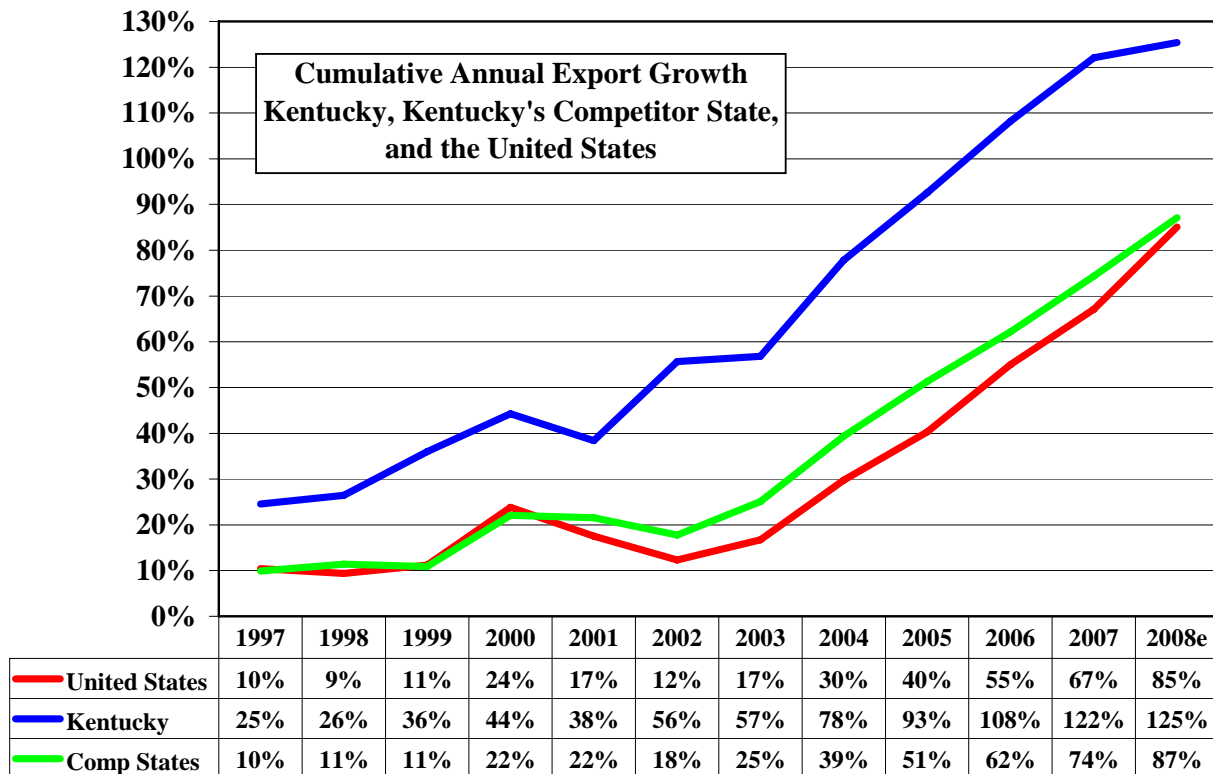


### **Kentucky Exports Quick Facts**

- Kentucky exports exceeded \$19.6 billion during 2007, ranking 17th among the 50 states and the District of Columbia.
- Kentucky's exports accounted for 1.7 percent of the nation's exports in 2007.
- Kentucky's 2007 exports add approximately \$4.6 billion to the Commonwealth's direct state gross domestic product (GDP) and directly create 52,000 jobs.
- Kentucky's 2007 exports generated an estimated \$316,000,000 in direct state and local taxes.
  - Additionally, Kentucky's 2007 exports generated an estimated \$330,000,000 (indirect) and \$335,000,000 (induced) in state and local taxes. (Excluding education taxes)
- Kentucky exported \$4,625 of goods per capita during 2007.
- Kentucky ranks 6th nationally in 2007 exports per capita.
- Manufactured goods account for nearly 97.0 percent (\$19.03 billion) of Kentucky's exports.
- North America, Western Europe, China, Japan, Brazil, Taiwan, and Singapore continue to be the major markets for Kentucky products in the global economy.
- Transportation equipment ranked as Kentucky's top export in 2007. Exports of transportation equipment valued \$7.7 billion, approximately 39 percent of Kentucky's total exports.
- Chemicals remained Kentucky's second largest export with respect to the value of export shipments. Chemical exports valued \$3.5 billion during 2007.
- Machinery and computer and electronic products are Kentucky's third and fourth largest exports, respectively.
- Transportation equipment, chemicals, computer and electronic products, machinery, and primary metal products account for 77.8 percent of Kentucky's 2007 exports.
- Canada is Kentucky's largest foreign market with exports totaling \$6.6 billion in 2007, which accounted for 33 percent of Kentucky's exports.
- Kentucky exported \$1.9 billion of goods to France in 2007. France accounts for almost 10 percent of all Kentucky's exports and is the second largest foreign market for Kentucky products.
- Following Canada and France, Kentucky's major export markets include Mexico (\$1.4 billion), Japan (\$1.2 billion), and the United Kingdom (\$977 million).

