INTERNATIONAL TRADE ADMINISTRATION

Kansas: Expanding Exports and Supporting Jobs through Trade Agreements

For almost 40 years, Congress has enacted Trade Promotion Authority (TPA) type laws to help guide both Democratic and Republican Presidents in pursuing trade agreements that support U.S. jobs, eliminate barriers to U.S. exports, and set rules to level the playing field for U.S. companies, farmers, and workers. In these laws, Congress has set high-standard objectives and priorities for U.S. trade negotiators and established a process for consulting with Congress and the public.

The United States currently has free trade agreements with 20 partners which support 47 percent of total goods exports. The regional trade agreements currently under negotiation – Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) – accounted for 62 percent of U.S. goods exports in 2014, and supported an estimated 4.2 million U.S. jobs in 2013. Over fifty countries are negotiating a separate agreement focused on opening markets to trade in services, which would create significant new opportunities for U.S. services firms. TPA will allow these agreements to become a reality, spurring economic growth in the United States and our trading partners.

Exports Support Jobs for American Workers

Total exports from Kansas helped contribute to the record-setting value of U.S. goods and services exports in 2014, which reached $2.35 trillion. Nationally, U.S. jobs supported by exports reached an estimated 11.3 million in 2013, up 1.6 million since 2009. U.S. goods exports to current FTA partners supported an estimated 3.2 million jobs nationally. In 2013, goods exports from the state of Kansas supported an estimated 71 thousand U.S. jobs.

Exports Sustain Thousands of Kansas Businesses

A total of 3,387 companies exported from Kansas locations in 2012. Of those, 2,830 (83.6 percent) were small and medium-sized enterprises with fewer than 500 employees. Small and medium-sized firms generated one-quarter (24.5 percent) of Kansas's total exports of merchandise in 2012.

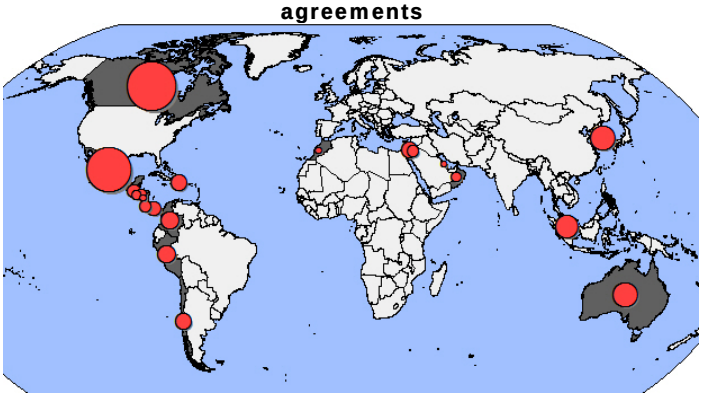
Trade Agreements

The United States currently has free trade agreements in force with 20 countries, which accounted for $5.4 billion (45 percent) of Kansas's exports in 2014. During the past 10 years (2005-2014), exports from Kansas to these markets grew by 60 percent, with NAFTA, Peru, Korea, CAFTA-DR, and Colombia showing the largest dollar growth during this period.

Kansas Depends on World Markets

Kansas's exports of merchandise in 2014 totaled $12.0 billion. The state's largest market was Canada. Kansas posted merchandise exports of $2.5 billion to Canada in 2014, representing 21.1 percent of the state's total merchandise exports. Canada was followed by Mexico ($1.8 billion), China ($1.2 billion), Japan ($828 million), and Brazil ($542 million).

Kansas exporters take advantage of U.S. trade agreements



Bubble size represents relative value of Kansas's exports to each country

The state's largest merchandise export category was Transportation Equipment, which accounted for $2.5 billion of Kansas's total merchandise exports in 2014. Other top merchandise exports were Food & Kindred Products ($2.2 billion); Agricultural Products ($2.0 billion); Machinery, Except Electrical ($1.4 billion); and Chemicals ($1.1 billion).

Kansas's Metropolitan Exports

In 2013, merchandise exports from Kansas's metropolitan areas included: Wichita ($3.8 billion), Topeka ($303 million), Lawrence ($79 million), and Manhattan ($30 million).

