

HOW KANSAS' 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 Kansas 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 Kansas. 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 Kansas recover.

Trade Creates & Supports Jobs in Kansas

- **International trade, including exports and imports, supported 395,500 Kansas 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 Kansas' globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Kansas. *(See Kansas Jobs Depend On Two-Way Trade)*
- **Kansas exported \$12.7 billion in goods and \$3.8 billion in services in 2018,** including oilseeds and grains, aerospace products and parts, meat products and travel services. Of Kansas' 3,341 exporters, 83 percent are small- and medium-sized companies with less than 500 workers. *(See Kansas Businesses Grow With Exports)*
- **Customers in 191 countries and territories buy Kansas-made goods and services,** including billions of dollars in annual exports to top markets like Mexico, Canada and Japan. Policies that help Kansas businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(See Kansas Companies Export Throughout The World)*
- **Imports lower prices and increase choices for Kansas companies and families.** Lower raw material and input costs help Kansas 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 Kansas Companies and Families Benefit from Imports)*
- **Free trade agreements (FTAs) have helped fuel rapid export growth from Kansas to partner countries.** In 2018, \$5.7 billion of Kansas' goods exports, or 45 percent, went to FTA partners. This represents an increase of 26 percent since 2009. *(See Kansas Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 60,800 workers in Kansas.** *(See Foreign Investment In Kansas Creates Jobs)*



KANSAS 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 Kansas. Policies that expand trade can create new job opportunities in Kansas and help it recover faster.

Trade Creates & Supports Jobs in Kansas

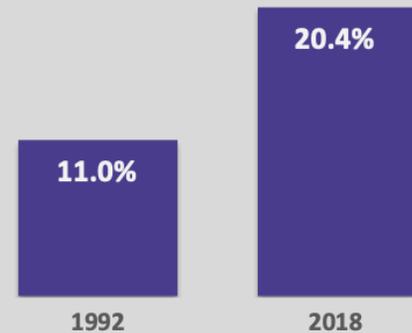
- Export growth increases jobs by generating new business for Kansas' manufacturers, services providers and farmers. Imports support jobs and keep costs low, helping Kansas businesses compete and saving Kansas families real dollars at the cash register.
- One in five Kansas jobs depends upon international trade.
- Kansas' 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

395,500

Number of Jobs in Kansas
Supported by Trade

Share of Jobs Tied to Trade
Increased 85 percent from 1992 to 2018



Jobs Tied to Trade Top Sectors, 2018

Trade & Distribution	85,100
Prof., Scient. & Tech. Services	55,000
Personal & Rec. Services	19,700
Manufacturing	17,000
Construction	16,000



KANSAS BUSINESSES GROW WITH EXPORTS



Overview

Kansas exported an estimated \$12.7 billion in goods and \$3.8 billion in services in 2018. Between 2009 and 2018, Kansas goods exports have increased by 22 percent and services exports by 36 percent. Large companies now account for 74 percent of the value of Kansas' 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 Kansas Exports

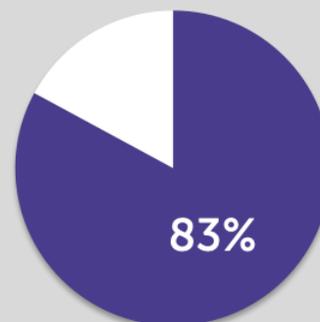
- Kansas ranks among the top 10 state exporters in five industries, including third in meat products (\$2.0 billion), fourth in oilseeds and grains (\$3.1 billion), fifth in leather and hide tanning (\$61 million), and sixth in animal foods (\$170 million).
- Kansas is America's sixth largest exporter of agricultural products. It is the fourth largest exporter of oilseeds and grains, the 10th largest exporter of cattle, the 18th largest exporter of miscellaneous animal products, and the 22nd largest exporter of miscellaneous crops.
- One of Kansas' fastest growing export categories is communications equipment, which increased by 15 percent since 2009. In 2018, exports of these products reached \$162 million.

