

Global Commerce

Tennessee and the International Economy

Tennessee's Best-Known Exports

by Steven G. Livingston

Tennessee exports just about everything, from live carp (\$95,969 worth of them in 1999) to dental floss (\$388,495). *Global Commerce* generally covers trade at fairly aggregated levels because it is at these levels that we can best observe trends and assess the impact of exports on the state economy. However, we frequently receive questions about specific exported goods, especially products that are associated with the state by the general public. In this issue, we'll answer some of these questions by giving you the export numbers for some of the products linked to Tennessee, whether by reasons of sentiment or economic importance.

Transportation

Most Tennesseans probably know that transportation is this state's major industry, but they may not realize that it doesn't just include cars. Tennessee exports almost every conceivable mode of transportation, as Table 1 indicates. (By the way, although it has probably been a few years since it could pass muster as transportation, the state continues its famous trade in mules as well. The mule trade is still centered in Columbia, and last year Tennessee exported just a



Table 1. Modes of Transportation

	Dollar Value
Passenger Vehicles	\$346,485,038
Road Tractors	\$58,367,303
Motorboats	\$32,268,830
Other Boats	\$11,014,944
Airplanes	\$9,481,209
Helicopters	\$9,462,093
Motorcycles	\$433,469
Bicycles	\$98,594

shade under half a million dollars of them!)

Aircraft parts are big business in this state. Last year, exports of turbojets totaled \$464.8 million, and firms sold \$324 million in airplane parts to foreign buyers.

Nevertheless, the automotive sector does constitute the bulk of the state's transportation industry. Over \$400 million in vehicles were exported in 1999, but this figure is dwarfed by the trade in auto parts and accessories. Tennessee firms shipped well over \$3 billion in auto components and parts to foreign markets last year. Table 2 shows the largest of the exports. Note that these figures do not include products such as wiring, pipes, and tubing that are not recorded by end use.

Table 2. Largest Auto Component Exports 1999

	Dollar Value
Body Parts	\$375,341,390
Tires	\$253,021,931
Spark-Ignition Engines	\$144,372,060
Auto Glass	\$70,601,360
Speedometers and Tachs	\$67,490,996
Brakes	\$67,228,319
Oil and Fuel Filters	\$63,374,665
Regulating Instruments	\$58,873,033
Metal Mountings	\$56,745,641
Steering Wheels	\$40,990,040
Gear Boxes	\$40,856,793

Tennessee firms shipped well over \$3 billion in auto components and parts to foreign markets last year.

continued on next page



Best-Known

continued from front

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Music

Perhaps no other industry is as popularly associated with Tennessee as the music industry. The state license plate exclaims that "Tennessee Sounds Good to Me," and export figures suggest overseas buyers agree. Last year state exporters sold \$10 million worth of acoustic stringed instruments, \$5.3 million of amplified guitars, and \$1.5 million of other musical instruments. Foreign sales of studio recording gear topped \$34 million. Unrecorded media exports (tapes, CD, laser disks) stood at \$17,798,109, while sales of recorded media were just under \$8 million. (Remember that the music industry's biggest source of foreign income, royalties, is not reported in export figures.) Finally, even sheet music goes abroad, last year to the tune of \$374,099.

Whiskey

Tennessee's sour mash whiskey is world famous, and we receive more questions about its export than that of any other product. For the record, state distilleries shipped \$131,970,153 worth of whiskey to seventy-five countries last year. Perhaps more surprising is the \$12.2 million in beer exports. Tennessee even managed \$27,802 in foreign wine sales and \$234,115 in liqueur sales for the year. The latter, of course, was through distributors located in the state.

Tobacco and Cotton

Tobacco and cotton are the state's two best known agricultural products. Last year the state exported \$125,386,485 of cotton, while raw tobacco exports totaled \$56.4 million. Tobacco products do not compose a sizable portion of the state's trade in manufactures, as Table 3 indicates. These two crops remain by far the biggest agricultural exports. For those more interested in the animal kingdom, chickens (\$7.4 million), and chicken parts (\$22 million), are the state's biggest livestock and meat exports.

Tobacco and cotton remain by far the state's biggest agricultural exports.



Table 3. Tobacco and Tobacco-Related Exports 1999

	Dollar Value
Tobacco	\$56,383,072
Cigars	\$127,269
Cigarettes	\$121,688
Tobacco Waste	\$67,443
Extract and Other Products	\$149,132

Food

Chattanooga is known for its confectionary industry. Unfortunately, we do not have individual figures for moon pies and Goo-Goo Clusters, but we do know Tennessee firms sold about \$12 million of cookies overseas and in the neighborhood of \$15 million in candies. It may be a surprise, however, to discover that the state's biggest food export is prepared potatoes. Last year's potato exports totaled \$138,334,014. Cooking oils came next, with foreign sales of \$95 million. Those in need of a well-balanced meal might try adding peas to this menu; at just under \$2 million, this is Tennessee's largest vegetable export.

