

TENNESSEE

RECENT IMMIGRATION PATTERNS

by Steven G. Livingston

Immigration is an aspect of globalization. It is a response to the changes and opportunities provided by a globalizing economy. While we have devoted great attention to the expanding flow of trade and investment into this state, perhaps it's time to take a look at the flow of people as well. Below we examine at the county level the recent pattern of immigration into Tennessee.

Tennessee was long one of the most isolated American states. In 1960, for example, 5.4% of Americans, but only 0.4% of Tennesseans, were foreign born. Only Mississippi and Arkansas had a smaller foreign-born percentage of their population. Even today, just over 3% of Tennesseans are foreign born, as opposed to over 13% of all Americans. From this perspective, Tennessee does not appear very globalized, and immigration does not seem particularly significant. However, we should recall that in absolute terms, more than eight times as many Tennesseans today are foreign born than was the case 50 years ago. Whereas in 1960, immigration to Tennessee stood at 7% of the national average, in 2000 it had grown to just over 22% of that average. Tennessee is slowly catching up.

It is perhaps not surprising that the overwhelming number of immigrants over the past decade and a half have located in a small number of counties. More than three of every four immigrants moved to just one of 10 counties in the state (shown in the table).

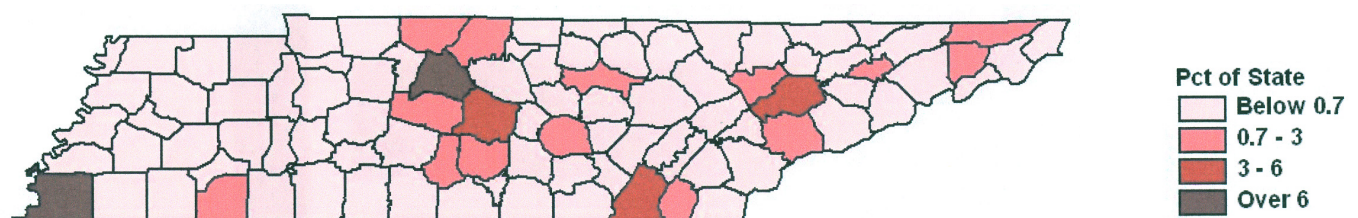
| Destination: % of All Immigrants to TN since 1995 | |
|--|--------|
| Davidson | 29.93% |
| Shelby | 20.29% |
| Hamilton | 5.72% |
| Knox | 5.30% |
| Rutherford | 3.82% |
| Williamson | 2.97% |
| Hamblen | 2.85% |
| Bedford | 2.30% |
| Sumner | 1.58% |
| Putnam | 1.50% |

| Total Immigration 1995-2010: Top TN Counties | |
|---|--------|
| Davidson | 33,227 |
| Shelby | 22,533 |
| Hamilton | 6,356 |
| Knox | 5,888 |
| Rutherford | 4,238 |
| Williamson | 3,293 |
| Hamblen | 3,166 |
| Bedford | 2,554 |
| Sumner | 1,755 |
| Putnam | 1,671 |

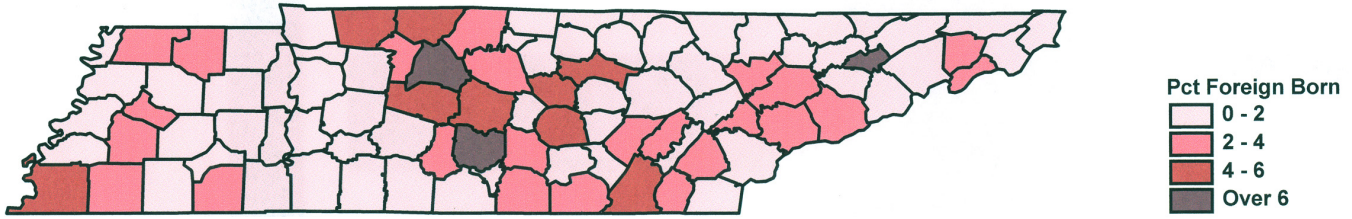
These are, of course, the urban clusters around the state's major cities. Immigration has been strongly urban in character. The map below reinforces this. For the past 15 years, immigration has been clearly concentrated around Nashville, Memphis, Chattanooga, and Knoxville. Most other areas of the state are recipients of very modest levels of immigration. This data, however, does not adjust for the size of the community. Counties of small size are unlikely to attract large numbers of immigrants, but that does not mean that immigration is not having a significant impact and is not a major local issue. We also need to look at the relative size of county immigration. The table above makes that comparison. It shows every county in the state where at least one out of 25 persons is foreign-born, as of 2009. This data is also displayed in the map below.

