



Trade Matters to Florida's 12th Congressional District

Trade Matters to Manufacturing and Services

Trade matters to **manufacturing and services companies** and their workers located in the 12th Congressional District of Florida. District industries such as food and beverage processing and chemical and fertilizer production export their products to the rest of the world, and imports are key ingredients for many companies who rely on agricultural products and other inputs to manufacture or process products in the District.

- Trade supports jobs in the 12th District. Fifteen percent of all **manufacturing** jobs in Florida depend on exports, and research demonstrates that exporting jobs pay 13-18 percent more than the U.S. average.
- Export dependence is much higher for manufacturing sectors of importance to the 12th District: more than one in five jobs in Florida's chemical industry, a key sector in the 12th District's economy, depend on exports. Twenty four percent of jobs in Florida's transportation equipment industry, another key sector in the District's economy, rely on exports.
- Trade benefits the District's important **agricultural sector**. Florida exports approximately 19 percent of its agricultural products. Florida is the country's largest producer and exporter of citrus products and the District covers the State's most productive citrus-producing area. Florida and the District are also major producers of tomatoes.
- Trade is also important to **services sectors** that are large employers in the District. Economists estimate that a one-third cut in barriers to services trade generally would boost U.S. GNP growth by 1.5 percent a year.
- Thus, as trade increases, business opportunities for services companies and the high-wage jobs related to them increase for sectors important to the District, including distribution, banking, and financial services.

Florida Import-Export Trading Corp Lakeland

Our company has been an exporter of American-made goods and services to Central America and the Caribbean since 1982, and have experienced the difficulties of doing business with countries that have restrictive trade barriers.

Both our customers in Central America and US have seen a tremendously positive change in our business relationships over the past decade with significant reduction in duties and tariffs on imported goods from the United States, and unanimously agree that a complete elimination of these would lead to even greater trade between our countries. Proof of that is the still irrationally high duties on U.S. products into the Dominican Republic, 15% in the case of one of our products, which lead to diminished demand.

We urge our government representatives to approve the DR-CAFTA treaty.

Dick Greene
Vice President

SUMMARY FACTS

15% of all manufacturing jobs in Florida depend on exports.

Studies estimate that DR-CAFTA's tariff and nontariff barrier cuts could potentially increase Florida's exports to the DR-CAFTA countries by \$525 million after the first year, and by \$2.8 billion after nine years.

Florida's exports of chemicals (including fertilizers) could increase by \$11.6 million after the first year, and by \$62.2 million after year nine.

It has been estimated that U.S. fruit juice exports to the DR-CAFTA could potentially increase 66 percent upon the elimination of duties.

90% of Florida's agricultural chemical exports would receive duty-free treatment immediately upon implementation of DR-CAFTA.

1 of every 8 District residents is Hispanic suggesting the relationship between District 12 and the DR-CAFTA nations is personal as well as economic.

Trade Matters to Small Business

Trade matters to **small businesses** located in the 12th District.

- More than 90 percent of the 33,000 Florida companies that export goods are small businesses.
- Nationally, we know that small businesses already export \$4.5 billion to the Dominican Republic and the countries in Central America.

Trade Matters to International Investors

Fair international investment rules, which promote trade, matters to **foreign investors** in the 12th District of Florida.

- Foreign investors located in the United States support millions of American jobs. In Florida, foreign investors employ almost 245,000 workers. Indeed, Florida ranks fifth in the United States in the number of employees supported by U.S. subsidiaries of foreign firms, and nearly one in five of those are employed by foreign-owned manufacturers.
- The strong Florida and District economies are magnets for foreign investment and job-creating insourcing. Further engagement with the international economy through trade will improve the competitiveness of companies and workers in the District, making it a still more attractive location for new investment for manufacturing and services.

TOP IMPORTERS TO DR-CAFTA COUNTRIES IN FLORIDA'S 12th DISTRICT

Altadis	Tampa
C F Marine	Tampa
F I Foil	Auburndale
F I Foil	Auburndale
Far Horizon Trading	Lakeland
Far South Equipment	Mulberry
Finzer Roller	Lakeland
Florida Bulk Sales	Eaton Park
Florida Chemical & Trading	Winter Haven
Global Investments	Lakeland
Highland Distributors	Mulberry
Lumber & Fencing Products	Gibsonton
Nortrax	Tampa
William P Hearne Produce	Wimauma

Trade Liberalization Matters to Florida's 12th District

District companies, workers and consumers have benefited from trade liberalization.

- Since the implementation of NAFTA, Florida's exports to Canada and Mexico have increased by nearly 90 percent. Over that period, Florida's exports of beverages, such as fruit juices, have nearly tripled.
- The average U.S. household saves \$930 annually thanks to income gains and tariff -- tax -- cuts due to NAFTA alone. For the District, this equals nearly \$149 million annually just for households in the District.

