



USMCA North Carolina State Fact Sheet

North Carolina's Trade with the World¹

- In 2019, North Carolina exported \$34.3 Billion in goods to the world.
- In 2019, North Carolina was the 15th-largest state exporter of goods in the United States.
- In 2016, 157,285 U.S. jobs were supported by goods exported from North Carolina.²
- In 2018, 11,046 companies exported goods from North Carolina- 87 percent were small and medium-sized companies.³

North Carolina's Trade with Canada and Mexico

North Carolina's Rank in Exports to Canada and Mexico

In 2019, North Carolina was the 12th-largest exporter of goods to Mexico and Canada.

Ranks of Canada and Mexico as Destinations for North Carolina Exports

In 2019, Canada was North Carolina's largest export destination and Mexico was the second-largest export destination.

Statewide Statistics and Top Export Product Categories⁴

- In 2019, North Carolina exported \$10.4 Billion to Canada and Mexico, accounting for 30 percent of North Carolina's total exports to the world.
 - North Carolina exported \$6.7 Billion to Canada, 19 percent of North Carolina's exports to the world.

¹All trade data used in this report reflect the data published by June 15, 2020 from the U.S. Census Bureau, as compiled by the International Trade Administration's Trade Policy Information System (TPIS).

² Jobs supported by state exports estimates by the Office of Trade and Economic Analysis (OTEA), Industry and Analysis, International Trade Administration, U.S. Department of Commerce:

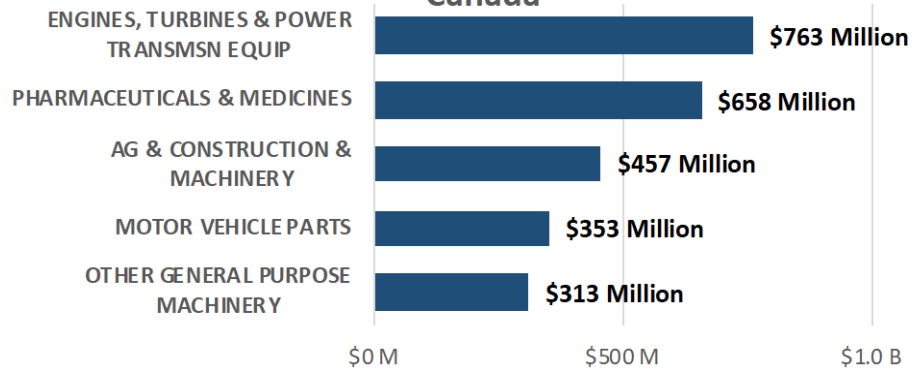
<https://www.trade.gov/mas/ian/employment/>

³ U.S. Census Bureau's A Profile of U.S. Importing and Exporting Companies, Table 6a 2018 Exports by State of Origin of Movement, Number of Exporting Companies, Value for Small and Medium Companies

⁴ Top export product categories reflected under the 2017 North American Industry Classification System (NAICS) at the 4-digit level of detail, compiled by TPIS.

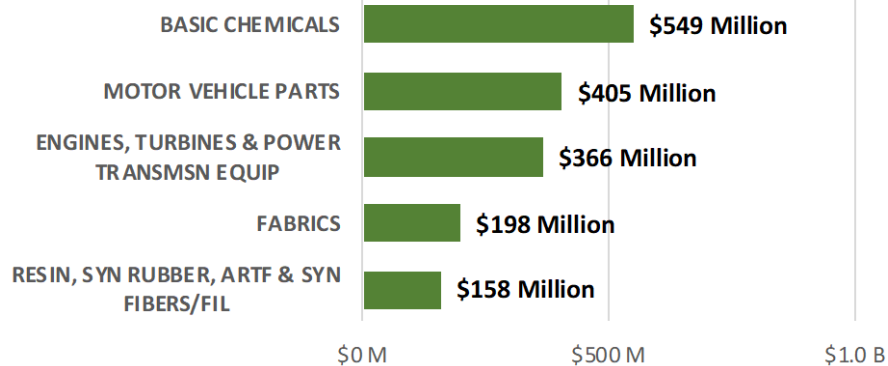


North Carolina's Top 5 Export Categories to Canada



- North Carolina exported \$3.8 Billion to Mexico, 11 percent of North Carolina's exports to the world.

North Carolina's Top 5 Export Categories to Mexico



Metropolitan Statistics⁵

- North Carolina's Top Metropolitan Exports to Canada and Mexico 2018
 - Charlotte-Concord-Gastonia **\$7.9 Billion***⁶
 - Top Products: Machinery Manufacturing; Chemical Manufacturing; Transportation Equipment Manufacturing; Plastics And Rubber Products Manufacturing; Textile Mills

⁵ 2018 Metropolitan (statistical) area (MSA) exports to Canada and Mexico data from the U.S. Census Bureau compiled by the Office of Trade and Economic Analysis (OTEA), Industry and Analysis, International Trade Administration, U.S. Department of Commerce. Top products by MSA reflected under the 2017 North American Industry Classification System (NAICS) at the 3-digit level of detail.

⁶ An asterisk (*) notes if the Metropolitan Area is shared with one or more other states.