Future Trade Agreements will Benefit Kansas's Exporters

Trans-Pacific Partnership (TPP)

TPP negotiations with Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam center on creating a high-standard, regional agreement that opens new markets and knits together existing U.S. trade agreements in the Asia-Pacific region by addressing new and emerging issues. The United States exported $727.0 billion in goods to all TPP markets in 2014 (45 percent of total U.S. exports). In 2013, U.S. goods exports to all TPP markets supported an estimated 3.0 million U.S. jobs.

Kansas exported $5.7 billion annually in goods to all TPP markets (2012-2014 average). During this period, 47 percent of Kansas's total goods exports went to the entire TPP region.

Kansas's exports could benefit from new market access as a result of Brunei, Japan, Malaysia, New Zealand, and Vietnam eliminating their tariffs as part of TPP. Efforts under TPP to address unnecessary barriers to trade, increase transparency and certainty for businesses, and promote the rule of law throughout the region could also benefit Kansas's exporters. TPP could further promote regional integration by providing companies the ability to access supply chains that span four continents and a dozen countries.

Kansas's top industrial goods exports to Brunei, Japan, Malaysia, New Zealand, and Vietnam include:

Chemicals: Currently, tariffs on chemical products in these TPP markets range up to 35 percent.

Metals and ores: The tariffs on metals and ores in these TPP markets currently go as high as 35 percent.

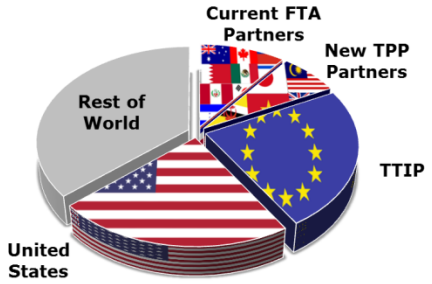
Machinery products: Currently, tariffs on machinery products in these TPP markets range up to 70 percent. Machinery exports could also benefit from TPP provisions that will address technical regulations and standards that unnecessarily restrict trade.

Transatlantic Trade and Investment Partnership (TTIP)

TTIP will be an ambitious, comprehensive, and high-standard trade and investment agreement that offers significant benefits for U.S. companies and workers through eliminating existing trade barriers and better enabling U.S. companies and workers to compete. TTIP will provide significant new opportunities for U.S. industry, as approximately one-fifth of all U.S. goods and services exports go to the European Union (EU). In 2013, U.S. goods and services exports to the EU supported an estimated 2.5 million U.S. jobs.

Kansas exported $1.7 billion annually in goods to the EU (2012-2014 average). During this period, 14 percent of Kansas's total goods exports went to the EU.

With TTIP & TPP, the United States & its trade agreements partners would account for 64% of global GDP



The EU's tariff elimination as part of TTIP would provide new market access that could benefit Kansas's exports. Exports from Kansas could also benefit from efforts in TTIP to achieve new market access commitments in services and investment, improve the regulatory environment, and establish global best practices.

Kansas's top industrial goods exports to the EU include:

Machinery products: Currently, the EU's tariffs on machinery products range up to 9.7 percent.

Chemicals: The EU's tariffs on chemicals currently go as high as 6.5 percent. Chemical exports could also benefit from TTIP provisions that promote regulatory efficiencies and reduce regulatory compliance costs.

Information and communication technologies: Currently, the EU's tariffs on information and communication technologies range up to 14 percent.

Trade in Services Agreement (TiSA)

A trade agreement focused exclusively on services, TiSA will encompass state-of-the-art trade rules aimed at promoting fair and open competition across a broad spectrum of service sectors. Presently there are more than 50 participants in the TiSA negotiations, representing 75 percent of world trade in services and a majority of the $44 trillion global services market.

The United States is the world's largest and most competitive provider of services. U.S. services exports in 2014 were $710 billion, accounting for about 30 percent of total U.S. exports, and generating a trade surplus of $231.8 billion. Promoting the expansion of services trade globally will pay dividends for the United States, with every $1 billion in services exports supporting an estimated 5,900 U.S. jobs in 2013. Service industries employ workers throughout the country, and approximately three out of every four American workers nationwide.

An ambitious, high-standard international services agreement presents a tremendous opportunity to remove a range of barriers that face U.S. service exports, and thus boost U.S. economic growth and support additional jobs.

For more information, please see www.trade.gov/fta.
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Sources include resources from the U.S. Department of Commerce's International Trade Administration, Bureau of the Census, and Bureau of Economic Analysis, as well as the International Monetary Fund's World Economic Outlook.