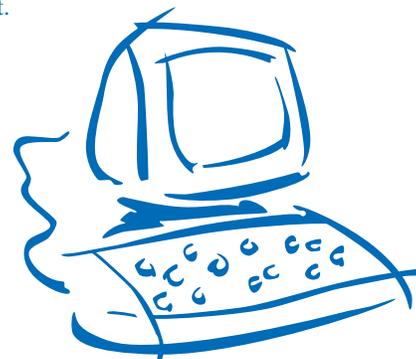


Table 4. High-Tech Exports

	Dollar Value
Computers and Accessories	\$242,057,785
Semiconductors, circuitry, etc.	\$113,708,278
Medical Equipment	\$293,084,041

Technology

High technology is not usually considered a big sector in this state, but in fact, exports of computers, semiconductors, medical instrumentation and equipment, and biotechnology are growing very rapidly. Did you know, for example, that Tennessee exports of vaccines and antibiotics amount to around \$7 million a year? Combined, these products exceeded half a billion dollars in foreign sales in 1999. We highlight this sector because several recent business location decisions promise the potential for large increases in these exports.

The range of Tennessee exports is remarkable. It is difficult to think of a product that someone somewhere in Tennessee is not exporting. Some of these exports, such as those in the chemical or industrial machinery area, are significant factors for the prosperity and future of this state. Others are of smaller size and more of local or historical interest. Tennessee's best-known exports fall into both camps. Yet it's sometimes striking how large these "small" exports can be. You might have known, for instance, that the state sells over \$100 million dollars in color TVs around the world every year, but would you have guessed that it also sells over \$3 million in mussel shells? ■

1st Quarter 2000

Gains in the auto sector were key to a strong quarter.

Tennessee's Largest Export Sectors

	Exports	Change from Last Year	Change from Last Quarter
Transportation Equipment	\$598,761,528	12.9%	0.6%
Industrial Machinery	\$412,945,211	12.5%	3.9%
Chemicals	\$345,047,292	0.3%	-9.0%
Electronics	\$303,069,573	15.6%	0.2%
Industrial and Medical Instruments	\$205,690,045	17.8%	9.8%
Fabricated Metals	\$192,902,925	53.3%	74.1%

1st Quarter 2000

It was the best quarter for farmers in four years.

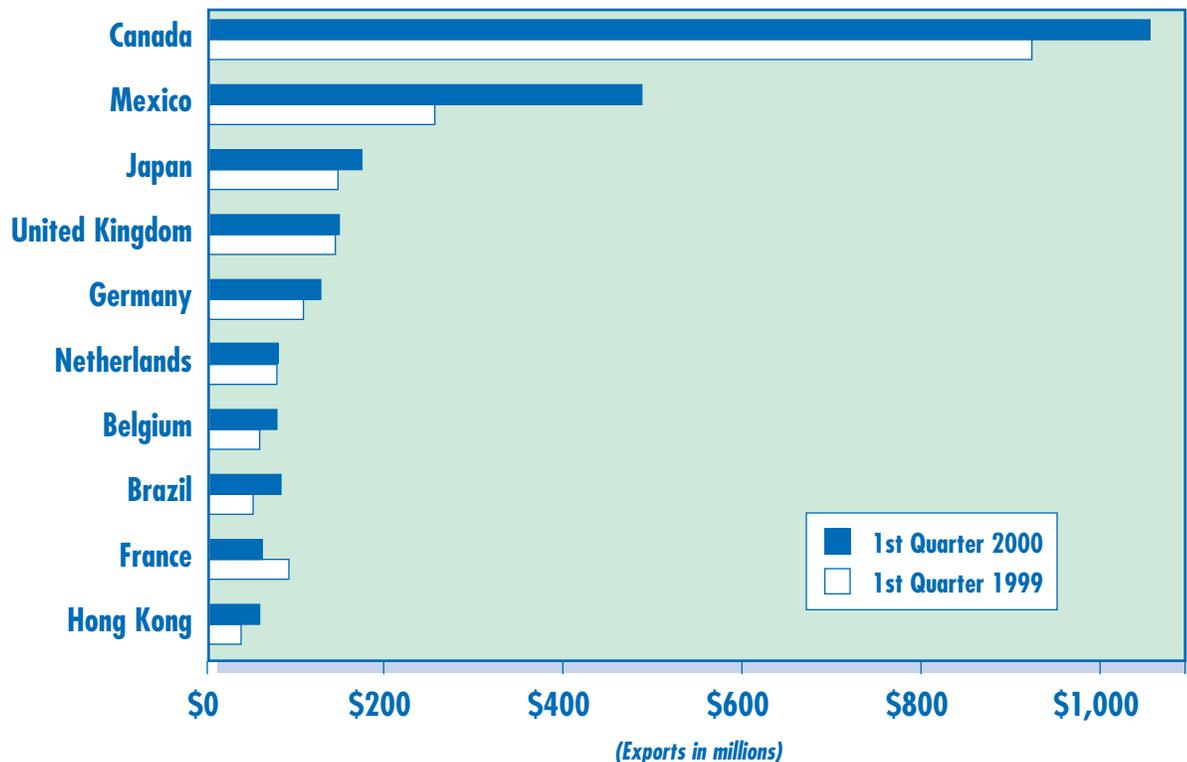
Greatest Growth and Decline in Exports by Industry

