Transatlantic Trade and Investment Partnership (T-TIP)

Opportunities for Kentucky

T-TIP stands to be an ambitious, comprehensive, and high-standard trade and investment agreement that offers significant benefits for U.S. companies and workers through eliminating existing trade barriers and better enabling U.S. companies and workers to compete. **T-TIP will provide significant new opportunities for U.S. industry, as approximately one-fifth of all U.S. goods and services exports go to the European Union (EU).** In 2013, every billion dollars of U.S. exports supported 5,590 jobs. In that same year, U.S. goods and services exports to the EU supported an estimated 2.5 million U.S. jobs.

**Key Opportunities for Kentucky’s Industries**

**Chemicals**

The chemicals sector accounted for **11 percent** of Kentucky’s total exports to the EU between 2012 and 2014. During that same period machinery exports to the EU from Kentucky averaged **$659 million** annually. The EU currently has tariffs on chemical products as high as 6.5 percent. Kentucky companies would likely benefit from reduced tariffs in this sector as a result of the agreement. Chemical exports could also benefit from T-TIP provisions that will address technical regulations and standards that unnecessarily restrict trade.

**Machinery**

The machinery sector accounted for **5 percent** of Kentucky’s total exports to the EU between 2012 and 2014. During that same period machinery exports to the EU from Kentucky averaged **$284 million** annually. The EU currently has tariffs on machinery products as high as 9.7 percent. Kentucky companies would likely benefit from reduced tariffs in this sector as a result of the agreement.

**Automotive**

The automotive sector accounted for **4 percent** of Kentucky’s total exports to the EU between 2012 and 2014. During that same period automotive product exports to the EU from Kentucky averaged **$213 million** annually. The EU currently has tariffs on automotive products as high as 22 percent. Kentucky companies would likely benefit from reduced tariffs in this sector as a result of the agreement.

Kentucky U.S. Export Assistance Centers: [www.export.gov/Kentucky](http://www.export.gov/Kentucky)
Exports Sustain Thousands of Kentucky Businesses including SMEs

A total of 4,420 companies exported from Kentucky locations in 2013. Of those, 3,495 (79.1 percent) were small and medium-sized enterprises with fewer than 500 employees. Small and medium-sized firms generated over one-quarter (26.8 percent) of Kentucky's total exports of merchandise in 2013.

Kentucky exported $6.2 billion annually in goods to the EU (2012-2014 average). Kentucky's goods exports to the EU increased by 60 percent from 2012-2014. During this period, 25 percent of Kentucky's total goods exports went to the EU.

The EU's tariff elimination as part of T-TIP would provide new market access that could benefit Kentucky's exports. Exports from Kentucky could also benefit from efforts in T-TIP to achieve new market access commitments in services and investment, improve the regulatory environment, and establish global best practices.

How Past FTAs Have Benefitted Kentucky

The United States currently has free trade agreements in force with 20 countries, which account for $12.1 billion (44 percent) of Kentucky’s exports in 2014. During the past 10 years (2005-2014), exports from Kentucky to these markets grew by 58 percent, with NAFTA, Singapore, Australia, Colombia, and Korea showing the largest dollar growth during this period.

In Their Own Words: T-TIP Comments

**American Auto Policy Council**

“Eliminating tariffs and achieving greater regulatory convergence of current and future standards through the TTIP will increase trade, lower costs, create jobs, and improve the international competitiveness of the industry, strengthening the automotive industry and its economic contribution in both economies.”

**The American Farm Bureau Federation**

“The American Farm Bureau Federation, a U.S. general farm organization, supports efforts to increase agricultural trade flows and remove several major impediments to this flow that currently exist between the United States and the European Union.”

**National Electrical Manufacturers Association (NEMA)**

“Our member companies manufacture a diverse set of products including power transmission and distribution equipment, lighting systems, factory automation and control systems, and medical diagnostic imaging systems. Saving time and money not having to pay import duties could provide for notable efficiencies and re-programing of company resources into more productive activities.”