



USMCA Tennessee State Fact Sheet

Tennessee's Trade with the World¹

- In 2019, Tennessee exported \$31.1 Billion in goods to the world.
- In 2019, Tennessee was the 17th-largest state exporter of goods in the United States.
- In 2016, 146,976 U.S. jobs were supported by goods exported from Tennessee.²
- In 2018, 7,368 companies exported goods from Tennessee- 83 percent were small and medium-sized companies.³

Tennessee's Trade with Canada and Mexico

Tennessee's Rank in Exports to Canada and Mexico

In 2019, Tennessee was the 10th-largest exporter of goods to Mexico and Canada.

Ranks of Canada and Mexico as Destinations for Tennessee Exports

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

Statewide Statistics and Top Export Product Categories⁴

- In 2019, Tennessee exported \$11.2 Billion to Canada and Mexico, accounting for 36 percent of Tennessee's total exports to the world.
 - Tennessee exported \$7.1 Billion to Canada, 23 percent of Tennessee's exports to the world.

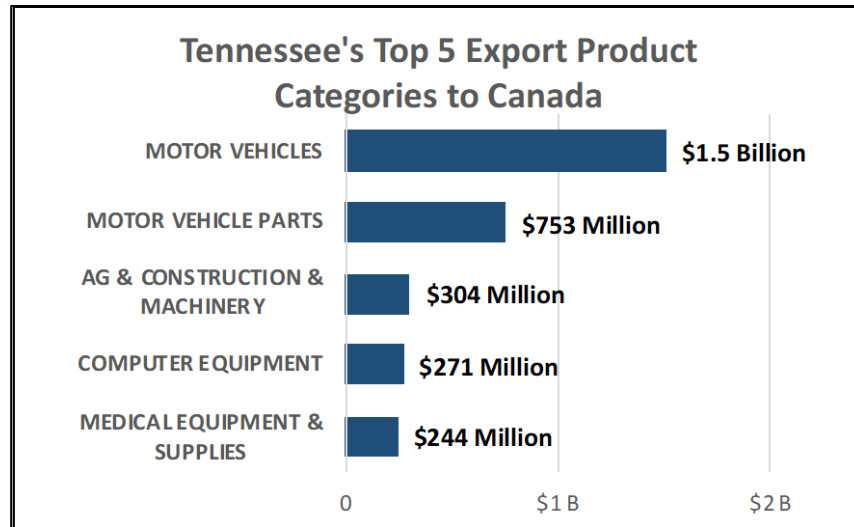
¹All trade data used in this report reflect the data published by June 15, 2020 from the U.S. Census Bureau, as compiled by the International Trade Administration's Trade Policy Information System (TPIS).

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:

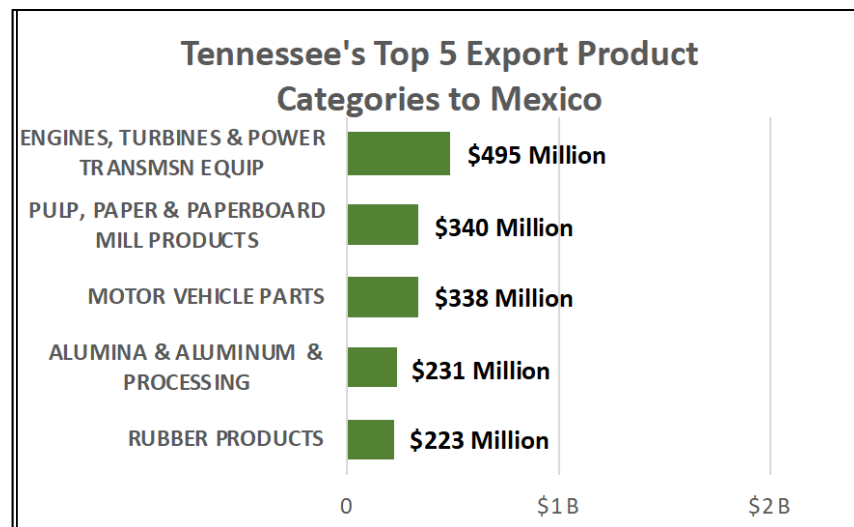
<https://www.trade.gov/mas/ian/employment/>

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.



