

Tennessee International Trade Report, 3rd Quarter 2025

Looks can deceive. Overall, the value of Tennessee's 2025 third quarter exports was not that much different from the third quarter of 2024. Quarterly exports, \$9.43 billion, declined, but by 3.2% from a year earlier. This placed the state at a rather mediocre 30th among all states in its export performance. But that relatively small change hid one of the most volatile quarters in many years. A number of markets and a number of exported goods experienced huge swings.

Shipments to Canada and Mexico Down More than \$600 Million

We can start with our Canadian and Mexican neighbors. Third quarter shipments to Canada fell drastically, from \$1.956 billion to \$1.446 billion. That is a full 25% of the state's quarterly exports to Canada. As might be expected, it took losses across many sectors to produce such a large fall. But the center of it all was automobiles. Car, SUV, and EV exports dropped by over \$200 million, almost half their value of a year earlier. Computers, too, suffered badly, with exports off \$56 million. Virtually no Tennessee commodity posted gains to Canada for the quarter. We might have hoped that these difficulties would be offset by gains in Mexico. But that was decidedly not the case. Shipments to Mexico also fell substantially, this time by over \$200 million (a loss of 14%). The good news, if any, is that the loss was concentrated in lithium ion battery exports, which fell from \$136 million to \$2 million. Shipments of these batteries had soared in 2024 and to an extent were simply returning to earth. But most automobile shipments experienced a tough quarter here as well, with exports of cars, tires, and auto parts all down. At least in Mexico there were some gains, including cell phone and computer exports.

Elsewhere: More Good News than Bad (But Plenty of Both)

Exports to East Asia were another case of a seemingly serene environment hiding big changes. Shipments to the entire region were little changed, dropping by about \$50 million (1.9 percent). But that masked a substantial loss in China (from \$883 million to \$697 million) and substantial gains in Hong Kong and Taiwan. The losses in China were widespread, although the largest were in polyethers (down more than \$100 million) and cotton. The story in Hong Kong was a big increase in smartphone shipments, while that in Taiwan it was computer systems. Computer exports also posted sizable

Figure 1: Tennessee Monthly Exports

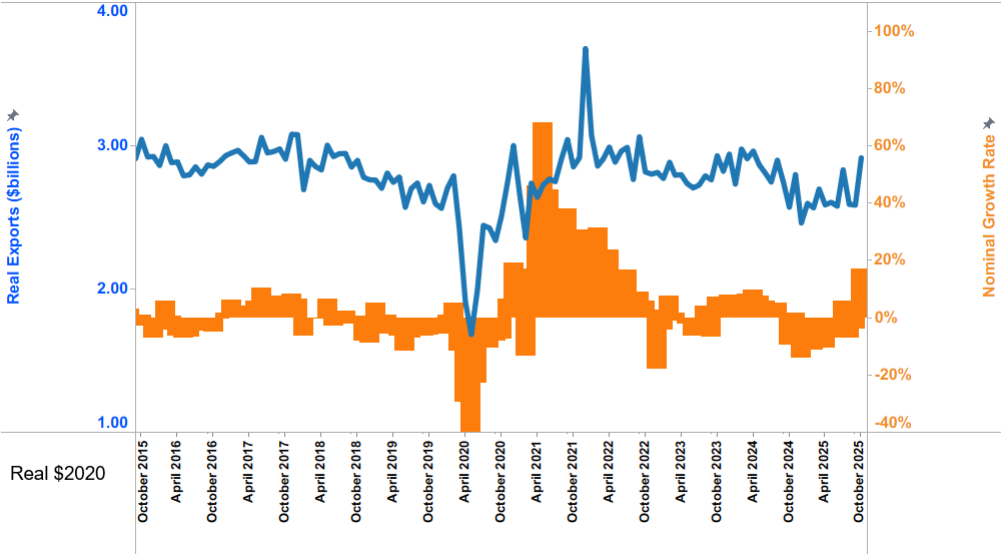
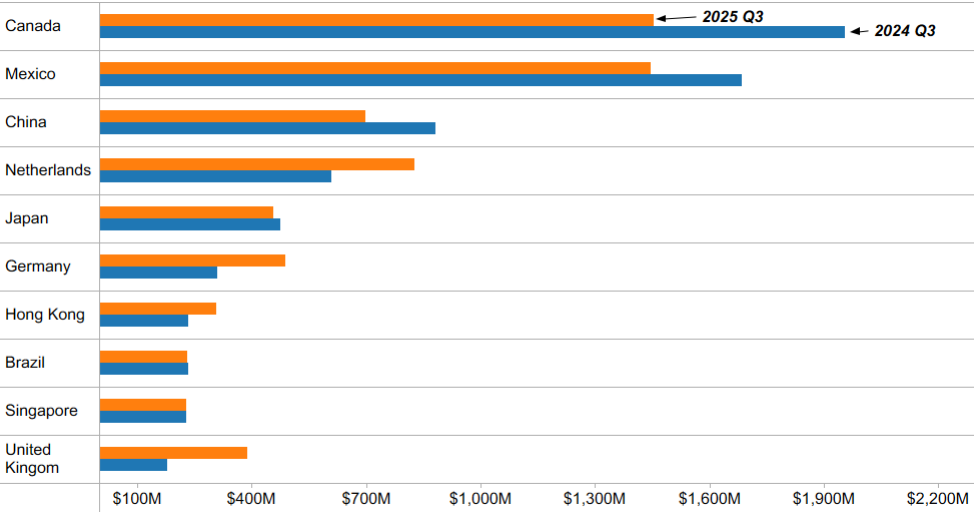


Figure 2: Tennessee's Largest Export Markets



gains in the other East Asian markets of Japan and Korea, though neither country's overall purchases from Tennessee changed significantly for the quarter.