DR-CAFTA and Doha Matter to Florida's 12th District

Other trade liberalization initiatives under way will boost the gains to the 12th District, and merit strong support. The most important initiatives include Congressional approval of the **Dominican Republic-Central American Free Trade Agreement (DR-CAFTA)** and strong support for a successful conclusion of multilateral trade negotiations in progress at the World Trade Organization (WTO), known as the "**Doha Round.**"

- With its proximity to Central America and the Dominican Republic, the 12th District and Florida already have strong ties to the region. The significant share of the District's population that is Hispanic -- one of every eight residents -- suggests that the relationship is personal as well as economic.
- In 2003, Florida exported nearly \$3.1 billion worth of goods to the DR-CAFTA countries. Manufactured goods accounted for 97 percent of those exports. Even before DR-CAFTA, Florida's exports of chemicals (including fertilizers) have increased over 41 percent since 1999.
- Ninety percent of Florida's agricultural chemical exports would receive duty-free treatment immediately upon implementation of DR-CAFTA. District companies, such as fertilizer producer Mosaic Co., could benefit from increased market access to the DR-CAFTA.

- Many of Florida's agricultural exports will also become duty-free upon the DR-CAFTA's implementation, possibly benefiting the District's farmers and processors, like Citrus World Inc. and Pasco Beverage Co. One study estimates that U.S. fruit juice exports to the DR-CAFTA could potentially increase 66 percent upon the elimination of duties.
- Studies estimate that DR-CAFTA's tariff and nontariff barrier cuts could potentially increase Florida's exports to the DR-CAFTA countries by \$525 million after the first year, and by \$2.8 billion after nine years.
- Specifically, Florida's exports of chemicals (including fertilizers) could increase by \$11.6 million after the first year, and by \$62.2 million after year nine.
- The DR-CAFTA countries currently charge tariffs on transportation equipment and parts that range up to 30 percent. The District's auto manufacturers and tire producers will see benefits under DR-CAFTA: half of U.S. transportation equipment exports will receive duty-free treatment immediately. Tariffs on the remaining half will be phased out over ten years. District companies such as Breed Technologies could see increased business thanks to DR-CAFTA.
- A tariff-free world by 2015, under consideration in the Doha Round, will result in \$1,600 in increased income for the average U.S. household annually. For the District, this represents an additional \$256 million saved by District households annually.
- Total elimination of barriers to trade in goods and services would increase U.S. GNP growth by 5.5 percent.
- The global reduction of many agricultural subsidies through the Doha Round will open more markets for U.S. agricultural exports.
- Services trade liberalization contemplated in the Round will benefit District services companies who have limited access at present to potentially large developing country markets for computer and telecommunications consulting and software design and consulting.

**TOP EXPORTERS TO DR-CAFTA COUNTRIES
IN FLORIDA'S 12th DISTRICT**

Altadis	Tampa
Beulah Samuel	Brandon
Branex	Tampa
Brown Citrus Systems	Winter Haven
C F Marine	Tampa
Caribbean Waterworks	Auburndale
Economy Auto Salvage	Mulberry
Far South Equipment	Mulberry
Florida Trading	Lakeland
FMC Technologies	Lakeland
Global Citrus Resources	Lakeland
ISCO Industries	Mulberry
Jeld Wen	Tampa
Packaging Corp of America	Winter Haven
Pak Tek	Lakeland
Paslode	Lakeland
Quill	Lakeland
Ringhaver Equipment	Riverview
Robinson Fans	Lakeland
Saddle Creek Warehouse	Lakeland
Scott Industries	Lakeland
Separation Equipment	Brandon
Star Distributors	Plant City
Sunshine Trading Group	Tampa
Todhunter Mitchell	Lake Alfred
Welch Automotive	Lakeland

In Short ...

Trade is important to the 12th District. Pending trade agreements and ongoing negotiations will boost the benefits of trade to the District. Increased U.S. exports boost productivity for U.S. companies and generate higher wages for U.S. workers. Trade agreements lower the cost of products purchased by consumers and U.S. companies and farmers who use imported raw materials in their U.S. factories and farms. Trade grows foreign economies increasing their demand for U.S. goods and services at the same time it promotes political stability, security and democracy. Expanded trade opportunities in our Hemisphere are therefore particularly important to the residents of the 12th District.

Sources:

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Grocery Manufacturers of America, "Assessing the Potential Value of the Central American FTA on US Exports of Branded Food & Beverage Products," March 2004.

U.S. Chamber of Commerce, "The Economic Impact of the U.S.-Dominican Republic-Central America Free Trade Agreement (DR-DR-CAFTA) on Florida," 2004.