



# USMCA South Dakota State Fact Sheet

## **South Dakota's Trade with the World**<sup>1</sup>

- In 2019, South Dakota exported \$1.4 Billion in goods to the world.
- In 2019, South Dakota was the 49th-largest state exporter of goods in the United States.
- In 2016, 17,373 U.S. jobs were supported by goods exported from South Dakota.<sup>2</sup>
- In 2018, 919 companies exported goods from South Dakota- 76 percent were small and medium-sized companies.<sup>3</sup>

## **South Dakota's Trade with Canada and Mexico**

### South Dakota's Rank in Exports to Canada and Mexico

In 2019, South Dakota was the 44th-largest exporter of goods to Mexico and Canada.

### Ranks of Canada and Mexico as Destinations for South Dakota Exports

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

### Statewide Statistics and Top Export Product Categories<sup>4</sup>

- In 2019, South Dakota exported \$841 Million to Canada and Mexico, accounting for 62 percent of South Dakota's total exports to the world.
  - South Dakota exported \$525 Million to Canada, 39 percent of South Dakota's exports to the world.

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<sup>1</sup>All 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).

<sup>2</sup> 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:

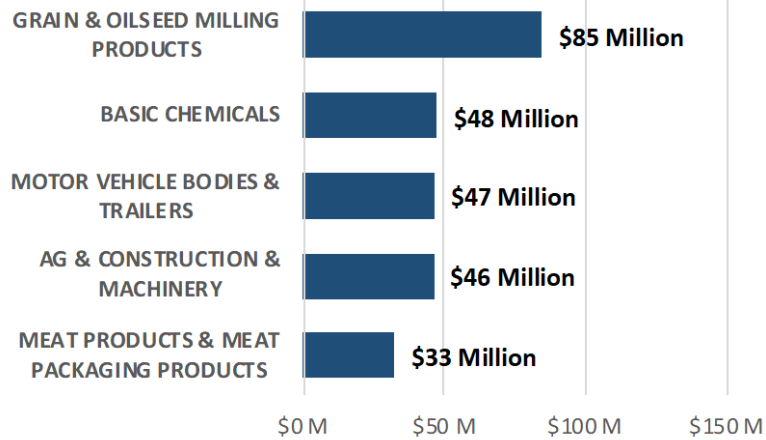
<https://www.trade.gov/mas/ian/employment/>

<sup>3</sup> 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

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

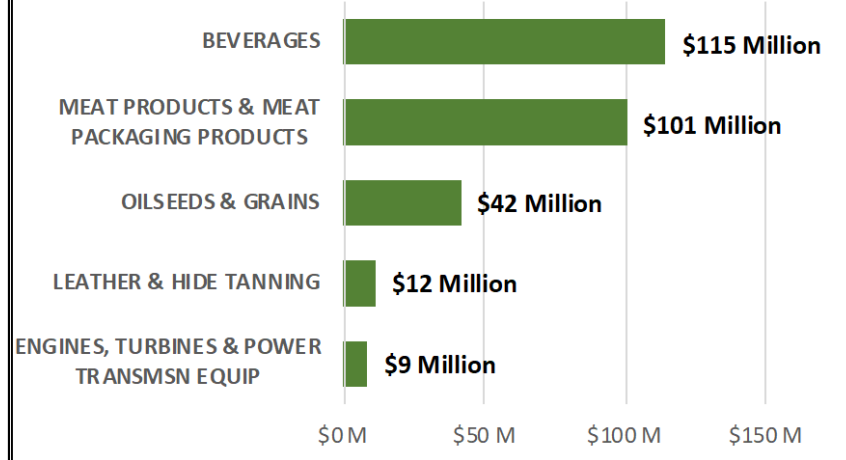


### South Dakota's Top 5 Export Product Categories to Canada



- South Dakota exported \$316 Million to Mexico, 23 percent of South Dakota's exports to the world.

### South Dakota's Top 5 Export Product Categories to Mexico



*Metropolitan Statistics*<sup>5</sup>

- South Dakota's Top Metropolitan Exports to Canada and Mexico 2018

<sup>5</sup> 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.



- Sioux City **\$548 Million**\*<sup>6</sup>
  - Top Products: Food Manufacturing; Chemical Manufacturing; Machinery Manufacturing; Transportation Equipment Manufacturing; Leather And Allied Product Manufacturing
- Sioux Falls **\$157 Million**
  - Top Products: Food Manufacturing; Machinery Manufacturing; Transportation Equipment Manufacturing; Plastics and Rubber Products Manufacturing; Beverage And Tobacco Product Manufacturing
- Rapid City **\$14 Million**
  - Top Products: Machinery Manufacturing; Computer And Electronic Product Manufacturing; Electrical Equipment, Appliance, And Component Manufacturing; Transportation Equipment Manufacturing; Nonmetallic Mineral Product Manufacturing

### **USMCA Will Benefit South Dakota's Top Export Sectors to Canada and Mexico**

South Dakota's top export sectors to Canada and Mexico in 2019 include Food Manufacturing, Machinery, and Transportation Equipment (Motor Vehicle and Aerospace Industries).<sup>7</sup>

#### **Food Manufacturing**

South Dakota is home to several large food manufacturing<sup>8</sup> companies. In 2019, there were 135 food manufacturing establishments with 10,651 employees. Minnehaha, Union, Brookings counties have the largest number of employees in the food manufacturing sector. USMCA contains an annex on proprietary food formulas which requires each Party to protect the confidentiality of such information in the same manner for both domestic and imported products. For the first time in a trade agreement, USMCA contains a chapter on good regulatory practices that promotes transparency and accountability in development and implementation of regulations. USMCA also has a chapter on sanitary and phytosanitary (SPS) provisions, which requires the Parties to agree to increase transparency in SPS measures, advance science-based decision making, and work together to enhance compatibility of SPS measures between them.

#### **Machinery**

South Dakota is home to many machinery manufacturing companies. In 2019, there were 124 machinery manufacturing<sup>9</sup> establishments employing 6,829 employees. Codington, Brown, and Minnehaha counties have the largest number of employees and establishments in the machinery sector. USMCA

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

<sup>7</sup> 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 NAICS 3-digit level from the Bureau of Labor Statistics.

<sup>8</sup> Food manufacturing defined as NAICS 311 for food manufacturing.

<sup>9</sup> Machinery sector defined as NAICS 333 for machinery manufacturing.



maintains duty-free access to Mexico and Canada for originating machinery and remanufactured goods for South Dakota'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. Industry<sup>10</sup> 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. Industry<sup>11</sup> 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 South Dakota's trade statistics, 76 percent of companies that exported goods from South Dakota in 2018<sup>12</sup> were small and medium-sized companies.

### *Transportation Equipment (Motor Vehicle and Aerospace Industries)*

South Dakota is home to numerous transportation equipment manufacturers. In 2019, the transportation sector<sup>13</sup> employed 3,717 workers in 49 establishments. Davison, Yankton, and Minnehaha counties have the largest number of employees in the transportation sector. 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 incentivize additional automotive and auto parts investment and production in South Dakota. 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. USMCA requires more auto production in North America in order to qualify for duty-free treatment by eliminating NAFTA's "deemed originating" loophole.

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<sup>10</sup> 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>

<sup>11</sup> Ibid.

<sup>12</sup> Census' Exports by State of the Origin of Movement, Number of Exporting Companies, and Value for Small and Medium Sized Companies in 2020 was the latest data published by June 25, 2020.

<sup>13</sup> Transportation sector defined as NAICS 336 and includes the motor vehicle and aerospace industries.