

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. As the United States and the world continue efforts to defeat the COVID-19 pandemic and create jobs and economic opportunity – restoring trade and supporting trade-dependent jobs can help Illinois recover as well.

Trade Creates & Supports Jobs in Illinois

- **International trade, including exports and imports, supported 1,632,000 Illinois jobs – one in five in 2019.** These trade-related jobs grew six times faster than total employment from 1992 to 2019 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 \$61.9 billion in goods and \$39.7 billion in services in 2019,** including agricultural and construction machinery, oilseeds and grains, pharmaceuticals and medicines and business management and consulting services. Of Illinois' 23,133 exporters, 89 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' exports have grown 0.9 percent per year since 2010. 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 2019, \$34 billion of Illinois' goods exports, or 54 percent, went to FTA partners. This represents an increase of 27 percent since 2010. *(See Illinois Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 381,100 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, disrupted communities and economies, and ended millions of jobs across America, including in Illinois. As the U.S. economy recovers and more Americans seek opportunities to work, policies that expand trade can create new jobs 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 six times faster than total employment from 1992 to 2019.
- 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 supports more than 28 million U.S. jobs that provide middle class incomes.

About Trade & Jobs

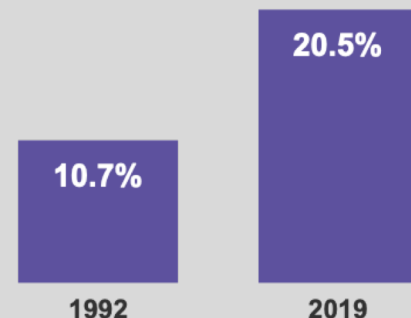
Trade-supported jobs are not just at companies that export and import. Trade supports higher wages for workers and lower costs for companies and consumers, providing them with more money to spend on other things. This spending supports additional jobs throughout the U.S. economy in sectors like entertainment, education and construction not typically associated with "exports and imports."

By the Numbers

1,632,000

Number of Jobs in Illinois
Supported by Trade

Share of Jobs Tied to Trade
Increased 92 percent from 1992 to 2019



Jobs Tied to Trade
Top Sectors, 2019

Business and professional services	347,300
Personal and recreational services	314,400
Education and health services	239,500
Wholesale and retail trade	206,700
Transportation and utilities	122,800



ILLINOIS BUSINESSES GROW WITH EXPORTS



Overview

Illinois exported an estimated \$61.9 billion in goods and \$39.7 billion in services in 2019. Between 2010 and 2019, Illinois goods exports have increased by 17 percent and services exports by 51 percent. Large companies now account for 76 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

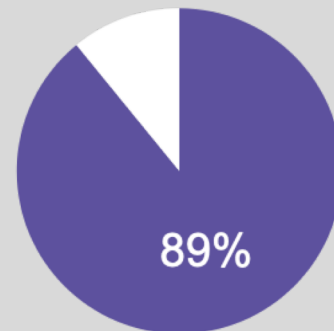
- Illinois ranks among the top 5 state exporters in 33 industries, including first in railroad rolling stock (\$684 million) and second in agricultural and construction machinery (\$5.4 billion), beverages (\$900 million), miscellaneous chemical preparations (\$747 million), and others.
- Illinois is America's third 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 12th largest exporter of miscellaneous animal products.
- One of Illinois' fastest growing export categories is pharmaceuticals and medicines, which increased by 199 percent since 2010. In 2019, exports of these products reached \$4.5 billion.

By the Numbers

23,133

Number of Illinois Businesses
that Exported in 2018

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



Top Illinois Exports, 2019

Goods

Ag. & Construction Machinery	\$5.4 billion
Oilseeds & Grains	\$4.7 billion
Pharmaceuticals & Medicines	\$4.5 billion
Motor Vehicle Parts	\$3.4 billion
Communications Equipment	\$3.2 billion

Services

Business Mgmt. & Consulting Services	\$4.5 billion
Personal Travel & Tourism	\$4.4 billion
Financial Mgmt. & Advisory Services	\$3.3 billion

