



USMCA Arkansas State Fact Sheet

Arkansas's Trade with the World¹

- In 2019, Arkansas exported \$6.2 Billion in goods to the world.
- In 2019, Arkansas was the 36th-largest state exporter of goods in the United States.
- In 2016, 41,168 U.S. jobs were supported by goods exported from Arkansas.²
- In 2018, 2,306 companies exported goods from Arkansas- 77 percent were small and medium-sized companies.³

Arkansas's Trade with Canada and Mexico

Arkansas's Rank in Exports to Canada and Mexico

In 2019, Arkansas was the 35th-largest exporter of goods to Mexico and Canada.

Ranks of Canada and Mexico as Destinations for Arkansas Exports

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

Statewide Statistics and Top Export Product Categories⁴

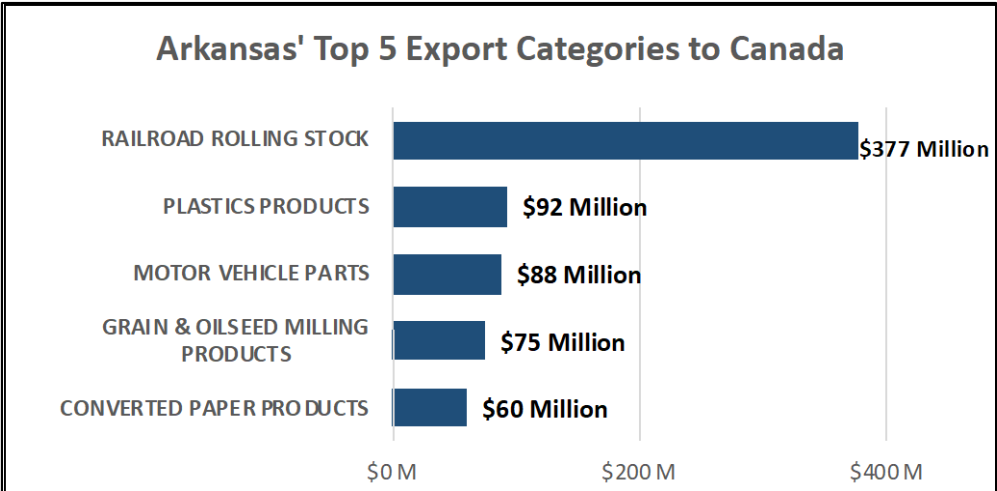
- In 2019, Arkansas exported \$2.3 Billion to Canada and Mexico, accounting for 37 percent of Arkansas's total exports to the world.
 - Arkansas exported \$1.5 Billion to Canada, 25 percent of Arkansas's exports to the world.

¹All 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).

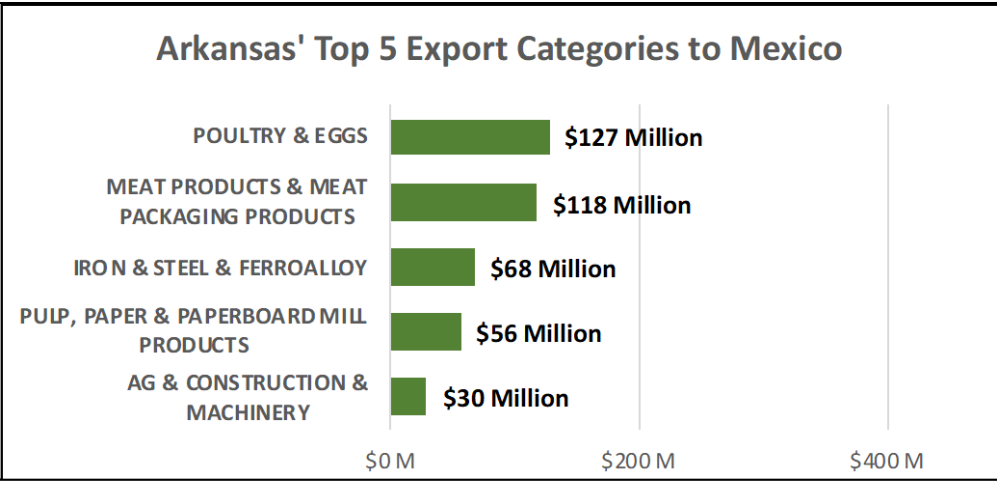
² Jobs supported by state exports estimates by the Office of Trade and Economic Analysis (OTEA), Industry and Analysis, International Trade Administration, U.S. Department of Commerce:
<https://www.trade.gov/mas/ian/employment/>

³ 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

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



- Arkansas exported \$745 Million to Mexico, 12 percent of Arkansas’s exports to the world.



Metropolitan Statistics⁵

- Arkansas’s Top Metropolitan Exports to Canada and Mexico 2018
 - Memphis **\$3.5 Billion***⁶

⁵ 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.

