

# Tennessee International Trade Report

## 4th quarter 2024

Steven Livingston

The value of Tennessee exports fell to \$8.829 for the fourth quarter of 2024, a loss of over \$800 million from the fourth quarter of a year earlier. This compares poorly to the overall American export gain of 1.2 percent for the quarter. Only twelve other states saw larger export declines than did Tennessee.

### **Losses in Several Large Tennessee Export Sectors**

Three of the state's largest export sectors accounted for the lion's share of these losses. Medical instruments, the single largest Tennessee export commodity, lost over \$150 million in exports for the quarter (to \$524 million). The automotive sector, Tennessee's largest industry, saw large declines in car, SUV, and EV exports. Combined, shipments of these vehicles fell from \$730 million to \$411 million, 4th quarter to 4th quarter. This overwhelmed the export gains that did occur in auto parts and lithium batteries. Lastly, there was a very disappointing \$192 million loss in artificial joint exports (nearly half of 2023's 4th quarter exports). The losses in these sectors were joined by sizable drops in the shipments of vaccines (down \$120 million), aircraft (off 27 percent), computer systems (down 17 percent), DVDs, and platinum waste and scrap (by nearly one-half). (The vaccine losses, at least, were a fluke. The \$129 million in 2023 4th quarter exports were a one-time event.)

Such losses were more than enough to counteract the strong gains that did occur in the exports of turbojets, whiskey, storage battery parts, and smartphones, in addition to the auto parts and battery exports mentioned above. Indeed, about half of the state's export sectors grew this past quarter. They just weren't the biggest sectors!

### **Canada is No Longer the State's Largest Market**

The biggest news of the quarter, though, was the displacement of Canada as the state's largest market. Mexico has been rising, relatively, for the past several years, and this past quarter it finally broke through to take the number one spot. This was largely because Canadian exports dropped by almost one-third, from \$2.2 billion to \$1.5 billion. Canada is where the largest losses in auto exports occurred, along with big declines in DVD sales. Mexico on the other hand, grew by 16 percent (to \$1.55 billion) thanks to a variety of products including aluminum foil, car engines (and engine parts), woodpulp,

Figure 1: Tennessee Exports by Region

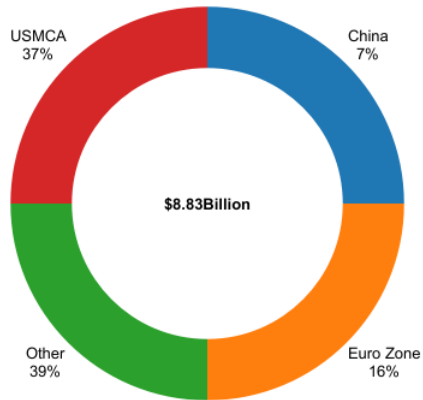
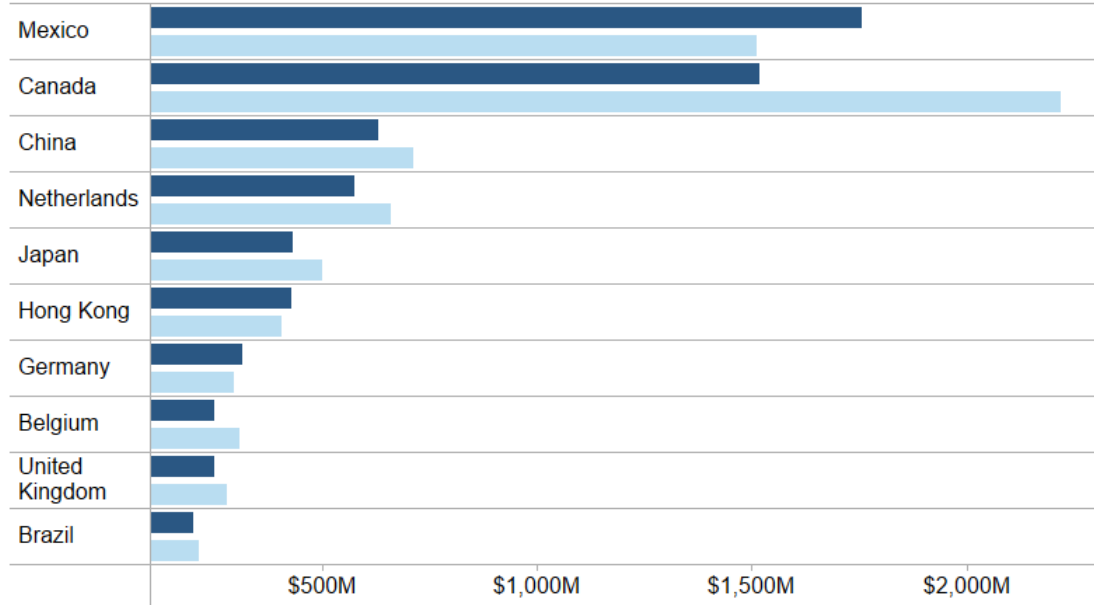


