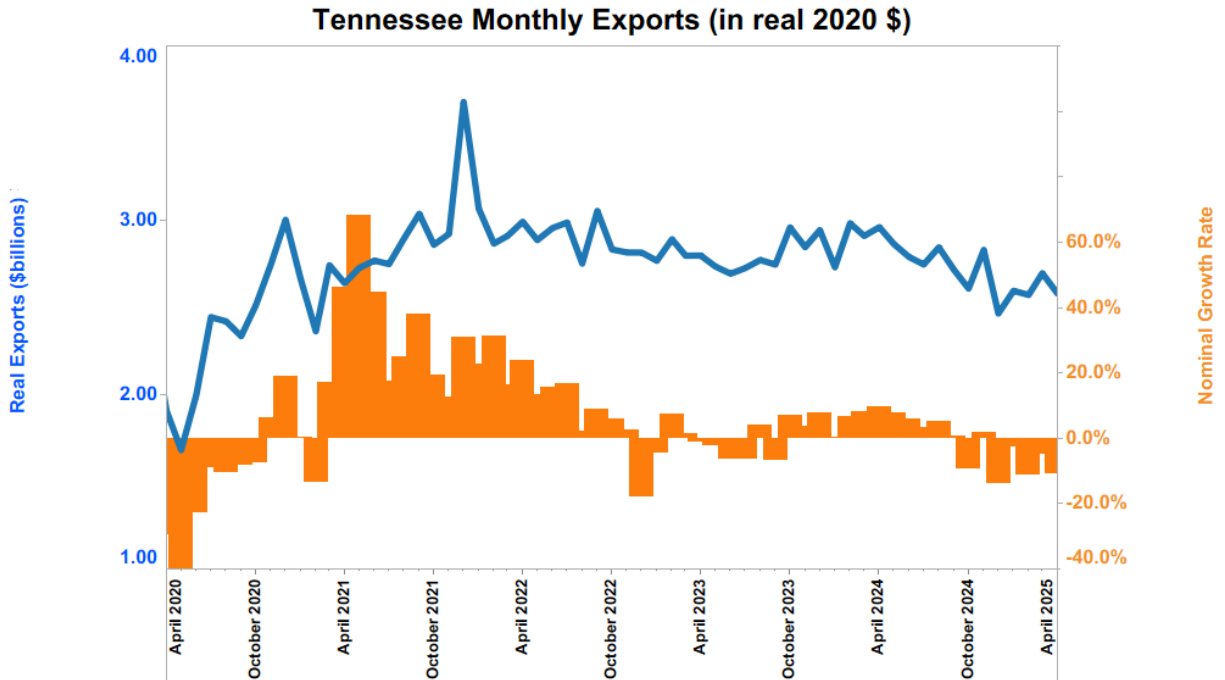


Tennessee International Trade Report, 1st Quarter 2025.

State exporters have struggled mightily in the first months of 2025. The value of Tennessee's first quarter exports, \$9.534 billion, was a decline of almost \$500 million from 2024's first quarter. This is a 6.75 percent loss. Only nine other states saw larger percentage losses. It was one of the poorest quarterly performances in memory.



Why?

Unfortunately, the problem was not one industry or one market. Many of the state's biggest export sectors had a rough go. We can start with Tennessee's largest export – miscellaneous medical instruments. The losses here were severe, as exports fell from \$863 million in the first three months of 2024 to \$553 million in 2025. Tennessee exports of these medical goods were down across the globe. Some of the larger losses were in Belgium, the Netherlands, China, and Singapore. Computer system shipments also dropped substantially (although to be fair their exports were unusually high last year). Exports of this good were off by \$159 million, a loss of a full third from last year. The manufacture of artificial joints (and parts) suffered an even bigger fall, losing half of the sector's exports (to \$383 million) compared to a year earlier. Europe (in particular, the Netherlands), China, and Japan accounted for most of those losses. Cotton was the final good with losses of more than \$100 million for the quarter (falling from \$356 million to \$162 million). Here, at least, almost all the decline was in one market, China.