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



- Top Products: Miscellaneous Manufacturing; Computer And Electronic Product Manufacturing; Machinery Manufacturing; Transportation Equipment Manufacturing; Crop Production
- Fayetteville-Springdale-Rogers **\$333 Million**
 - Top Products: Food Manufacturing; Machinery Manufacturing; Machinery Manufacturing; Primary Metal Manufacturing; Plastics And Rubber Products Manufacturing; Fabricated Metal Product Manufacturing
- Fort Smith **\$254 Million***⁷
 - Top Products: Electrical Equipment, Appliance, And Component Manufacturing; Machinery Manufacturing; Transportation Equipment Manufacturing; Beverage And Tobacco Product Manufacturing; Animal Production And Aquaculture

USMCA Will Benefit Arkansas’s Top Export Sectors to Canada and Mexico

Arkansas’s top export sectors to Canada and Mexico in 2019 include Transportation Equipment (Motor Vehicle and Aerospace Industries), Machinery, Food Manufacturing, and Primary Metal Manufacturing.⁸

Transportation Equipment (Motor Vehicle and Aerospace Industries)

Arkansas is home to numerous transportation companies in both the aerospace, automotive, and rail industries. In 2019, the transportation sector⁹ employed 15,232 workers in 133 establishments. Greene, Pulaski (Little Rock), and Garland (Hot Springs) counties have the largest number of employees in the transportation equipment sector. The aerospace industry¹⁰ reported the importance of USMCA’s continued duty-free treatment of originating aerospace-related items between Canada, Mexico, and the United States as vital to the competitiveness and success of the United States’ aerospace sector. The aerospace industry¹¹ supports the Customs and Trade Facilitation chapter’s standardization of Customs regimes to increase efficiency and enhance capacity and performance of U.S. companies and their supply chains. The aerospace industry¹² also fully supports the Intellectual Property chapter’s requirement for governments to establish criminal, civil and administrative procedures and remedies to combat trade secret theft, a significant problem for U.S. aerospace companies. USMCA requires more auto production in North America in order to qualify for duty-free treatment by eliminating NAFTA’s “deemed originating” loophole. USMCA’s innovative auto rules of origin, strict labor and environmental standards, and provisions designed to combat non-market practices – such as currency manipulation –

⁷ Ibid.

⁸ 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 NAICS 3-digit level from the Bureau of Labor Statistics.

⁹ Transportation sector defined as NAICS 336 and includes the motor vehicle and aerospace industries.

¹⁰ Industry Trade Advisory Committee 1 – Aerospace Equipment Report Regarding USMCA:

<https://ustr.gov/sites/default/files/files/agreements/FTA/AdvisoryCommitteeReports/ITAC%201%20REPORT%20-%20Aerospace%20Equipment.pdf>

¹¹ Ibid.

¹² Ibid.



are designed to boost additional automotive and auto parts investment and production in Arkansas. 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.

Machinery

Arkansas is home to many machinery manufacturing companies. In 2019, there were 207 machinery manufacturing¹³ establishments employing 11,956 employees. Pulaski, Craighead, and Washington counties have the largest number of employees in the machinery sector. USMCA maintains duty-free access to Mexico and Canada for originating machinery and remanufactured goods for Arkansas' 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. Industry¹⁴ 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. Industry¹⁵ 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 Arkansas' trade statistics, 77 percent of companies that exported goods from Arkansas in 2018¹⁶ were small and medium-sized companies.

Food Manufacturing

Arkansas is home to several large food manufacturing¹⁷ companies. In 2019, there were 301 food manufacturing establishments with 49,086 employees. Washington, Benton, and Sebastian counties have the largest number of employees in the food manufacturing sector. USMCA contains an annex on proprietary food formulas which requires each Party to protect the confidentiality of such information in the same manner for both domestic and imported products. For the first time in a trade agreement, USMCA contains a chapter on good regulatory practices that promotes transparency and accountability

¹³ Machinery sector defined as NAICS 333 for machinery manufacturing.

¹⁴ Industry Trade Advisory Committee 2 – Automotive Equipment and Capital Goods Report Regarding USMCA: <https://ustr.gov/sites/default/files/files/agreements/FTA/AdvisoryCommitteeReports/ITAC%20%20REPORT%20-%20Automotive%20Equipment%20and%20Capital%20Goods.pdf>

¹⁵ Ibid.

¹⁶ 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.

¹⁷ Food manufacturing defined as NAICS 311 for food manufacturing.



in development and implementation of regulations. USMCA also has a chapter on sanitary and phytosanitary (SPS) provisions, which requires the Parties to agree to increase transparency in SPS measures, advance science-based decision making, and work together to enhance compatibility of SPS measures between them.

Primary Metal Manufacturing

Arkansas is home to numerous steel companies with second largest steel production capacity in the country. In 2019, the primary metals manufacturing¹⁸ employed 8,508 workers in 69 establishments. Mississippi, Boone, and White counties have the largest number of employees in the primary metals sector. USMCA maintains duty-free access to Mexico and Canada for originating primary metal products from Arkansas' nonfuel mineral 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 nonfuel resources, while at the same time ensuring customs administrations have the necessary tools to enforce the law. Industry¹⁹ reported their support of the Customs and Trade Facilitations chapter since delays in customs clearance are extremely costly for traders, manufacturers, and retailers. Industry²⁰ also supports the Environment provisions incorporated in the core of USMCA, in which Parties agree to effectively enforce their environmental laws and not weaken environmental laws to encourage trade or investment.

¹⁸ Primary metal manufacturing defined as NAICS 331 for primary metal manufacturing.

¹⁹ Industry Trade Advisory Committee 5 – Forest Products, Building Materials, Construction, and Nonferrous Metals Report Regarding USMCA:

<https://ustr.gov/sites/default/files/files/agreements/FTA/AdvisoryCommitteeReports/ITAC%205%20REPORT%20-%20Forest%20Products%2C%20Building%20Materials%2C%20Construction%2C%20and%20Nonferrous%20Metals.pdf>

²⁰ Ibid.

