

# NAFTA's Effect on Kentucky Manufacturing

Kentucky Association of Manufacturers

Lexington, Kentucky

May 9, 2018

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# Total U.S. Exports from Kentucky

	2014 Value	2015 Value	2016 Value	2017 Value	2014 % Share	2015 % Share	2016 % Share	2017 % Share	%Change, 2016 – 2017
Total Kentucky Exports and % Share of U.S. Total	27,757	27,644	29,199	30,881	1.7	1.8	2	2	5.8
Total, Top 25 Countries and % Share of State Total	26,056	25,875	27,723	29,473	93.9	93.6	94.9	95.4	6.3

# Total U.S. Exports from Kentucky: By Product

	2014 Value	2015 Value	2016 Value	2017 Value	2014 % Share	2015 % Share	2016 % Share	2017 % Share	%Change, 2016 – 2017
CIVILIAN AIRCRAFT, ENGINES, AND PARTS	7,738	8,677	10,800	11,649	27.9	31.4	37	37.7	7.9
PASS VEH SPK-IG INT COM R	1,685	1,466	1,327	1,632	6.1	5.3	4.5	5.3	23
ANTISERA AND OTHER BLOOD FRACTIONS	0	0	0	1,110	0	0	0	3.6	0
MTR VEH TRANS GDS COM-	290	334	492	639	1	1.2	1.7	2.1	30
PASS VEH SPK-IG INT COM RCPR P ENG > 3000 CC	1,384	1,050	890	480	5	3.8	3	1.6	-46.1
WHISKIES	301	311	295	381	1.1	1.1	1	1.2	29.3
PASS MTR VEH, SPARK IGN EN	1	1	1	362	0	0	0	1.2	(Z)
STEERING WHEELS, COLUMNS & BOXES F MOTOR VEHICLES	243	360	413	347	0.9	1.3	1.4	1.1	-15.9
COMPOSITE DIAGNOSTIC/LAB REAGENTS, EXC PHARMACEUT	265	265	323	344	1	1	1.1	1.1	6.5
TRUCKS, NESOI, DIESEL ENG, GVW 5 M	382	210	210	313	1.4	0.8	0.7	1	49.5
GAS TURBINE PARTS NESOI	81	113	207	276	0.3	0.4	0.7	0.9	33.4
PTS & ACCESS OF BODIES OF MOTOR VEHICLES,	257	213	253	266	0.9	0.8	0.9	0.9	4.9
MACH FOR RECP/CONVR/TRANS/R	286	250	208	235	1	0.9	0.7	0.8	13
PARTS AND ACCESSORIES OF MOTOR VEHICLES, NESOI	286	268	260	225	1	1	0.9	0.7	-13.6
ELECTRO-DIAGNOSTIC APPARA	133	157	168	208	0.5	0.6	0.6	0.7	24
MTR VEH TRANS GDS SPK-IG IN C P ENG, G VW > 5 M TN	66	102	211	204	0.2	0.4	0.7	0.7	-3.5
DRWN/BLWN GLSS SHTS W/WO ABSRB/ RFCT LYR N OTH	339	327	364	184	1.2	1.2	1.2	0.6	-49.5
BRAKES AND SERVO-BREAKS; PARTS THEREOF	180	174	194	176	0.6	0.6	0.7	0.6	-9
HORSES, LIVE, PUREBRED BREEDING	175	147	195	165	0.6	0.5	0.7	0.5	-15.4