continued on page 2

County Percentage of Total Tennessee Immigration, 1995-2010



Percent of County Population That Is Foreign Born, 2005–2009



IMMIGRATION
continued from page 1

This perspective reveals, for example, the interesting case of Hamblen County, which turns out to be one of the most immigrant-intensive counties in the state. Generally, however, this data reinforces the urban character of the state’s immigration. Immigration is clearly tracking the perimeter of the Nashville MSA as well as the Memphis and Chattanooga metro areas. Rural western Tennessee, the upper Cumberland plateau, and the Appalachian region of the state are far less touched by immigration, typically showing foreign-born populations of under 2% of the total county population. At those levels, it is difficult to imagine that immigration has substantially altered or affected the local economy or society.

A further measure of county immigration is its rate of growth. How rapidly is the immigrant population growing relative to the local population? Here we present two maps that measure growth in slightly different ways. The first shows the percentage of the 2010 population that has immi-

HAMBLLEN COUNTY TURNS OUT TO BE ONE OF THE MOST IMMIGRANT-INTENSIVE COUNTIES IN THE STATE.

% of 2010 Population That Has Immigrated since 1995: Top TN Counties

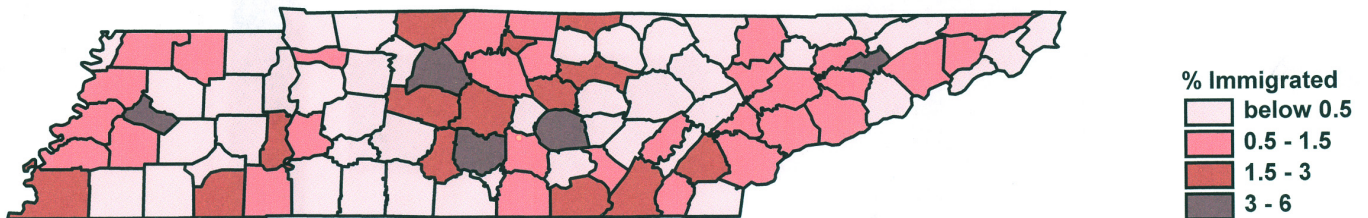
| | |
|-----------|-------|
| Bedford | 5.56% |
| Davidson | 5.23% |
| Hamblen | 5.02% |
| Warren | 3.31% |
| Crockett | 3.13% |
| DeKalb | 2.53% |
| Shelby | 2.45% |
| Putnam | 2.31% |
| Robertson | 2.27% |

grated into the county since 1995. The second is a map of the percentage growth of the immigrant population between 2000 and 2005–2009.

The two maps do not yield markedly different results. We pick up one additional pattern. Relatively, the Chattanooga-

continued on page 6

Percent of 2010 Population That Has Immigrated Into the County since 1995



Growth of Immigrant Population (%) between 2000 and 2005–2009



2nd Quarter 2011

DECLINING COTTON PRICES HAVE REDUCED ITS EXPORT VALUE.



2nd Quarter 2011

CAR RADIOS RECEIVED A STRONG SIGNAL.



2nd Quarter 2011

MEDICAL-EQUIPMENT "MUSICAL CHAIRS" SENT EXPORTS FROM LUXEMBOURG TO BELGIUM.



