



# USMCA Alabama State Fact Sheet

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

- In 2019, Alabama exported \$20.8 Billion in goods to the world.
- In 2019, Alabama was the 23rd-largest state exporter of goods in the United States.
- In 2016, 98,382 U.S. jobs were supported by goods exported from Alabama.<sup>2</sup>
- In 2018, 4,210 companies exported goods from Alabama- 80 percent were small and medium-sized companies.<sup>3</sup>

## **Alabama's Trade with Canada and Mexico**

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

In 2019, Alabama was the 23rd-largest exporter of goods to Mexico and Canada.

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

In 2019, Canada was Alabama's largest export destination and Mexico was the fifth-largest export destination.

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

- In 2019, Alabama exported \$6.2 Billion to Canada and Mexico, accounting for 30 percent of Alabama's total exports to the world.
  - Alabama exported \$3.9 Billion to Canada, 19 percent of Alabama'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:

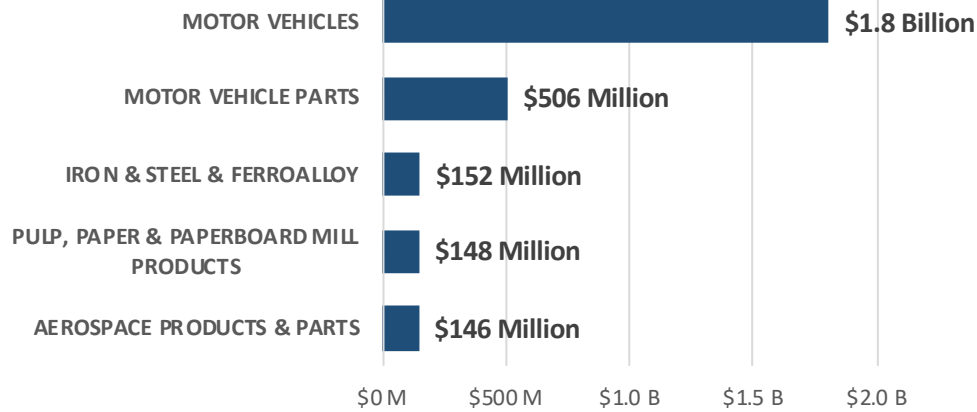
<https://www.trade.gov/mas/ian/employment/>

<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.

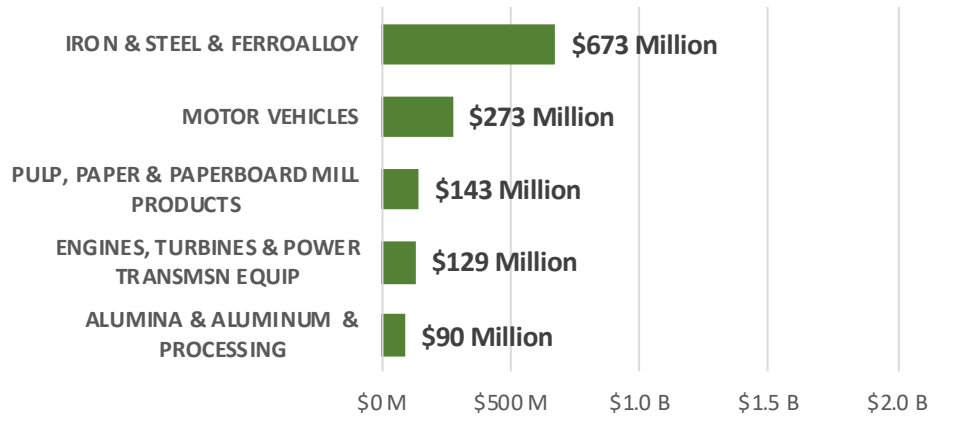


### Alabama's Top 5 Export Product Categories to Canada



- Alabama exported \$2.2 Billion to Mexico, 11 percent of Alabama’s exports to the world.

### Alabama's Top 5 Export Product Categories to Mexico



Metropolitan Statistics<sup>5</sup>

- Alabama’s Top Metropolitan Exports to Canada and Mexico 2018
  - Birmingham-Hoover **\$1.4 Billion**

<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.



- Top Products: Machinery Manufacturing; Primary Metal Manufacturing; Fabricated Metal Product Manufacturing; Transportation Equipment Manufacturing; Mining (Except Oil And Gas)
- Mobile **\$981 Million**
  - Top Products: Primary Metal Manufacturing; Chemical Manufacturing; Petroleum And Coal Products Manufacturing; Wood Product Manufacturing; Crop Production
- Huntsville **\$907 Million**
  - Top Products: Transportation Equipment Manufacturing; Computer And Electronic Product Manufacturing; Machinery Manufacturing; Chemical Manufacturing; Animal Production And Aquaculture

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

Alabama's top export sectors to Canada and Mexico in 2019 include Motor Vehicles and Parts, Iron and Steel, and Paper and Paper Products.<sup>6</sup>

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

Alabama is home to vehicle assembly plants for several automotive companies and a growing automotive supplier network serving original equipment manufacturers (OEMs) in Alabama and neighboring states. In 2019, the transportation sector<sup>7</sup> employed 64,299 workers in 435 establishments. Madison (Huntsville), Tuscaloosa, and Talladega 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 Alabama. 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.

#### **Iron and Steel**

Alabama has a tradition of metals manufacturing with rich deposits of iron ore, coal, and limestone. In 2019, the iron and steel sector<sup>8</sup> employed 17,586 workers in 143 establishments. Jefferson (Birmingham), Mobile, and Morgan (Decatur) counties have the largest number of employees and

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<sup>6</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>7</sup> Transportation sector defined as NAICS 336 for transportation equipment and includes aerospace and automotive industries.

<sup>8</sup> Iron and steel sector defined as NAICS 331 for primary metal manufacturing.



establishments in the iron and steel sector. USMCA contains rigorous rules of origin for steel products by requiring that at least 70 percent by weight of the inputs of selected steel products originate in the USMCA countries or that the USMCA partner country add a certain level of regional value content in the processing of the product. These provisions add an extra incentive for North American iron and steel to be used in manufacturing in the USMCA countries. These new rules apply to welded pipe and tube, butt welding fittings, tool joints, iron and steel structures and parts thereof, stranded wire, barbed wire and wire fencing, steel cloth, nails, tacks, drawing pins, corrugated nails, staples and similar articles of iron and steel. USMCA also brings new provisions to the iron and steel industry not seen in the original NAFTA that will great benefit the needs of the iron and steel industry including new chapters on currency manipulation and state-owned enterprises.

### Paper and Paper Products

Alabama has the second-largest timberland base in the United States with companies making investments in the state. In 2019, there were 104 paper and paper products<sup>9</sup> establishments employing 11,480 employees. Mobile, Cullman, and Montgomery counties have the largest number of employees in the paper manufacturing sector. USMCA maintains duty-free access to Mexico and Canada for originating paper products from Alabama's paper 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 new Customs and Trade Facilitation provisions that will help reduce costs and bring greater predictability to the border for shipments of paper and paper products, while at the same time ensuring customs administrations have the necessary tools to enforce the law. Industry<sup>10</sup> reported their support of the Customs and Trade Facilitations chapter since delays in customs clearance are extremely costly for traders, manufacturers, and retailers. Industry<sup>11</sup> also supports the Environment provisions incorporated in the core of USMCA, which promote sustainable forest management and trade in legally harvested products. Furthermore, the agreement provisions call for Parties to effectively enforce their environmental laws.

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<sup>9</sup> Paper and paper products sector defined as NAICS 322 for paper manufacturing.

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.