

# Fast Facts on California's International Economy: Highlight on South Korea

Compiled by: Assembly Committee on Jobs, Economic Development, and the Economy  
Assembly Member Quirk-Silva, Chair

If California were a country, it would stand among the ten largest economies in the world, with a 2015 state GDP of \$2.4 trillion.<sup>1</sup> In 2015, California imports and exports totaled \$573 billion, representing 15.3% of total U.S. imports and exports. Exports out of California were valued at \$165.3 billion in 2015 and represented 11 % of total U.S. exports.<sup>2</sup> Imports into California were valued at \$408.1 billion in 2015 and represented 18.2% of total U.S. imports.<sup>3</sup>

## South Korea Market Insights

- **South Korea's** GDP in 2015 is estimated at \$1.87 trillion, up 2.6% from \$1.80 trillion in 2014.<sup>4</sup>
- **South Korea's** 2015 GDP ranks (based on purchasing power parity) as having the 14<sup>th</sup> largest economy in the world.<sup>5</sup>
- **South Korea** is considered a global leader in technology and innovation, though its economy faces challenges including a rapidly aging population, an inflexible labor market, and a heavy reliance on exports, which comprise almost half (44.2%) of GDP.<sup>6</sup>
- **South Korea** exported \$548.8 billion worth of goods in 2015, down 13% from \$621.3 billion in 2014.<sup>7</sup>
- The top 5 commodities **South Korea** exported: semiconductors, petrochemicals, automobile/auto parts, ships, wireless communication equipment, flat display displays, steel, electronics, plastics, computers.<sup>8</sup>
- **South Korea's** top 5 export destinations in 2015 include: China 26%, US 13.3%, Hong Kong 5.8%, Vietnam 5.3%, Japan 4.9% (2015).<sup>9</sup>
- In 2015, **South Korea's** total imports were \$428.5 billion, down from \$524.2 billion in 2014.<sup>10</sup> A total 1.9% of South Korea's 2015 international imports were from California.<sup>11</sup>
- The top 5 commodities **South Korea** imported in 2013 include: Petroleum Oils (\$99.3 billion), Natural Gas, Liquefied Petroleum Oils (\$30.7 billion), excl. crude oil (\$28.8 billion), Electronic Integrated Circuits (\$27.7 billion), and Bituminous Coal (\$11.6 billion).<sup>12</sup>
- The top 5 sources of **South Korea's** imports in 2013 include: China (\$83.1 billion), Japan (\$60.0 billion), the U.S. (\$41.8 billion), Saudi Arabia (\$37.7 billion), and Qatar (\$25.9 billion).<sup>13</sup>

## California and World Markets

- California exported \$165.4 billion in products in 2015, down 4.9% from 2014 (\$174 billion).<sup>14</sup>
- In 2015, California's largest export destination was Mexico (\$26.8 billion), followed by Canada (\$16.9 billion), China (\$14.4 billion), Japan (\$11.7 billion), Hong Kong (\$8.7 billion), **South Korea** (\$8.6 billion), Taiwan (\$7.8 billion), and Netherlands (5.6 billion).<sup>15</sup>
- California's top 5 exports in 2015 were: Computer & Electronic Products (\$43.2 billion), Transportation Equipment (\$17.9 billion), Machinery, except Electrical (\$15.1 billion), Miscellaneous Manufactured Commodities (\$13.6 billion), and Chemicals (\$13.3 billion).<sup>16</sup>
- California is the second largest exporter in the U.S. to Mexico and exported \$26.8 billion, (11.3%) of the total \$236 billion of U.S. exports to Mexico in 2015.<sup>17</sup> The top 5 exports from California to Mexico were: Computer and Electronic Products (\$5.3 billion), Transportation Equipment (\$2.6 billion), Machinery, Except Electrical (\$2.2 billion), Chemicals (\$1.7 billion), and Food Manufactures (\$1.7 billion).<sup>18</sup>
- California was the second largest exporter in the U.S. to **South Korea** and exported \$8.6 billion (19.8%) of the total \$43.4 billion in U.S. exports to **South Korea** in 2015.<sup>19</sup> The top 5 exports from California to **South Korea** were: Machinery, except Electrical (\$2.0 billion), Computer and

Electronic Products (\$1.3 billion), Transportation Equipment (\$1.0 billion), Food Manufacturers (\$811 million), and Agricultural Products (\$720 million).<sup>20</sup>

- China is the largest source of imports into California; the 2014 value of Chinese imports was \$137.6 billion. China is followed by Mexico (\$41.2 billion), Japan (\$38.2 billion), Canada (\$27.8 billion), **South Korea** (\$14.9 billion), Malaysia (\$14.0 billion) and Taiwan (\$12.0 billion). Other major sources include: Germany (\$12.0 billion), Saudi Arabia (\$10.6 billion) and Thailand (9.4 billion).<sup>21</sup>
- California's top 5 imports in 2014 were: Vehicles, Spark Ignition (\$34.0 billion), Crude Oil from Petroleum (\$29.2 billion), Automatic Data Process Machines (\$16.9 billion), Motor Cars for Transportation (\$15.7 billion), and Machines for Voice, Images, or Data (\$12.5 billion).<sup>22</sup>