Figure 2: Tennessee's Largest Export Sectors

	Exports	Change from Last Quarter	Change from Last Year
Medical Equipment	\$967,871,202	-13.55%	-19.59%
Navigation/Measuring/Medical/Control Instruments	\$604,443,123	-27.63%	-11.27%
Communications Equipment	\$598,907,056	64.80%	15.54%
Motor Vehicle Parts	\$591,870,975	10.06%	5.53%
Computer Equipment	\$586,791,955	8.64%	-10.07%
Basic Chemicals	\$451,652,395	-15.60%	1.13%
Motor Vehicles	\$407,756,421	-38.11%	-45.62%
Plastics	\$389,619,899	-21.90%	-2.98%
Misc. Electrical Equipment	\$389,178,411	17.34%	104.54%
Aerospace	\$277,385,036	8.38%	-19.63%

Figure 3: Tennessee's Largest Export Markets



and car parts. Mexico was also the site of the state's large export increases in lithium batteries and battery parts.

### But Exports Struggled Across Many of the State's Larger Markets

As we might guess from these overall numbers, Tennessee exports struggled in many other major markets. Given the on-going trade actions against China, it is perhaps no surprise that exports to China dropped from \$713 million to \$630 million for the quarter. Medical instruments and cotton bore the brunt of this loss. But Japan was down as well (by 13 percent), as were both South Korea and Taiwan. For quite some time East Asia has been the region where the state's most significant export growth has been. That was decidedly not the case this past quarter.

Singapore, the largest market in southeast Asia, fell by 16 percent (to \$198 million). Medical instruments again being the major culprit. Exports to South America were also off. Shipments to Brazil declined by 6 percent, and foreign sales to the rest of the continent fell by the same percentage. Moving to Europe, the UK market was down 10 percent (mostly because of lower aircraft sales). The euro zone was down as well, with exports falling by over \$100 million (to \$1.4 billion). Medical instruments, artificial joints, platinum waste & scrap, and computer systems were the loss leaders in this part of the world.

The state's best markets, in fact, were several second-tier markets. Shipments to

Figure 4: Tennessee's Fastest Growing Markets in the 4th Quarter

		Exports	Growth	Decline
Fastest Growing	Bahamas	9,025,305	114.03%	
	Pakistan	30,478,259	76.38%	
	Poland	78,755,821	62.63%	
	Philippines	146,296,340	58.98%	
	Turkey	33,801,486	47.69%	
Largest Declines	Finland	11,093,011		-81.21%
	Ecuador	10,039,729		-80.60%
	Sweden	6,924,313		-56.12%
	South Africa	29,095,145		-55.39%
	Honduras	18,611,474		-46.13%

Among countries averaging more than \$5m in sales per quarter.

Figure 5: Tennessee's Fast Growing Exports in the 4th Quarter

		Exports	Growth	Decline
Fastest Growing	Turbojets >25kn	\$27,761,158	***	
	Aircraft Parts	\$29,334,036	6734.9%	
	Electric Storage Battery Parts	\$95,740,448	1984.4%	
	Copper Tubes & Pipes	\$19,554,981	481.4%	
	Lithium Ion Batteries	\$121,474,311	454.1%	
Largest Declines	Electric Machinery for Welding..	\$286,747		-98.52%
	Human Vaccines	\$7,728,575		-94.01%
	Apparatus for Electrical Circuit..	\$16,556,758		-87.51%
	Porous-tipped Pens & Markers	\$7,540,047		-79.37%
	Recorded DVDs	\$15,141,021		-78.22%

Among the state's top 100 exported goods (at 6-digit HS level).

\*\*\* No exports, 4th Quarter 2023

the Philippines were up more than \$50 million, thanks mostly to smartphones. Vietnam was up by almost 40 percent. Turkey and India also increased their purchases of Tennessee goods this past quarter.

## Industries Preparing for Coming Tariffs ?

There's no getting around that this past quarter's export performance was not the state's best. But the quarter already feels like it was the calm before the storm. Industries are clearly positioning themselves for the potential trade conflicts ahead. State whiskey exports soared over the 4th quarter, from \$124 million to \$234 million. Was this due to a sudden, tremendous increase in consumer demand overseas? Of course not. It was importers shipping in supply as fast as they could before the tariffs hit. Many other trading

sectors were similarly calculating how best to proceed, and when to buy. Such calculations will likely drive Tennessee's export performance over the next several quarters, if not years.