**



# FOREIGN INVESTMENT IN ILLINOIS CREATES JOBS



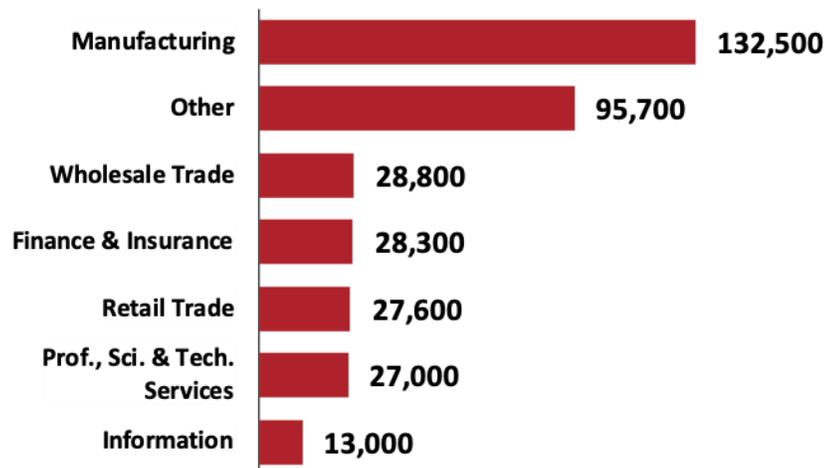
## Overview

Foreign-owned companies help grow the U.S. economy and jobs. In 2017, foreign-owned companies added over \$1 trillion to U.S. GDP, including goods exports of \$380 billion and R&D spending of over \$60 billion. They employed 7.4 million workers in the United States, including 2 million workers – or 1 out of every 6 – in the manufacturing sector.

Illinois is no exception. Foreign-owned companies make significant investments in Illinois to open or expand facilities every year and are important customers for local goods and services providers. Subsidiaries of foreign-owned companies alone employed hundreds of thousands of workers in Illinois in 2017, including:

- 78,800 workers employed by companies based in the United Kingdom;
- 42,600 workers employed by companies based in Japan;
- 42,400 workers employed by companies based in Germany;
- 35,500 workers employed by companies based in France;
- 30,100 workers employed by companies based in Canada.

## Foreign-Owned Companies Employed 353,000 Illinois Workers Across Many Industries, 2017



## Selected Foreign-Owned Companies Employing Workers in Illinois

Company	Industry	Country
ABB Inc.	Electrical Equipment Manufacturing	Switzerland
CNH North America	Agricultural/Construction Equip. Mfg.	Netherlands
Epson Electronics America, Inc.	Electronic Components Manufacturing	Japan
McCain Foods USA	Food Product Manufacturing	Canada
Saint-Gobain Abrasives	Construction Materials Manufacturing	France
SGS North America	Product Testing Services	Switzerland
Siemens PLM Software	Electronics and Electrical Engineering	Germany
Trader Joe's	Food Retailing	Germany



# DATA SOURCES



## ILLINOIS JOBS DEPEND ON TWO-WAY TRADE

**Population and Purchasing Power:** Derived from World Bank population and GDP estimates

**Jobs-Tied-to-Trade:** Baughman and Francois, "Trade and American Jobs: The Impact of Trade on U.S. and State-Level Employment" (2020) ([https://s3.amazonaws.com/brt.org/Trade\\_and\\_American\\_Jobs\\_2020.pdf](https://s3.amazonaws.com/brt.org/Trade_and_American_Jobs_2020.pdf))

**Exporting Firm Wages:** Riker, "Export-Intensive Industries Pay More on Average: An Update" (2015) (<https://www.usitc.gov/publications/332/ec201704a.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 2006, 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, 2017 – 2018" (<https://www.census.gov/foreign-trade/Press-Release/edb/2018/>)

## 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 USE IMPORTS TO MAKE COMPETITIVE PRODUCTS

**Importing Company Information:** Census, "A Profile of U.S. Importing and Exporting Companies, 2017 – 2018" (<https://www.census.gov/foreign-trade/Press-Release/edb/2018/>)

**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

## 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>)

