

Trade Matters for CALIFORNIA



Trade Matters to California Retailers and Families

Retail is essential to California's economy, and open markets for consumer goods and services are critical for California retailers, workers and families. California's goods and services trade with the world and cross-border investments support the state economy and jobs. Trade benefits California businesses with lower costs and California families with reduced prices, particularly on consumer goods whose import taxes or tariffs have been – or will be – eliminated as part of new trade agreements.

Retail is Essential to California's Economy

In 2013, retail and restaurant companies directly added \$164.0 billion to the California economy.¹ These companies provided 3.3 million jobs in the state – more than one in seven jobs – more than any other sector.

The industry also indirectly supports other jobs in the state; for every 1,000 California retail jobs, another 468 jobs are created in other sectors.²

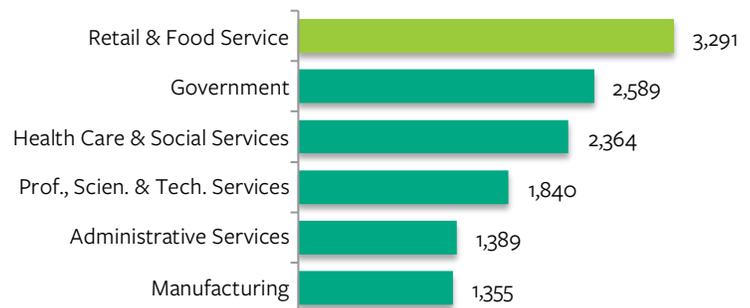
Trade is Critical to California Retail and Jobs

In 2013, U.S. trade – exports and imports of goods and services – supported about 768,000 California retail and restaurant jobs, about 16 percent of the state's 4.7 million trade-related jobs.³

Imports are particularly important for California retail jobs. Trade agreements and programs that reduce barriers and taxes on imports lower the costs of goods sold by retailers, which will lift sales, grow the economy and create jobs.

Pending trade agreements will benefit California retail workers. 2013 trade with the 11 countries negotiating the Trans-Pacific Partnership (TPP) and the European Union members negotiating the Transatlantic Trade and Investment Partnership (TTIP) supported 425,400 California retail jobs in 2013.⁴

*Top California Employers by Industry, 2013
(thousands of jobs)*



Source: U.S. Bureau of Economic Analysis, Commerce Dept.

Trade supports 768,000 California retail jobs.

The 11 countries negotiating the TPP include Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

Among the 28 countries negotiating the TTIP are major trading partners such as France, Germany, Italy, Spain and the United Kingdom.

Trade with TPP and TTIP countries supported 425,400 California retail jobs in 2013.

Trade Matters for Retailers and Families

nrf.com/tradematters

More Trade and Lower Tariffs Will Benefit California Families

Trade tariffs are hidden taxes on imports, and the U.S. government charges some of the highest tariff rates on everyday goods and necessities like food, clothing and shoes sold by retailers. When trade programs reduce import taxes, the savings end up in the pockets of California families and shoppers.

For example, a family-friendly TPP agreement could eliminate the 32.0 percent tax on men's man-made fiber shirts from Vietnam and the 32.0 percent tax on man-made fiber sweaters from Malaysia – saving consumer's money. Similarly, the TTIP could eliminate the 9.7 percent import tax on leather shoes from Italy.

Renewal of the Generalized System of Preferences and African Growth and Opportunity Act programs would also reduce taxes for California families.

International Investment Supports California Retail Jobs

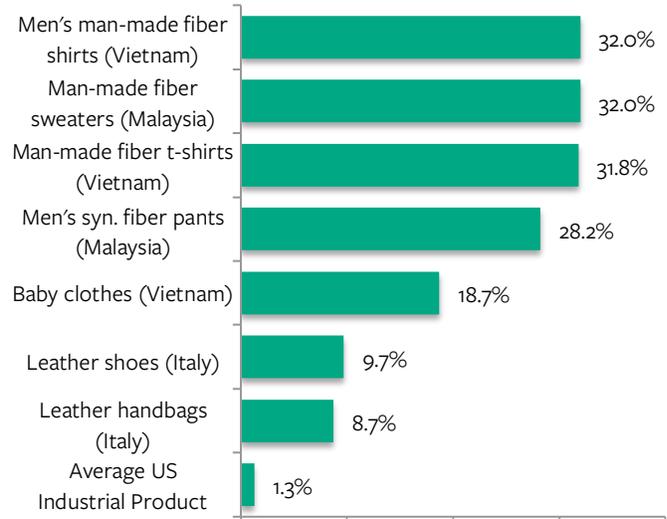
In addition to trade, cross-border investment creates jobs. California-based retailers have more than 5,300 subsidiaries in other countries.⁵ When these foreign subsidiaries grow, it supports jobs in the state.

Many California workers are employed by foreign-owned firms operating stores or restaurants in the state. About 1,150 California retail locations are subsidiaries of foreign-owned companies.⁶

The TPP, TTIP and the Trade in International Services Agreement negotiations could all help California-based retailers seeking to expand their domestic and international operations, as well as promote greater investment by foreign retailers, to the benefit of American employees and families.

California's consumer goods imports from TPP and TTIP countries faced \$1.6 billion in taxes in 2013.

Average Tariffs Paid on California Imports, 2013



Source: The Trade Partnership from Census data.

California retailers have about 5,300 subsidiaries in other countries, while 1,150 more are subsidiaries of foreign-owned companies.

Sources

¹ Moodys Analytics

² PricewaterhouseCoopers LLP, "The Economic Impact of the U.S. Retail Industry," October 2014.

³ Laura M. Baughman and Joseph Francois, "Trade and American Jobs, The Impact of Trade on U.S. and State-Level Employment: 2014 Update," prepared for Business Roundtable, unpublished results.

⁴ *Ibid.*

⁵ UniworldBP, *Directory of Foreign Investment*.

⁶ *Ibid.*

NRF is the world's largest retail trade association, representing discount and department stores, home goods and specialty stores, Main Street merchants, grocers, wholesalers, chain restaurants and Internet retailers from the United States and more than 45 countries.

For more information, contact Jon Gold, Vice President, Supply Chain and Customs Policy, at (202) 626-8193 or goldj@nrf.com.