Tennessee's Largest Export Sectors

| | Exports | Change from Last Year | Change from Last Quarter |
|------------------------------|---------------|-----------------------|--------------------------|
| Medical Equipment & Supplies | \$782,578,996 | 17.6% | 3.9% |
| Motor Vehicle Parts | \$697,574,296 | 23.9% | -6.0% |
| Basic Chemicals | \$534,176,126 | 18.1% | 5.7% |
| Computer Equipment | \$484,085,543 | 15.5% | 0.9% |
| Synthetic Rubber & Filament | \$451,538,697 | 13.1% | 7.1% |
| Aerospace Products & Parts | \$339,234,095 | 34.8% | 9.3% |
| Cotton | \$334,391,437 | 93.0% | -19.4% |

What's Hot and What's Not*

| | Value of Exports | Growth | Decline |
|--|------------------|------------|---------|
| SECTORS WITH THE GREATEST GROWTH | | | |
| Car Radios | \$13,377,237 | 128,924.3% | |
| Vegetable Oil | \$36,314,663 | 2,581.0% | |
| Bulldozers | \$15,357,301 | 366.7% | |
| Oak Wood | \$18,953,072 | 206.5% | |
| Aluminum Plates | \$81,695,534 | 122.1% | |
| SECTORS WITH THE GREATEST DECLINE | | | |
| Miscellaneous Motors | \$5,104,951 | | -84.1% |
| Non-Daily Newspapers | \$5,177,179 | | -71.0% |
| Coated Paperboard > 150g/sg. meter | \$7,294,212 | | -61.4% |
| Tobacco | \$11,698,872 | | -60.8% |
| Safety Airbags & Parts | \$10,393,595 | | -53.7% |

*Among Tennessee's top 100 exported goods.

Fastest-Changing Export Destinations

| | Value of Exports | Gain | Decline |
|--|------------------|----------|---------|
| COUNTRIES WITH THE GREATEST GROWTH | | | |
| Djibouti | \$18,254,522 | 3,800.6% | |
| Bangladesh | \$9,768,131 | 353.0% | |
| Morocco | \$11,927,210 | 286.0% | |
| Belgium | \$299,078,209 | 144.4% | |
| Finland | \$9,755,218 | 118.1% | |
| COUNTRIES WITH THE GREATEST DECLINE | | | |
| Luxembourg | \$14,478,609 | | -89.3% |
| Jamaica | \$7,028,015 | | -57.1% |
| Oman | \$5,751,029 | | -55.1% |
| Bahrain | \$4,943,777 | | -53.4% |
| Hungary | \$5,046,124 | | -49.9% |

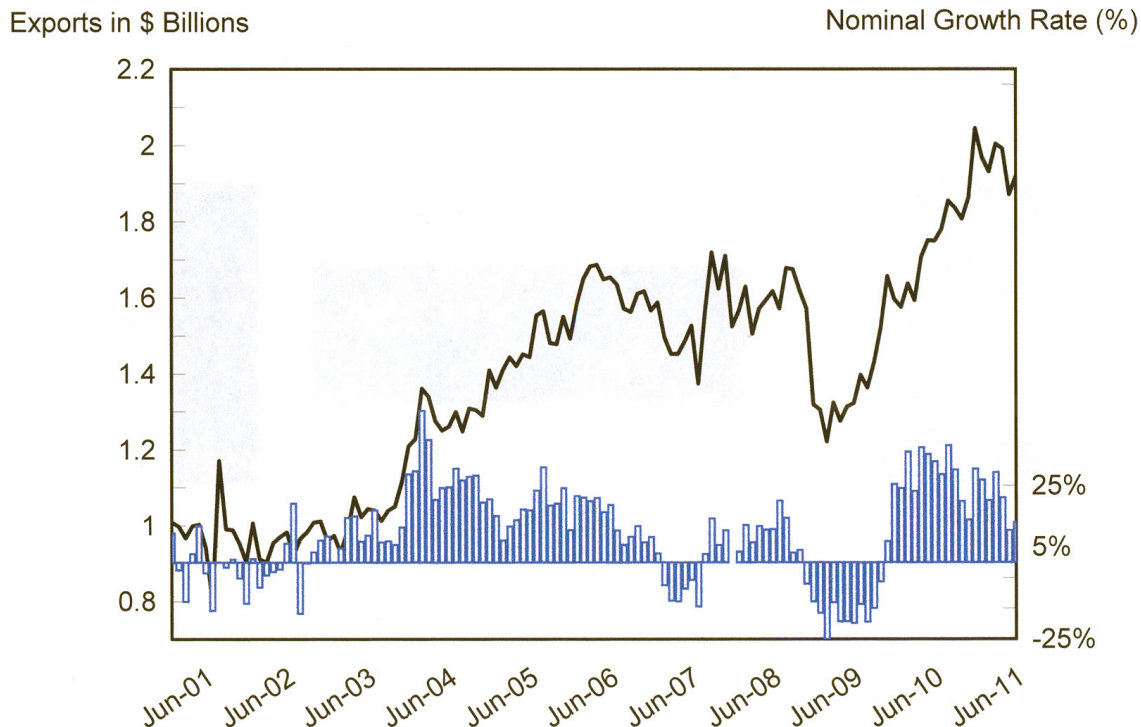
(Among countries averaging more than \$3 million in sales per quarter)

