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 Tennessee 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 Tennessee. 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 Tennessee recover as well.

Trade Creates & Supports Jobs in Tennessee

- **International trade, including exports and imports, supported 836,700 Tennessee jobs – one in five in 2019.** These trade-related jobs grew five 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 Tennessee’s globally engaged firms. A rebound in trade will help restore trade-related jobs lost during the pandemic in Tennessee. *(See Tennessee Jobs Depend On Two-Way Trade)*

- **Tennessee exported $31.3 billion in goods and $9.7 billion in services in 2019,** including medical equipment and supplies, motor vehicles, navigational and measurement instruments and personal travel and tourism services. Of Tennessee’s 7,356 exporters, 83 percent are small- and medium-sized companies with less than 500 workers. *(See Tennessee Businesses Grow With Exports)*

- **Customers in 202 countries and territories buy Tennessee-made goods and services,** including billions of dollars in annual exports to top markets like Canada, Mexico and China. Tennessee's exports have grown 0.6 percent per year since 2010. Policies that help Tennessee businesses, workers, and farmers once again reach the growing number of customers around the world can help lead an economic and jobs recovery. *(See Tennessee Companies Export Throughout The World)*

- **Imports lower prices and increase choices for Tennessee companies and families.** Lower raw material and input costs help Tennessee 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 Tennessee Companies and Families Benefit from Imports)*

- **Free trade agreements (FTAs) have helped fuel rapid export growth from Tennessee to partner countries.** In 2019, $15 billion of Tennessee's goods exports, or 49 percent, went to FTA partners. This represents an increase of 15 percent since 2010. *(See Tennessee Needs Trade Agreements To Grow)*

- **Foreign-owned companies invest and build facilities and employ 203,400 workers in Tennessee.** *(See Foreign Investment In Tennessee Creates Jobs)*
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 Tennessee. As the U.S. economy recovers and more Americans seek opportunities to work, policies that expand trade can create new jobs in Tennessee and help it recover faster.

Trade Creates & Supports Jobs in Tennessee

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

- One in five Tennessee jobs depends upon international trade.

- Tennessee’s trade-related employment grew five 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 Tennessee Supported by Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>836,700</td>
</tr>
</tbody>
</table>

Share of Jobs Tied to Trade
Increased 120 percent from 1992 to 2019

<table>
<thead>
<tr>
<th>Jobs Tied to Trade Top Sectors, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal and recreational services</td>
</tr>
<tr>
<td>Business and professional services</td>
</tr>
<tr>
<td>Education and health services</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
</tr>
<tr>
<td>Transportation and utilities</td>
</tr>
</tbody>
</table>

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

Tennessee exported an estimated $31.3 billion in goods and $9.7 billion in services in 2019. Between 2010 and 2019, Tennessee goods exports have increased by 21 percent and services exports by 52 percent. Large companies now account for 85 percent of the value of Tennessee'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 Tennessee Exports

- Tennessee ranks among the top 10 state exporters in 29 industries, including second in medical equipment and supplies ($3.9 billion), third in resins and synthetic fibers ($1.5 billion), and fourth in ships and boats ($135 million) and products from purchased steel ($45 million).

- Tennessee is America's 17th largest exporter of agricultural products. It is the largest exporter of swine, the sixth largest exporter of miscellaneous crops, the 17th largest exporter of greenhouse and nursery products, and the 18th largest exporter of aquaculture.

- One of Tennessee's fastest growing export categories is electrical equipment and components, which increased by 206 percent since 2010. In 2019, exports of these products reached $828 million.

By the Numbers

| Number of Tennessee Businesses that Exported in 2018
| Share of Tennessee Exporters that Are Small- & Medium-Sized Businesses
| Top Tennessee Exports, 2019
| **Goods**
| Medical Equipment & Supplies $3.9 billion
| Motor Vehicles $2.6 billion
| Navigational & Meas. Instruments $2.1 billion
| Motor Vehicle Parts $2.0 billion
| Basic Chemicals $1.9 billion
| **Services**
| Personal Travel & Tourism $2.8 billion
| Business Mgmt. & Consulting Services $1.5 billion
| Business Travel $937 million

Contact: Paul DeLaney, Business Roundtable: pdelaney@brt.org
www.brt.org/trade
In 2019, Tennessee companies sold their products in 202 countries and territories. Top export markets include:

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

- Goods and services exports accounted for 10.9 percent of Tennessee's state GDP in 2019.
- Tennessee's annual exports grew 0.6 percent per year since 2010.
- Tennessee's top export markets for goods are Canada, Mexico, and China. Its top market for services is the United Kingdom.
- Tennessee's goods exports to New Zealand have grown by 11 percent per year since 2010, while Tennessee's services exports to India have grown by 10 percent per year.
- Restoring trade can help lead a jobs recovery when supported by policies that help Tennessee businesses, workers, and farmers reach the growing number of customers around the world.

