



Mapping Tennessee Exporters



by Steven G. Livingston

Tennessee is home to more than 7,000 exporters. On average, each exports dramatically more than a decade earlier. In 2012, the average Tennessee exporter shipped goods valued at just over \$4 million, nearly doubling the amount of 2003. The number of importers is somewhat smaller (5,430 in 2012), but at \$11 million per firm, the average value of their imports is even larger. (These figures are for the entire firm, which in many cases may have more than one plant.)



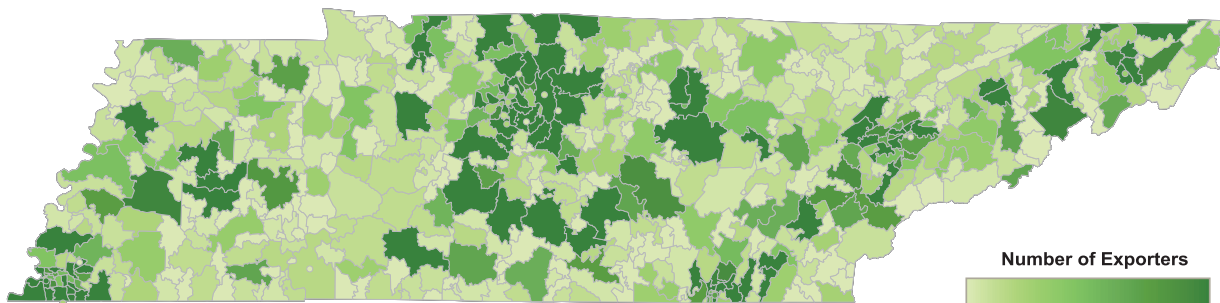
In Tennessee, the number of exporters has risen

- 10% since the recovery began in 2009, and
- 20% since the start of the century.

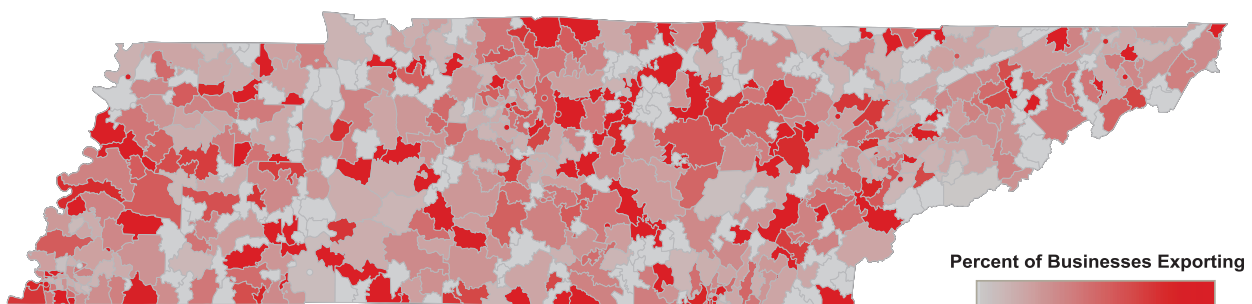
The state broadly mirrors trade trends across the U.S. The number of firms involved in foreign trade has been rising steadily, though punctuated with large drops after the dotcom bust of 2000 and then the financial

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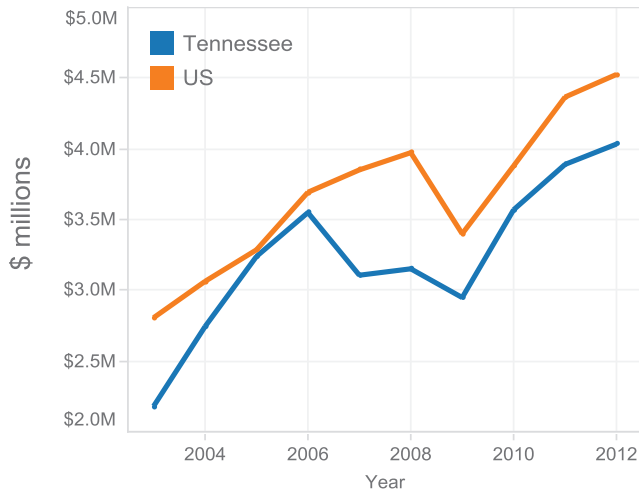
The Geography of Exporting