Global Commerce, published quarterly by the Business and Economic Research Center, Jennings A. Jones College of Business, Middle Tennessee State University, is available free of charge to interested individuals and institutions.

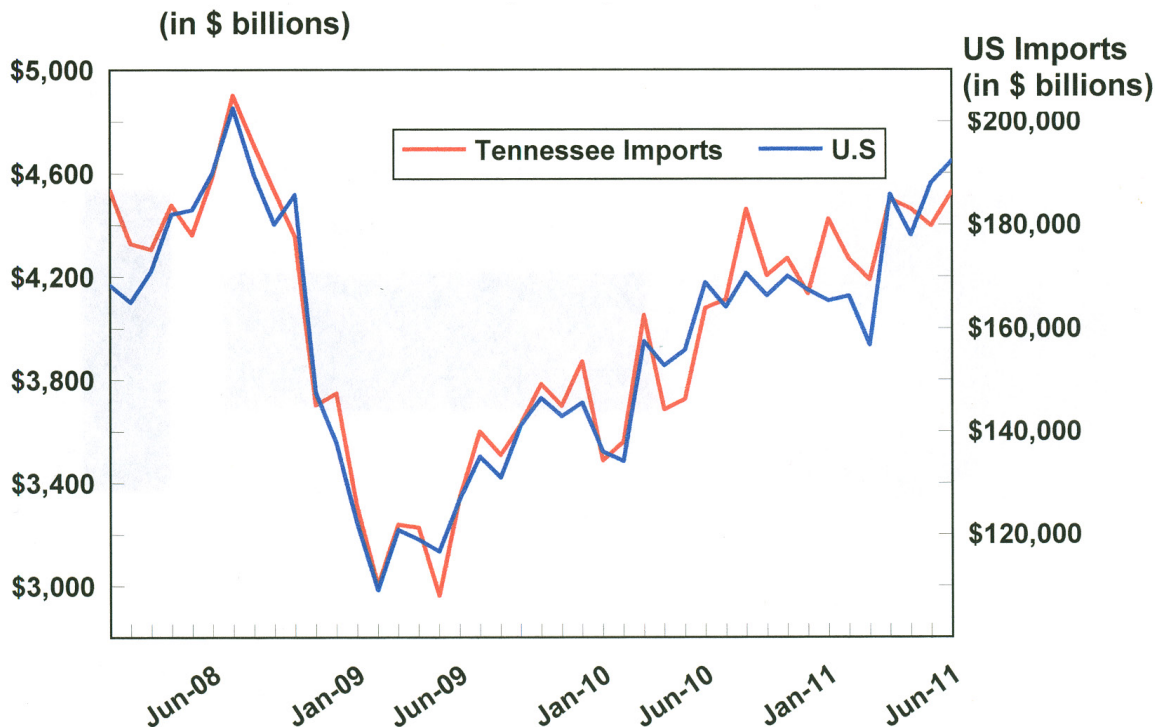
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Tennessee Monthly Exports



Tennessee Monthly Imports





ONLY THREE OF THE STATE'S TOP 25 EXPORTED COMMODITIES LOST GROUND IN THE QUARTER.

Tennessee exporters enjoyed a very strong second quarter. The state's foreign shipments grew to \$7.341 billion, up 15% from a year ago. This slightly lagged the national performance, however. Total American exports gained just under 17.8% over the same period. The export gains were broad, whether in terms of product or geography. Only three of the state's top 25 exported commodities lost ground in the second quarter, and only the Middle East, among the state's major trading regions, experienced a decline for the quarter.