(among sectors averaging exports of more than \$2 million per quarter)

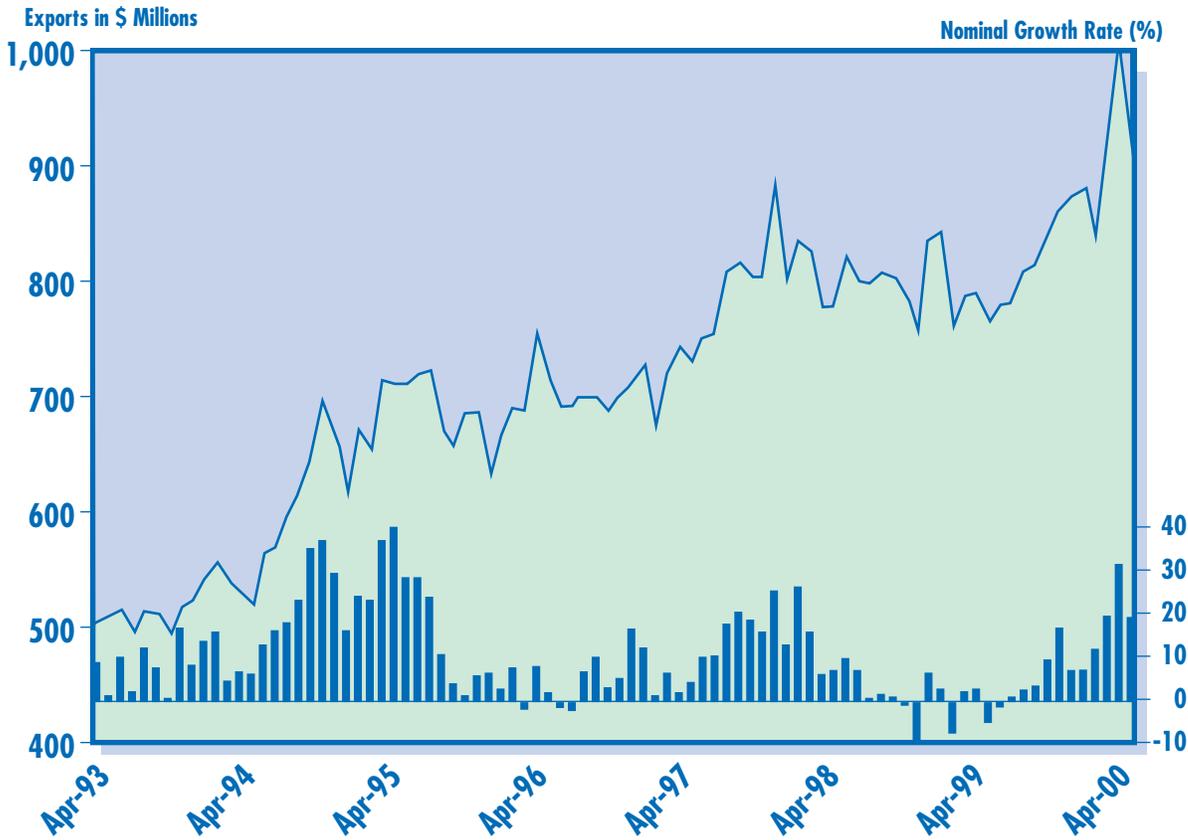
	Value of Exports	Growth	Decline
SECTORS WITH THE GREATEST GROWTH			
Agricultural Crops	\$155,272,257	340.8%	
Environmental Quality	\$30,427,867	311.4%	
Scrap and Waste Materials	\$7,925,119	266.2%	
Fabricated Metal Products	\$192,902,925	53.3%	
Primary Metal Products	\$67,899,621	39.5%	
SECTORS WITH THE GREATEST DECLINE			
Livestock	\$2,378,471		-34.8%
Printing and Publishing	\$34,801,746		-15.8%
Nonmetallic Minerals	\$3,975,036		-14.9%
Chemicals	\$345,047,292	0.3%	
Apparels	\$54,772,698		6.4%

Exports to Mexico nearly doubled.