## Kentucky Exports (2007) and Foreign Direct Investment (2006)



Source: Derived from data provided by WISERTrade: State Exports by HS Database, <http://www.wisertrade.org>, data from U.S. Census Bureau Foreign, Trade Division. State population data provided by the United States Census Bureau, Population Estimates Program, <http://www.census.gov/>, Release Date: 8/12/2008.

Kentucky's competitor states are composed of Alabama, Georgia, Illinois, Indiana, Mississippi, Missouri, North Carolina, Ohio, South Carolina, Tennessee, Virginia, and West Virginia.

**Note: The 2008 export data is based on the first half (first six months) of 2008.**

### Estimated Economic Impact of Kentucky's Exports: 2007

Impacts	Direct	Indirect	Induced	Total
<b>Total Value Added (GDP)</b>	<b>\$ 4,635,932,000</b>	<b>\$ 3,099,926,000</b>	<b>\$ 2,892,287,000</b>	<b>\$ 10,628,145,000</b>
<b>Employment</b>	52,000	45,000	56,000	<b>153,000</b>
<b>Personal Income (Inclusive of Benefits)</b>	\$ 3,240,870,000	\$ 2,008,137,000	\$ 1,891,198,000	<b>\$ 7,140,204,000</b>
<b>Employee Compensation (Inclusive of Benefits)</b>	\$ 3,068,041,000	\$ 1,766,216,000	\$ 1,708,724,000	<b>\$ 6,542,980,000</b>
<b>Proprietors' Income (Inclusive of Benefits)</b>	\$ 172,829,000	\$ 241,921,000	\$ 182,474,000	<b>\$ 597,224,000</b>
<b>Average Annual Personal Income (Inclusive of Benefits)</b>	\$ 62,300	\$ 44,600	\$ 33,800	<b>\$ 46,700</b>
<b>Other Property Type Income</b>	\$ 1,193,178,000	\$ 831,190,000	\$ 743,561,000	<b>\$ 2,767,929,000</b>

MIG, Inc. 2006 databases and IMPLAN 1997-2007, 2.0.1025 matrices are utilized in the computation of economic impact estimates.

Note: Wages and benefits are approximate.

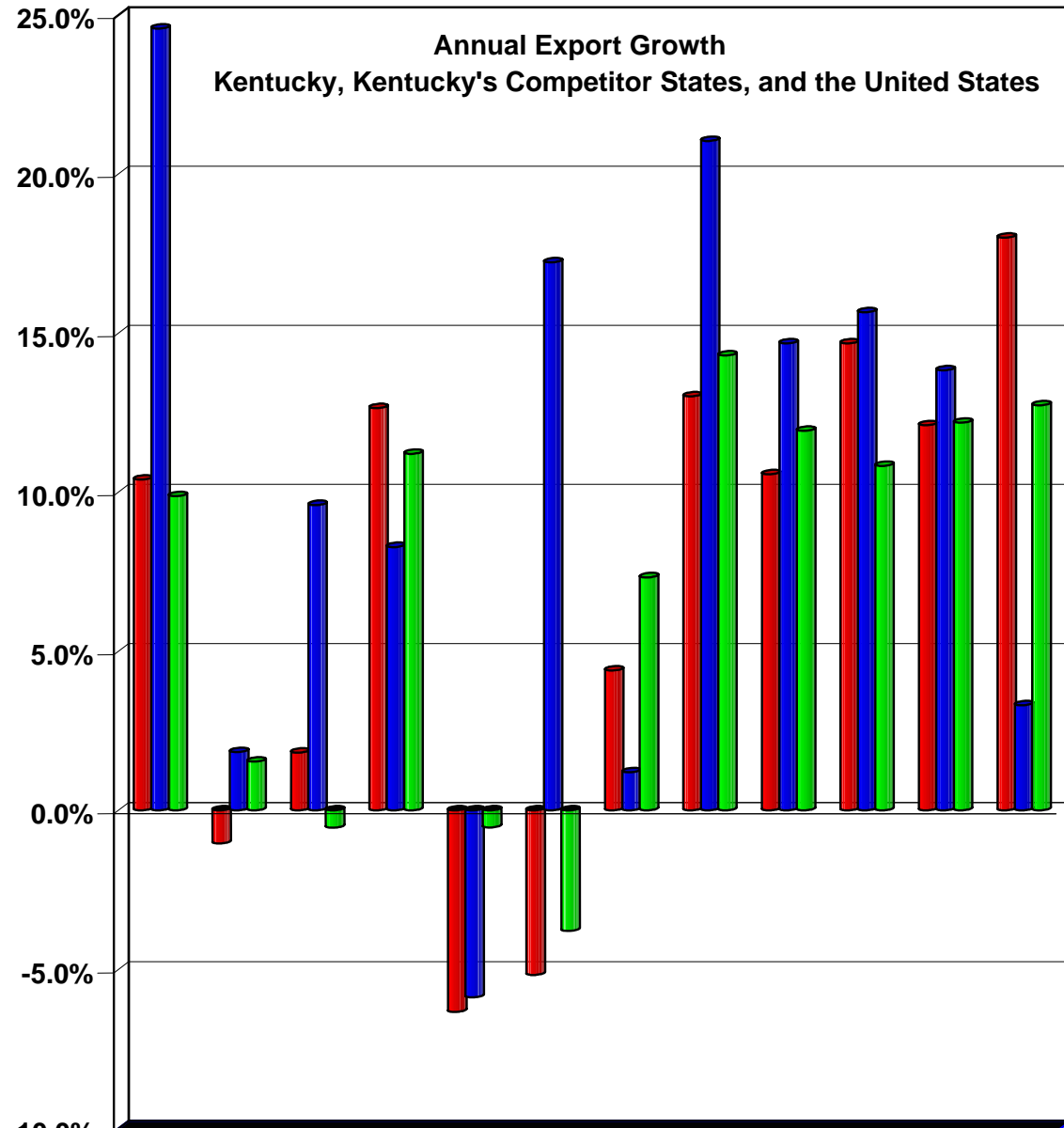
Note: Compensation values are inclusive of estimated benefits.