Exports of medical equipment, auto parts, and cotton all increased by more than \$100 million. Other strong sectors included chemicals (especially titanium dioxide products), computers (though laptop sales were flat), synthetic fibers, aircraft parts, and aluminum plating. The state's performance would have been even better but for a very large drop in car and SUV exports. Sales of these products fell over \$130 million, to \$167.4 million. Eighty million dollars of that loss was sustained in the Middle East, accounting for the poor performance of that market for the quarter. The other two major commodities that fared poorly for the quarter were paper and paperboard (off \$2.5 million) and the export of printed materials (off \$21 million).

Tennessee's best region, in percentage terms, was Latin America. Foreign shipments were up by just about a full one-third. Computers, chemicals, and medical equipment led the way. Though exports to Brazil were up 18%, the state's gains were really made in the region's "second-tier" markets. Exports to Chile and Colombia, the second- and third-largest markets within Latin America, grew by nearly 50%, while foreign shipments to Peru and Guatemala, fifth and sixth largest, were up by more than 50%. Sandwiched in between was Argentina, to which shipments from Tennessee increased by 30%, roughly the regional average.

Exports to Asia also grew robustly. China purchased nearly \$100 million more in Tennessee goods from a year ago (to \$523 million). Cotton, synthetic fibers, medical goods, and computer equipment were at the heart of this increase. Though sales to Hong Kong were flat, they were up 41% to Taiwan. Japan was surprisingly strong, given the difficulties that country has faced this year. There Tennessee exports grew from \$320 to \$381 million, with medical equipment once again the star performer. Shipments to Southeast Asia were also solid, thanks to aircraft parts, cotton, and synthetic

fiber sales. Singapore remains the largest market in the region, but Thailand was without doubt the best market, as its purchases of Tennessee goods more than doubled for the quarter.

Tennessee exporters made similar gains in Mexico and Canada. Each of these countries saw its imports of Tennessee products rise by more than 13%. In Mexico, the story was automotive engines, cotton, and aluminum plating, while for Canada, the gains were made in auto parts, computers, and agricultural machinery.

Though the Middle East was the only area to see a decline in shipments from Tennessee, Europe proved a tough market for the quarter. Though sales to the U.K. were up \$30 million, thanks mostly to aircraft-related purchases, the eurozone market grew by only 7% (to \$1.011 billion). Economic difficulties in Spain (off \$18 million) and in Greece, Italy, and Portugal (each off \$1 million) clearly are creating a headwind for state exporters. It is even more surprising that exports to Germany fell 13%, a loss of \$27 million. Products performing strongly in the rest of the world, such as auto parts and chemicals, lost sales in Germany. A huge shift in medical equipment exports from Luxembourg to Belgium gave the illusion that the latter country was the best market among the eurozone nations for the quarter, but in fact the Netherlands' \$35 million growth (to \$222 million) was the strongest "real" performance in the region.



FOR THE FIRST TIME IN MEMORY, SECOND-QUARTER EXPORTS WERE SMALLER THAN THOSE OF THE FIRST QUARTER.

In sum, Tennessee exports are continuing the strong growth that began from the trough of the global downturn in late 2008. The breadth of the products involved in these gains bodes well. However, there are some concerns on the horizon. For the first time in memory, second-quarter exports were smaller than those of the first quarter. This was mostly due to large declines in the value of cotton sales (as cotton prices continued their fall) and the substantial loss of motor-vehicle exports. Both trends appear to be continuing as the year progresses. Recent events in Europe suggest that the European markets will continue to be weak as well. These two trends could spell trouble. Tennessee's July exports were up a more modest 10% from a year ago and once again fell short of the nation's export performance. The state will have to rely on the performance of its other large export sectors to continue to do well for the remainder of the year. ■

