

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. 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 Kansas recover as well.

Trade Creates & Supports Jobs in Kansas

- **International trade, including exports and imports, supported 364,600 Kansas jobs – nearly one in five in 2019.** These trade-related jobs grew four 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 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 \$12.6 billion in goods and \$4.0 billion in services in 2019,** including oilseeds and grains, aerospace products and parts, meat products and business management and consulting services. Of Kansas' 3,354 exporters, 82 percent are small- and medium-sized companies with less than 500 workers. *(See Kansas Businesses Grow With Exports)*
- **Customers in 195 countries and territories buy Kansas-made goods and services,** including billions of dollars in annual exports to top markets like Mexico, Canada and Japan. Kansas' exports have grown 0.3 percent per year since 2010. 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 2019, \$5.7 billion of Kansas' goods exports, or 45 percent, went to FTA partners. This represents an increase of 5 percent since 2010. *(See Kansas Needs Trade Agreements To Grow)*
- **Foreign-owned companies invest and build facilities and employ 76,100 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, disrupted communities and economies, and ended millions of jobs across America, including in Kansas. As the U.S. economy recovers and more Americans seek opportunities to work, policies that expand trade can create new jobs 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.
- Nearly one in five Kansas jobs depends upon international trade.
- Kansas' trade-related employment grew four 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

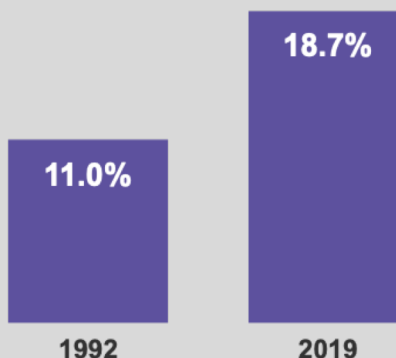
Trade-supported jobs are not just at companies that export and import. Trade supports higher wages for workers and lower costs for companies and consumers, providing them with more money to spend on other things. This spending supports additional jobs throughout the U.S. economy in sectors like entertainment,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

By the Numbers

364,600

Number of Jobs in Kansas
Supported by Trade

Share of Jobs Tied to Trade
Increased 70 percent from 1992 to 2019



Jobs Tied to Trade
Top Sectors, 2019

Business and professional services	70,100
Personal and recreational services	67,000
Education and health services	51,300
Wholesale and retail trade	50,000
Finance and insurance	22,400



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KANSAS BUSINESSES GROW WITH EXPORTS



Overview

Kansas exported an estimated \$12.6 billion in goods and \$4.0 billion in services in 2019. Between 2010 and 2019, Kansas goods exports have increased by 5 percent and services exports by 35 percent. Large companies now account for 78 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

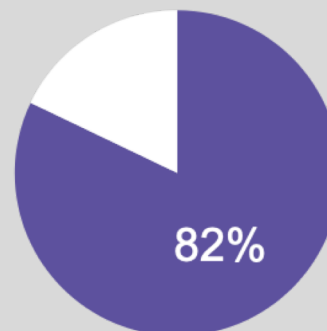
- Kansas ranks among the top 15 state exporters in 7 industries, including third in meat products (\$1.8 billion), fifth in animal foods (\$192 million), sixth in leather and hide tanning (\$48 million), and 12th in rubber products (\$192 million).
- Kansas is America's fifth largest exporter of agricultural products. It is the third largest exporter of oilseeds and grains, the 19th largest exporter of miscellaneous crops, the 19th largest exporter of miscellaneous animal products, and the 22nd largest exporter of cattle.
- One of Kansas' fastest growing export categories is aluminum, which increased by 182 percent since 2010. In 2019, exports of these products reached \$141 million.

By the Numbers

3,354

Number of Kansas Businesses
that Exported in 2018

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



Top Kansas Exports, 2019

Goods

Oilseeds & Grains	\$3.0 billion
Aerospace Products & Parts	\$2.3 billion
Meat Products	\$1.8 billion
Ag. & Construction Machinery	\$534 million
Navigational & Meas. Instruments	\$520 million

Services

Business Mgmt. & Consulting Services	\$683 million
Personal Travel & Tourism	\$462 million
R&D & Testing Services	\$427 million