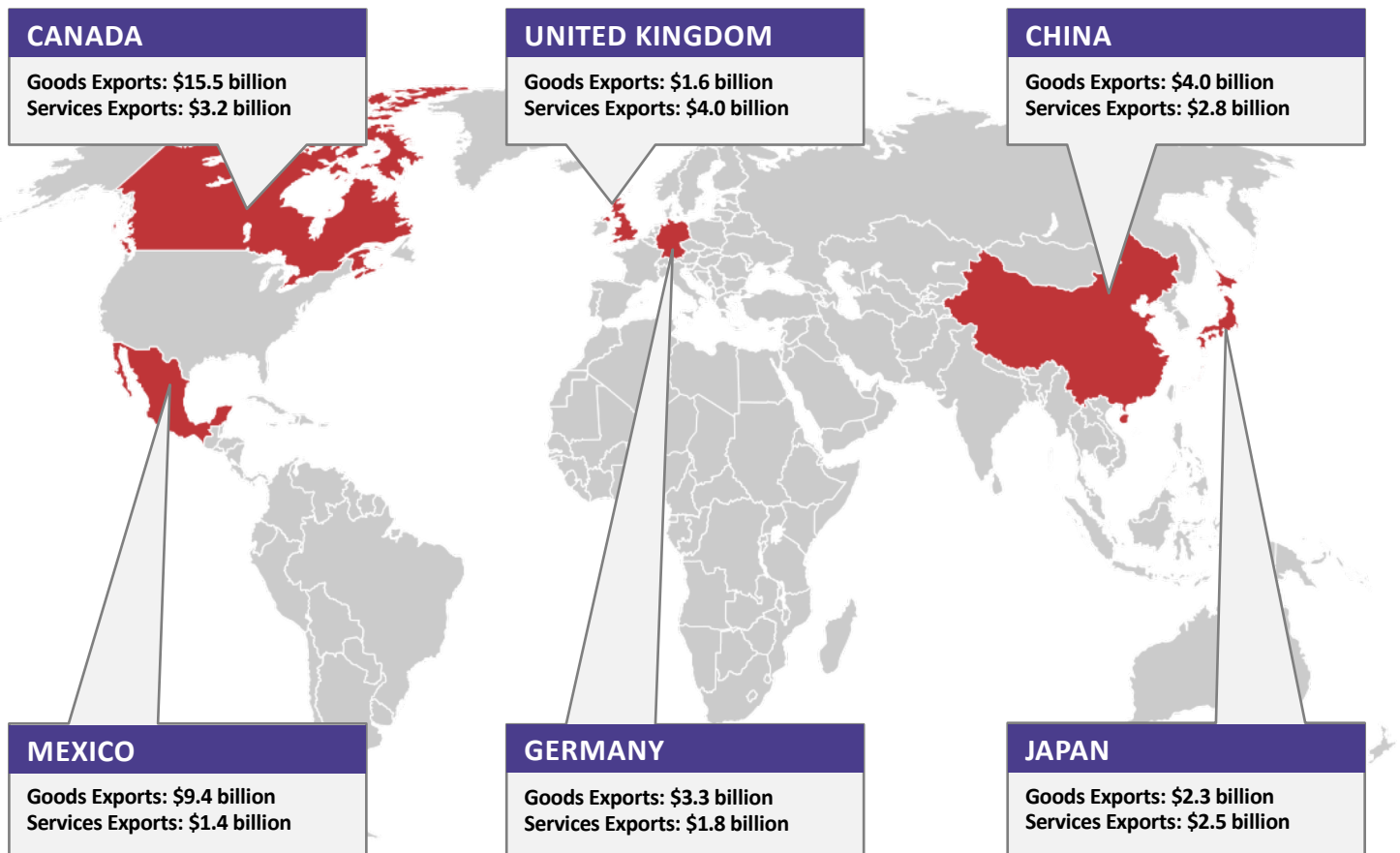


ILLINOIS COMPANIES EXPORT THROUGHOUT THE WORLD



In 2019, 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 11.5 percent of Illinois' state GDP in 2019.
- Illinois' annual exports grew 0.9 percent per year since 2010.
- Illinois' top export markets for goods are Canada, Mexico, and China. Its top market for services is the United Kingdom.
- Illinois' goods exports to Cambodia have grown by 25 percent per year since 2010, while Illinois' services exports to the United Kingdom have grown by 11 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.



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ILLINOIS COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



Overview

Imports provide a variety of benefit 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 2019, 27 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.

2010-2019 Price Decrease



-85% for Televisions



-52% for Computers



-51% for Toys

Most Importers are Small Businesses

- In 2019, 21,154 Illinois companies imported goods from 206 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 2019, 73 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
(\$912M in 2019)**



Exports:
**Construction
equipment
(\$2.2B in 2019)**



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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 United States.