Note: Economic impact multipliers are based on Kentucky (statewide).

Note: Economic impact estimates are statewide.

Refer to the end of this fact sheet for definitions and additional sources.

## Kentucky Exports (2007) and Foreign Direct Investment (2006)



	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1st Half 2008
<b>United States</b>	10.4%	-1.0%	1.8%	12.6%	-6.3%	-5.2%	4.4%	13.0%	10.6%	14.7%	12.1%	18.0%
<b>Kentucky</b>	24.6%	1.8%	9.6%	8.3%	-5.9%	17.2%	1.2%	21.0%	14.7%	15.7%	13.8%	3.3%
<b>Comp States</b>	9.9%	1.5%	-0.5%	11.2%	-0.5%	-3.8%	7.3%	14.3%	11.9%	10.8%	12.2%	12.7%

Source: Derived from data provided by WISER Trade: State Exports by HS Database, <http://www.wisertrade.org>, data from U.S. Census Bureau Foreign, Trade Division. State population data provided by the United States Census Bureau, Population Estimates Program, <http://www.census.gov/>. Release Date: 8/12/2008.  
Kentucky's competitor states are composed of Alabama, Georgia, Illinois, Indiana, Mississippi, Missouri, North Carolina, Ohio, South Carolina, Tennessee, Virginia, and West Virginia.

## Kentucky Exports (2007) and Foreign Direct Investment (2006)

**Table 1**  
**Kentucky's Annual Exports to All Countries by Industry Sector: 2004 to 2007**  
(Values in \$ Millions)

NAICS	Industry Sector	2004	2005	2006	2007
	<b>Total</b>	<b>\$12,992.0</b>	<b>\$14,899.0</b>	<b>\$17,232.2</b>	<b>\$19,616.3</b>
336	Transportation Equipment	\$ 4,852.0	\$ 5,652.0	\$ 6,705.9	\$ 7,705.8
325	Chemical Manufactures	\$ 2,314.1	\$ 2,509.6	\$ 2,977.9	\$ 3,514.9
333	Machinery Manufactures	\$ 1,163.2	\$ 1,456.6	\$ 1,593.1	\$ 1,674.4
334	Computers & Electronic Prod.	\$ 999.5	\$ 1,179.1	\$ 1,386.7	\$ 1,618.7
331	Primary Metal Manufactures	\$ 377.6	\$ 499.8	\$ 548.0	\$ 748.4
335	Elec. Eq., Appliances & Parts	\$ 390.5	\$ 450.1	\$ 544.0	\$ 565.1
332	Fabricated Metal Products	\$ 393.8	\$ 435.9	\$ 495.7	\$ 471.9
327	Non-Metallic Mineral Mfgs.	\$ 311.2	\$ 237.9	\$ 259.6	\$ 348.5
313	Fabric Mill Products	\$ 163.5	\$ 161.8	\$ 171.2	\$ 337.2
326	Plastic & Rubber Products	\$ 258.2	\$ 308.2	\$ 345.3	\$ 328.3
311	Processed Foods	\$ 191.7	\$ 245.4	\$ 263.7	\$ 302.2
112	Animal Production	\$ 224.0	\$ 294.0	\$ 329.1	\$ 259.3
339	Misc. Manufactures	\$ 168.9	\$ 257.9	\$ 311.5	\$ 252.9
312	Beverage & Tobacco Products	\$ 173.5	\$ 189.9	\$ 207.5	\$ 230.0
316	Leather & Related Products	\$ 153.9	\$ 155.3	\$ 170.9	\$ 206.3
322	Paper Products	\$ 162.5	\$ 172.2	\$ 165.8	\$ 188.1
323	Printing & Related Products	\$ 179.9	\$ 157.9	\$ 193.8	\$ 186.4
321	Wood Products	\$ 110.4	\$ 115.2	\$ 126.8	\$ 142.3
315	Apparel Manufactures	\$ 62.4	\$ 54.7	\$ 59.8	\$ 118.6
990	Spec. Classification Provisions	\$ 125.3	\$ 72.7	\$ 54.0	\$ 98.3
910	Waste & Scrap	\$ 40.9	\$ 49.8	\$ 71.0	\$ 92.9
324	Petroleum & Coal Products	\$ 16.5	\$ 21.9	\$ 34.0	\$ 37.6
211	Oil & Gas Extraction	\$ 2.1	\$ 3.4	\$ 21.6	\$ 35.9
337	Furniture & Related Products	\$ 30.0	\$ 87.8	\$ 29.5	\$ 35.3
212	Mining	\$ 26.4	\$ 25.3	\$ 32.0	\$ 23.7
511	Publishing Industries	\$ 6.6	\$ 7.8	\$ 17.5	\$ 20.9
314	Non-Apparel Textile Products	\$ 16.1	\$ 17.0	\$ 17.6	\$ 20.0
113	Forestry & Logging	\$ 9.0	\$ 7.8	\$ 9.8	\$ 18.4
111	Crop Production	\$ 39.9	\$ 53.4	\$ 77.6	\$ 18.1
920	Used Merchandise	\$ 3.4	\$ 13.9	\$ 5.4	\$ 11.7
980	Goods Returned to Canada	\$ 21.1	\$ 2.3	\$ 5.8	\$ 4.0
114	Fishing, Hunting, & Trapping	\$ 4.0	\$ 2.4	\$ 0.0	\$ 0.2