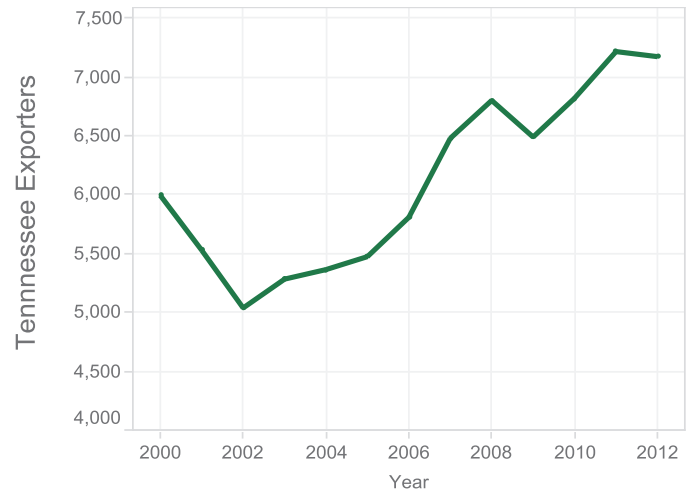
Export Intensity across Tennessee



Average Value of Exports per Exporting Firm



Number of Tennessee Exporters



continued from page 1

meltdown of 2008. In Tennessee, the number of exporters has risen 10% since the recovery began in 2009 and 20% since the start of the century. The average state exporter still lags its national counterpart in the value of its exports, with the chart indicating that it was perhaps harder hit by the more recent crisis.

More recently, the federal government has begun tracking the export performance of so-called “small and medium sized” exporters (SMEs), those that employ fewer than 500 workers. Here the Tennessee profile diverges substantially. Smaller firms obviously export at lower volumes and disproportionately to Canada or Mexico. But Tennessee SMEs export at substantially lower levels than the average American SME. In 2012, they exported about \$724,000 per firm compared to the national rate of \$1,509,000. Moreover, Tennessee’s SMEs account for only about 15% of total state exports. Nationally that figure is 32%. The state actually ranks 48th in that department, with only Delaware’s and

Nevada’s SMEs contributing a smaller portion of their state’s exports. To put it another way, exporting in Tennessee is unusually dominated by large firms.

Two maps provide some insight into the geography of Tennessee trade. The first displays the location of state exporters by ZIP code. The map underscores the discussion of state exporting in other issues of *Global Commerce*. We can see the bands of heavier exporting in the “automotive” ring around the Nashville MSA, the Chattanooga-Knoxville corridor, and Memphis. A second map adjusts the number of exporters by the total number of firms in the ZIP code. This provides us with some measure of “export intensity,” i.e., the scale of exporting relative to the amount of economic activity in the ZIP code. We see an association of export intensity with these same geographical bands, but perhaps the most interesting feature of this map is the dearth of color in East Tennessee between Knoxville and the Tri-Cities and in West Tennessee between Jackson and Nashville. These are areas of low economic activity but even lower international engagement. ■

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	Value of Exports	Change from Last Year	Change from Last Quarter
Medical Equipment	\$849,662,722	-5.8%	-3.9%
Motor Vehicles	\$747,359,481	25.1%	6.0%
Motor Vehicle Parts	\$674,178,181	-9.1%	-5.3%
Computer Equipment	\$558,638,718	2.1%	-4.5%
Basic Chemicals	\$535,554,000	1.2%	1.7%
Synthetic Fibers and Filament	\$470,846,005	11.2%	9.6%
Instruments and Controls	\$376,237,853	-0.5%	-8.5%