# Total U.S. Exports from Kentucky: By Country

Country	2014 Value	2015 Value	2016 Value	2017 Value	2014 % Share	2015 % Share	2016 % Share	2017 % Share	% Change, 2016 - 2017
Canada	7,688	7,259	7,478	7,687	27.7	26.3	25.6	24.9	2.8
United Kingdom	2,337	2,558	2,836	3,233	8.4	9.3	9.7	10.5	14
France	1,977	1,774	2,833	2,938	7.1	6.4	9.7	9.5	3.7
China	1,654	1,929	1,760	2,813	6	7	6	9.1	59.8
Brazil	1,443	1,739	2,045	2,437	5.2	6.3	7	7.9	19.2
Mexico	2,501	2,304	2,226	2,124	9	8.3	7.6	6.9	- 4.6
Japan	1,267	1,164	1,067	1,070	4.6	4.2	3.7	3.5	0.3
Germany	935	945	1,000	1,068	3.4	3.4	3.4	3.5	6.9
Netherlands	855	942	971	1,054	3.1	3.4	3.3	3.4	8.5
Singapore	758	869	772	856	2.7	3.1	2.6	2.8	10.9
Korea, South	374	421	540	561	1.3	1.5	1.8	1.8	3.9
Hong Kong	774	684	853	536	2.8	2.5	2.9	1.7	-37.2
Malaysia	185	296	390	512	0.7	1.1	1.3	1.7	31.1
Austria	361	577	568	429	1.3	2.1	1.9	1.4	-24.5
Belgium	497	484	446	384	1.8	1.8	1.5	1.2	-14.1
Australia	380	368	343	367	1.4	1.3	1.2	1.2	7.2
Italy	181	209	212	279	0.7	0.8	0.7	0.9	31.8
Spain	143	145	174	180	0.5	0.5	0.6	0.6	3.1
United Arab Emirates	314	214	168	172	1.1	0.8	0.6	0.6	2.4
Saudi Arabia	797	434	427	168	2.9	1.6	1.5	0.5	-60.7
Taiwan	220	147	174	165	0.8	0.5	0.6	0.5	-5.4
India	121	159	165	128	0.4	0.6	0.6	0.4	-22.5
Ireland	121	90	103	111	0.4	0.3	0.4	0.4	8
Sweden	63	59	76	108	0.2	0.2	0.3	0.3	41.3
Thailand	111	103	96	94	0.4	0.4	0.3	0.3	-2

# **Kentucky Has Become a Powerhouse of Automotive Production**



**Kentucky set a new record in 2017 with \$30 billion in exports.**

# **NAFTA: US-Mexico Trade**

## Kentucky- Mexico Trade Relationship

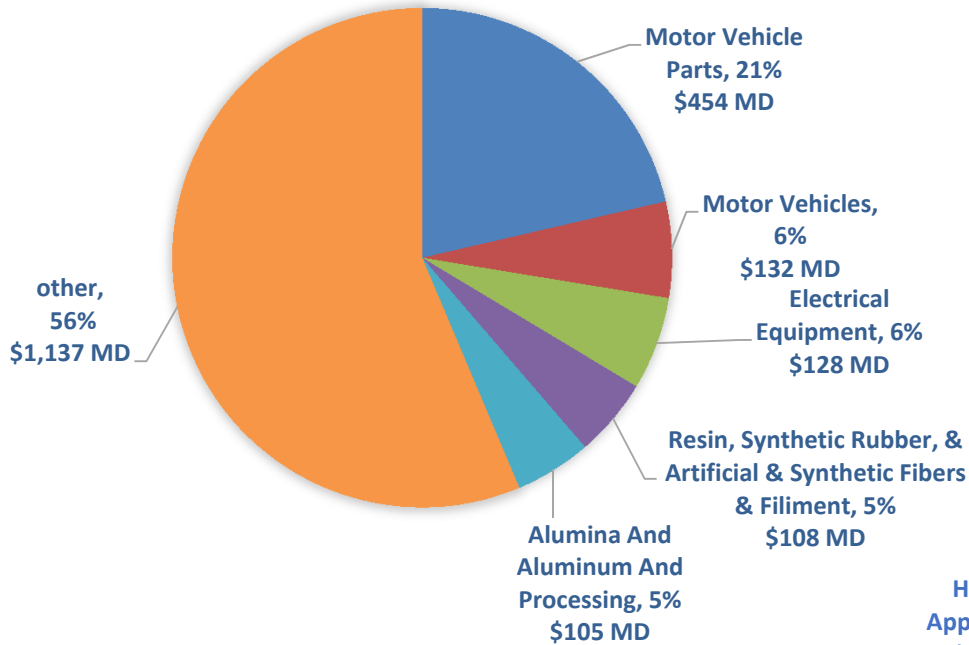
- In 2017, trade between Kentucky and Mexico surpassed **\$7.7 billion**
- Mexico is Kentucky's 6<sup>th</sup> largest export market