Source: Derived from data provided by Office of Trade and Industry Information (OTII), Manufacturing and Services, International Trade Administration, U.S. Department of Commerce, <http://tse.export.gov/>.

## Kentucky Exports (2007) and Foreign Direct Investment (2006)

**Table: 2**  
**Kentucky's Annual Exports to Major Countries: 2004 to 2007**  
**Top 100 Countries**  
**(Values in \$ Thousands)**

Partner	2004	2005	2006	2007
World Total	\$12,991,977	\$14,899,032	\$17,232,213	\$19,616,270
Canada	\$ 4,632,854	\$ 5,087,203	\$ 5,857,587	\$ 6,551,290
France	\$ 1,084,195	\$ 1,288,053	\$ 1,482,149	\$ 1,932,329
Mexico	\$ 786,322	\$ 1,397,430	\$ 1,784,811	\$ 1,366,662
Japan	\$ 864,724	\$ 782,766	\$ 1,170,833	\$ 1,203,171
United Kingdom	\$ 959,037	\$ 998,397	\$ 1,022,899	\$ 977,149
Brazil	\$ 293,275	\$ 450,082	\$ 549,900	\$ 765,216
Germany	\$ 433,108	\$ 458,417	\$ 599,032	\$ 728,596
China	\$ 317,337	\$ 400,858	\$ 416,720	\$ 578,304
Netherlands	\$ 443,802	\$ 508,243	\$ 455,607	\$ 566,986
Taiwan	\$ 395,236	\$ 444,212	\$ 393,391	\$ 481,683
Singapore	\$ 269,845	\$ 257,755	\$ 373,453	\$ 473,674
South Korea	\$ 255,103	\$ 267,008	\$ 383,941	\$ 439,393
Belgium	\$ 224,063	\$ 251,756	\$ 296,061	\$ 431,900
Austria	\$ 134,892	\$ 177,774	\$ 220,641	\$ 292,855
Switzerland	\$ 153,347	\$ 149,578	\$ 191,723	\$ 253,929
Australia	\$ 183,000	\$ 213,987	\$ 227,734	\$ 238,607
Hong Kong	\$ 148,639	\$ 148,393	\$ 150,482	\$ 190,207
Malaysia	\$ 101,566	\$ 105,453	\$ 104,453	\$ 178,509
El Salvador	\$ 75,406	\$ 75,465	\$ 100,557	\$ 166,103
Honduras	\$ 58,087	\$ 70,325	\$ 39,852	\$ 153,427
Italy	\$ 131,632	\$ 144,885	\$ 134,982	\$ 145,086
Ireland	\$ 135,781	\$ 169,392	\$ 162,405	\$ 143,293
Saudi Arabia	\$ 28,551	\$ 57,647	\$ 50,925	\$ 89,399
United Arab Emirates	\$ 104,817	\$ 56,266	\$ 85,190	\$ 88,758
India	\$ 39,056	\$ 51,435	\$ 51,812	\$ 78,329
Spain	\$ 67,047	\$ 89,451	\$ 65,353	\$ 76,175
Israel	\$ 16,416	\$ 27,250	\$ 52,868	\$ 71,996
Colombia	\$ 32,839	\$ 36,876	\$ 44,327	\$ 67,267
Thailand	\$ 46,507	\$ 53,642	\$ 52,041	\$ 61,496
Venezuela	\$ 35,289	\$ 47,135	\$ 63,265	\$ 58,419
Argentina	\$ 38,228	\$ 38,421	\$ 43,241	\$ 56,800
South Africa	\$ 21,457	\$ 33,810	\$ 45,247	\$ 51,526
New Zealand	\$ 27,217	\$ 30,589	\$ 31,674	\$ 41,775
Chile	\$ 34,524	\$ 41,145	\$ 28,743	\$ 37,447
Norway	\$ 15,094	\$ 17,950	\$ 38,076	\$ 36,857
Russian Federation	\$ 5,756	\$ 47,474	\$ 26,981	\$ 31,296
Philippines	\$ 25,864	\$ 26,551	\$ 31,153	\$ 29,099

