



# USMCA Virginia State Fact Sheet

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

- In 2019, Virginia exported \$17.8 Billion in goods to the world.
- In 2019, Virginia was the 24th-largest state exporter of goods in the United States.
- In 2016, 78,434 U.S. jobs were supported by goods exported from Virginia.<sup>2</sup>
- In 2018, 7,274 companies exported goods from Virginia- 84 percent were small and medium-sized companies.<sup>3</sup>

## Virginia's Trade with Canada and Mexico

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

In 2019, Virginia was the 27th-largest exporter of goods to Mexico and Canada.

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

In 2019, Canada was Virginia's largest export destination and Mexico was the third-largest export destination.

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

- In 2019, Virginia exported \$4.1 Billion to Canada and Mexico, accounting for 23 percent of Virginia's total exports to the world.
  - Virginia exported \$3.1 Billion to Canada, 17 percent of Virginia's exports to the world.

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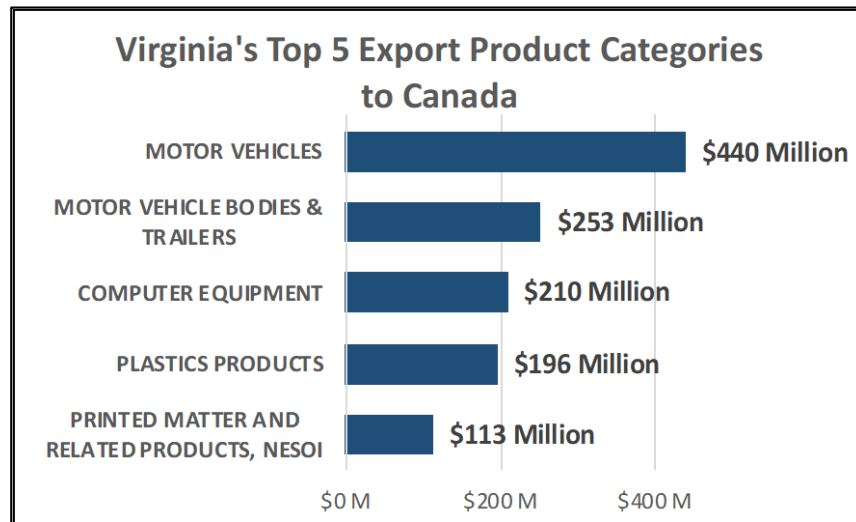
<sup>1</sup>All trade data used in this report reflect the data published by June 15, 2020 from the U.S. Census Bureau, as compiled by the International Trade Administration's Trade Policy Information System (TPIS).

<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.



- Virginia exported \$1.0 Billion to Mexico, 6 percent of Virginia’s exports to the world.



Metropolitan Statistics<sup>5</sup>

- Virginia’s Top Metropolitan Exports to Canada and Mexico 2018
  - Richmond **\$856 Million**
    - Top Products: Chemical Manufacturing; Textile Mills; Paper Manufacturing; Transportation Equipment Manufacturing; Oil And Gas Extraction
  - Virginia Beach-Norfolk-Newport News **\$792 Million**<sup>\*6</sup>
    - Top Products: Food Manufacturing; Crop Production; Machinery Manufacturing; Transportation Equipment Manufacturing; Paper Manufacturing
  - Blacksburg-Christiansburg **\$667 Million**
    - Top Products: Transportation Equipment Manufacturing; Nonmetallic Mineral Product Manufacturing; Electrical Equipment, Appliance, And Component

<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.

<sup>6</sup> An asterisk (\*) notes if the Metropolitan Area is shared with one or more other states

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

Virginia's top export sectors to Canada and Mexico in 2019 include Transportation Equipment (Motor Vehicle and Aerospace Industries), Chemicals, and Machinery.<sup>7</sup>

#### *Transportation Equipment (Motor Vehicle and Aerospace Industries)*

Virginia is home to numerous transportation equipment<sup>8</sup> companies in both the aerospace and automotive industries. In 2019, the transportation sector<sup>9</sup> employed 45,755 workers in 227 establishments. The Virginia Beach-Newport News-Norfolk region and Portsmouth and Norfolk Cities have the largest number of employees in the transportation equipment sector. The aerospace industry<sup>10</sup> 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 industry<sup>11</sup> 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 industry<sup>12</sup> 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 – are designed to boost additional automotive and auto parts investment and production in Virginia. 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.

#### *Chemicals*

Virginia is home numerous chemical companies.<sup>13</sup> In 2019, there were 375 chemical establishments employing 15,135 employees. Chesterfield County, the Virginia Beach-Newport News-Norfolk region, and Hopewell City have the largest number of employees in the chemicals sector. USMCA adopted chemical reaction rules to determine origin for most chemical products. USMCA also contains sector annexes on chemical substances, pharmaceuticals, and cosmetics. These annexes promote enhanced regulatory compatibility and trade between the three Parties, while recognizing the regulatory authority

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<sup>7</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>8</sup> Transportation equipment sector defined as NAICS 336 and includes the motor vehicle and aerospace industries.

<sup>9</sup> Transportation sector defined as NAICS 336 and includes the motor vehicle and aerospace industries.

<sup>10</sup> 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>

<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

<sup>13</sup> Chemical sector defined as NAICS 325 for chemical manufacturing.

of each Party. These annexes commit to build on existing extensive regulatory cooperation on chemicals, pharmaceuticals, and cosmetics between Parties and identify areas of focus for future cooperation. It also encourages the Parties to consider internationally-developed science and technical guidance documents when implementing regulations for cosmetics and encourages cooperation on inspections of pharmaceutical manufacturers.

### Machinery

Virginia is home to many machinery manufacturing companies. In 2019, there were 446 machinery manufacturing<sup>14</sup> establishments employing 14,198 employees. Virginia Beach City and Chesterfield counties and the Virginia Beach-Newport News-Norfolk region 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 Virginia'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. Industry<sup>15</sup> 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. Industry<sup>16</sup> 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 Virginia's trade statistics, 84 percent of companies that exported goods from Virginia in 2018<sup>17</sup> were small and medium-sized companies.

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<sup>14</sup> Machinery sector defined as NAICS 333 for machinery manufacturing.

<sup>15</sup> 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>

<sup>16</sup> Ibid.

<sup>17</sup> 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.