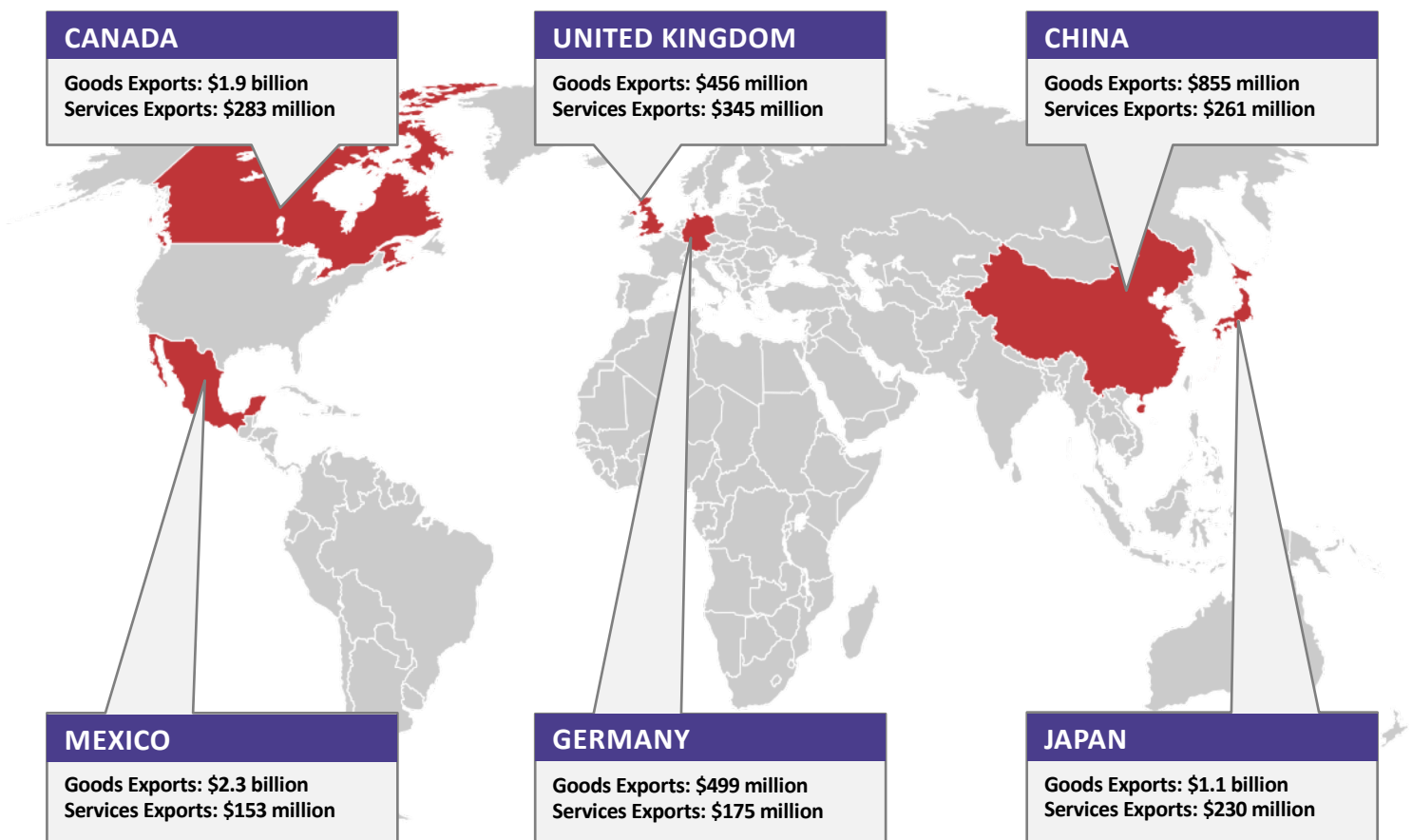
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KANSAS COMPANIES EXPORT THROUGHOUT THE WORLD



In 2019, Kansas companies sold their products in 195 countries and territories.

Top export markets include:



Fast Facts: How Exports Help the Kansas Economy Grow

- Goods and services exports accounted for 9.4 percent of Kansas' state GDP in 2019.
- Kansas' annual exports grew 0.3 percent per year since 2010.
- Kansas' top export markets for goods are Mexico, Canada, and Japan. Its top market for services is the United Kingdom.
- Kansas' goods exports to Hungary have grown by 26 percent per year since 2010, while Kansas' services exports to Ireland have grown by 8 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.



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KANSAS COMPANIES AND FAMILIES BENEFIT FROM IMPORTS



Overview

Imports provide a variety of benefit 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 2019, 31 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.

2010-2019 Price Decrease



-85% for Televisions



-52% for Computers



-51% for Toys

Most Importers are Small Businesses

- In 2019, 2,903 Kansas companies imported goods from 154 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 2019, 69 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**
(\$1.0B in 2019)



Exports:
Aerospace products
(\$2.3B in 2019)



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KANSAS NEEDS TRADE AGREEMENTS TO GROW