Tennessee's Largest Export Sectors - 1st Qtr 2025

	Exports	Change from Last Quarter	Change from Last Year
Medical Equipment	\$1,041,339,166	6.75%	-19.84%
Communications Equipment	\$456,157,091	-23.91%	5.61%
Computer Equipment	\$631,463,081	7.12%	-17.31%
Motor Vehicles	\$589,515,985	41.60%	-24.14%
Auto, Industrial, and Medical Instruments	\$630,626,400	3.27%	-25.32%
Motor Vehicle Parts	\$584,879,108	-0.50%	8.08%
Basic Chemicals	\$476,178,766	3.49%	-9.81%
Plastics	\$421,536,094	9.04%	-13.27%
Engines & Power Transmission Equipment	\$244,296,942	-12.98%	-10.35%
Misc. Electrical Equipment	\$351,946,826	-10.17%	76.24%

The state's huge automotive export sector was saved from such drastic losses because of increased shipments of motor vehicle parts and cars. The latter posted very some good numbers, with exports up almost a third (to \$411). But it was a terrible quarter for SUV shipments. They were down by almost fifty percent (to \$162). And EV shipments weren't much better, declining from \$145 million in the first quarter of 2024 to \$101 million this past quarter. However, with automobiles the story is not entirely a Tennessee one. Though one might suspect that Nissan's troubles were at the heart of the state's export losses, it in fact was not a very good quarter for American automobile exports generally.

A few silver linings

Fortunately, not every industry saw losses. A number, in fact, did quite well. The star was undoubtedly electric storage batteries. Their exports boomed, from a bit over \$1 million last year to \$134 million. All of these went to Mexico. Among larger export sectors, smartphones, orthopedics, and spark plug vehicle engines all turned in solid numbers. A relatively new export, charcoal briquettes, also made a very good gain, particularly to India and Ukraine. In fact, it is briquette exports that made Ukraine the country with Tennessee's single biggest percentage export gains for the quarter.

Tennessee's Most Rapidly Changing Exports - 1st Qtr 2025

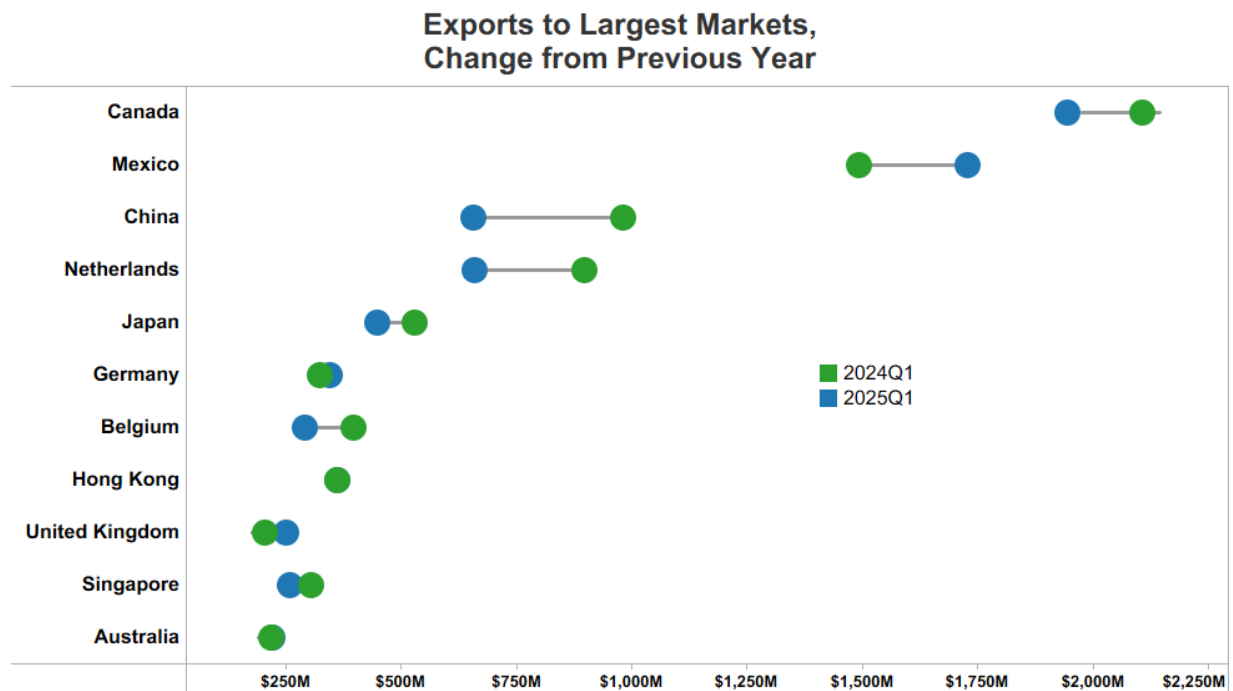
	Exports	Growth	Decline
Fastest Growing	Unwrought Silver	\$16,965,563	(new)
	Electric Battery Storage Parts	\$134,078,501	11176.6%
	Oil-based Lubrications	\$26,178,050	858.9%
	Auto Circuit Breakers <1000V	\$32,377,909	219.2%
Largest Declines	X-ray Tubes	\$8,777,288	-82.90%
	Polymer Plates & Sheets	\$6,141,636	-64.48%
	Bakers' Mixes & Doughs	\$5,006,219	-69.70%
	Elec. Soldering or Welding Parts	\$514,967	-98.10%
	Semifinished Iron & Non-Alloy S...		-100.00%