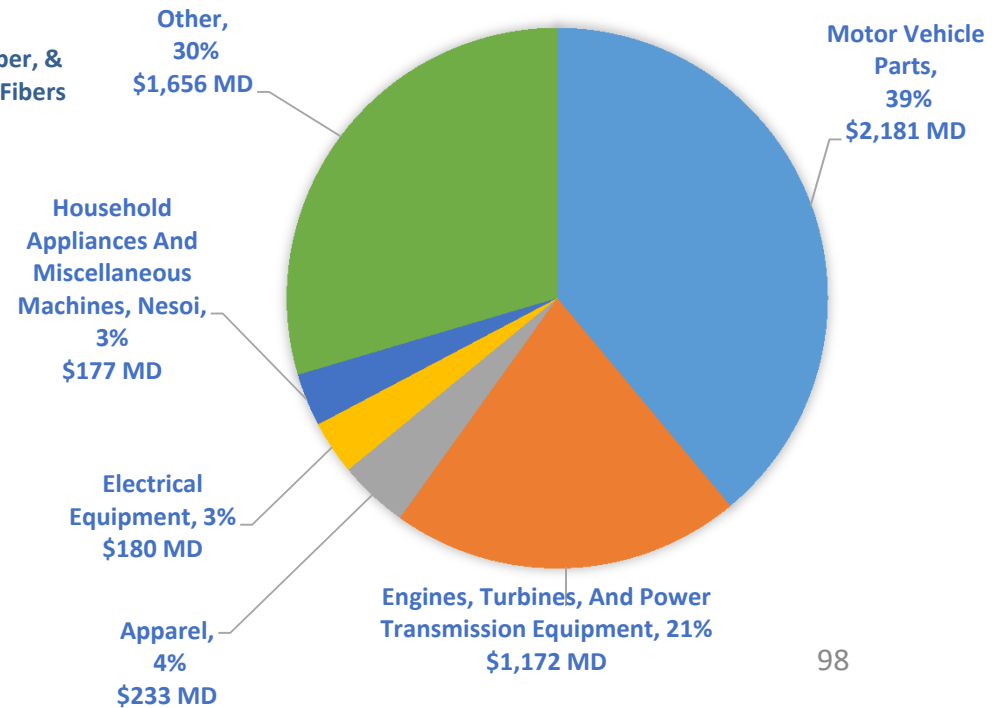
Source: Mexico's Ministry of the Economy, Trade and NAFTA Office in Washington, DC with data from [wisertrade.org](http://wisertrade.org) (2017).

