



Trade Matters to California's 28th Congressional District

Trade Matters to Manufacturing and Services

Trade matters to **services and manufacturing companies** and workers located in the 28th Congressional District of California. District film and television studios export their products to customers around the world, and imports are key ingredients for apparel and food product companies in the District.

- Trade is 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. Copyright-based industries, such as those in the District, contribute close to \$90 billion to the economy through foreign sales and exports.
- 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 the entertainment industry.
- Trade in goods also supports jobs in the 28th District. More than one in four **manufacturing** jobs in California depend on exports, and research demonstrates that exporting jobs pay 13-18 percent more than the U.S. average.
- Apparel companies in the District rely on international markets to supply their customers with a range of value-priced clothing.
- Trade matters to **small businesses** located in the 28th District.

Amazonas Imports Sun Valley

For more than 28 years, Amazonas Imports in Sun Valley has imported a wide range of unusual and hard-to-find foods from Central America into the U.S. Twenty-eight employees work hard to bring a taste of home to Latinos living in the United States.

As we trade primarily with Central American countries, as well as some South American countries, DR-CAFTA will dramatically increase our business by decreasing our import costs. The current high tariffs and duties levied against the products we import oftentimes are more than the original cost of the items themselves! DR-CAFTA will also have a great effect on these Latin American countries, because it will help jumpstart their economies.

*Guillermo Veliz, Manager
Amazonas Imports*

SUMMARY FACTS

A 33% cut in barriers to services trade is estimated to boost U.S. GNP growth by 1.5%. Copyright-based industries contribute close to \$90 billion to the economy through foreign sales and exports.

DR-CAFTA's strong IPR protections protect the works of District entertainment companies in international markets.

Universal City Studios Inc., a subsidiary of France-based Vivendi Universal, employs approximately 7,000 in the District.

Central American tariffs on transportation equipment and parts range up to 30%. 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.

Trade Matters to Small Business

Trade matters to **small businesses** located in the 28th District.

- Ninety-four percent of the 58,500 California companies that export goods are small and medium-sized businesses.
- Nationally, we know that small businesses already export \$4.5 billion to the countries in Central America.

Trade Matters to International Investors

Fair international investment rules, which promote trade, matters to **foreign investors** in the 28th District of California.

- Foreign investors located in the United States support millions of American jobs. In California, foreign investors employ 616,400 workers. Approximately 24 percent of California workers employed by foreign investors are employed in the high-paying manufacturing sector.
- The strong California and District economies are magnets for foreign investment and job-creating "insourcing." Universal City Studios Inc., a subsidiary of France-based Vivendi Universal, employs approximately 7,000 in the District.
- 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 EXPORTERS TO DR-CAFTA COUNTRIES IN CALIFORNIA'S 28th DISTRICT

Jerry Leigh	Van Nuys
Mic Foods	Sun Valley
Opi Products	North Hollywood
Pacific Adm	North Hollywood

Trade Liberalization Matters to California's 28th District

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

- Strong intellectual property rights protections in international agreements protect the works of District entertainment companies in international markets. These protections eliminate piracy and promote U.S. films and television programs abroad.
- NAFTA partners Canada and Mexico are California's largest export markets. Since NAFTA went into effect, California's exports to Canada and Mexico have increased by over 102 percent.
- The average U.S. family 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 families in the District.

Los Angeles Times

Trading Up – Editorial, November 18, 2004

...The so-called CAFTA linking the U.S. market to Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica -- and a companion deal with the Dominican Republic -- would provide American exports with greater access to those countries. In return, it would offer those nations their best hope for raising their standards of living, and, as NAFTA did for Mexico, would help solidify economic reforms and bolster the rule of law in the region. As a political gesture, the trade deal would be a fitting tribute for a region that has come so far from the chaotic, often deadly, instability of 20 years ago...

DR-CAFTA and Doha Matter to California's 28th District

Other trade liberalization initiatives under way will boost the gains to the 28th 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."

