Overview
With more than 96 percent of the world’s population and 75 percent of its purchasing power outside the United States, economic recovery, jobs, and future growth for Kentucky and America will depend on trade and investment. That includes reaching those customers with American goods and services through exports and expanding buying power and options for American companies and families with imports.

New Business Roundtable research, U.S. government data, and other data sources demonstrate the benefits of international trade and investment to jobs and the economy in Kentucky. In 2020, the COVID-19 global pandemic has brought dual public health and economic crises. Meeting both challenges requires restoring trade and supporting trade-dependent jobs to help Kentucky recover.

Trade Creates & Supports Jobs in Kentucky

- **International trade, including exports and imports, supported 504,200 Kentucky jobs – one in five in 2018.** These trade-related jobs grew five times faster than total employment from 1992 to 2018 and are at large and small companies, on farms, in factories, and at the headquarters of Kentucky’s globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Kentucky. *(See Kentucky Jobs Depend On Two-Way Trade)*

- **Kentucky exported $32.3 billion in goods and $5.0 billion in services in 2018,** including aerospace products and parts, motor vehicles, pharmaceuticals and medicines and travel services. Of Kentucky’s 4,715 exporters, 79 percent are small- and medium-sized companies with less than 500 workers. *(See Kentucky Businesses Grow With Exports)*

- **Customers in 195 countries and territories buy Kentucky-made goods and services,** including billions of dollars in annual exports to top markets like Canada, France and the United Kingdom. Kentucky’s goods exports have grown about two times faster than state GDP since 2009. Policies that help Kentucky businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(See Kentucky Companies Export Throughout The World)*

- **Imports lower prices and increase choices for Kentucky companies and families.** Lower raw material and input costs help Kentucky companies stay competitive in global markets, while families can stretch paychecks further as trade agreements reduce the cost of products by eliminating costly barriers to trade. *(See Kentucky Companies and Families Benefit from Imports)*

- **Free trade agreements (FTAs) have helped fuel rapid export growth from Kentucky to partner countries.** In 2018, $12.4 billion of Kentucky’s goods exports, or 38 percent, went to FTA partners. This represents an increase of 67 percent since 2009. *(See Kentucky Needs Trade Agreements To Grow)*

- **Foreign-owned companies invest and build facilities and employ 138,800 workers in Kentucky.** *(See Foreign Investment In Kentucky Creates Jobs)*
KENTUCKY JOBS DEPEND ON TWO-WAY TRADE

Overview
Creating and preserving quality U.S. jobs is a goal shared by all Americans. With more than 96 percent of the world’s population and 75 percent of the world’s purchasing power outside of the United States, future American economic growth and job creation depend on open markets abroad. At the beginning of 2020, the COVID-19 global pandemic dramatically decreased trade, stopped economic growth and ended millions of jobs across America, including in Kentucky. Policies that expand trade can create new job opportunities in Kentucky and help it recover faster.

Trade Creates & Supports Jobs in Kentucky

- Export growth increases jobs by generating new business for Kentucky’s manufacturers, services providers and farmers. Imports support jobs and keep costs low, helping Kentucky businesses compete and saving Kentucky families real dollars at the cash register.

- One in five Kentucky jobs depends upon international trade.

- Kentucky's trade-related employment grew five times faster than total employment from 1992 to 2018.

- Jobs in export-dependent industries pay about 16 percent more than jobs in less export-intensive industries.

- U.S. exporting plants increase employment 2 to 4 percent faster annually than plants that do not export. Exporting plants also are less likely to go out of business.

- Trade-supported jobs are not just at companies that export and import. Trade supports higher wages for workers and lower costs for companies and consumers, providing them with more money to spend on other things. This spending supports additional jobs throughout the U.S. economy in sectors like entertainment, education and construction.

By the Numbers

504,200
Number of Jobs in Kentucky Supported by Trade

Share of Jobs Tied to Trade
Increased 93 percent from 1992 to 2018

10.3%
19.8%
1992
2018

Jobs Tied to Trade
Top Sectors, 2018

<table>
<thead>
<tr>
<th>Sector</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade &amp; Distribution</td>
<td>121,200</td>
</tr>
<tr>
<td>Prof., Scient. &amp; Tech. Services</td>
<td>68,000</td>
</tr>
<tr>
<td>Personal &amp; Rec. Services</td>
<td>26,900</td>
</tr>
<tr>
<td>Construction</td>
<td>22,200</td>
</tr>
<tr>
<td>Transportation &amp; Warehousing</td>
<td>21,200</td>
</tr>
</tbody>
</table>

Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
www.brt.org/trade
Overview

Kentucky exported an estimated $32.3 billion in goods and $5.0 billion in services in 2018. Between 2009 and 2018, Kentucky goods exports have increased by 80 percent and services exports by 55 percent. Large companies now account for 88 percent of the value of Kentucky’s goods exports, with the rest provided by small- and medium-sized enterprises (SMEs).

Small & Large Employers Partner to Export

In addition to exporting directly themselves, thousands of American SMEs export indirectly when they sell goods and services to large U.S. exporters. Based on their direct and indirect export activity combined, SMEs represent more than 40 percent of the value of U.S. exports.