By the Numbers

3,341

Number of Kansas Businesses
that Exported in 2018

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



Top Kansas Exports, 2018

Goods

Oilseeds & Grains	\$3.1 billion
Aerospace Products & Parts	\$2.4 billion
Meat Products	\$2.0 billion
Ag. & Construction Machinery	\$587 million
Navigational & Meas. Instruments	\$402 million

Services

Travel	\$805 million
Mgmt. & Consulting Services	\$599 million
R&D & Testing Services	\$370 million

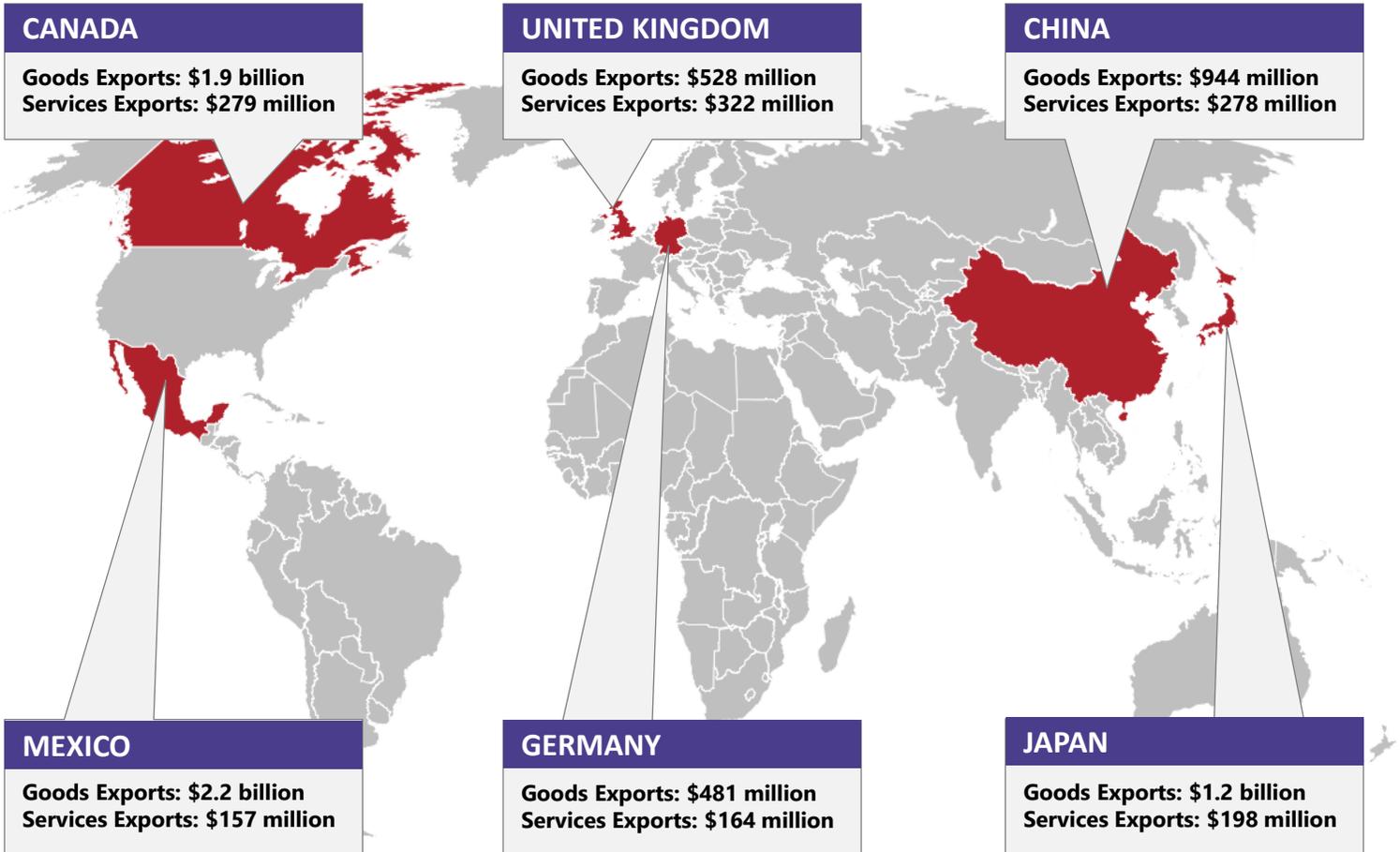


KANSAS COMPANIES EXPORT THROUGHOUT THE WORLD



In 2018, Kansas companies sold their products in 191 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Kansas Economy Grow