# Kentucky – Mexico trade by industry

## Top Export Industries to Mexico



## Top Import Industries from Mexico

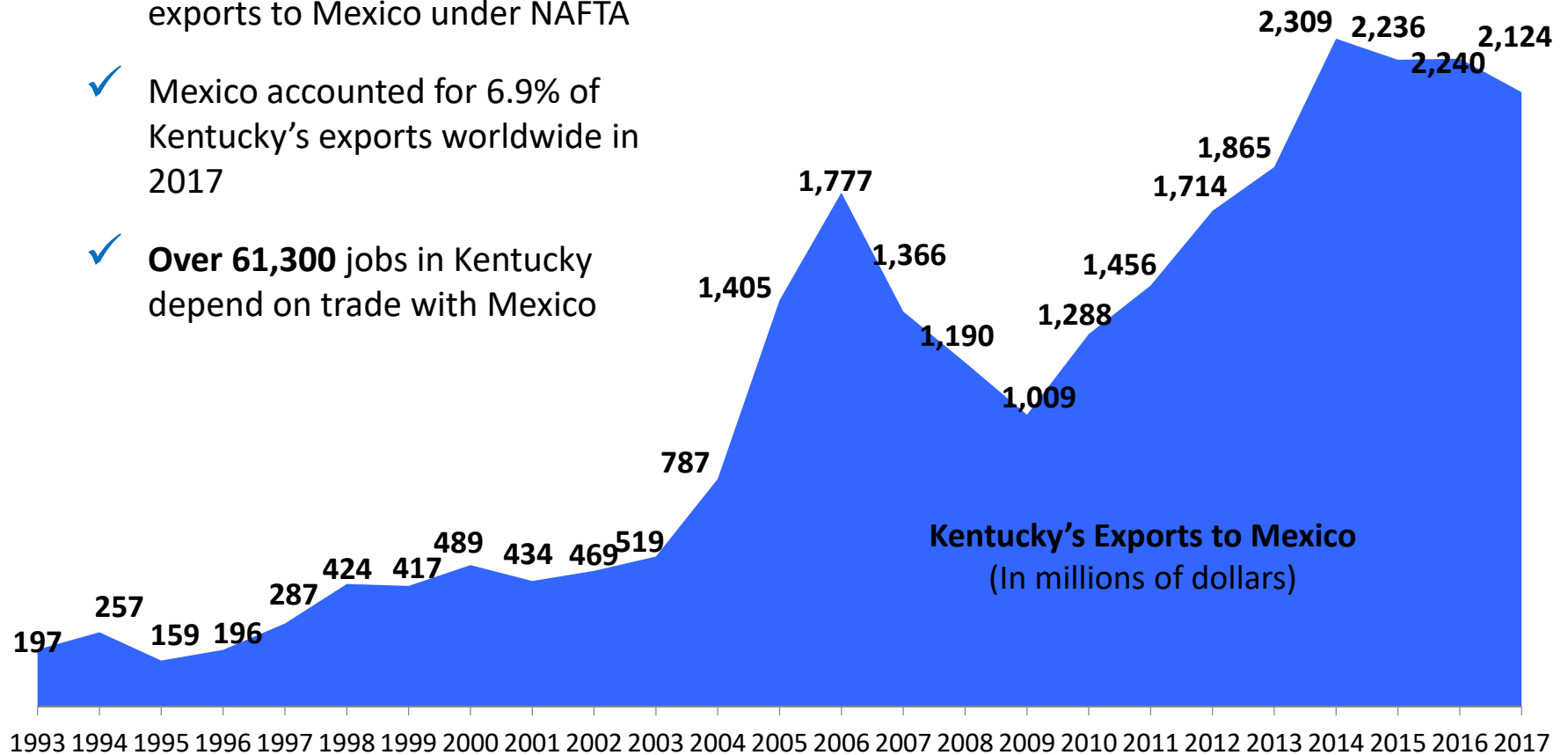


Source: Mexico's Ministry of the Economy, Trade and NAFTA Office in Washington, DC with data from wisertrade.org (2017), 4-digit NAICS code.



# Kentucky's Exports to Mexico since NAFTA

- ✓ **977%** increase in Kentucky's exports to Mexico under NAFTA
- ✓ Mexico accounted for 6.9% of Kentucky's exports worldwide in 2017
- ✓ **Over 61,300** jobs in Kentucky depend on trade with Mexico



Sources: Mexico's Ministry of the Economy, Trade and NAFTA Office in Washington, DC with data from wisertrade.org (2017), Jobs figures are from 2014, according to *Growing Together: Economic Ties between the United States and Mexico*, Mexico Institute, Woodrow Wilson International Center for Scholars, 2016.