Top Kentucky Exports

- Kentucky ranks among the top five state exporters in five industries, including first in miscellaneous animal products ($336 million), second in aerospace products and parts ($12.6 billion), fourth in beverages ($529 million), and fourth in crowns, closures and seals ($42 million).

- Kentucky is America’s 23rd largest exporter of agricultural products. It is the largest exporter of miscellaneous animal products, the 10th largest exporter of poultry and eggs, the 18th largest exporter of oilseeds and grains, and the 21st largest exporter of swine.

- One of Kentucky’s fastest growing export categories is aerospace products and parts, which increased by 13 percent since 2009. In 2018, exports of these products reached $12.6 billion.

By the Numbers

4,715

Number of Kentucky Businesses that Exported in 2018

79%

Share of Kentucky Exporters that are Small- & Medium-Sized Businesses

Top Kentucky Exports, 2018

<table>
<thead>
<tr>
<th>Goods</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace Products &amp; Parts</td>
<td>$12.6 billion</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>$3.1 billion</td>
</tr>
<tr>
<td>Pharmaceuticals &amp; Medicines</td>
<td>$2.3 billion</td>
</tr>
<tr>
<td>Motor Vehicle Parts</td>
<td>$1.5 billion</td>
</tr>
<tr>
<td>Resins &amp; Synthetic Fibers</td>
<td>$1.0 billion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>$2.0 billion</td>
</tr>
<tr>
<td>Equip. Install., Maint., &amp; Repair</td>
<td>$567 million</td>
</tr>
<tr>
<td>Education</td>
<td>$445 million</td>
</tr>
</tbody>
</table>

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www.brt.org/trade
In 2018, Kentucky companies sold their products in 195 countries and territories.

Top export markets include:

- **CANADA**
  - Goods Exports: $7.8 billion
  - Services Exports: $368 million

- **UNITED KINGDOM**
  - Goods Exports: $3.0 billion
  - Services Exports: $395 million

- **CHINA**
  - Goods Exports: $2.3 billion
  - Services Exports: $479 million

- **MEXICO**
  - Goods Exports: $2.3 billion
  - Services Exports: $309 million

- **BRAZIL**
  - Goods Exports: $2.5 billion
  - Services Exports: $160 million

- **FRANCE**
  - Goods Exports: $3.3 billion
  - Services Exports: $237 million

**Fast Facts: How Exports Help the Kentucky Economy Grow**

- Goods and services exports accounted for 17.9 percent of Kentucky's state GDP in 2018.
- Kentucky's exports have grown about two times faster than state GDP since 2009. The average annual export growth during this period was 6.6 percent, while the average annual state GDP growth was 3.3 percent.
- Kentucky's top export markets for goods are Canada, France, and the United Kingdom. Its top market for services is China.
- Kentucky's goods exports to Malaysia have grown by 26 percent per year since 2009, while Kentucky's services exports to China have grown by 18 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Kentucky businesses, workers, and farmers reach the growing number of customers around the world.

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KENTUCKY COMPANIES AND FAMILIES BENEFIT FROM IMPORTS

Overview
Imports provide a variety of benefits for Kentucky companies and families. Imported consumer goods help keep prices down for Kentucky families while increasing choices for foods and other products that are not available locally. Imported inputs help Kentucky manufacturers compete in both the United States and international markets, while exported goods (e.g., components) and services (e.g., design) often return to the United States as imports. To best meet the COVID-19 challenges, trade policies should ensure that American families and businesses retain access to both domestic and international inputs, supplies and services they need at prices they can afford.

Kentucky Families Benefit from Imports

- In 2018, 45 percent of Kentucky’s imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Kentucky families more money to spend on locally provided goods and services, such as housing, education, and health care.
- Trade and investment liberalization policies save the average Kentucky family of four more than $10,000 per year through lower prices and increased specialization.

Most Importers are Small Businesses

- In 2018, 4,421 Kentucky companies imported goods from 190 countries around the world.
- Nationally, 77 percent of importers were very small businesses with less than 20 employees, while less than 3 percent had over 500 employees.

Kentucky Exports and Imports are Linked Through Global Value Chains

- In 2018, 55 percent of Kentucky goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Kentucky’s top imports are critical components for Kentucky exports. Conversely, Kentucky exports of raw materials and parts may return to the United States in imported finished goods.

Imports:
Jet engines and parts ($3.4B in 2018)

Exports:
Aerospace products ($12.5B in 2018)

Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
www.brt.org/trade
Overview
Trade with our free trade agreement (FTA) partner countries supports millions of American jobs. Trade agreements level the playing field by lowering other nations’ trade barriers, opening up foreign markets to U.S. exports and setting strong, enforceable rules for trade between the United States and those other countries. Kentucky businesses, workers and farmers benefit from market-opening agreements, and would be harmed from new barriers to trade that limit exports, competitiveness, and jobs in Kentucky and the United States.