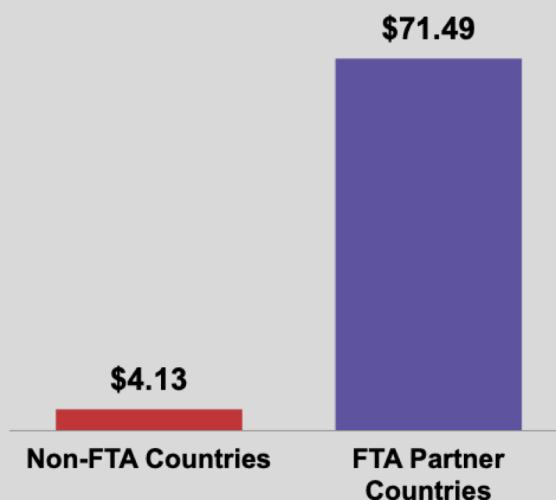
- In 2019, \$34 billion of Illinois' goods exports, or 54 percent, went to FTA partners.
- Since 2010, Illinois' goods exports to countries with FTAs in effect with the United States in 2019 have increased by 27 percent.
- Illinois' exports to Canada and Mexico have increased by \$19 billion (293 percent) since NAFTA went into effect in 1994.
- Illinois' exports to Chile have increased by 314 percent – from \$171 million to \$707 million – since the FTA with Chile took effect in 2004.
- Illinois' exports to Australia of pharmaceuticals and medicines have increased from \$25 million to \$659 million since the FTA with Australia went into effect in 2005.
- Canada bought 92 percent – \$2.0 billion out of \$2.2 billion – of Illinois' exports of petroleum and coal products in 2019.
- In 2019, \$9.4 billion of Illinois' services exports, or 24 percent, went to FTA partners.
- Illinois' exports to Singapore of advertising services have increased from \$8 million to \$214 million, or by about 25 times, since 2006 (earliest year available).

By the Numbers

27%

Increase in Illinois Goods Exports
to FTA Partners Between 2010 and 2019

Per Capita Purchases of Illinois Goods, 2019



** U.S. FTAs in effect with countries in 2019.*

In 2019, FTA partners purchased 17.3 times more goods per capita from Illinois than non-FTA partners.



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FOREIGN INVESTMENT IN ILLINOIS CREATES JOBS



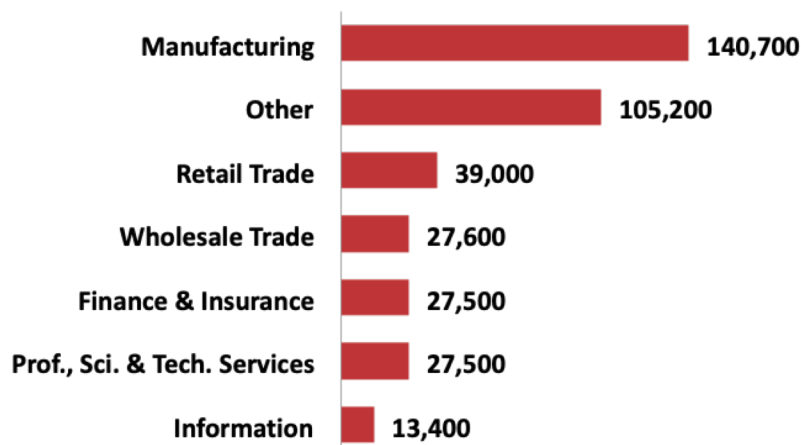
Overview

Foreign-owned companies help grow the U.S. economy and jobs. In 2019, 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 2019, including:

- 62,400 workers employed by companies based in the United Kingdom;
- 58,000 workers employed by companies based in Japan;
- 47,500 workers employed by companies based in Germany;
- 40,800 workers employed by companies based in Canada;
- 33,600 workers employed by companies based in France.

Foreign-Owned Companies Employed 381,100 Illinois Workers Across Many Industries, 2019



Selected Foreign-Owned Companies Employing Workers in Illinois

Company	Industry	Country
Aon Group Inc. (HQ)	Insurance services	United Kingdom
Bridgestone Americas	Tire manufacturing	Japan
Domtar Paper Company, Inc.	Packaging manufacturing	Canada
Evonik Corporation	Specialty chemicals manufacturing	Germany
Grant Thornton LLP (HQ)	Business advisory services	United Kingdom
NTN Bearing Corporation of America (HQ)	Bearing manufacturing	Japan
Thyssenkrupp North America (HQ)	Motor vehicle parts	Germany
Waupaca Foundry	Machinery manufacturing	Japan



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” (2021)
(https://s3.amazonaws.com/brt.org/Trade_and_American_Jobs_2021.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 – 2019”
(<https://www.census.gov/foreign-trade/Press-Release/edb/2019/>)

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 – 2019”
(<https://www.census.gov/foreign-trade/Press-Release/edb/2019/>)

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)

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