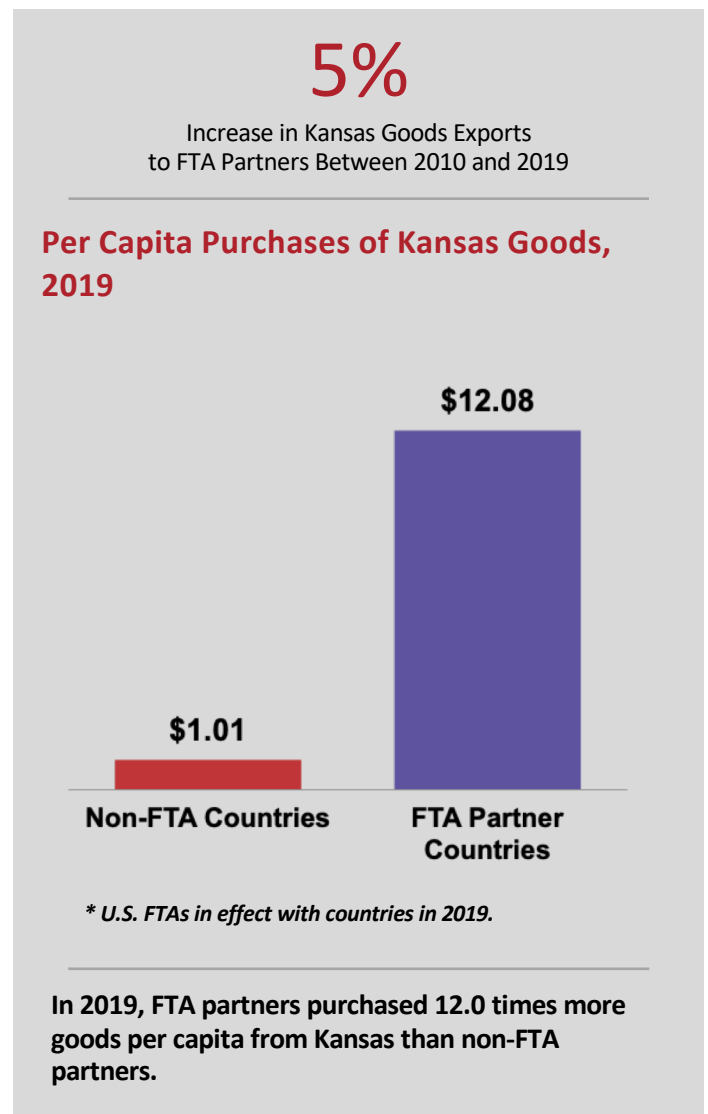


Overview

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 United States.

- In 2019, \$5.7 billion of Kansas' goods exports, or 45 percent, went to FTA partners.
- Since 2010, Kansas' goods exports to countries with FTAs in effect with the United States in 2019 have increased by 5 percent.
- Kansas' exports to Canada and Mexico have increased by \$3.3 billion (370 percent) since NAFTA went into effect in 1994.
- Kansas' exports to Chile have increased by 326 percent – from \$21 million to \$88 million – since the FTA with Chile took effect in 2004.
- Kansas' exports to Singapore of aerospace products and parts have increased from \$90 million to \$291 million since the FTA with Singapore went into effect in 2004.
- Canada bought 88 percent – \$214 million out of \$244 million – of Kansas' exports of motor vehicles in 2019.
- In 2019, \$924 million of Kansas' services exports, or 23 percent, went to FTA partners.
- Kansas' exports to Singapore of R&D and testing services have increased from \$2 million to \$61 million, or by 30 times, since 2006 (earliest year available).

By the Numbers



FOREIGN INVESTMENT IN KANSAS CREATES JOBS



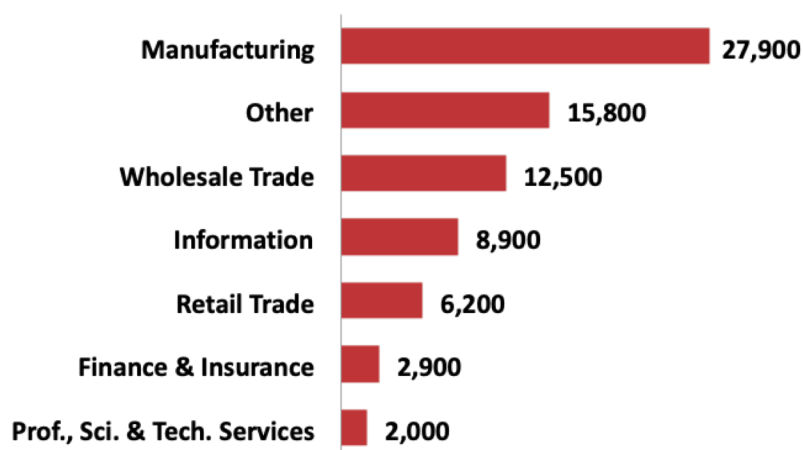
Overview

Foreign-owned companies help grow the U.S. economy and jobs. In 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.

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 2019, including:

- 11,600 workers employed by companies based in Japan;
- 9,900 workers employed by companies based in Canada;
- 8,700 workers employed by companies based in the United Kingdom;
- 7,500 workers employed by companies based in Switzerland;
- 6,800 workers employed by companies based in Germany.

Foreign-Owned Companies Employed 76,100 Kansas Workers Across Many Industries, 2019



Selected Foreign-Owned Companies Employing Workers in Kansas

Company	Industry	Country
Airbus Engineering Center	Engineering services	France
Ceva Animal Health Inc. (HQ)	Animal pharmaceutical products manufacturing	France
GHD Group	Architectural, engineering services	Australia
Gunze Plastics & Engineering Corporation of America	Plastic products manufacturing	Japan
Holiday Inn	Accommodation services	United Kingdom
ITC Great Plains	Energy transmission utility services	Canada
National Beef Packing Company	Food products manufacturing	Brazil
TMX Aerospace	Aircraft parts manufacturing	Germany



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DATA SOURCES



KANSAS JOBS DEPEND ON TWO-WAY TRADE

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

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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)
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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/>)

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

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(<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/>)

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>)



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