- Hickory-Lenoir-Morganton **\$1.2 Billion**
 - Top Products: Electrical Equipment, Appliance, And Component Manufacturing; Computer And Electronic Product Manufacturing; Transportation Equipment Manufacturing; Machinery Manufacturing; Plastics And Rubber Products Manufacturing
- Greensboro-High Point **\$1.1 Billion**
 - Top Products: Chemical Manufacturing; Textile Mills; Transportation Equipment Manufacturing; Machinery Manufacturing; Computer And Electronic Product Manufacturing

USMCA Will Benefit North Carolina's Top Export Sectors to Canada and Mexico

North Carolina's top export sectors to Canada and Mexico in 2019 include Machinery, Chemicals, and Transportation Equipment (Motor Vehicle and Aerospace Industries).⁷

Machinery

North Carolina is home to many machinery manufacturing companies. In 2019, there were 725 machinery manufacturing⁸ establishments employing 36,359 employees. Mecklenburg, Guilford, and Lee counties have the largest number of employees in the machinery sector. USMCA maintains duty-free access to Mexico and Canada for originating machinery and remanufactured goods for North Carolina's machinery manufacturing companies and contains strong rules of origin protections to ensure that tariff preferences go to companies in the USMCA countries. USMCA also goes beyond any past trade agreement by including important new provisions that will help reduce costs and bring greater predictability to the border for shipments of machinery. At the same time USMCA will ensure customs administrations have the necessary tools to enforce the law. Industry⁹ reported support for the following provisions included in the Intellectual Property chapter: civil and criminal courses of legal action to protect trade secrets, protection of industrial designs, and equal treatment of digital and physical goods. Industry¹⁰ also supports the Small and Medium-Sized Enterprises (SMEs) provisions to enhance SMEs ability to participate in the benefits and opportunities created by USMCA. As stated in North Carolina's trade statistics, 87 percent of companies that exported goods from North Carolina in 2018¹¹ were small and medium-sized companies.

Chemicals

⁷ Unless otherwise footnoted in the below sectors, sector employment data is average annual number of employees and establishments by county or local economic region by 2017 NAICS3-digit level from the Bureau of Labor Statistics.

⁸ Machinery sector defined as NAICS 333 for machinery manufacturing.

⁹ Industry Trade Advisory Committee 2 – Automotive Equipment and Capital Goods Report Regarding USMCA: <https://ustr.gov/sites/default/files/files/agreements/FTA/AdvisoryCommitteeReports/ITAC%20%20REPORT%20-%20Automotive%20Equipment%20and%20Capital%20Goods.pdf>

¹⁰ Ibid.

¹¹ Census' Exports by State of the Origin of Movement, Number of Exporting Companies, and Value for Small and Medium Sized Companies in 2018 was the latest data published by June 25, 2020.



North Carolina is home to numerous chemical¹². In 2019, there were 551 chemical establishments employing 42,239 employees. Durham, Guilford, and Mecklenburg counties have the largest number of employees and establishments in the chemicals sector. USMCA adopted chemical reaction rules to determine origin for most chemical products. USMCA also contains sector annexes on chemical substances, pharmaceuticals, and cosmetics. These annexes promote enhanced regulatory compatibility and trade between the three Parties, while recognizing the regulatory authority of each Party. These annexes commit to build on existing extensive regulatory cooperation on chemicals, pharmaceuticals, and cosmetics between Parties and identify areas of focus for future cooperation. It also encourages the Parties to consider internationally-developed science and technical guidance documents when implementing regulations for cosmetics and encourages cooperation on inspections of pharmaceutical manufacturers.

Transportation Equipment (Motor Vehicle and Aerospace Industries)

North Carolina is home to numerous transportation equipment¹³ companies in both the aerospace and automotive industries. In 2019, the transportation sector 36,995 workers in 396 establishments. Guilford, Gaston, and Rowan counties have the largest number of employees in the transportation equipment sector. The aerospace industry¹⁴ reported the importance of USMCA's continued duty-free treatment of originating aerospace-related items between Canada, Mexico, and the United States as vital to the competitiveness and success of the United States' aerospace sector. The aerospace industry¹⁵ supports the Customs and Trade Facilitation chapter's standardization of Customs regimes to increase efficiency and enhance capacity and performance of U.S. companies and their supply chains. The aerospace industry¹⁶ also fully supports the Intellectual Property chapter's requirement for governments to establish criminal, civil and administrative procedures and remedies to combat trade secret theft, a significant problem for U.S. aerospace companies. USMCA requires more auto production in North America in order to qualify for duty-free treatment by eliminating NAFTA's "deemed originating" loophole. USMCA's innovative auto rules of origin, strict labor and environmental standards, and provisions designed to combat non-market practices – such as currency manipulation – are designed to boost additional automotive and auto parts investment and production in North Carolina. They were also developed to ensure auto producers and workers in the state can compete on a more-level playing field with their Mexican and Canadian counterparts. USMCA increases the regional value content for automobiles from 62.5 percent to 75 percent, thus incentivizing more auto production in North America. USMCA includes a first-of-its-kind labor value content rule that requires a certain percentage of each motor vehicle (40 percent for passenger vehicles and 45 percent for light trucks) to be manufactured in a factory in a USMCA country where workers make an average wage of at least \$16 per hour.

¹² Chemical sector defined as NAICS 325 for chemical manufacturing.

¹³ Transportation equipment sector defined as NAICS 336 and includes the motor vehicle and aerospace industries.

¹⁴ Industry Trade Advisory Committee 1 – Aerospace Equipment Report Regarding USMCA:

<https://ustr.gov/sites/default/files/files/agreements/FTA/AdvisoryCommitteeReports/ITAC%201%20REPORT%20-%20Aerospace%20Equipment.pdf>

¹⁵ Ibid.

¹⁶ Ibid.