**Contact:** Paul De Laney, Business Roundtable; pdelaney@brt.org

[www.brt.org](http://www.brt.org) / trade

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**TENNESSEE COMPANIES EXPORT THROUGHOUT THE WORLD**

**CANADA**
- Goods Exports: $7.0 billion
- Services Exports: $860 million

**UNITED KINGDOM**
- Goods Exports: $1.0 billion
- Services Exports: $920 million

**CHINA**
- Goods Exports: $2.2 billion
- Services Exports: $683 million

**MEXICO**
- Goods Exports: $4.2 billion
- Services Exports: $524 million

**GERMANY**
- Goods Exports: $1.1 billion
- Services Exports: $440 million

**JAPAN**
- Goods Exports: $2.1 billion
- Services Exports: $527 million
TENNESSEE COMPANIES AND FAMILIES BENEFIT FROM IMPORTS

Overview

Imports provide a variety of benefit for Tennessee companies and families. Imported consumer goods help keep prices down for Tennessee families while increasing choices for foods and other products that are not available locally. Imported inputs help Tennessee 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.

Tennessee Families Benefit from Imports

- In 2019, 40 percent of Tennessee's imports were consumer goods. Prices for imported consumer goods tend to drop year after year, leaving Tennessee 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 Tennessee 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, 7,375 Tennessee companies imported goods from 174 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.

Tennessee Exports and Imports are Linked Through Global Value Chains

- In 2019, 60 percent of Tennessee goods imports were raw materials, components and parts that are used by U.S. manufacturers to stay competitive.
- Many of Tennessee's top imports are critical components for Tennessee exports. Conversely, Tennessee exports of raw materials and parts may return to the United States in imported finished goods.

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. Tennessee 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 Tennessee and United States.

By the Numbers

15%
Increase in Tennessee Goods Exports to FTA Partners Between 2010 and 2019

Per Capita Purchases of Tennessee Goods, 2019

$32.38

$2.35

Non-FTA Countries

FTA Partner Countries

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

In 2019, FTA partners purchased 13.8 times more goods per capita from Tennessee than non-FTA partners.

- In 2019, $15 billion of Tennessee's goods exports, or 49 percent, went to FTA partners.
- Since 2010, Tennessee's goods exports to countries with FTAs in effect with the United States in 2019 have increased by 15 percent.
- Tennessee's exports to Canada and Mexico have increased by $8.8 billion (366 percent) since NAFTA went into effect in 1994.
- Tennessee's exports to Guatemala have increased by 209 percent – from $48 million to $149 million – since the FTA with Guatemala took effect in 2006.
- Tennessee's exports to Singapore of medical equipment have increased from $1.2 million to $564 million since the FTA with Singapore went into effect in 2004.
- In 2019, $2.6 billion of Tennessee's services exports, or 27 percent, went to FTA partners.
- Tennessee's exports to Singapore of equipment installation, maintenance, and repair have increased from $5.7 million to $28 million, or by 398 percent, since 2006 (earliest year available).

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.

Tennessee is no exception. Foreign-owned companies make significant investments in Tennessee to open or expand facilities every year and are important customers for local goods and services providers. Subsidiaries of foreign-owned companies alone employed hundreds of thousands of workers in Tennessee in 2019, including:

- 47,500 workers employed by companies based in Japan;
- 25,400 workers employed by companies based in the United Kingdom;
- 21,800 workers employed by companies based in Germany;
- 19,500 workers employed by companies based in France;
- 16,600 workers employed by companies based in Canada.

Foreign-Owned Companies Employed 203,400 Tennessee Workers Across Many Industries, 2019

Selected Foreign-Owned Companies Employing Workers in Tennessee

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Esoteric Laboratories (AEL)</td>
<td>Medical services</td>
<td>Australia</td>
</tr>
<tr>
<td>BASF Corporation</td>
<td>Chemicals manufacturing</td>
<td>Germany</td>
</tr>
<tr>
<td>Bridgestone Americas, Inc. (HQ)</td>
<td>Tire manufacturing</td>
<td>Japan</td>
</tr>
<tr>
<td>Denso Manufacturing Athens Tennessee, Inc. (DMAT)</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>Sony/ATV Music Publishing</td>
<td>Entertainment services</td>
<td>Japan</td>
</tr>
<tr>
<td>Tate &amp; Lyle Ingredients Americas LLC</td>
<td>Food products manufacturing</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Yamaha Jet Boat Manufacturing</td>
<td>Transportation equipment manufacturing</td>
<td>Japan</td>
</tr>
</tbody>
</table>

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DATA SOURCES

TENNESSEE JOBS DEPEND ON TWO-WAY TRADE

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


TENNESSEE 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)


TENNESSEE COMPANIES EXPORT THROUGHOUT THE WORLD


TENNESSEE 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/)

TENNESSEE NEEDS TRADE AGREEMENTS TO GROW


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

FOREIGN INVESTMENT IN TENNESSEE 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)

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