- In 2018, $12.4 billion of Kentucky’s goods exports, or 38 percent, went to FTA partners.
- Since 2009, Kentucky’s goods exports to countries with FTAs in effect with the United States in 2018 have increased by 67 percent.
- Kentucky’s exports to Canada and Mexico have increased by $8.6 billion (583 percent) since NAFTA went into effect in 1994.
- Kentucky’s exports to Chile have increased by 280 percent – from $28 million to $106 million – since the FTA with Chile took effect in 2004.
- Kentucky’s exports to Korea of aerospace products and parts have increased from $395,000 to $183 million since the FTA with Korea went into effect in 2012.
- Canada bought $2.5 billion of Kentucky’s $3.1 billion in motor vehicle exports in 2018.
- In 2018, $1.3 billion of Kentucky’s services exports, or 27 percent, went to FTA partners.
- Kentucky’s exports to Australia of travel services have increased from $34 million to $90 million, or by 163 percent, since 2006 (earliest year available).

By the Numbers

67%
Increase in Kentucky Goods Exports to FTA Partners Between 2009 and 2018

Per Capita Purchases of Kentucky Goods, 2018

<table>
<thead>
<tr>
<th></th>
<th>Non-FTA Countries</th>
<th>FTA Partner Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2.93</td>
<td>$26.55</td>
<td></td>
</tr>
</tbody>
</table>

* U.S. FTAs in effect with countries in 2018.

In 2018, FTA partners purchased 9.1 times more goods per capita from Kentucky than non-FTA partners.

Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
www.brt.org/trade
Overview

Foreign-owned companies help grow the U.S. economy and jobs. In 2017, foreign-owned companies added over $1 trillion to U.S. GDP, including goods exports of $380 billion and R&D spending of over $60 billion. They employed 7.4 million workers in the United States, including 2 million workers – or 1 out of every 6 – in the manufacturing sector.

Kentucky is no exception. Foreign-owned companies make significant investments in Kentucky to open or expand facilities every year and are important customers for local goods and services providers. Subsidiaries of foreign-owned companies alone employed nearly 140,000 workers in Kentucky in 2017, including:

- 46,700 workers employed by companies based in Japan;
- 14,500 workers employed by companies based in Germany;
- 11,500 workers employed by companies based in Canada;
- 11,500 workers employed by companies based in France;
- 9,000 workers employed by companies based in the United Kingdom.

### Selected Foreign-Owned Companies Employing Workers in Kentucky

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arkema Inc.</td>
<td>Plastic and Chemical Manufacturing</td>
<td>France</td>
</tr>
<tr>
<td>Bekaert Corporation</td>
<td>Steel Product Manufacturing</td>
<td>Belgium</td>
</tr>
<tr>
<td>Domtar Paper Company LLC</td>
<td>Paper Manufacturing</td>
<td>Canada</td>
</tr>
<tr>
<td>Evonik Corp.</td>
<td>Chemical Manufacturing</td>
<td>Germany</td>
</tr>
<tr>
<td>Holiday Inn</td>
<td>Hotel Services</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Metalsa Structural Products</td>
<td>Automotive Parts Manufacturing</td>
<td>Mexico</td>
</tr>
<tr>
<td>Toyota Motor Manufacturing</td>
<td>Motor Vehicle Manufacturing</td>
<td>Japan</td>
</tr>
<tr>
<td>Vitelmed Medtech Global</td>
<td>Healthcare Services</td>
<td>New Zealand</td>
</tr>
</tbody>
</table>

**Foreign-Owned Companies Employed 138,800 Kentucky Workers Across Many Industries, 2017**

- **Manufacturing**: 74,900 workers
- **Wholesale Trade**: 23,700 workers
- **Retail Trade**: 6,100 workers
- **Prof., Sci. & Tech. Services**: 2,900 workers
- **Finance & Insurance**: 1,100 workers
- **Information**: 900 workers

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www.brt.org/trade
KENTUCKY JOBS DEPEND ON TWO-WAY TRADE

Population and Purchasing Power: Derived from World Bank population and GDP estimates


KENTUCKY BUSINESSES GROW WITH EXPORTS

Small and Large Firms Partnering to Export (for 2006, the most recent year for which data were available): U.S. International Trade Commission, Small and Medium-Sized Enterprises: Characteristics and Performance, November 2010, (http://www.usitc.gov/publications/332/pub4189.pdf)


KENTUCKY COMPANIES EXPORT THROUGHOUT THE WORLD


KENTUCKY COMPANIES USE IMPORTS TO MAKE COMPETITIVE PRODUCTS


Imports as Components: Derived from Census end-use import data


Price Changes: Derived from BLS Consumer Price Index database (http://www.bls.gov/cpi/)

KENTUCKY NEEDS TRADE AGREEMENTS TO GROW


Per Capita Purchases of Kentucky Goods: Derived from The Trade Partnership (http://tradepartnership.com/data/cdxports-and-cdxjobs) and World Bank population estimates

FOREIGN INVESTMENT IN KENTUCKY CREATES JOBS

Employment Data: BEA “Direct Investment & Multinational Companies” database (http://bea.gov/ITable/index_MNC.cfm)

Foreign Investors: Uniworld BP database of “Foreign Firms Operating in the United States” (http://www.uniworlbp.com)

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