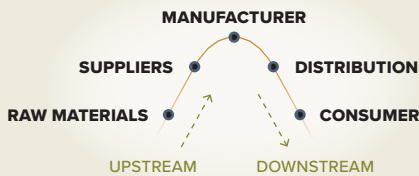


TEXAS SUPPLY CHAIN



Global supply chains – the networks between a company and its suppliers that produce and distribute products to the final consumers – create value and contribute to lower consumer and production costs. They are integral to the trade of intermediate goods (components of final goods), a key feature in advanced manufacturing products like automobiles and semiconductors. Trade in parts and components is twice as large as the trade value in final goods.

ONE IN A SERIES OF REPORTS THE COMPTROLLER HAS PREPARED ON TEXAS SUPPLY CHAINS; FOR MORE INFORMATION PLEASE SEE BELOW.

Supply Chain Resilience

Global trade enhances production efficiencies and reduces costs for producers and consumers. There are risks and vulnerabilities in the supply chain system, which were highlighted by COVID-19 economic disruptions.

Supply chain risks preceded the pandemic and will remain afterward. Some risks include overconcentration of production in one region, trade and geopolitical disputes, geophysical and climate related events and, increasingly, cyberattacks.

In response, businesses are working to overhaul or streamline supply networks. Government has proposed infrastructure funding for critical industries like semiconductors and rare earth processing, citing their importance to national security and national competitiveness.

Trade in Texas

Texas had \$276.4 billion in exports in 2020, accounting for 15.7 percent of state GDP, much higher than the national average of 6.8 percent. In pre-pandemic year 2019, Texas saw \$328.5 billion in exports, or 17.8 percent of state GDP; by comparison, total U.S. exports comprised 7.7 percent of U.S. GDP.

RECENT CHANGES IN EXPORT ACTIVITY

Texas' exports fell steeply during the pandemic but have since recovered to pre-COVID-19 levels:

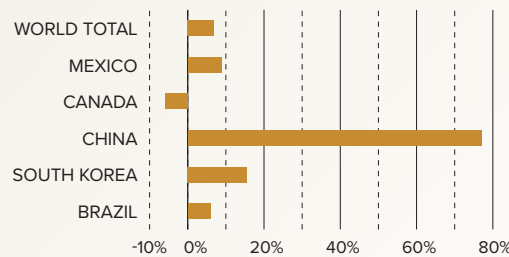
- Overall, Texas exports in 2020 declined by about 16 percent from the previous year.
- The first six months of 2021 show a nearly 7 percent increase compared to the same period in 2019.

LIMITING SUPPLY CHAIN DISRUPTIONS IS IMPORTANT TO THE TEXAS ECONOMY

IN 2019, MORE THAN 1.1 MILLION TEXAS JOBS WERE SUPPORTED BY EXPORTS, BY FAR THE MOST AMONG STATES.

TEXAS WAS THE NATION'S LEADING EXPORTER IN 2020, SHIPPING \$276.4 BILLION WORTH OF GOODS, OR 19 PERCENT OF THE U.S. TOTAL.

TOP 5 EXPORT DESTINATIONS FROM TEXAS, PERCENT CHANGE, 2019 (JAN.-JUNE) TO 2021 (JAN.-JUNE)



TOP 5 EXPORT DESTINATIONS FROM TEXAS, VALUE, 2020

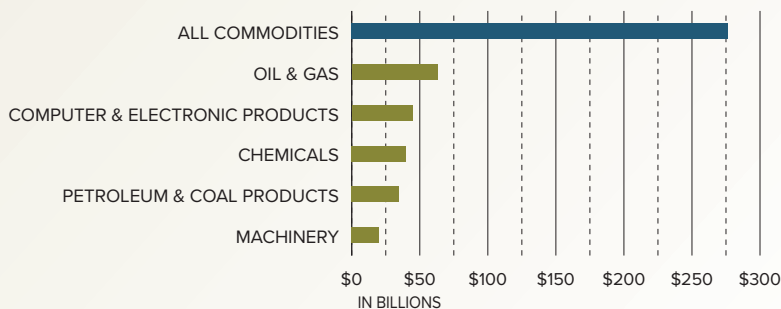


Sources: U.S. Census Bureau, Texas Comptroller of Public Accounts

China's consumption of Texas products is rapidly rising, increasing by 77 percent in the first six months of 2021 compared to the same period in 2019.

Texas' largest trading partner, Mexico, accounts for about one third of its exports.

TOP 5 TEXAS EXPORTS BY COMMODITY, 2020



Energy-related industries – oil and gas, petroleum products and chemicals – accounted for half of Texas' exports.

Sources: U.S. Census Bureau, Texas Comptroller of Public Accounts

IT'S NO SURPRISE THAT TEXAS LEADS IN TRADE ACTIVITY

The state has vast infrastructure to facilitate supply chains and trade. Texas has 29 official ports of entry that serve as critical gateways to global trade. It shares an international border and is logistically centered with multiple interstate intersections and railway networks, as well as large hub airports providing both cargo and passenger service, making the state a good destination for reshoring initiatives.

Given trade's role in the state economy, Texas would benefit from a more resilient global supply chain.

THIS IS ONE IN A SERIES OF REPORTS THE COMPTROLLER HAS PREPARED ON TEXAS SUPPLY CHAINS

TO SEE MORE INFORMATION ON SUPPLY CHAINS AND THE TEXAS ECONOMY: <https://comptroller.texas.gov/economy/economic-data/supply-chain/>