# HOW KENTUCKY'S ECONOMY BENEFITS FROM TRADE & INVESTMENT

## 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. As the United States and the world continue efforts to defeat the COVID-19 pandemic and create jobs and economic opportunity – restoring trade and supporting trade-dependent jobs can help Kentucky recover as well.

## Trade Creates & Supports Jobs in Kentucky

- **International trade, including exports and imports, supported 483,700 Kentucky jobs – nearly one in five in 2019.** These trade-related jobs grew four times faster than total employment from 1992 to 2019 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 $33.4 billion in goods and $4.6 billion in services in 2019,** including aerospace products and parts, motor vehicles, pharmaceuticals and medicines and personal travel and tourism services. Of Kentucky’s 4,688 exporters, 79 percent are small- and medium-sized companies with less than 500 workers. *(See Kentucky Businesses Grow With Exports)*

- **Customers in 190 countries and territories buy Kentucky-made goods and services,** including billions of dollars in annual exports to top markets like Canada, the United Kingdom and France. Kentucky’s exports have grown 1.9 percent per year since 2010. 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 2019, $12 billion of Kentucky's goods exports, or 37 percent, went to FTA partners. This represents an increase of 37 percent since 2010. *(See Kentucky Needs Trade Agreements To Grow)*

- **Foreign-owned companies invest and build facilities and employ 136,800 workers in Kentucky.** *(See Foreign Investment In Kentucky Creates Jobs)*

---

**Contact:** Paul DeLaney, Business Roundtable: pdelaney@brt.org  
[www.brt.org/trade](http://www.brt.org/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, disrupted communities and economies, and ended millions of jobs across America, including in Kentucky. As the U.S. economy recovers and more Americans seek opportunities to work, policies that expand trade can create new jobs 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.
- Nearly one in five Kentucky jobs depends upon international trade.
- Kentucky’s trade-related employment grew four times faster than total employment from 1992 to 2019.
- 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 supports more than 28 million U.S. jobs that provide middle class incomes.

About Trade & Jobs

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 not typically associated with “exports and imports.”

By the Numbers

<table>
<thead>
<tr>
<th>Number of Jobs in Kentucky Supported by Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>483,700</td>
</tr>
</tbody>
</table>

Share of Jobs Tied to Trade
Increased 83 percent from 1992 to 2019

<table>
<thead>
<tr>
<th>1992</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.3%</td>
<td>18.8%</td>
</tr>
</tbody>
</table>

Jobs Tied to Trade
Top Sectors, 2019

<table>
<thead>
<tr>
<th>Industry</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal and recreational services</td>
<td>96,100</td>
</tr>
<tr>
<td>Business and professional services</td>
<td>86,700</td>
</tr>
<tr>
<td>Education and health services</td>
<td>69,800</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>69,400</td>
</tr>
<tr>
<td>Transportation and utilities</td>
<td>30,500</td>
</tr>
</tbody>
</table>

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

Kentucky exported an estimated $33.4 billion in goods and $4.6 billion in services in 2019. Between 2010 and 2019, Kentucky goods exports have increased by 69 percent and services exports by 41 percent. Large companies now account for 89 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 10 state exporters in 18 industries, including second in aerospace products and parts ($14.6 billion), third in beverages ($583 million) and crowns, closures and seals ($39 million), and fifth in miscellaneous wood products ($142 million).
- Kentucky is America’s 25th largest exporter of agricultural products. It is the largest exporter of miscellaneous animal products, the 15th largest exporter of poultry and eggs, the 18th largest exporter of oilseeds and grains, and the 24th largest exporter of vegetables and melons.
- One of Kentucky’s fastest growing export categories is aerospace products and parts, which increased by 311 percent since 2010. In 2019, exports of these products reached $14.6 billion.

By the Numbers

4,688
Number of Kentucky Businesses that Exported in 2018

79%
Share of Kentucky Exporters that Are Small- & Medium-Sized Businesses

Top Kentucky Exports, 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goods</strong></td>
<td></td>
</tr>
<tr>
<td>Aerospace Products &amp; Parts</td>
<td>$14.6 billion</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>$2.8 billion</td>
</tr>
<tr>
<td>Pharmaceuticals &amp; Medicines</td>
<td>$2.3 billion</td>
</tr>
<tr>
<td>Motor Vehicle Parts</td>
<td>$1.4 billion</td>
</tr>
<tr>
<td>Resins &amp; Synthetic Fibers</td>
<td>$918 million</td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td></td>
</tr>
<tr>
<td>Personal Travel &amp; Tourism</td>
<td>$1.1 billion</td>
</tr>
<tr>
<td>Equip. Installation &amp; Maintenance</td>
<td>$511 million</td>
</tr>
<tr>
<td>Air Freight &amp; Port Services</td>
<td>$484 million</td>
</tr>
</tbody>
</table>

Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
www.brt.org/trade
In 2019, Kentucky companies sold their products in 190 countries and territories.