## Kentucky Exports (2007) and Foreign Direct Investment (2006)

Partner	2004	2005	2006	2007
Sweden	\$ 55,215	\$ 41,905	\$ 29,565	\$ 28,758
Indonesia	\$ 30,131	\$ 25,778	\$ 21,666	\$ 28,628
Hungary	\$ 29,568	\$ 32,754	\$ 30,588	\$ 26,132
Dominican Republic	\$ 14,535	\$ 13,514	\$ 14,414	\$ 26,006
Peru	\$ 20,925	\$ 16,079	\$ 16,338	\$ 23,577
Denmark	\$ 8,558	\$ 9,685	\$ 16,860	\$ 21,385
Kuwait	\$ 2,682	\$ 2,796	\$ 24,547	\$ 20,215
Guatemala	\$ 7,695	\$ 12,860	\$ 10,105	\$ 18,352
Poland	\$ 9,649	\$ 6,411	\$ 8,371	\$ 18,330
Costa Rica	\$ 7,358	\$ 8,878	\$ 12,336	\$ 17,199
Ecuador	\$ 13,754	\$ 13,524	\$ 12,057	\$ 16,711
Viet Nam	\$ 7,895	\$ 9,118	\$ 11,020	\$ 15,340
Uruguay	\$ 13,658	\$ 11,077	\$ 14,136	\$ 14,074
Trinidad and Tobago	\$ 6,952	\$ 10,337	\$ 5,742	\$ 12,593
Turkey	\$ 13,037	\$ 11,284	\$ 11,540	\$ 12,555
Panama	\$ 4,742	\$ 5,342	\$ 5,595	\$ 9,888
Netherlands Antilles	\$ 2,782	\$ 5,125	\$ 5,161	\$ 9,320
Qatar	\$ 606	\$ 4,510	\$ 20,495	\$ 8,878
Portugal	\$ 7,882	\$ 8,785	\$ 8,945	\$ 8,868
Egypt	\$ 7,073	\$ 8,815	\$ 8,687	\$ 8,590
Nigeria	\$ 9,747	\$ 8,386	\$ 10,860	\$ 8,156
Pakistan	\$ 2,316	\$ 4,501	\$ 3,997	\$ 7,907
Greece	\$ 20,217	\$ 26,183	\$ 4,620	\$ 7,844
Haiti	\$ 547	\$ 265	\$ 1,243	\$ 7,764
Estonia	\$ 1,519	\$ 1,771	\$ 2,687	\$ 7,031
Bahamas	\$ 1,937	\$ 3,375	\$ 6,578	\$ 6,202
Bahrain	\$ 1,083	\$ 1,935	\$ 4,155	\$ 5,981
Finland	\$ 4,430	\$ 3,654	\$ 4,307	\$ 5,881
Jamaica	\$ 3,987	\$ 4,819	\$ 3,082	\$ 5,341
Iraq	\$ 858	\$ 6,895	\$ 5,429	\$ 5,159
Czech Republic	\$ 18,334	\$ 19,052	\$ 9,842	\$ 4,976
Jordan	\$ 2,052	\$ 2,311	\$ 3,396	\$ 4,353
Kazakhstan	\$ 2,517	\$ 1,527	\$ 1,065	\$ 3,876
Slovenia	\$ 839	\$ 1,788	\$ 829	\$ 3,204
Slovakia	\$ 91	\$ 235	\$ 2,891	\$ 2,967
Ukraine	\$ 1,022	\$ 1,041	\$ 1,557	\$ 2,589
Algeria	\$ 426	\$ 2,170	\$ 1,578	\$ 2,376
Afghanistan	\$ 86	\$ 2,669	\$ 1,427	\$ 2,325
Bermuda	\$ 1,677	\$ 1,479	\$ 2,234	\$ 2,144
Romania	\$ 1,941	\$ 2,581	\$ 3,048	\$ 2,082
Serbia	\$ -	\$ -	\$ -	\$ 1,956
Bulgaria	\$ 1,038	\$ 1,632	\$ 3,069	\$ 1,933

## Kentucky Exports (2007) and Foreign Direct Investment (2006)

Partner	2004	2005	2006	2007
Cayman Islands	\$ 1,283	\$ 2,258	\$ 1,663	\$ 1,778
Lebanon	\$ 547	\$ 796	\$ 1,264	\$ 1,741
Barbados	\$ 1,318	\$ 2,083	\$ 1,428	\$ 1,538
Nicaragua	\$ 874	\$ 827	\$ 1,715	\$ 1,397
Iceland	\$ 692	\$ 959	\$ 1,283	\$ 1,210
Morocco	\$ 244	\$ 706	\$ 225	\$ 1,169
Guinea	\$ 6	\$ 57	\$ 59	\$ 1,163
Georgia	\$ 275	\$ 1,106	\$ 405	\$ 1,144
Yemen	\$ 416	\$ 516	\$ 396	\$ 1,143
Ghana	\$ 1,302	\$ 1,273	\$ 231	\$ 969
Angola	\$ 114	\$ 1,201	\$ 1,671	\$ 891
Bolivia	\$ 4,453	\$ 11,140	\$ 698	\$ 878
Kenya	\$ 3,365	\$ 687	\$ 1,336	\$ 860
Guyana	\$ 208	\$ 89	\$ 263	\$ 818
Uzbekistan	\$ 22	\$ 553	\$ 206	\$ 742
Paraguay	\$ 971	\$ 390	\$ 1,784	\$ 742
Sri Lanka	\$ 938	\$ 890	\$ 853	\$ 741
Latvia	\$ 461	\$ 957	\$ 576	\$ 741
Niger	\$ 11	\$ 64	\$ 532	\$ 716
Oman	\$ 333	\$ 365	\$ 3,193	\$ 651

