



# USMCA Illinois State

## Illinois's Trade with the World<sup>1</sup>

- In 2019, Illinois exported \$59.7 Billion in goods to the world.
- In 2019, Illinois was the 6th-largest state exporter of goods in the United States.
- In 2016, 325,368 U.S. jobs were supported by goods exported from Illinois.<sup>2</sup>
- In 2018, 23,635 companies exported goods from Illinois- 90 percent were small and medium-sized companies.<sup>3</sup>

## Illinois's Trade with Canada and Mexico

### Illinois's Rank in Exports to Canada and Mexico

In 2019, Illinois was the 5th-largest exporter of goods to Mexico and Canada.

### Ranks of Canada and Mexico as Destinations for Illinois Exports

In 2019, Canada was Illinois's largest export destination and Mexico was the second-largest export destination.

### Statewide Statistics and Top Export Product Categories<sup>4</sup>

- In 2019, Illinois exported \$24.9 Billion to Canada and Mexico, accounting for 42 percent of Illinois's total exports to the world.
  - Illinois exported \$15.6 Billion to Canada, 26 percent of Illinois's exports to the world.

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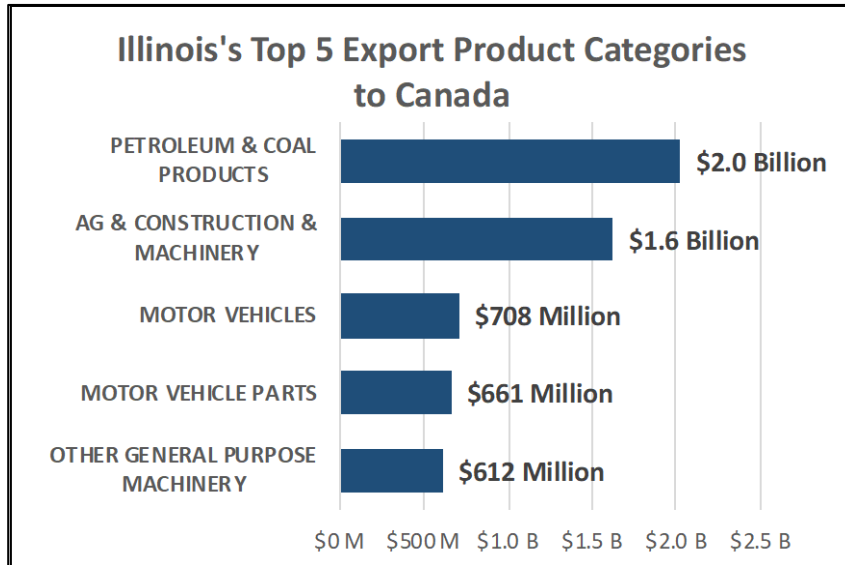
<sup>1</sup>All trade data used in this report reflect the data published by June 15, 2020 from the U.S. Census Bureau, as compiled by the International Trade Administration's Trade Policy Information System (TPIS).

<sup>2</sup> Jobs supported by state exports estimates by the Office of Trade and Economic Analysis (OTEA), Industry and Analysis, International Trade Administration, U.S. Department of Commerce:

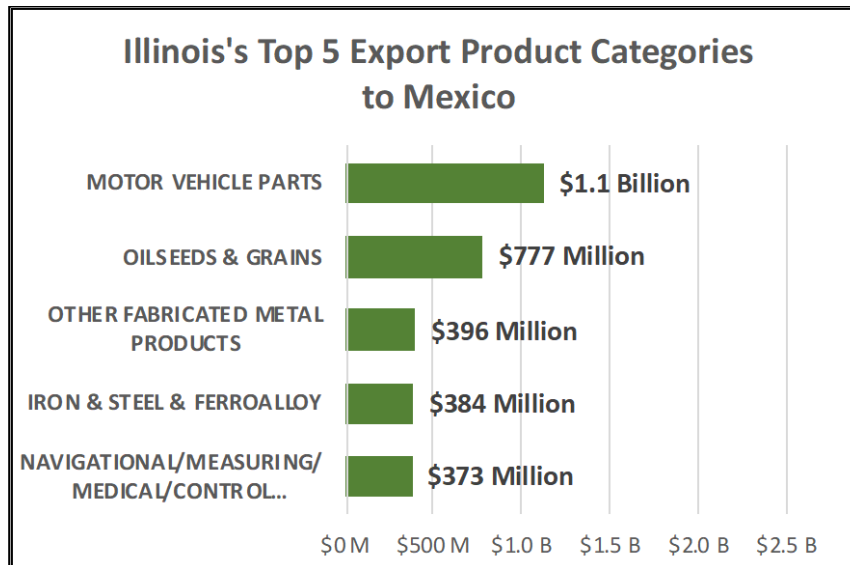
<https://www.trade.gov/mas/ian/employment/>