Top export markets include:

**Canada**
- Goods Exports: $7.8 billion
- Services Exports: $364 million

**United Kingdom**
- Goods Exports: $3.5 billion
- Services Exports: $391 million

**China**
- Goods Exports: $2.3 billion
- Services Exports: $415 million

**Mexico**
- Goods Exports: $2.2 billion
- Services Exports: $254 million

**Brazil**
- Goods Exports: $2.6 billion
- Services Exports: $134 million

**France**
- Goods Exports: $3.5 billion
- Services Exports: $231 million

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

- Goods and services exports accounted for 17.7 percent of Kentucky's state GDP in 2019.
- Kentucky's annual exports grew 1.9 percent per year since 2010.
- Kentucky's top export markets for goods are Canada, the United Kingdom, and France. Its top market for services is China.
- Kentucky's goods exports to Brazil have grown by 13 percent per year since 2010, while Kentucky's services exports to India have grown by 11 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.

Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
www.brt.org/trade
KENTUCKY COMPANIES AND FAMILIES BENEFIT FROM IMPORTS

Overview
Imports provide a variety of benefit 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 2019, 43 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.

2010-2019 Price Decrease
- -85% for Televisions
- -52% for Computers
- -51% for Toys

Most Importers are Small Businesses
- In 2019, 4,463 Kentucky companies imported goods from 193 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 2019, 57 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
($3.7B in 2019)

Exports:
Aerospace products
($14.6B in 2019)

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 United States.

- In 2019, $12 billion of Kentucky's goods exports, or 37 percent, went to FTA partners.
- Since 2010, Kentucky's goods exports to countries with FTAs in effect with the United States in 2019 have increased by 37 percent.
- Kentucky's exports to Canada and Mexico have increased by $8.5 billion (579 percent) since NAFTA went into effect in 1994.
- Kentucky's exports to Oman have increased by over 2,300 percent – from $1.6 million to $39 million – since the FTA with Oman took effect in 2009.
- Kentucky's exports to Korea of aerospace products and parts have increased from $395,000 to $189 million since the FTA with Korea went into effect in 2012.
- Canada bought 87 percent – $2.5 billion out of $2.8 billion – of Kentucky's exports of motor vehicles in 2019.
- In 2019, $1.3 billion of Kentucky’s services exports, or 27 percent, went to FTA partners.
- Kentucky's exports to Korea of air freight and port services have increased from $13 million to $22 million, or by 71 percent, since 2011.

By the Numbers

37%  
Increase in Kentucky Goods Exports  
to FTA Partners Between 2010 and 2019

Per Capita Purchases of Kentucky Goods, 2019

<table>
<thead>
<tr>
<th>Non-FTA Countries</th>
<th>FTA Partner Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3.07</td>
<td>$26.38</td>
</tr>
</tbody>
</table>

* U.S. FTAs in effect with countries in 2019.

In 2019, FTA partners purchased 8.6 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 2019, 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 more than 130,000 workers in Kentucky in 2019, including:

- 44,400 workers employed by companies based in Japan;
- 15,100 workers employed by companies based in Germany;
- 10,400 workers employed by companies based in Canada;
- 10,400 workers employed by companies based in France;
- 10,000 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>Amcor Flexibles Shelbyville</td>
<td>Plastic products manufacturing</td>
<td>Australia</td>
</tr>
<tr>
<td>BASF Corporation</td>
<td>Chemicals manufacturing</td>
<td>Germany</td>
</tr>
<tr>
<td>Bridgestone Americas</td>
<td>Motor vehicle parts manufacturing</td>
<td>Japan</td>
</tr>
<tr>
<td>Domtar Paper Company, Inc.</td>
<td>Paper products manufacturing</td>
<td>Canada</td>
</tr>
<tr>
<td>Faurecia Automotive Seating</td>
<td>Motor vehicle parts manufacturing</td>
<td>France</td>
</tr>
<tr>
<td>Hitachi Automotive Systems Americas Inc.</td>
<td>Motor vehicle parts manufacturing</td>
<td>Japan</td>
</tr>
<tr>
<td>Metalsa</td>
<td>Motor vehicle parts manufacturing</td>
<td>Mexico</td>
</tr>
<tr>
<td>Sumitomo Wiring Systems (USA), Inc.</td>
<td>Motor vehicle parts manufacturing</td>
<td>Japan</td>
</tr>
</tbody>
</table>

Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
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.uniworldbp.com)

DATA SOURCES

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