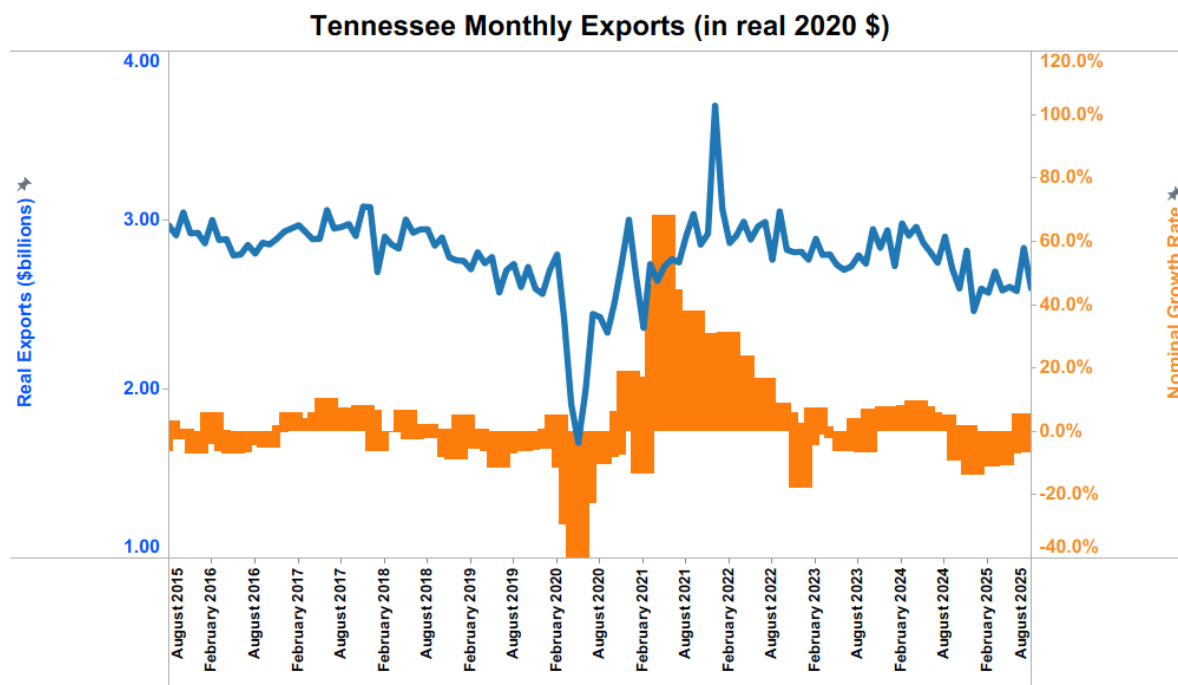


Tennessee International Trade Report, 2nd Quarter 2025.

It was not a good quarter for Tennessee exports. A large drop in automobile exports combined with substantially lower exports to China and Canada to produce a nearly one-billion-dollar loss in the second quarter of 2025 versus a year earlier. Exports fell to a value of \$9.35 billion. Tennessee ranked a lowly 46th among all states given this 10.5 percent loss. This compares to the entire country's 6.4 percent gain for the quarter.



Automobile Crash

It's difficult to imagine a worse quarter for Tennessee's auto exporters than this one. EV, SUV, and car shipments together fell \$470 million from the 2nd quarter of 2024. This is a 60 percent decline! Almost anything automotive related suffered badly as well. Gear box exports dropped from \$51 million to \$18 million, steering wheel exports from \$29 million to \$11 million, auto bodies from \$40 million to \$28 million, and these are just some examples. The list goes on. It's unusual to see a major export industry having such a poor quarter. This accounts for most of the state's export loss.

Automotive losses account for the lion's share of the huge decline in exports to Canada, now fallen to the state's second largest market. Shipments to Canada fell by a full third, down to \$1.468 billion.

Unfortunately, it was not all autos. Computer equipment shipments dropped from \$115 million to \$79 million, for example. No major Tennessee export posted significant gains in Canada for the quarter.

Tennessee's Largest Export Sectors (2nd Quarter)

	<i>Exports</i>	<i>Change from Last Quarter</i>	<i>Change from Last Year</i>
Medical Equipment	\$1,184,689,361	13.77%	0.42%
Communications Equipment	\$646,732,824	41.78%	118.40%
Computer Equipment	\$705,092,771	11.66%	-11.73%
Motor Vehicle Parts	\$523,706,882	-10.46%	-7.23%
Basic Chemicals	\$458,903,332	-3.63%	-8.66%
Auto, Medical, and Electric Instruments	\$726,692,229	15.23%	-4.61%
Synthetic Fibers	\$418,458,328	-0.73%	-24.44%

The other major component to the state's export difficulties was China. There, Tennessee shipments dropped by over \$400 million, to \$652 million. The good news, if we wish to call it that, is that most of the loss was concentrated in cotton (\$204 million to \$2 million) and polyethers (\$195 million to \$60 million). Moreover, unlike Canada, there were some winners. Pharmaceutical shipments were up, and the medical instrument industry saw its exports also rise by more than a quarter (to \$215 million).

