

# ***Fast Facts on the California Trade-Based Economy***

Compiled by: Assembly Committee on Jobs, Economic Development, and the Economy  
Assemblymember Sabrina Cervantes, Chair

If California were a country, with a 2019 state GDP of \$3.2 trillion, it would have 5<sup>th</sup> largest GDP in the world (latest data from 2018 with California GDP of 2.9 trillion dollars).<sup>i</sup> In 2019, California two-way trade (imports and exports) totaled \$502.1 billion in products, representing 13.3% of total US imports and exports.<sup>ii</sup>

## **California and World Markets**

- In 2019, California GDP grew from \$2.9 trillion to **\$3.2 trillion**, ranking the state's economy as the **5<sup>th</sup> largest in the world** [latest data from 2018 with California GDP of 2.9 trillion dollars], as compared to national economies. Only the economies of the US, China, Japan, and Germany are larger.<sup>iii</sup>
- **Exports** out of California were valued at **\$156.1 billion** in 2020, representing 10.9% of total US exports and rendering the state the 36<sup>th</sup> largest exporter in the world.<sup>iv</sup> For comparison of growth over time, California exported \$174 billion in 2019.<sup>vi</sup>
- California's **largest export market** is **Mexico**, where the value of exports totaled \$24.1 billion in 2020. After Mexico, California's top export markets in 2020 were: China and Hong Kong (\$21.4 billion), Canada (\$15.9 billion), Japan (\$10.7 billion), South Korea (\$9.8 billion), Taiwan (\$7.4 billion), Germany (\$6.5 billion), Netherlands (\$5.7 billion), India (\$5 billion), the United Kingdom (\$5 billion), and Belgium (\$4.3 billion).<sup>vii</sup>
- California's **top seven exports** in 2020 were: computer and electronic products (\$37.6 billion), transportation equipment (\$17.3 billion), machinery, except electrical (\$16.8 billion), chemicals (\$14.5 billion), agricultural products (\$13.4 billion), miscellaneous manufactured commodities (\$11.1 billion), and food manufactures (\$9.8 billion).<sup>viii</sup>
- California exported **\$24.1 billion in products to Mexico** in 2020. The top six exports to Mexico were: computer and electronic products (\$5.4 billion), transportation equipment (\$2.8 billion), electrical equipment, appliances, and components (\$1.9 billion), machinery, except electrical (\$1.9 billion), chemicals (\$1.5 billion), and plastics and rubber products (\$1.4 billion).<sup>ix</sup>
- California exported **\$21.4 billion in products to China** (\$15.02 billion), including Hong Kong (\$6.33 billion). The top five exports to China (only) were: computer and electronic products (\$4.0 billion), machinery, except electrical (\$3.1 billion), chemicals (\$1.6 billion), transportation equipment (\$1.2 billion), and agricultural products (\$1.1 billion).<sup>x</sup>
- California's **third largest export market** is **Canada**, with exports totaling \$15.9 billion in 2020. The top four exports to Canada were: computer and electronic products (\$4.5 billion), agricultural products (\$2.5 billion), transportation equipment (\$1.7 billion), food manufactures (\$1.4 billion), and chemicals (\$900 million).<sup>xi</sup>
- **Imports into California** were valued at \$396 billion in 2020, representing 16.9% of total US imports and ranking the state the 19<sup>th</sup> largest importer in the world [latest data from 2018 when California import total was 408.3 billion].<sup>xii</sup>
- China is the **largest source of imports to California**, valued at \$130.3 billion from Mainland China and \$590.4 million from Hong Kong in 2020. Imports from Mexico ranked second (\$47.9 billion), Canada third (\$26.5 billion); and South Korea fourth (\$21.1 billion).<sup>xiii</sup>
- **Largest total of products imported** in 2020 by dollar: computer and electronic products (\$113.1 billion & 28.6%), transportation equipment (\$53.9 billion & 13.6%), electrical equipment, appliances & components (\$26.8 billion & 6.8%), miscellaneous manufactured commodities (\$24.2 billion & 6.1%), machinery, except electrical (\$19.8 billion & 5.0%), apparel manufacturing products (16.9 billion & 4.3%).<sup>xiv</sup>