Gains in the euro zone partially countered the losses in North America and East Asia. Tennessee's exports to these countries were up 15%, an increase of some \$250 million. But even here there were sizable swings. Two-thirds of Tennessee's exports to the euro countries go to just three: the Netherlands, Germany, and Belgium. Germany and the Netherlands soared (up 57% and 36% respectively). But Belgium crashed (down 42%). The German gains were concentrated in waste and scrap of precious metals. (This odd category includes spent catalysts, which is story for Germany). Dutch gains were concentrated in computer systems. The losses in Belgium were more spread out, with medical instrument exports seeing the largest dollar decline. Outside the euro zone, state exporters had a terrific quarter in the U.K. Exports to Great Britain, led by computer systems and commercial aircraft, more than doubled to \$389 million.

Gains also occurred in South and Central America. In this region, pretty much across the board. The best markets were Colombia (smartphones), Peru (smartphones), and Guatemala (Kraft paper). We might note that Tennessee's \$74 million of exports to Guatemala were more than its exports to France. Total state quarterly exports to the Central American nations stood at \$186 million, to South America \$676 million.

India has been in the news for new trade agreements with the EU and with the US. That's good news for Tennessee exporters because it has been a very strong market. State exports climbed from \$131 million in the 3rd quarter of 2024 to \$213 million last quarter. Finally, and just to exemplify what a volatile quarter it was, we can contrast the quarterly change in almost-neighbors Oman and Bahrain. While Tennessee exports to Oman grew by 7 times (to \$35 million), exports to Bahrain were almost wiped out (falling from \$59 million to \$2 million). Unfortunately, the larger country in between them, the United Arab Emirates looked more like Bahrain this past quarter, with shipments from Tennessee dropping by close to one-half (to \$91 million).

A Quarter of Big Gains, and Big Losses

The huge swings in export performance can be seen across the state's major export industries as well. The computer industry had a massive quarter, with its shipments increasing by well over \$400 million (to \$757 million). Precious metal waste and scrap exports grew from \$135 million to \$369 million. (Part of this increase was due to the soaring prices of the metals themselves over the quarter). Smartphone added more than \$150 million in exports (to \$479 million). Aircraft sales gained nearly a hundred million (to \$313 million). On other hand, it was bleak quarter for much of the automotive sector. EV shipments fell from \$184 million to \$89 million. Cars and SUVs didn't do much better. Polyesters and artificial filament tow both lost more than half of their exports. The state's biggest export industry, medical equipment, lost \$150 million of its exports. And whiskey shipments suffered a big loss: \$251 million to \$166 million. With these very large gyrations across markets and products, picking up a bigger pattern is a bit difficult. For, as we noted, when you add them all together they produced only a small decline. Probably the most worrisome news for the quarter is the big problem in North America. This region is by far the state's most important. And to a very significant extent it is signaling another very big problem: a large loss in

Figure 3: Tennessee's Largest Export Sectors

	Exports	Change from Last Quarter	Change from Last Year
Medical Equipment	\$1,181,585,205	-0.26%	5.41%
Computer Equipment	\$1,004,189,787	42.42%	85.95%
Auto, Measuring, Medical, and Control Instruments	\$694,623,550	-4.41%	-16.49%
Communication Equipment	\$602,319,856	-6.87%	65.43%
Motor Vehicle Parts	\$517,732,362	-1.14%	-4.52%
Basic Chemicals	\$434,244,646	-5.37%	-19.27%
Waste and Scrap	\$418,178,114	52.67%	143.77%

automotive exports that has been ongoing now for several quarters. How these trends unfold may be the biggest story to come.

Figure 4: Largest Market Changes

		Exports	Growth	Decline
Fastest Growing	Latvia	40,655,075	655.99%	
	Oman	35,128,469	592.58%	
	Pakistan	31,062,033	153.28%	
	Uruguay	18,595,118	145.14%	
	United Kingdom	389,616,746	117.30%	
Largest Declines	Angola	945,319		-91.66%
	Ukraine	3,578,636		-90.10%
	Portugal	4,496,126		-58.29%
	Lithuania	3,404,231		-53.18%
	United Arab Emirates	90,987,682		-49.05%

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

Figure 5: Fastest Changing Exports

		Exports	Growth	Decline
Fastest Growing	Dumpers	\$15,183,485	461.7%	
	Artwork	\$17,065,820	426.7%	
	Misc. Data Storage Units	\$22,525,779	408.0%	
	Precious Metal Waste & Scrap	\$233,040,997	355.7%	
	Machines that Transmit Data, Voice, or Video	\$108,289,425	224.6%	
Largest Declines	Lithium Ion Batteries	\$9,351,824		-93.71%
	Prepared Explosives	\$6,598,316		-73.25%
	SUVs	\$56,847,342		-71.54%
	Wood Casks & Barrels	\$5,329,399		-67.76%
	Computer Systems	\$10,905,078		-67.23%

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