- Goods and services exports accounted for 9.8 percent of Kansas' state GDP in 2018.
- Kansas' exports have grown at an average annual rate of 2.7 percent since 2009.
- Kansas' top export markets for goods are Mexico, Canada, and Japan. Its top market for services is the United Kingdom.
- Kansas' goods exports to Philippines have grown by 11 percent per year since 2009, while Kansas' services exports to China have grown by 11 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Kansas businesses, workers, and farmers reach the growing number of customers around the world.



KANSAS COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



Overview

Imports provide a variety of benefits for Kansas companies and families. Imported consumer goods help keep prices down for Kansas families while increasing choices for foods and other products that are not available locally. Imported inputs help Kansas 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.

Kansas Families Benefit from Imports

- In 2018, 35 percent of Kansas' imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Kansas 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 Kansas 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, 2,897 Kansas companies imported goods from 157 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.

Kansas Exports and Imports are Linked Through Global Value Chains

- In 2018, 65 percent of Kansas goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Kansas' top imports are critical components for Kansas exports. Conversely, Kansas exports of raw materials and parts may return to the United States in imported finished goods.



Imports:
Jet engines and parts
(\$880M in 2018)



Exports:
Aerospace products
(\$2.2B in 2018)



KANSAS 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. Kansas 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 Kansas and the United States.

- In 2018, \$5.7 billion of Kansas' goods exports, or 45 percent, went to FTA partners.
- Since 2009, Kansas' goods exports to countries with FTAs in effect with the United States in 2018 have increased by 26 percent.
- Kansas' exports to Canada and Mexico have increased by \$3.2 billion (361 percent) since NAFTA went into effect in 1994.
- Kansas' exports to Singapore have increased by 159 percent – from \$130 million to \$337 million – since the FTA with Singapore took effect in 2004.
- Kansas' exports to Korea of meat products have increased from \$193 million to \$298 million since the FTA with Korea went into effect in 2012.
- Canada bought \$25.3 million of Kansas' \$26.2 million in sugar and confectionery products exports in 2018.
- In 2018, \$912 million of Kansas' services exports, or 24 percent, went to FTA partners.
- Kansas' exports to Singapore of R&D and testing services have increased from \$1.9 million to \$59 million, or by over 3,000 percent, since 2006 (earliest year available).

By the Numbers



FOREIGN INVESTMENT IN KANSAS 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.

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

- 10,000 workers employed by companies based in Japan;
- 7,700 workers employed by companies based in Canada;
- 7,400 workers employed by companies based in the United Kingdom;
- 6,300 workers employed by companies based in Switzerland;
- 6,100 workers employed by companies based in Germany.

Foreign-Owned Companies Employed 60,800 Kansas Workers Across Many Industries, 2017



Selected Foreign-Owned Companies Employing Workers in Kansas

Company	Industry	Country
ABB Inc.	Power Distribution Equipment Mfg.	Switzerland
Airbus Americas Engineering	Aerospace Products Manufacturing	France
Bombardier Aerospace	Aircraft Manufacturing	Canada
Great Western Bank	Banking Services	Australia
Holiday Inn	Hotel Services	United Kingdom
Schneider Electric	Power Distribution Equipment Mfg.	France
Siemens Energy & Automation	Electronics and Electrical Engineering	Germany
Willis North America	Insurance Services	United Kingdom



DATA SOURCES



KANSAS 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)

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>)

KANSAS 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/>)

KANSAS 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>)

KANSAS 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/>)

KANSAS NEEDS TRADE AGREEMENTS TO GROW

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

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

FOREIGN INVESTMENT IN KANSAS 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>)