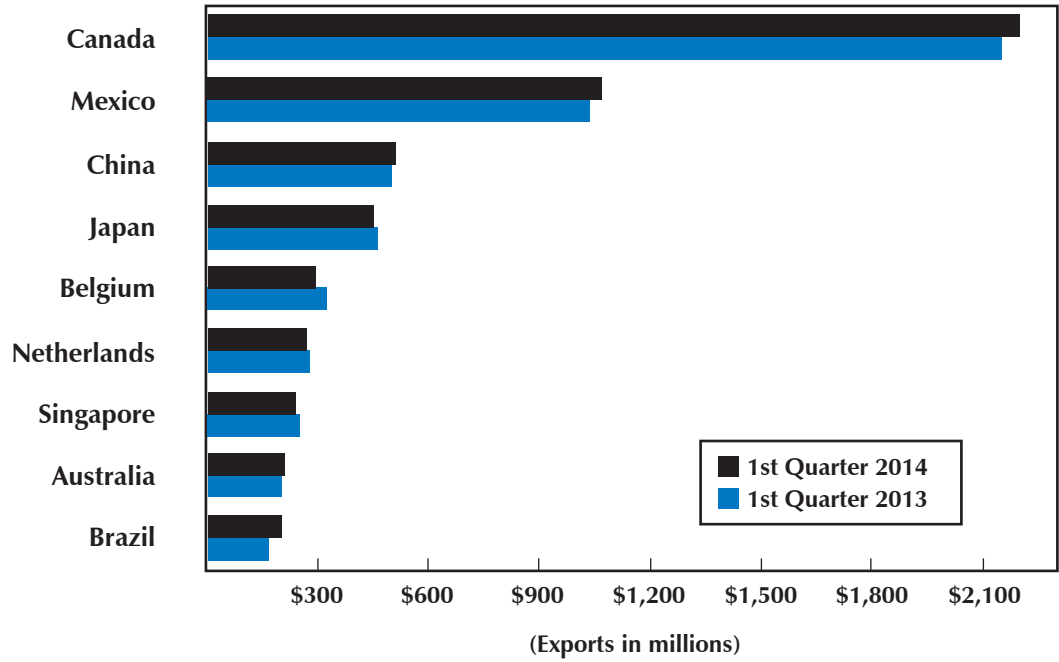
*Among Tennessee's top 100 exported goods

	Value of Exports	Growth	Decline
Sectors with the Greatest Growth			
Iron and Steel Ingots	\$11,214,891	175.0%	
Styrene Polymers	\$15,687,517	148.7%	
Aluminum Waste and Scrap	\$19,227,067	96.5%	
Unwrought Aluminum	\$15,979,635	93.0%	
Iron and Steel Articles	\$32,859,661	82.0%	
Sectors with the Greatest Decline			
Kaolin Coated Paper and Paperboard	\$5,455,272		-76.3%
Machinery for Mixing or Sorting Minerals	\$8,128,754		-59.2%
Automatic Regulating and Control Instruments (and Parts)	\$25,340,739		-57.2%
Synthetic Woven Fabrics	\$9,909,805		-53.5%
Air Conditioners and Parts	\$27,087,570		-46.4%

*Among countries averaging > \$5m sales/quarter

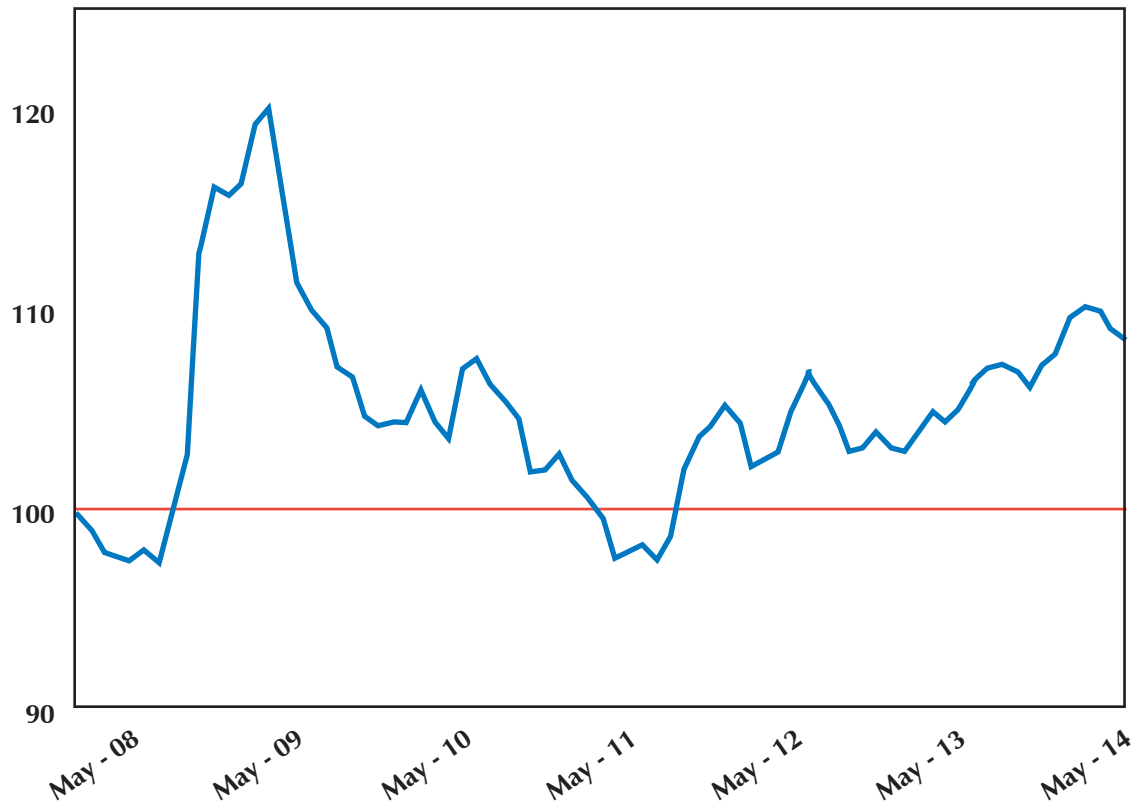
	Value of Exports	Gain	Decline
Countries with the Greatest Growth			
Romania	\$6,796,225	372.2%	
Egypt	\$20,747,805	157.5%	
Saudi Arabia	\$145,960,545	74.2%	
Angola	\$6,177,858	61.3%	
New Zealand	\$11,664,041	58.1%	
Countries with the Greatest Decline			
Pakistan	\$6,257,226		-73.6%
Bangladesh	\$3,492,968		-52.9%
Jamaica	\$3,709,389		-50.9%
Morocco	\$4,012,941		-45.4%
Venezuela	\$10,302,275		-39.3%