- Tennessee exported \$4.2 Billion to Mexico, 13 percent of Tennessee’s exports to the world.



Metropolitan Statistics⁵

- Tennessee’s Top Metropolitan Exports to Canada and Mexico 2018
 - Nashville–Davidson--Murfreeboro--Franklin **\$4.4 Billion**
 - Top Products: Transportation Equipment Manufacturing; Computer And Electronic Product Manufacturing; Electrical Equipment, Appliance, And

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.



Component Manufacturing; Chemical Manufacturing; Plastics And Rubber Products Manufacturing

- Memphis **\$3.5 Billion***⁶
 - Top Products: Miscellaneous Manufacturing; Computer And Electronic Product Manufacturing; Machinery Manufacturing; Transportation Equipment Manufacturing; Crop Production
- Knoxville **\$1.4 Billion**
 - Top Products: Computer And Electronic Product Manufacturing; Primary Metal Manufacturing; Transportation Equipment Manufacturing; Chemical Manufacturing; Machinery Manufacturing

USMCA Will Benefit Tennessee's Top Export Sectors to Canada and Mexico

Tennessee's top export sectors to Canada and Mexico in 2019 include Transportation Equipment (Motor Vehicle and Aerospace Industries), Machinery, and Computer and Electronic Products.⁷

Transportation Equipment (Motor Vehicle and Aerospace Industries)

Tennessee is home numerous transportation equipment⁸ manufacturing companies. In 2019, the transportation sector employed 75,121 workers in 434 establishments. Rutherford, Blount, and Maury⁹ 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 Tennessee. 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.

Machinery

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

⁷ 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.

⁸ Transportation equipment sector defined as NAICS 336 and includes the motor vehicle and aerospace industries.

⁹ 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>



Tennessee is home to many machinery manufacturing companies. In 2019, there were 636 machinery manufacturing¹⁰ establishments employing 26,401 employees. Shelby, Hamilton, and Green 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 Tennessee’s 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. Industry¹¹ 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. Industry¹² 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 Tennessee’s trade statistics, 83 percent of companies that exported goods from Tennessee in 2018¹³ were small and medium-sized companies.

Computer and Electronic Products

Tennessee is home to many leading computer and electronic products manufacturing companies. In 2019, there were 268 computer and electronic products¹⁴ establishments in Tennessee employing 5,678 employees. Knox, Davidson, and Williamson counties have the largest number of employees in the computer and electronic product sector. USMCA maintains duty-free access to Mexico and Canada for originating technology equipment for Tennessee’s technology manufacturing companies. Industry¹⁵ appreciates the Market Access provision to be able to export and import for repair since many products are designed to be modular and swappable in case of malfunction in the technology sector. Industry¹⁶ supports the provision to prohibit unnecessary restrictions on remanufactured imports because the technology sector seeks to prolong the useful life of goods through repair, refurbishment, and reuse. Industry¹⁷ acknowledges USMCA’s new mechanism in the Information and Communication Technology (ICT) Equipment Annex to protect intellectual property in cryptographic products as a significant achievement. Industry¹⁸ approves the new Digital Trade chapter, which contains the strongest

¹⁰ Machinery sector defined as NAICS 333 for machinery manufacturing.

¹¹ Industry Trade Advisory Committee 2 – Automotive Equipment and Capital Goods Report Regarding USMCA: <https://ustr.gov/sites/default/files/files/agreements/FTA/AdvisoryCommitteeReports/ITAC%202%20REPORT%20-%20Automotive%20Equipment%20and%20Capital%20Goods.pdf>

¹² Ibid.

¹³ 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.

¹⁴ Computer and electronic products sector defined as NAICS 334 for computer and electronic product manufacturing.

¹⁵ Industry Trade Advisory Committee 8 – Digital Economy Report Regarding USMCA:

<https://ustr.gov/sites/default/files/files/agreements/FTA/AdvisoryCommitteeReports/ITAC%208%20REPORT%20-%20Digital%20Economy.pdf>

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Ibid.



disciplines on digital trade of any international agreement, providing a firm foundation for the expansion of trade and investment in innovative electronic products and services. For the first time in a trade agreement, the Intellectual Property chapter includes protections against the misappropriation of trade secrets and requires a minimum term of protection for industrial designs of at least 15 years.