Tennessee's Leading Trade Partners



Tennessee's Monthly Exports



Nominal exports are running better than \$1 billion a month for 2000.

(Seasonally adjusted, expressed in 1993 dollars)

1st Quarter 2000

GlobalCommerce

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Fastest Changing Export Destinations

(among countries averaging more than \$2 million in sales per quarter)

	Value of Exports	Gain	Decline
COUNTRIES WITH THE GREATEST GROWTH			
Austria	\$8,859,048	217.6%	
Guatemala	\$9,987,596	141.1%	
Colombia	\$14,951,501	125.8%	
Costa Rica	\$10,644,427	98.8%	
Mexico	\$490,858,332	92.2%	
COUNTRIES WITH THE GREATEST DECLINE			
Hungary	\$1,266,813		-62.7%
Russia	\$563,006		-59.7%
New Zealand	\$8,848,227		-46.1%
France	\$60,591,360		-33.5%
Australia	\$40,100,922		-33.4%

Tennessee International Trade Report

With the exception of Tennessee's printing and publishing industry, every major industry posted positive numbers for the quarter.

The year 2000 is off to a great start for state exporters. Tennessee's foreign sales soared to \$3.089 billion dollars in the first quarter. This was the first time that exports exceeded the \$3 billion mark, and it is a gain of more than 20 percent from a year ago. Automotive exports to Mexico are at the core of this large gain, but a number of sectors turned in very strong numbers for the quarter.

Mexico was undoubtedly the most remarkable market. State exports increased 92 percent for the quarter. At \$490.9 million, exports to Mexico have risen to one-and-a-half times the combined exports to France, Germany, and the United Kingdom, the state's three largest European markets. Though many industrial sectors increased their sales in Mexico over the quarter, it was the automotive industry that accounted for the bulk of this huge increase. Automotive exports increased by more than \$100 million dollars from a year ago.

Canada was as reliable as ever. Sales north of the border increased more than 14 percent, crossing the billion dollar threshold. Sales to Canada now constitute a full third of the state's total exports. Again, it was the automotive industry that led the way, though chemical sales and exports of metals and industrial

instruments were also up sharply.

Elsewhere, Latin America was the site of the best export numbers. Sales to South America were up a full third. Central America was only slightly behind, posting a 32 percent gain in sales.

Agricultural crops and transportation sector exports made the biggest gains in these markets. The state also made healthy gains in most Asian markets. Exports to Japan were strong, up 20 percent, thanks to solid gains in food and transportation

sales. The Middle East, the Chinese Economic Area, and the emerging markets of East Asia all posted gains of 20 percent or better.

Electronics and industrial machinery sales led the way, although chemical sales were very strong in China and Hong Kong.

Bucking the trend were Australia and New Zealand, where exports were down sharply. The same sectors so dynamic elsewhere—automotive products and industrial machinery—were down in these markets.

Perhaps more disappointing was the tepid performance in Europe. Here Tennessee exports were up, but less than four percent. The strong dollar appears to be a larger problem for exporters to this region than elsewhere. Many of the difficulties were in France, where, thanks to a very large loss in transportation sales, state exports dropped by a third. Sales to Italy and the Netherlands were essentially flat, while sizable gains were actually made in Germany and the U.K.

Sectorally, most of the news was generated by the auto industry. Transportation, industrial machinery, and electronics—the sectors associated with auto production—each posted double-digit gains in exports. However, in some ways the most remarkable performance was turned in by the state's farmers. After a number of down quarters, state crop exports have suddenly surged, gaining 340 percent for the quarter. The gains were made worldwide but were led by sales increases of \$25 million apiece in Brazil and Turkey. In fact, what is perhaps the most heartening news is that virtually every industry posted positive numbers for the quarter. Tennessee's printing and publishing industry was the only sector of any size whose exports declined.

Early returns suggest the second quarter may be a good one as well. April exports were over one billion dollars, the third billion-dollar month in succession and a gain of 19 percent from a year ago. ■





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INTERNATIONAL

The Tennessee International Trade Database contains extensive information on virtually all facets of Tennessee's global involvement. It includes statistics on the state's international trade; Global Commerce: Tennessee in the International Economy - a quarterly report; sources of local, state, and federal trade assistance; and links to other Internet sites that contain valuable information on international trade and investment.

The database will better allow businesses, academics, local and state governments, and interested individuals to better understand and analyze the economic impact of international trade and investment flows on the region.

Email questions, comments, or suggestions to slivings@mtsu.edu.

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