TENNESSEE'S LEADING TRADE PARTNERS



TENNESSEE TRADE-WEIGHTED DOLLAR INDEX

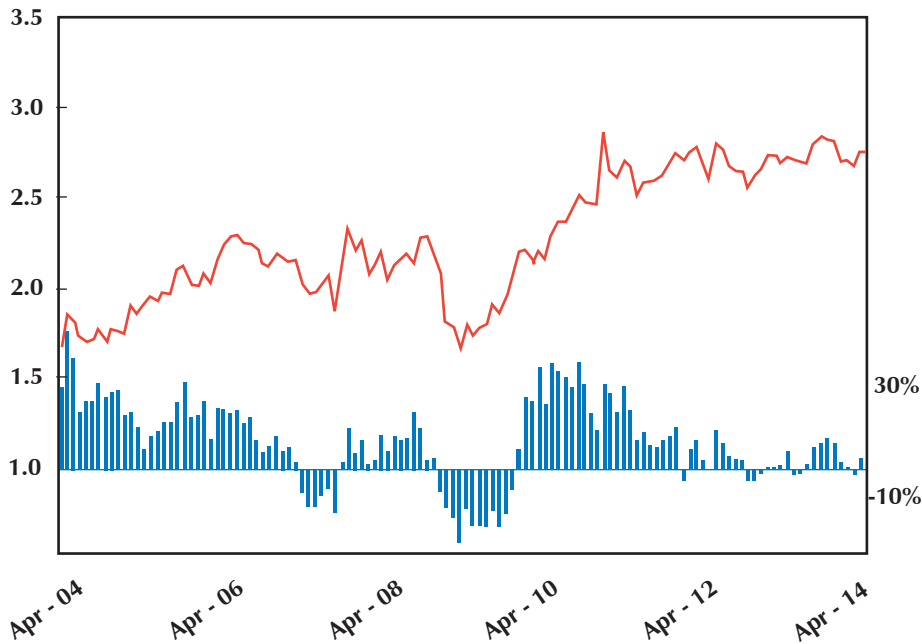
January 2008 = 100



TENNESSEE MONTHLY EXPORTS

Exports in \$ Billions

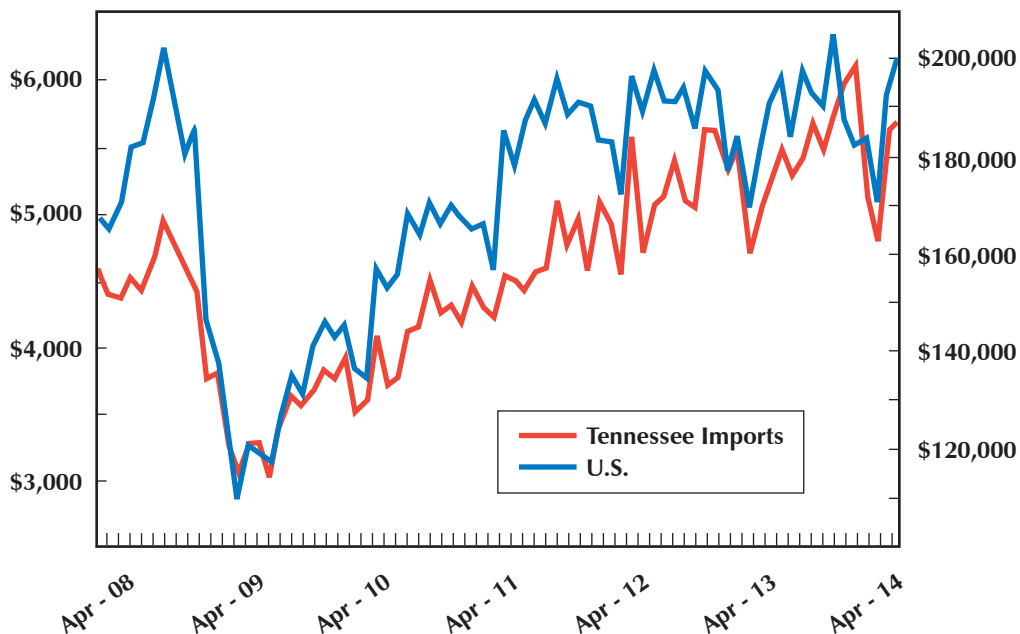
Nominal Growth Rate (%)