IMMIGRATION

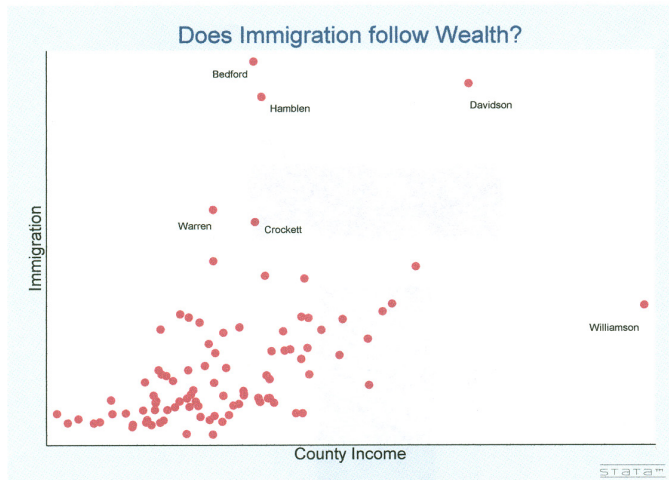
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Knoxville corridor appears to have experienced greater immigrant growth than many other areas of the state, but the basic finding remains the same. The state's major metro areas, particularly Nashville, Chattanooga, and Memphis, are where immigration is having its biggest impact in the state. In only three counties — Bedford, Davidson, and Hamblen— do new immigrants (those arriving after 1995) compose more than 5% of the total county population. Elsewhere state counties are experiencing much smaller levels of immigration than in most of the United States.

Numerous factors explain where immigrants chose to locate within the state. One general pattern is that immigration tends to rise with county income. Wealthier counties attract more immigrants, as shown in the graph of immigration levels against Tennessee county incomes. A second pattern is industry-related, as counties with large food-processing and agricultural sectors typically gain more immigrant workers. This explains most of the counties with unusually high immigration rates, such as Bedford, Warren, and Hamblen. Davidson presents a unique puzzle. It is by far the state's leading recipient of immigrants. To an extent this reflects a third pattern, the development of networks of immigration in which new generations choose to locate near existing immigrant communities with which they have ties. But there are clearly idiosyncratic factors affecting immigration, as indeed there are throughout the state.

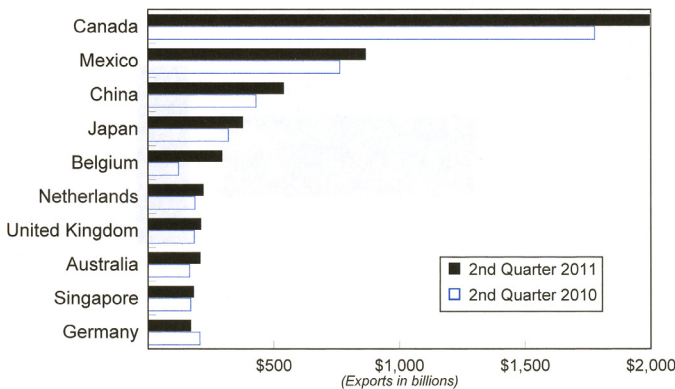
DAVIDSON PRESENTS A UNIQUE PUZZLE. IT IS BY FAR THE STATE'S LEADING RECIPIENT OF IMMIGRANTS.

Does Immigration Follow Wealth?

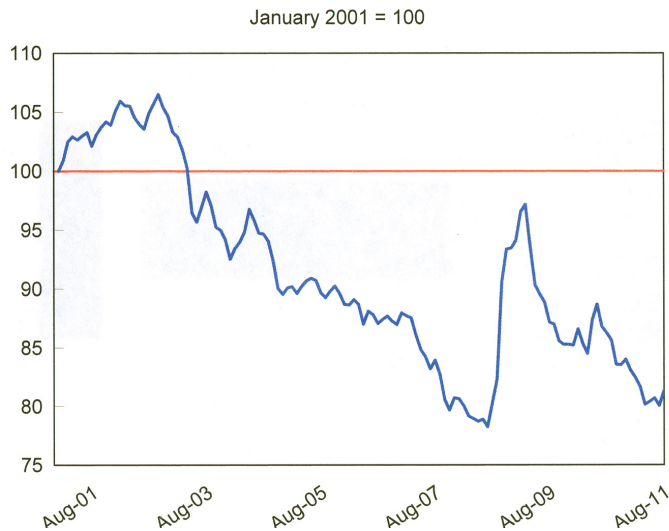


Immigration to Tennessee is growing relative to the rest of the U.S., even if the state is not seeing the absolute levels experienced in other areas of America. Most immigrants are settling in a handful of urban counties and are responding to job opportunities available to them. Though generally not included in discussions of Tennessee and the global economy, immigration is without doubt another aspect of the state's deepening ties with that economy. ■

Tennessee's Leading Trade Partners



Tennessee Trade-Weighted Dollar Index



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