## Kentucky– Mexico trade by main products

### Exports to México: millions of US dollars

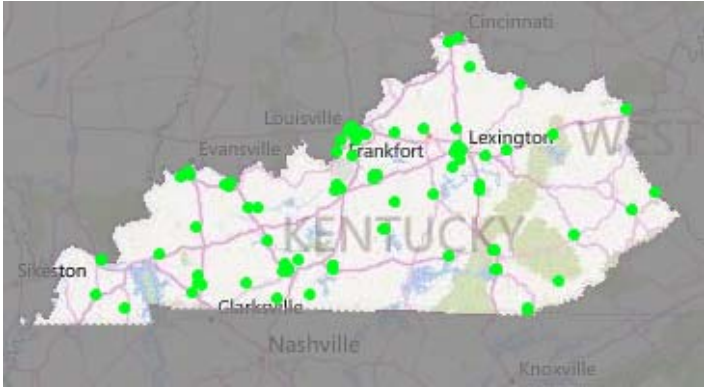
Product	2017
Parts & Access For Motor Vehicles (Head 8701-8705)	461
Electric Motors And Generators (No Sets)	103
Motor Vehicles For Transport Of Goods	84
Fl-RI Stainless Steel Products, Not Und 600mm Wide	71
Aluminum, Unwrought	51
Motor Cars & Vehicles For Transporting Persons	50
Transmission Shafts, Bearings, Gears Etc; Parts	50
Civilian Aircraft, Engines, And Parts	44
Parts For Engines Of Heading 8407 Or 8408	36
Electrical Mach Etc, With Ind Functions Nesoi, Pts	34


### Imports from México: millions of US dollars


Product	2017
Compression-Ignition Internal Comb Piston Engines	1,139
Parts & Access For Motor Vehicles (Head 8701-8705)	899
Seats (Except Barber, Dental, Etc), And Parts	531
Centrifuges; Filter Etc Mach For Liq Or Gases; Pts	296
Insulated Wire, Cable Etc; Opt Sheath Fib Cables	281
Ethyl Alcohol, Udenat, Und80% Alc; Spirit Beverag	168
Expts Of Repaired Impts; Impts Of Returned Expts	98
Springs & Leaves For Springs, Iron Or Steel	98
Electric Light Etc Equip; Windsh Wipers Etc, Parts	97
Boards, Panels Etc Elec Switch And N/C Appar Etc.	94


# Mexican investment supports jobs in Kentucky


- Mexican companies operate 92 business establishments in Kentucky and provide 3,330 local jobs.





























# **NAFTA: US-Canada Industry Impact**

## Percent of Jobs Impacted in Each Industry

### Scenario 1: No NAFTA or CUSFTA

<b>1. Auto</b>	0.51%
<b>2. Agriculture</b>	0.45%
<b>3. Manufacturing (non-auto)</b>	0.30%
<b>4. Trade</b>	0.22%
<b>5. Transportation</b>	0.18%
<b>6. Utilities</b>	0.16%
<b>7. Mining</b>	0.15%
<b>8. Services</b>	0.12%
<b>9. Construction</b>	0.01%

## Scenario 2: No NAFTA, CUSFTA Intact

<b>1. Agriculture</b>	0.28%
<b>2. Auto</b>	0.22%
<b>3. Manufacturing (non-auto)</b>	0.18%
<b>4. Trade</b>	0.12%
<b>5. Transportation</b>	0.10%
<b>6. Mining</b>	0.09%
<b>7. Utilities</b>	0.09%
<b>8. Services</b>	0.07%
<b>9. Construction</b>	0.00%

# **NAFTA: US-Canada Community Impact**

## Scenario 1: No NAFTA or CUSFTA

1. Scott County, MS	222 out of 11,711
2. Murray County, GA	128 out of 8,098
3. Knox County, MO	19 out of 1,229
4. Hardy County, WV	64 out of 4,873
5. Bolivar County, MS	117 out of 9,287
6. Marshall County, AL	344 out of 30,251
7. Macon County, IL	485 out of 43,503



## Scenario 2: No NAFTA, CUSFTA Intact

1. Scott County, MS	143 out of 11,711
2. Bolivar County, MS	101 out of 9,287
3. Macon County, IL	428 out of 43,503
4. Hardy County, WV	41 out of 4,873
5. Blaine County, NE	1 out of 127
6. Duplin County, NC	122 out of 16,937
7. Marshall County, AL	213 out of 30,251
8. Haskell County, KS	9 out of 1,289
9. Leflore County, MS	68 out of 9,839
10. McDonald County, MO	40 out of 5,865