TENNESSEE MONTHLY IMPORTS

In \$ Millions

U.S. Imports in \$ Millions





The state surpassed the \$8 billion mark for the fourth consecutive quarter.

Tennessee exports increased an anemic 1.46% in the first quarter of the year. This reflects a generally slow quarter for the U.S., with national exports up only 2.6%. However, the state surpassed the \$8 billion mark for the fourth successive quarter (\$8.039 billion). There was a remarkable sameness across global markets. All of Tennessee's largest regional markets performed very similarly. While foreign shipments inside NAFTA grew by 2.8% and sales to China were up a meager 2.6%, exports were flat or slightly down to Europe, Japan, and Southeast Asia. The Middle East was stronger, with exports up about 5% to that region. The two solid performances were in Australia (up 9.2%) and Latin America (9.9%). (It may interest you to note that Tennessee exports more to the Middle East than it does to Latin America.) All in all, not a very exciting quarter.


But it would have been a lot worse were it not for the continuing exceptional growth in automobile exports. Shipments of passenger cars from Tennessee to the rest of the world increased from \$587 million to \$753 million, a remarkable 28% increase. A little over \$100 million of that was within NAFTA, accounting for most of the net gains in that region. (Exports to Canada would have fallen 4% were it not for cars.) Automobiles were also behind the (relatively) good performances in Australia, the Middle East, and Latin America. Colombia and Chile combined to bring car exports to Latin America from virtually zero to \$23 million. Both Australia and the Middle East were net negative for the quarter if we omit car sales. The only market where cars performed poorly was South Korea, where sales were off \$15 million and accounted for most of that market's net decline for the quarter (from \$191 million to \$173 million).

The dependence on cars for export growth explains the state's first-quarter struggles throughout the rest of the world. Where there were not significant auto exports, nothing else could take up the slack. Medical-sector exports, so important in the Japanese and European markets, stalled in each. Globally Tennessee's medical instrument shipments were off \$10 million (to \$658),

while pharmaceuticals were down 16% (to \$128 million). The two regions where medical sector exports fared best were China and Latin America, explaining part of the relatively better performance of these markets.

Latin America actually shrugged off rather substantial declines in Tennessee computer and laptop exports to post its gains. Besides autos and medical instruments, aircraft-related and cellular phone-related exports were the major reasons the continent was the state's best export market for the quarter. The gains were widely spread across the continent, although there was a large reversal in sales to Chile, for several years one of the state's strongest markets. That was due to a collapse of laptop sales.

Though it was cars by a mile, several other industries had reasonable quarters. Whiskey shipments rose just over 20% (to \$155 million). The best whiskey performances were in Europe, where it was among the few Tennessee exports to shine (which may say something about life in Europe these days?). Polyesters, cellulose, cellular phone networking devices, and aircraft round out the other sizable export sectors that turned in a solid quarter. Among smaller export industries, the best performing were in "basic goods" such as wood or iron and steel goods.



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Suffering sectors included cotton (falling from \$204 million to \$184 million), auto parts, dyes and coloring matter, industrial instruments, and mechanical shovels.

With the state's first-quarter export performance firing on just one cylinder, we might be a bit concerned about the coming months. April exports were up about 4%, with reasonable performances in the aircraft and plastics sectors, as well as cars (again), so we can hope for some improvement. But trying to increase foreign sales in a slow global economy is proving to be a tough road for many Tennessee exporters. ■