## Kentucky Exports (2007) and Foreign Direct Investment (2006)

**Table 3**  
**Gross Property, Plant, and Equipment Investments (Non Bank)**  
**Majority-Owned U.S. Affiliates**  
2006 Foreign Direct Investment in Kentucky,  
Kentucky's Competitor States, and the United States  
(Millions of Dollars)

	Total	Canada	France	Germany	Italy	Nether-lands	Sweden	Switzer-land	United Kingdom	Mexico	Africa	Middle East	Australia	Japan
<b>United States</b>	\$1,188,641	\$113,259	\$67,318	\$243,327	\$18,558	\$82,109	\$11,419	\$48,432	\$191,449	\$9,173	\$4,093	\$29,125	\$38,316	\$176,511
Alabama	\$ 20,457	\$ 1,900	\$ 2,172	\$ 4,233	(D)	\$ 1,322	\$ 339	\$ 1,211	\$ 2,333	(D)	(D)	\$ 113	\$ 178	\$ 3,936
Georgia	\$ 23,349	\$ 2,193	\$ 2,127	\$ 3,584	(D)	\$ 1,584	\$ 286	\$ 751	\$ 2,152	(D)	(D)	(D)	\$ 925	\$ 4,549
Illinois	\$ 43,340	\$ 4,792	\$ 2,329	\$ 7,651	\$ 619	\$ 2,258	\$ 548	\$ 1,791	\$ 7,392	\$ 10	\$ 11	\$ 339	\$ 2,637	\$ 7,845
Indiana	\$ 37,171	\$ 1,028	\$ 1,367	\$ 7,878	(D)	\$ 5,964	\$ 112	\$ 856	\$ 6,111	(D)	(D)	(D)	\$ 880	\$ 9,881
<b>Kentucky</b>	<b>\$ 27,825</b>	<b>\$ 1,140</b>	<b>\$ 806</b>	<b>\$ 9,345</b>	<b>(D)</b>	<b>\$ 1,193</b>	<b>\$ 328</b>	<b>\$ 553</b>	<b>\$ 748</b>	<b>(D)</b>	<b>\$ 1</b>	<b>\$ 667</b>	<b>\$ 131</b>	<b>\$ 10,343</b>
Mississippi	\$ 7,197	\$ 1,488	(D)	\$ 352	\$ 9	\$ 170	\$ 38	\$ 126	\$ 1,013	\$ 9	\$ 2	\$ 8	(D)	\$ 1,497
Missouri	\$ 17,435	\$ 623	\$ 1,354	\$ 5,613	(D)	\$ 511	\$ 140	\$ 1,739	\$ 1,674	\$ 17	\$ -	\$ 457	\$ 1,364	\$ 1,396
North Carolina	\$ 26,082	\$ 2,372	\$ 1,057	\$ 4,985	(D)	\$ 1,126	\$ 581	\$ 856	\$ 5,432	\$ 128	(D)	(D)	\$ 602	\$ 3,072
Ohio	\$ 38,592	\$ 1,894	\$ 1,739	\$ 9,314	\$ 527	\$ 1,534	(D)	\$ 1,028	\$ 5,393	(D)	(D)	(D)	\$ 1,159	\$ 13,371
South Carolina	\$ 24,043	\$ 776	\$ 3,679	\$ 6,506	(D)	\$ 901	\$ 464	\$ 1,932	\$ 2,294	(D)	\$ 70	\$ 37	(D)	\$ 3,695
Tennessee	\$ 21,518	\$ 1,912	\$ 811	\$ 2,462	(D)	\$ 349	\$ 384	\$ 835	\$ 2,078	\$ 361	(D)	\$ 273	\$ 430	\$ 9,577
Virginia	\$ 18,504	\$ 570	\$ 1,445	\$ 5,075	(D)	\$ 1,722	\$ 511	\$ 661	\$ 1,619	\$ 105	(D)	\$ 727	\$ 187	\$ 2,076
West Virginia	\$ 5,891	\$ 680	(D)	\$ 1,600	\$ 337	\$ 162	\$ 5	\$ 316	\$ 330	\$ 2	\$ -	(D)	(D)	\$ 1,434

Source: United States Bureau of Economic Analysis, Gross Property, Plant, and Equipment of Nonbank U.S. Affiliates, State by Country of Ultimate Beneficial Owner, 2006.

<http://www.bea.gov/bea/di/di1fdiop.htm>

\* Less than \$500,000 D = Suppressed to avoid the disclosure of data of individual companies.

Note: Includes aircraft, railroad rolling stock, satellites, undersea cable, and trucks engaged in interstate transportation.