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

Global Declines

Several of Tennessee's big markets had strong quarters. Mexico led the way in this regard. The state's shipments to Mexico surged by more than \$200 million. Half of this gain was the above-mentioned electric storage batteries. But items such as aluminum foil and kraft paper also gained significantly.

Oddly, an exception to this was a very large decline in shipments of both pens and pencils to Mexico this past quarter. The Philippines (smartphones), Taiwan, the UK, Taiwan, and Argentina (petroleum-based lubricants), were other markets that performed well.



But an unusually large number of major markets did not perform so well. Shipments to Canada fell by close to \$200 million (down to \$2.14 billion). This decline involved a wide range of products. European markets were also generally down. The biggest losses in the EU were in the Netherlands (from \$893 million to \$646 million) and Belgium (\$376 million to \$266 million). Medical instruments and computer systems were the major problems in each. Declines in auto sales caused problems in the Middle East, particularly Saudi Arabia. Exports to India were down by more than \$50 million, with most of the loss coming in a decline of charcoal briquette sales, the produce that did so well elsewhere.

Perhaps the most significant declines, though, were across the Pacific Rim. America's trade war with China seems to be finally eating into the state's export numbers. Tennessee shipments to China were down by more than a third (to \$646 million). The largest single factor was that fall in cotton exports, but there were also substantial losses in chemical, industrial, and medical shipments. Japan and South Korea however, the other two big markets in this part of the world, also fared pretty poorly. The loss in exports to Japan approached \$100 million, while exports to Korea dropped twenty percent (to \$114 million).

The only global region where exports remained steady was Latin America. Shipments to South America barely moved, growing from \$702 million in the first quarter of 2024 to \$704 million this past quarter. That hid, however, some big shifts on the continent, as both Chile and Argentina purchased much more from Tennessee exporters while Colombia purchased much less.

Tennessee's Most Rapidly Changing Markets - 1st Qtr 2025

		Exports	Growth	Decline
Fastest Growing	Ukraine	59,647,845	261.91%	
	Iraq	10,737,232	206.70%	
	Sweden	21,659,844	161.16%	
	Argentina	55,098,408	127.37%	
	Portugal	9,818,362	82.95%	
Largest Declines	Finland	8,198,845		-86.97%
	Hungary	7,620,812		-41.63%
	Malaysia	38,752,399		-37.48%
	China	643,381,806		-34.40%
	Honduras	21,683,388		-33.93%

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

Tariffs?

The obvious question is the extent to which the quarter's export numbers were influenced by the new Trump tariff policies. At this point it is way too early to know. The state is heavily invested in industries that are very exposed to tariffs and trade wars, notably automotive products and whiskey. Tennessee's chemical and medical goods industries could be added to that. Supply chain operations and strategic purchasing decisions ahead of the expected tariffs likely had and will have repercussions on exports and imports, though we really don't have much experience in what to expect. As of this writing, even more sizable tariffs have been announced. How and when these will show up in the export numbers, let alone in the Tennessee economy, are the huge unknowns. It will no doubt take a number of quarters before we can see their full impact.