## Trade and Jobs

- In 2017, California's **763,803 businesses** (firms) employed 14.9 million employees and had payrolls totaling \$995 billion (largest payroll in the nation).<sup>xv</sup> Of those companies, **72,665 companies exported products** from California in 2016 (latest year available) and **69,387 (96%) were small and medium-size enterprises** with fewer than 500 employees.<sup>xvi</sup>
- In 2019, more than 68,987,000,000 **firms** exported goods from California. Of these, 65,367,000,000 or **95.1%, were small and medium size enterprises with fewer than 500 employees**, which generated 41.1% of California's \$161.6 billion in total exports in 2019.<sup>xvii</sup>
- **California goods exports** in 2016 (most recent) **supported an estimated 684,000 jobs.**<sup>xviii</sup> In 2016, **92%** of California export-related jobs were in **manufacturing.**<sup>xix</sup>
- **Goods exports from Texas, California, and Washington** supported the most jobs in the nation in 2016 (910,000; 684,000; and 333,000 jobs respectively). Total exports from Texas and California combined accounted for nearly 30% of US jobs supported.<sup>xx</sup>

## California and Foreign Direct Investment

- **Foreign Direct Investment (FDI) creates new jobs, pay higher wages** than US average, stimulate **overall growth and innovation that drive US competitiveness**, increases **US exports, strengthens US manufacturing, brings in new research, technology, and skills (R&D)**, and **contributes to rising US productivity.** FDI impacts the US economy in a positive way through all the aspects above.<sup>xxi</sup>
- In 2020, **global FDI** reached **\$859 billion**, with the US receiving the second largest amount of FDI (China the most at \$163 billion) in the world, totaling **\$134 billion** (15.5% of global FDI).<sup>xxii</sup>
- The **largest investing country in the US** was **the United Kingdom**, with expenditures of **\$40.4 billion**, followed by **Canada (\$35.7 billion)**, **Germany (\$21.6 billion)**, and **Japan (\$17.8%)**. **By region**, Europe contributed over 50% of **new foreign investment** into the US in 2019.<sup>xxiii</sup>
- Expenditures by **foreign direct investors to acquire, establish, or expand US businesses** totaled **\$194.7 billion** (preliminary) in 2019. Expenditures were down 37.7% from 2018.<sup>xxiv</sup>
- **By industry, expenditures in manufacturing** were the largest sector receiving FDI in 2019 at **\$78.2 billion**, accounting for **40.2%** of total expenditures in the US.<sup>xxv</sup>
- **By state in 2019**, the largest FDI **expenditures** were in **California** (\$22.7 billion), Pennsylvania (\$21.1 billion), and **Texas** (\$20.9 billion).<sup>xxvi</sup> This is down from 2017 where FDI expenditures in **California** were (\$41.6 billion), **Texas** (\$39.7 billion), and **Illinois** (\$26 billion)<sup>xxvii</sup>
- In 2019, foreign-owned businesses acquired 190,651 businesses in the US, including 22,347 businesses in California. In addition, 2,503 businesses were established in the US, including 322 in California, and 1,507 businesses were expanded in the US by foreign-owned firms, including 68 in California.<sup>xxviii</sup>
- **US employment** at newly acquired, established, or expanded **foreign-owned businesses** in 2019 was 210,600 employees. This is down from 554,300 US employees in 2017. Minnesota had the highest employment at foreign-owned businesses in 2019 with 39,800 employees, followed by Texas (29,000) and California (21,800).<sup>xxix</sup>
- **Majority-owned US affiliates of foreign multinational enterprises (MOUSAs)** employed **7.8 million workers** in the US in 2018, a 1.9% increase from 2017.<sup>xxx</sup> MOUSAs accounted for **6.0% of total private-industry employment** in the US.<sup>xxxi</sup>

## Source Notes

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- <sup>xi</sup> International Trade Administration US Department of Commerce, “NAICS Total All Merchandise Exports from California to Canada”, <http://tse.export.gov/TSE/ChartDisplay.aspx>, accessed February 5, 2021
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