## Kentucky Exports (2007) and Foreign Direct Investment (2006)

**Table 4**  
**Employment Majority-Owned U.S. Affiliates**  
2006 Foreign Direct Investment in Kentucky,  
Kentucky's Competitor States, and the United States  
(Jobs in 1,000s)

	Total	Manufacturing	Wholesale Trade	Retail Trade	Information	Finance Insurance	Real Estate	Professional, Scientific, and Technical Services	Other Industry
<b>United States</b>	<b>5,330.5</b>	<b>2,057.8</b>	<b>618.7</b>	<b>564.0</b>	<b>223.5</b>	<b>215.1</b>	<b>46.0</b>	<b>202.4</b>	<b>1,402.9</b>
Alabama	73.6	45.6	9.0	2.0	1.1	0.6	0.2	2.5	12.6
Georgia	173.6	62.9	27.6	16.7	6.0	5.7	2.2	6.8	45.8
Illinois	243.1	90.1	30.7	14.6	14.4	11.8	1.2	13.6	66.7
Indiana	148.0	95.9	15.8	5.7	4.0	1.2	0.1	0.5	24.8
<b>Kentucky</b>	<b>91.0</b>	<b>47.0</b>	<b>15.7</b>	<b>2.4</b>	<b>2.2</b>	<b>1.5</b>	<b>0.3</b>	<b>1.1</b>	<b>20.8</b>
Mississippi	25.7	10.4	6.3	1.0	0.4	0.2	0.1	0.7	6.7
Missouri	85.7	47.1	6.2	3.2	3.3	G	0.3	2.1	J
North Carolina	209.4	98.6	18.1	44.1	2.9	4.6	1.4	2.8	36.9
Ohio	213.3	114.7	19.1	13.5	5.6	2.1	0.3	6.2	51.8
South Carolina	114.3	62.0	12.8	13.5	0.8	0.8	0.9	2.2	21.3
Tennessee	140.3	72.4	22.1	10.5	3.1	1.8	0.4	3.1	26.8
Virginia	150.8	44.1	16.4	41.7	5.8	1.4	1.2	8.7	31.4
West Virginia	19.9	10.1	1.8	2.3	0.1	0.2	(*)	0.7	4.8

\*Fewer than 50 employees. NOTE. Size ranges are given in employment cells that are suppressed.

The size ranges are: G—1,000 to 2,499 and J—10,000 to 24,999.

Source: United States Bureau of Economic Analysis, Foreign Direct Investment in the U.S.: Financial and Operating Data for U.S. Affiliates of Foreign Multinational Companies, Employment of Nonbank U.S. Affiliates, State by Country of Ultimate Beneficial Owner, 2006 [http://www.bea.gov/international/xls/mousa\\_employ\\_state\\_by\\_ind.xls](http://www.bea.gov/international/xls/mousa_employ_state_by_ind.xls)

## **Glossary of Economic Impact Terms**

**Economic impacts are a mathematical method of specifying the economic relationships among all businesses/industries and between businesses/industries and consumers. Input-output (I/O) modeling is the most commonly utilized method to assess the economic outcomes of job creation or reduction. Economic impact modeling captures the direct impact of an employment expenditure (jobs with wages, salaries, and benefits) on the economy. Additionally, the secondary effect (indirect) on the economy is captured and the consumer based (induced) effects are calculated by the model.**

Economic impact analysis typically utilizes an economic model input-output (I/O) which traces the flow of goods and services, income, and employment among related sectors of the economy. The I/O model generates a mathematical depiction of the flow of economic activity, *id est*: The industries, which produce the final goods and services, will purchase goods and services from supplier companies, which in turn purchase inputs from other sectors (additional suppliers). All of these industrial sectors will employ labor as an input for the production of goods and services. Employees of these industries use their compensation to purchase goods and services from the economy. Linkages between industries in a region create an economic ripple effect as a result of changes in demand for products. Strong linkages can lead to a healthier economy, as capital flows through the economy rather than out of it.

**Direct Effects:** Direct effects are the changes in economic activity during the first round of spending. These represent the impacts (e.g. change in employment) for the expenditures and /or production values specified as direct final demand changes.

**Indirect Effects:** Indirect effects are the changes in sales, income, or employment within the region in backward-linked industries supplying goods and services. These represent the impacts (e.g. change in employment) caused by the iteration of industries purchasing from industries resulting from direct final demand changes. New jobs will be created outside of the primary industry/direct impact industry.

Example: Direct Impact Industry – light truck and utility vehicle manufacturing: Direct operational employment will result in indirect employment related to support and supplier services: motor vehicle parts manufacturing, telecommunication, insurance, wholesaling, equipment maintenance and repair, legal services, accounting, power generation and supply, truck and rail transportation, and banking services, *et cetera*.

**Induced Effects:** These represent impacts (e.g. change in employment) on all local industries caused by the expenditures of new household income generated by the direct and indirect effects resulting from direct final demand changes. Induced effects may also reflect government or investment gains. New jobs created in the areas of food services, plumbing, medical/dental care, barbershops, clothing sales, police & fire protection, lawn care, legal services, financial services, real estate, merchandize stores, automobile dealers, & service stations, *et cetera*, are due to the direct and indirect effects of the initial creation of jobs.

