

Fast Facts on the California Trade-Based Economy

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If California were a country it would have 5th largest GDP in the world.ⁱ In 2021, California two-way trade (imports and exports) totaled \$645.2 billion in products, representing 14.0% of total US imports and exports (\$4.5 trillion).ⁱⁱ

California and World Markets

- California had a \$3.3 trillion economy in 2021, representing 14.5% of US GDP. Compared to GDP of nations, California's 2019 GDP of \$3.1 trillion ranks as 5th largest in the world.ⁱⁱⁱ Only the economies of the US, China, Japan, and Germany are larger.
- **Exports** out of California were valued at **\$175.1 billion** in 2021, representing 12.3% of total US exports (\$1.7 trillion) and rendering the state the 34th largest exporter in the world.^{iv} For country comparison, California exported \$174.9 billion in 2020.^{vi}
- California's **largest export market** is **Mexico**, where the value of exports totaled \$27.2 billion in 2021. After Mexico, California's top export markets in 2021 were: China and Hong Kong (\$23.4 billion), Canada (\$17.8 billion), Japan (\$11.8 billion), South Korea (\$11.6 billion), Taiwan (\$8.9 billion), Germany (\$7.6 billion), India (\$6.6 billion), Netherlands (\$6.1 billion), Singapore (\$4.9 billion), the United Kingdom (\$4.3 billion), and Belgium (\$3.7 billion).^{vii}
- California's **top seven exports** in 2021 were: computer and electronic products (\$39.6 billion), machinery, except electrical (\$20.3 billion), chemicals (\$17.5 billion), transportation equipment (\$16.1 billion), agricultural products (\$14.1 billion), miscellaneous manufactured commodities (\$13.4 billion), and food processors (\$11 billion).^{viii}
- California exported **\$27.2 billion in products to Mexico** in 2021. The top seven exports to Mexico were: computer and electronic products (\$4.8 billion), transportation equipment (\$2.9 billion), machinery, except electrical (\$2.2 billion), chemicals (\$2.0 billion), processed foods (\$1.8 billion) electrical equipment, appliances, and components (\$1.8 billion), and plastics and rubber products (\$1.6 billion).^{ix}
- California exported **\$23.4 billion in products in 2021 to China** (\$16.7 billion), including Hong Kong (\$6.7 billion). The top five exports to China (only) were: machinery, except electrical (\$3.8 billion); computer and electronic products (\$3.6 billion); chemicals (\$1.8 billion); agricultural products (\$1.3 billion); processed foods (\$1.0 billion); electrical equipment, appliances, and components (\$813 million); and transportation equipment (\$693 million).^x
- California's **third largest export market is Canada**, with exports totaling \$17.8 billion in 2021. The top seven exports to Canada were: computer and electronic products (\$4.6 billion), agricultural products (\$2.7 billion), transportation equipment (\$1.5 billion), processed foods (\$1.4 billion), chemicals (\$1.2 billion), and miscellaneous manufactured commodities (\$1.0 billion).^{xi}
- **Imports into California** were valued at \$470.7 billion in 2021, representing 16.6% of total US imports and ranking the state the 14th largest importer in the world based on comparable 2020 data when California imported \$395.3 billion worth of goods.^{xii}
- China is the **largest source of imports to California**, valued at \$145.9 billion from Mainland China and \$688.0 million from Hong Kong in 2021. Imports from Mexico ranked second (\$57.6 billion), Canada third (\$28.0 billion); and South Korea fourth (\$26.0 billion).^{xiii}
- **Largest total of products imported** in 2021 by dollar: computer and electronic products (\$128.6 billion); transportation equipment (\$55.6 billion); miscellaneous manufactured commodities (\$34.5 billion); electrical equipment, appliances, and components (\$33.9 billion); machinery, except electrical (\$23.4

billion); oil and gas (\$19.9 billion); apparel and accessories (\$19.7 billion); chemicals (\$18.1 billion); and processed foods (\$16.6 billion).^{xiv}

- California **imported the following products from China in 2021**: computer and electrical products (\$50.6 billion); miscellaneous manufactured commodities (\$18.2 billion); electrical equipment, appliances, and components (\$16.0 billion); apparel and accessories (\$8 billion); machinery, except electrical (\$7.3 billion); plastics and rubber products (\$6.0 billion); and \$6.0 billion leather and allied products.^{xv}
- California's **second largest source of imports was Mexico** with imports totaling \$57.6 billion in 2021. The top x imports from Mexico were: computer and electrical products (\$15.2 billion); transportation equipment (\$13.5 billion); agricultural products (\$6.2 billion); electrical equipment, appliances, and components (\$3.7 billion); miscellaneous manufactured commodities (\$3.4 billion); and processed foods (\$2.5 billion); and machinery, except electrical (\$2.3 billion).^{xvi}
- California's **third largest source of imports was Canada**, with imports totaling \$28.0 billion in 2021. The top four imports from Canada were: transportation equipment (\$15.1 billion), processed foods (\$2.8 billion), chemicals (\$1.1 billion), and wood products (\$966 million).^{xvii}

Trade and Jobs

- In 2020, California's **981,369 businesses** (firms) employed 15.7 million employees and had payrolls totaling \$1.1 trillion (largest payroll in the nation).^{xviii} 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. Those small and medium businesses generated 43% of total exports.^{xix}
- In 2019, more than 68,987 **firms** exported goods from California. Of these, 66,367 or **95.1%, were small and medium size enterprises with fewer than 500 employees**, which generated **41.1%** of California's \$174.0 billion in total exports in 2019.^{xx}
- **California goods exports** in 2020 (most recent) **supported an estimated 585,486 jobs**. Nationally, jobs supported by goods exports pay up to an estimated 18% above the national average.^{xxi}
- **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.^{xxii}

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.^{xxiii}
- 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).^{xxiv}
- 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.^{xxv}
- 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.^{xxvi}

- **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.^{xxvii}
- **By state in 2019**, the largest FDI **expenditures** were in **California** (\$22.7 billion), Pennsylvania (\$21.1 billion), and **Texas** (\$20.9 billion).^{xxviii} This is down from 2017 where FDI expenditures in **California** were (\$41.6 billion), **Texas** (\$39.7 billion), and **Illinois** (\$26 billion).^{xxix}
- 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.^{xxx}
- **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).^{xxxi}
- **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.^{xxxii} MOUSAs accounted for **6.0% of total private-industry employment** in the US.^{xxxiii}

Source Notes

- ⁱ State of California Department of Finance, “Economic Output by State” & “Comparison to Other Major Countries” <https://dof.ca.gov/forecasting/Economics/economic-indicators/gross-state-product/> accessed July 18, 2022
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- ^{iv} International Trade Administration US Department of Commerce, “State Exports via California,” accessed February 5, 2021 and United States Census Bureau, “State Exports via California”, <https://www.census.gov/foreign-trade/statistics/state/data/ca.html>, accessed February 22, 2021
- ^v CIA World Factbook, “Country Comparison- Exports”, <https://www.cia.gov/the-world-factbook/field/exports/country-comparison>, accessed July 18, 2022
- ^{vi} International Trade Administration US Department of Commerce, <https://www.trade.gov/tradestats-express-national-and-state-trade-data>, accessed March 4, 2022.
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- ^{xvii} International Trade Administration US Department of Commerce, <https://www.trade.gov/tradestats-express-national-and-state-trade-data>, accessed March 4, 2022
- ^{xviii} US Census Bureau, 2020 Economic Surveys Business Patterns <https://data.census.gov/cedsci/table?g=0400000US06&tid=CBP2020.CB2000CBP> accesses 7-18-22
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