### **United States Trade and Jobs**

- U.S. exports to **South Korea** supported more than 119,000 jobs across the U.S. in 2012, an increase of 28% over the last decade.<sup>23</sup> These exports supported a total of 22,818 jobs in California.<sup>24</sup> About 2.9% of all California jobs supported by exports are supported by the exports to South Korea alone.<sup>25-26</sup>
- A total of 75,722 companies exported goods from California in 2014. Of those companies, 72,591 (96%) were small and medium-sized enterprises with fewer than 500 employees.<sup>27</sup>
- In 2015, goods exports from the state of California supported an estimated 706,969 jobs.<sup>28</sup>
- Small and medium-sized companies generated 43% of California's total merchandise exports in 2013.<sup>29</sup>
- California experienced 43% export growth to Free Trade Agreement Partners since 2005.<sup>30</sup>
- Less than 1% of American companies export, which is a significantly lower percentage than all other developed countries. Of the U.S. companies that do export, 58% export to only one country.<sup>31</sup>

### **South Korea Trade Partner**

- **South Korean** investment in the U.S. increased from \$3 billion in 2001 to more than \$24 billion in 2012. U.S. investment in **South Korea** has increased from \$10 billion in 2001 to \$35 billion in 2012, supporting more than 32,000 U.S. jobs.<sup>32</sup>
- Between January 2003-May 2013, 273 investment projects were announced by **South Korean** firms in the U.S. These projects represent a total capital investment of \$27.8 billion and created 32,370 new jobs in the U.S.<sup>33</sup>
- Hyundai Motor USA expanded their North American headquarters in Fountain Valley, California, investing \$200 million in the new facility. The move also created about 700 new jobs and brought the full capacity of the headquarters to 1,400 employees by the end of 2013.<sup>34</sup>
- **South Korea** was the Los Angeles Customs District's (LACD) third largest trading partner in 2013, with two-way trade totaling \$23.5 billion, and resulting in a bilateral trade deficit of \$1.2 billion for the LACD.<sup>35</sup> Trade between the LACD and **South Korea** represents almost 30% of total U.S.-**South Korea** trade.<sup>36</sup>
- The renewed strength in LACD exports to **South Korea** was a result of both the Korean Trade Agreement (effected March 15, 2012),<sup>37</sup> as well as an increase in demand for the commodity inputs that **South Korea** uses for its exports. Korean exports hit a record high in 2013, mainly triggered by strong growth in demand from China; the U.S. Export growth to China was triggered by increased demand from Europe as it recovered from the recession.<sup>38</sup>

