

## Here's how important exports are to Chicago's economy

By Greg Hinz March 29, 2016

As the nation debates free-trade policy, a new report underlines how important manufactured exports—and the factory sector's 560,000 local jobs—are to the Chicago area's economy.

**According to the Chicago Metropolitan Agency for Planning**, the value of international exports here more than doubled from 2001 to 2014, with exports in the latter year hitting a cool \$42.5 billion.

Even better, exports lately have been growing here at 12 percent a year since the recession ended in 2009, slightly above the national 11 percent rate, with the region ranking in the top five in 13 or the 21 major manufacturing sectors.

Equally interesting is which sectors are contributing to that growth—and which aren't.

Believe it or not, the biggest percentage growth isn't in the traditional metal-bending sectors that gave the Rust Belt its name but petroleum and coal products. The value of such products has soared 1,214 percent since 2009, from \$300 million to \$4 billion, compared to a 181 percent national growth.

The reason? Think Canada.

"Metropolitan Chicago is a major destination for Canadian crude oil which is extracted from bituminous sand deposits in Alberta and sent to Chicago by pipelines," the report says. It then is processed at Citgo's Lemont refinery, ExxonMobil's Joliet refinery and BP's Whiting refinery, supporting just over 5,000 jobs, a slight increase from a few years ago.

Of course, oil prices have plummeted since 2014, the year the report was released, reducing the value of that hike. There have been signs of a recovery, but prices are still way under what they were, reducing the value of the oil export itself and hurting some machinery suppliers.

But other sectors may have seen gains since 2014.

The second-biggest increase is in exports of beverages and tobacco products, which have more than quadrupled since 2009, but from a relatively small base.

Other big drivers on the growth side are more traditional: electrical equipment—switches, junction boxes, electricity managers and the like—and transportation equipment. Both are up at least 88 percent since 2009, and now represent 12 percent and 7 percent of area manufactured exports, respectively.

But the region is lagging in chemical exports, which grew just 5 percent between 2009 and 2014, compared to a 30 percent national hike. And exports of pharmaceuticals—a major employment center, with more than 17,000 jobs, actually have been decreasing.

The report doesn't indicate whether that's due to the move of company headquarters in and out of the region or something else.

Concludes the report, "The region's manufacturing cluster remains a core component of our economic success." What's needed, it adds, are continuing improvement in work force education, better technology transfer and a focus on emerging technologies such as additive manufacturing and nanotechnology.

CMAP, which serves as a clearing house for numerous federal aid programs, developed the report by analyzing federal international trade and other data. Though the agency has authority only over portions of

northeastern Illinois, the study covered the Chicago Metropolitan Statistical Area, including 14 Illinois counties plus Kenosha County in Wisconsin and several counties in northwest Indiana.

The report looks at where goods actually are made or processed, not where they actually leave the country.

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