<sup>3</sup> U.S. Census Bureau's A Profile of U.S. Importing and Exporting Companies, Table 6a 2018 Exports by State of Origin of Movement, Number of Exporting Companies, Value for Small and Medium Companies

<sup>4</sup> Top export product categories reflected under the 2017 North American Industry Classification System (NAICS) at the 4-digit level of detail, compiled by TPIS.



- o Illinois exported \$9.3 Billion to Mexico, 16 percent of Illinois’s exports to the world.



Metropolitan Statistics<sup>5</sup>

- Illinois’s Top Metropolitan Exports to Canada and Mexico 2018

<sup>5</sup> 2018 Metropolitan (statistical) area (MSA) exports to Canada and Mexico data from the U.S. Census Bureau compiled by the Office of Trade and Economic Analysis (OTEA), Industry and Analysis, International Trade Administration, U.S. Department of Commerce. Top products by MSA reflected under the 2017 North American Industry Classification System (NAICS) at the 3-digit level of detail.



- Chicago-Naperville-Elgin **\$24.0 Billion**\*<sup>6</sup>
  - Top Products: Computer and Electronic Product Manufacturing; Chemical Manufacturing; Transportation Equipment Manufacturing; Machinery Manufacturing; Petroleum And Coal Products Manufacturing
- St. Louis **\$4.2 Billion**\*<sup>7</sup>
  - Top Products: Chemical Manufacturing; Mining (Except Oil And Gas); Computer And Electronic Product Manufacturing Transportation Equipment Manufacturing; Machinery Manufacturing
- Davenport-Moline-Rock Island **\$2.6 Billion**\*<sup>8</sup>
  - Top Products: Machinery Manufacturing; Transportation Equipment Manufacturing; Primary Metal Manufacturing; Food Manufacturing; Fabricated Metal Product Manufacturing

### **USMCA Will Benefit Illinois's Top Export Sectors to Canada and Mexico**

Illinois's top export sectors to Canada and Mexico in 2019 include Motor Vehicles and Parts, Machinery, Chemicals, and Petroleum and Coal Products.<sup>9</sup>

#### **Motor Vehicles and Parts**

Illinois is home to several automaker facilities. In 2019, the transportation sector<sup>10</sup> employed 45,948 workers in 516 establishments. Cook (Chicago), Boone, and Winnebago (Rockford) counties have the largest number of employees in the transportation sector. USMCA's innovative auto rules of origin, strict labor and environmental standards, and provisions designed to combat non-market practices – such as currency manipulation – are designed to incentivize additional automotive and auto parts investment and production in Illinois. They were also developed to ensure auto producers and workers in the state can compete on a more-level playing field with their Mexican and Canadian counterparts. USMCA increases the regional value content for automobiles from 62.5 percent to 75 percent, thus incentivizing more auto production in North America. USMCA includes a first-of-its-kind labor value content rule that requires a certain percentage of each motor vehicle (40 percent for passenger vehicles and 45 percent for light trucks) to be manufactured in a factory in a USMCA country where workers make an average wage of at least \$16 per hour. USMCA requires more auto production in North America in order to qualify for duty-free treatment by eliminating NAFTA's "deemed originating" loophole.

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<sup>6</sup> An asterisk (\*) notes if the Metropolitan Area is shared with one or more other states.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

<sup>9</sup> Unless otherwise footnoted in the below sectors, sector employment data is average annual number of employees and establishments by county or local economic region by 2017 NAICS3-digit level from the Bureau of Labor Statistics.

<sup>10</sup> Transportation sector defined as NAICS 336 and includes the motor vehicle and aerospace industries.