- <sup>1</sup> <http://www.bea.gov/iTable/iTable.cfm?reqid=99&step=1%20-%20reqid=99&step=11&isuri=1&9993=levels&9936=-1&9935=-1&9934=5&9995=beastandard&9904=naics&9905=1&9907=2013&9990=99&9901=1200&9902=1&9903=200#reqid=99&step=11&isuri=1&9993=levels&9936=-1&9935=-1&9934=5&9995=beastandard&9904=naics&9905=1&9907=2015&9990=99&9901=1200&9902=1&9903=200>, Bureau of Economic Analysis, "Gross Domestic Product by State", accessed June 24, 2016
- <sup>2</sup> <http://www.census.gov/foreign-trade/statistics/state/data/ca.html>; United States Census Bureau, "State Exports via California," accessed June 24, 2016
- <sup>3</sup> <http://www.census.gov/foreign-trade/statistics/state/data/imports/ca.html>; United States Census Bureau, "State Imports for California," accessed June 24, 2016
- <sup>4</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/ks.html> CIA World Factbook: South Korea, accessed January 12, 2017
- <sup>5</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/ks.html>; CIA Factbook: South Korea, accessed January 12, 2017
- <sup>6</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/ks.html> CIA World Factbook: South Korea, accessed February 17, 2016
- <sup>7</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/ks.html> CIA World Factbook: South Korea, accessed February 17, 2016
- <sup>8</sup> <http://wits.worldbank.org/CountryProfile/Country/kor/Year/2013/SummaryText>; The World Bank: South Korea Trade Summary 2015, accessed January 12, 2017
- <sup>9</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/ks.html> CIA World Factbook: South Korea, accessed January 12, 2017
- <sup>10</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/ks.html> CIA World Factbook: South Korea, accessed January 12, 2017
- <sup>11</sup> <http://tse.export.gov/TSE/ChartDisplay.aspx>; International Trade Administration: 2014 NAICS Total All Merchandise Exports to South Korea; accessed February 29, 2016
- <sup>12</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/ks.html> CIA World Factbook: South Korea, accessed February 25, 2015
- <sup>13</sup> <http://wits.worldbank.org/CountryProfile/Country/kor/Year/2013/SummaryText>; The World Bank: South Korea Trade Summary 2013, accessed February 25, 2015
- <sup>14</sup> <http://www.census.gov/foreign-trade/statistics/state/data/ca.html>; U.S. Census Bureau: State Exports for California, accessed February 29, 2016
- <sup>15</sup> <http://www.census.gov/foreign-trade/statistics/state/data/ca.html>; U.S. Census Bureau: State Exports for California, accessed February 29, 2016
- <sup>16</sup> <http://www.trade.gov/mas/ian/statereports/states/ca.pdf>; International Trade Administration: California Exports, Jobs, and Foreign Investment, accessed February 29, 2016
- <sup>18</sup> <http://tse.export.gov/TSE/ChartDisplay.aspx>; or <https://www.census.gov/foreign-trade/balance/c2010.html>
- 2014 NAICS Total All Merchandise Exports to South Korea; accessed February 29, 2016
- <sup>18</sup> <http://tse.export.gov/TSE/ChartDisplay.aspx>; International Trade Administration: 2014 NAICS Total All Merchandise Exports from California to Mexico, accessed February 25, 2015
- <sup>19</sup> <http://tse.export.gov/TSE/ChartDisplay.aspx>; or <https://www.census.gov/foreign-trade/balance/c5800.html> International Trade Administration: 2014 NAICS Total All Merchandise Exports to South Korea; accessed February 29, 2016
- <sup>20</sup> <http://tse.export.gov/TSE/ChartDisplay.aspx> International Trade Administration: 2015 NAICS Total All Merchandise Exports from California to South Korea, accessed January 12, 2017
- <sup>21</sup> <http://www.census.gov/foreign-trade/statistics/state/data/imports/ca.html>; U.S. Census Bureau: State Imports for California, accessed February 17, 2016
- <sup>22</sup> <http://www.census.gov/foreign-trade/statistics/state/data/imports/ca.html>; U.S. Census Bureau: State Imports for California, accessed February 17, 2016
- <sup>23</sup> <http://www.asiamattersforamerica.org/southkorea/data/trade/jobs-from-trade>; Asia Matters for America: South Korea, Jobs from Trade, accessed February 25, 2015
- <sup>24</sup> <http://www.asiamattersforamerica.org/southkorea/data/trade/jobs-from-trade>; Asia Matters for America: South Korea, Jobs from Trade, accessed February 25, 2015
- <sup>25</sup> <http://www.asiamattersforamerica.org/southkorea/data/trade/jobs-from-trade>; Asia Matters for America: South Korea, Jobs from Trade, accessed February 25, 2015
- <sup>26</sup> <http://www.trade.gov/mas/ian/statereports/states/ca.pdf>; International Trade Administration: California Exports, Jobs, and Foreign Investment, accessed February 17, 2016
- <sup>27</sup> <http://www.trade.gov/mas/ian/statereports/states/ca.pdf>; International Trade Administration: California Exports, Jobs, and Foreign Investment, accessed February 17, 2016
- <sup>28</sup> <http://www.trade.gov/mas/ian/statereports/states/ca.pdf>; International Trade Administration: California Exports, Jobs, and Foreign Investment, accessed February 17, 2016
- <sup>29</sup> <http://www.trade.gov/mas/ian/statereports/states/ca.pdf>; International Trade Administration: California Exports, Jobs, and Foreign Investment, accessed February 17, 2016
- <sup>30</sup> <http://www.trade.gov/mas/ian/statereports/states/ca.pdf>; International Trade Administration: California Exports, Jobs, and Foreign Investment, accessed February 17, 2016
- <sup>31</sup> <http://trade.gov/cs/factsheet.asp>; International Trade Administration: Exporting is Good For Your Bottom Line, accessed February 25, 2015
- <sup>32</sup> <http://www.asiamattersforamerica.org/southkorea/data/trade/investments>; Asia Matters for America: US-South Korea Investments, accessed February 25, 2015
- <sup>33</sup> [http://export.gov/southkorea/build/groups/public/@eg\\_kr/documents/webcontent/eg\\_kr\\_065739.pdf](http://export.gov/southkorea/build/groups/public/@eg_kr/documents/webcontent/eg_kr_065739.pdf); SelectUSA: foreign Direct Investment from South Korea to the United States, accessed February 25, 2015
- <sup>34</sup> [http://export.gov/southkorea/build/groups/public/@eg\\_kr/documents/webcontent/eg\\_kr\\_065739.pdf](http://export.gov/southkorea/build/groups/public/@eg_kr/documents/webcontent/eg_kr_065739.pdf); SelectUSA: foreign Direct Investment from South Korea to the United States, accessed February 25, 2015
- <sup>35</sup> <http://laedc.org/wp-content/uploads/2014/06/LAEDC-IntlTrade-2014.pdf>; International Trade Outlook Southern California Region 2014-2015, accessed February 25, 2015
- <sup>36</sup> <http://laedc.org/wp-content/uploads/2014/06/LAEDC-IntlTrade-2014.pdf>; International Trade Outlook Southern California Region 2014-2015, accessed February 25, 2015
- <sup>37</sup> <http://export.gov/FTA/korea/index.asp>; Export.gov: The U.S.—Korea Free Trade Agreement (KORUS), accessed February 25, 2015
- <sup>38</sup> <http://laedc.org/wp-content/uploads/2014/06/LAEDC-IntlTrade-2014.pdf>; International Trade Outlook Southern California Region 2014-2015, accessed February 25, 2015