Major Market Mediocrity

Mexico, the EU, and Japan all declined as well. Thankfully, far more modestly. Shipments to Mexico were off seven percent from last year's 2nd quarter. At \$1.617 billion, Mexico held its new-ish position as the state's largest export destination. Losses south of the border were concentrated in the auto sector, as we might expect, but shipments of boxes and crates lost nearly \$80 million (to \$22 million) and exports of lithium-ion batteries collapsed from \$73 million last year to \$1 million this year. Of course much of these batteries are automotive as well. But there were gains in smartphones, computer parts, and aluminum foil, among other sectors, to compensate for these losses.

Shipments to the euro market were down eight percent, a loss of about \$150 million. A big chunk of that loss was in Ireland, thanks to a big decline in machinery shipments (\$116 million to \$2 million). Exports

Tennessee's Most Rapidly Growing and Declining Exports (2nd Quarter)

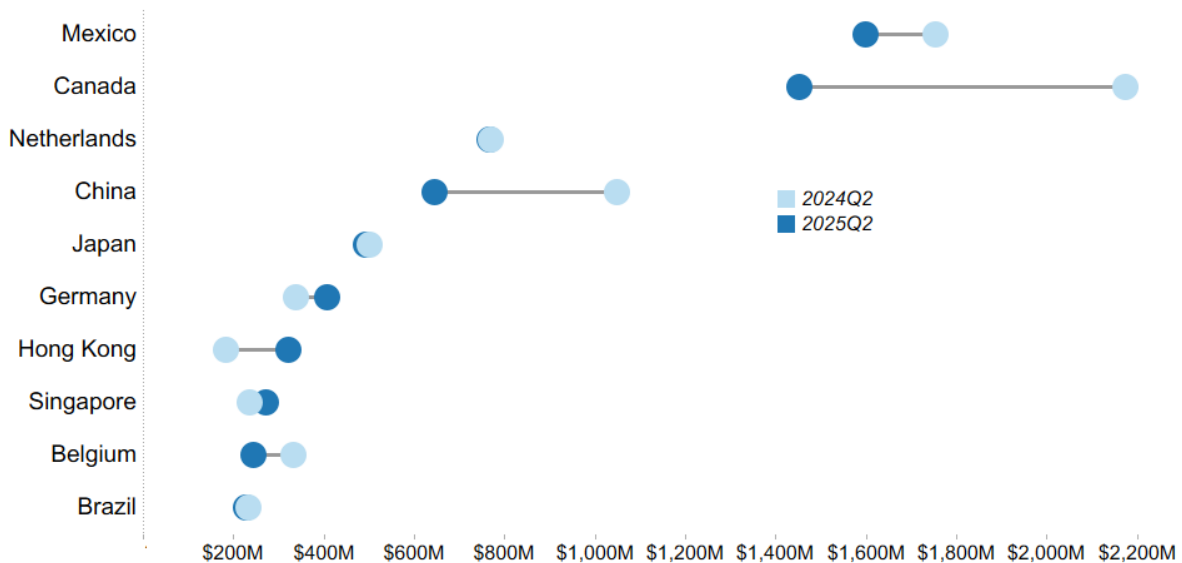
		Exports	Growth	Decline
Fastest Growing	Uncoated Paper & Paperboard	\$18,105,019	8615.3%	
	Electric Storage Battery Parts	\$81,178,132	6685.3%	
	Cell Phone Parts	\$37,035,372	2583.8%	
	Computer Parts	\$71,576,498	149.3%	
	Misc. Chemical Products	\$29,867,412	138.5%	
Largest Declines	Human Vaccines	\$0		-100.00%
	Lithium Ion Batteries	\$3,730,323		-95.50%
	Misc. Machinery	\$18,527,217		-85.93%
	Machinery Parts	\$12,248,767		-84.58%
	Plastic Boxes, Cases, and Crates	\$31,394,119		-72.90%

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

to the UK were down \$20 million (due to declines in whiskey and medical instrument shipments).

Exports to Japan fell “only” one percent, to \$498 million. No export sector substantially grew or fell, the decline was spread across a number of industries.

Change in Exports to Tennessee's Top Markets (2nd Quarter)



Smartphones

One export truly bucked the tide: smartphones. In the 2nd quarter, the state shipped almost \$500 million in smartphones, more than double the value of the 2nd quarter of 2024. No other product came close to a gain like this. Most of the growth was to Hong Kong (a gain of \$137 million) and Peru (from virtually 0 to \$71 million in the 2nd quarter). That increase to Peru was the primary reason that Tennessee exports to South America were up about ten percent, one of the few global regions posting a gain for the quarter.

Tennessee’s Most Rapidly Growing and Declining Markets (2nd Quarter)

		Exports	Growth	Decline
Fastest Growing	Pakistan	65,437,431	166.62%	
	Oman	7,542,231	149.60%	
	Peru	110,415,327	143.50%	
	Latvia	11,265,253	140.26%	
	Ukraine	29,918,787	137.19%	
Largest Declines	Ireland	30,822,525		-78.13%
	Finland	11,834,518		-64.11%
	Denmark	5,190,900		-63.00%
	Honduras	21,507,153		-41.46%
	Poland	32,901,250		-39.78%

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

Tariffs?

Though President Trump made many tariff announcements over the quarter, few were yet to be imposed. So it is hard to tell what impact, if any, they made to the state’s trade picture. The behavior of some products, such as whiskey and chemicals, showed the kind of gyrations that might be expected if importers were radically adjusting their purchases to beat the tariffs. But these weren’t large enough to really drive Tennessee’s trade picture to any degree. That is what we will be watching over the next several quarters.