**Total Value Added:** Indicates the total economic value (impact) attributable to Kentucky's workers and industries.

Note: Data consistent with Kentucky's State Gross Domestic Product (GDP).

**Employee Compensation (Includes Benefits):** Employee compensation describes the total payroll costs (including benefits). Includes wage and salary payments (by employers) as well as benefits including overtime compensation, health and life insurance, retirement payments, and other non-cash compensation. Significant employment of seasonal and/or part-time workers may lower personal income averages.

**Proprietary Income**—Consists of payments received by self-employed individuals as income.

**Personal Income = Employee Compensation (Includes Benefits) + Proprietary Income**

**Other Property Type Income:** Consists of payments for rents, royalties, and dividends payments to individuals in the form of rents received on property, royalties from contracts, and dividends paid by corporations. Corporate profits earned by corporations included.

### **Methodology/Sources (partial)**

The economic impacts estimates and conclusions resulting from this study have been derived from Minnesota IMPLAN Group, Inc. databases. This aggregate database is primarily composed of government data sources including information from

- US Bureau of Economic Analysis Benchmark I/O Accounts of the US;
- US Bureau of Economic Analysis Output Estimates;
- US Bureau of Economic Analysis REIS Program;
- US Bureau of Labor Statistics ES 202 Program;
- US Bureau of Labor Statistics Consumer Expenditure Survey;
- US Bureau of County Business Patterns;
- US Census Bureau Decennial Census and Population Surveys;
- US Census Bureau Economic Census and Surveys;
- US Department of Agriculture; and
- US Geological Survey.

MIG, Inc. 2007 databases and IMPLAN 1997-2007, 2.0.1025 matrices are utilized in the computation of economic impact estimates.

The information provided herein by the Division of Research--Cabinet for Economic Development are believed to be accurate but is not warranted and is for informational purposes only. Any estimates, projections, or information provided to make estimates or projections are provided without assurances or warranties and should not be relied upon as fact. Users of the information should perform their own due diligence in drawing conclusions from the information provided.

This study estimates/reports the positive economic impacts, which occur as a result of the exports which emanate from the Commonwealth of Kentucky. This report does not account for the cost incurred by the Commonwealth as a result of this industry. These costs may include police and fire department services, public education, public infrastructure (roads, bridges, prisons, miscellaneous local governments cost, airports, sewage treatment, water treatment, trash collection, etc.), social services, health services, environmental impacts, and state and local tax incentives/abatements.

## Kentucky Exports (2007) and Foreign Direct Investment (2006)

### Supplement: 2008 Year to Date Exports

The June year to date export data released in (August) covers the first 6 months of 2008. The export data based on the first half of 2008 indicate that the United States has experienced a robust increase in exports of 18.0% (June 2007 YTD to June 2008 YTD). Kentucky's 12 competitor states increased exports by a 12.7% (June 2007 YTD to June 2008 YTD). The competitor states increase of 12.7% is still strong and significant.

Kentucky's exports increased by a noticeably slower 3.3% for the first half of 2008 (June 2007 YTD to June 2008 YTD). Since inflation for 2008 will probably exceed Kentucky's export growth rate of 3.3% for 2008, Kentucky's real export growth rate for the first half of 2008 is flat to negative in real dollars (\$ inflation adjusted). Kentucky's export growth ranks 44<sup>th</sup> in total export growth (percentage) among the states during the first half of 2008.

**Year to Date Exports for the First Half of 2008 (June YTD)**

Competitor State Region	JUNE 2007 YTD Values in \$ Billions	JUNE 2008 YTD Values in \$ Billions	Percentage Increase	Rank 50 States Plus D. C.
<b>United States</b>	<b>\$ 559.9</b>	<b>\$ 660.8</b>	<b>18.0%</b>	<b>-</b>
<b>Competitor States</b>	<b>\$ 123.8</b>	<b>\$ 139.6</b>	<b>12.7%</b>	<b>-</b>
<b>Kentucky</b>	<b>\$ 9.5</b>	<b>\$ 9.8</b>	<b>3.3%</b>	<b>44</b>
Alabama	\$ 1.9	\$ 2.7	7.9%	41
Georgia	\$ 2.4	\$ 3.2	24.1%	20
Illinois	\$ 7.7	\$ 9.7	11.9%	33
Indiana	\$ 11.1	\$ 13.8	5.5%	42
Mississippi	\$ 8.0	\$ 9.4	32.2%	10
Missouri	\$ 23.7	\$ 26.5	-5.2%	50
North Carolina	\$ 11.4	\$ 12.7	11.5%	35
Ohio	\$ 20.1	\$ 22.1	9.8%	38
South Carolina	\$ 10.5	\$ 11.5	26.8%	16
Tennessee	\$ 7.3	\$ 7.8	9.7%	39
Virginia	\$ 12.9	\$ 13.6	17.3%	27
West Virginia	\$ 6.9	\$ 6.5	44.4%	5

Source: Derived from data provided by WISERTrade: State Exports by HS Database, <http://www.wisertrade.org>, data from U.S. Census Bureau Foreign, Trade Division. State population data provided by the United States Census Bureau, Population Estimates Program, <http://www.census.gov/>, Release Date: 8/12/2008.

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