### Machinery

Illinois is home to many machinery companies. In 2019, there were 2,161 machinery manufacturing<sup>11</sup> establishments with 73,465 employees. Cook (Chicago), Winnebago (Rockford), and DuPage counties have the largest number of employees and establishments in the machinery sector. USMCA maintains duty-free access to Mexico and Canada for originating machinery and remanufactured goods for Illinois' machinery manufacturing companies and contains strong rules of origin protections to ensure that tariff preferences go to companies in the USMCA countries. USMCA also goes beyond any past trade agreement by including important new provisions that will help reduce costs and bring greater predictability to the border for shipments of machinery. At the same time USMCA will ensure customs administrations have the necessary tools to enforce the law. Industry<sup>12</sup> reported support for the following provisions included in the Intellectual Property chapter: civil and criminal courses of legal action to protect trade secrets, protection of industrial designs, and equal treatment of digital and physical goods. Industry<sup>13</sup> also supports the Small and Medium-Sized Enterprises (SMEs) provisions to enhance SMEs ability to participate in the benefits and opportunities created by USMCA. As stated in Illinois' trade statistics, 90 percent of companies that exported goods from Illinois in 2018<sup>14</sup> were small and medium-sized companies.

### Chemicals

In 2019, there were 1,101 chemical establishments employing 46,869 employees. Lake, Cook, and DuPage counties have the largest number of employees and establishments in the chemicals sector. USMCA adopted chemical reaction rules to determine origin for most chemical products. USMCA also contains sector annexes on chemical substances, pharmaceuticals, and cosmetics. These annexes promote enhanced regulatory compatibility and trade between the three Parties, while recognizing the regulatory authority of each Party. These annexes commit to build on existing extensive regulatory cooperation on chemicals, pharmaceuticals, and cosmetics between Parties and identify areas of focus for future cooperation. It also encourages the Parties to consider internationally-developed science and technical guidance documents when implementing regulations for cosmetics and encourages cooperation on inspections of pharmaceutical manufacturers.

### Petroleum and Coal Products

Illinois is home to many petroleum manufacturing companies. In 2019, there were 144 petroleum and coal<sup>15</sup> establishments with 5,834 workers. Cook (Chicago) and Kane (Aurora) counties have the largest number of employees in the petroleum and coal manufacturing sector. Under USMCA, the Parties have agreed to treat investors and investments of the other Parties in accordance with the highest international standards and consistent with U.S. law and practice, while also safeguarding each Party's

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<sup>11</sup> Machinery sector defined as NAICS 333 for machinery manufacturing.

<sup>12</sup> Industry Trade Advisory Committee 2 – Automotive Equipment and Capital Goods Report Regarding USMCA: <https://ustr.gov/sites/default/files/files/agreements/FTA/AdvisoryCommitteeReports/ITAC%202%20REPORT%20-%20Automotive%20Equipment%20and%20Capital%20Goods.pdf>

<sup>13</sup> Ibid.

<sup>14</sup> Census' Exports by State of the Origin of Movement, Number of Exporting Companies, and Value for Small and Medium Sized Companies in 2018 was the latest data published by June 25, 2020.

<sup>15</sup> Petroleum and coal manufacturing defined as NAICS 324 for petroleum and coal products manufacturing.



sovereignty and promoting domestic investment. Industry<sup>16</sup> supports USMCA’s Investor-State Dispute Settlement (ISDS) protections for the oil and gas, infrastructure, energy generation, and telecommunication sectors. With respect to both investment protection rules and ISDS procedures, the Investment Chapter of USMCA updates and modernizes NAFTA to better reflect U.S. priorities related to foreign investment. Industry<sup>17</sup> also reported support for USMCA’s new energy efficiency performance standards annex (which aims to harmonize the federally mandated energy performance standards across various products), energy regulatory measures, and regulatory transparency.

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<sup>16</sup> Industry Trade Advisory Committee 6 – Energy and Energy Services Report Regarding USMCA: <https://ustr.gov/sites/default/files/files/agreements/FTA/AdvisoryCommitteeReports/ITAC%206%20REPORT%20-%20Energy%20and%20Energy%20Services.pdf>

<sup>17</sup> Ibid.