- In 2003, California exported more than \$650 million worth of goods to the DR-CAFTA countries. Even without DR-CAFTA, the region has been a growing market for California goods, expanding at an average *annual* rate of 12 percent! Computers and electronic products are California's largest export to the DR-CAFTA countries.
- Studies estimate that DR-CAFTA's tariff and nontariff barrier cuts could potentially increase California's exports to the DR-CAFTA countries by \$229 million after the first year, and by \$2.6 billion after nine years.
- DR-CAFTA's strong intellectual property protections will benefit the District's film and television producers and distributors. The Agreement contains the highest level of intellectual property protections in the Latin American region. The DR-CAFTA countries have pledged to enhance their laws and enforcement against pirated products. Greater transparency throughout the customs authorities of Central America and the Dominican Republic will also improve measures to keep pirated materials out of those countries. District film and television companies, like Universal and Amblin Entertainment, should see strong gains thanks to the DR-CAFTA.
- The textile and apparel provisions contained in DR-CAFTA will provide sourcing options to suppliers in Asia by enabling District apparel producers to offer retailers lower-cost apparel products in mere days or weeks, and often made with U.S. yarns and fabrics. District companies like Jerry Leigh Entertainment Apparel could see increased business thanks to these provisions.

- Central American tariffs on transportation equipment and parts range up to 30 percent. The District's transportation parts manufacturers 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 Sierracin Corp. could see increased business thanks to DR-CAFTA.
- The DR-CAFTA goes beyond all previous free trade agreements in empowering citizens to enforce environmental laws and creates mechanisms to improve environmental protection in the DR-CAFTA countries. The Agreement also provides a framework for undertaking environmental capacity building in the DR-CAFTA countries and explicitly recognizes multilateral environmental agreements and calls on the parties of the Agreement to enhance the effectiveness of these multilateral agreements.
- The DR-CAFTA will protect the District's manufacturers and farmers from injurious dumping or subsidization that may be caused by the Agreement's tariff reductions. The Agreement does not change U.S. trade remedy laws. It does, however, establish a bilateral safeguard mechanism that could temporarily suspend duty reductions if increased imports from one or more DR-CAFTA countries are injuring or threatening to injure a U.S. industry.

TOP IMPORTERS TO DR-CAFTA COUNTRIES IN CALIFORNIA'S 28th DISTRICT

Adar Metals	Sherman Oaks
Amazonas Imports	Sun Valley
BEI	North Hollywood
Four Seasons Trdg	Van Nuys
Jerry Leigh	Van Nuys
Kefir Overseas	North Hollywood
Kendall Frozen Fruits	Encino
Mic Foods	Sun Valley
Natural Oil	Arleta
Strategic Partners	Pacoima
Trimar Atlas & Atla	North Hollywood

- The labor provisions of the Agreement protect core labor rights for workers in the United States and the DR-CAFTA countries and require that labor laws be effectively enforced in all member countries. For example, if a DR-CAFTA country fails to enforce its labor laws, the Agreement allows for the imposition of fines. Those fines would then be directed towards improving protections for workers in that country. This innovative dispute settlement mechanism is consistent with the negotiating objectives articulated by Congress and provides a unique tool to fund improvements in labor rights rather than imposing trade sanctions that would likely result in lost jobs for the very workers the provision is designed to protect.
- 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 \$248 million saved by District families annually. Economists estimate that total elimination of barriers to trade in goods and services would increase U.S. GNP growth by 5.5 percent a year.
- Expanded protection of intellectual property rights around the globe will benefit and open new markets for the high-value entertainment industry that relies on effective enforcement of intellectual property protections.

In Short ...

Trade is important to the 28th 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 strengthens 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 28th District.

Walker Zanger, Inc. Sun Valley

Walker Zanger is a producer and retailer of natural stone, ceramic, metal, and glass tile, for both the consumer and professional markets. We've been in business for more than 50 years, have 15 facilities nationwide, and employ more than 400 people. In addition to our domestic facilities, we also have facilities in Italy, Portugal, Brazil, the Philippines, and China. Because of our international presence, we are no strangers to free trade. Free trade helps us stay competitive, allows us to explore new markets, and provides us opportunities for growth.

We trade with companies in Canada and Mexico, and we have seen many benefits from NAFTA since its implementation more than ten years ago. We also trade with firms in the Caribbean and would like to expand our business into Central America. The Dominican Republic – Central American free trade agreement (DR-CAFTA) will help us explore these markets. Because our products will no longer be subject to high tariffs and other barriers to trade when they enter these markets, we will be able to compete on an equal footing against companies from across the globe.

Free trade is the only way to go—it's good for the country and the whole world. In fact, I would like to see as much free trade around the world as possible. I hope that Congress will pass DR-CAFTA this year.

Leon Zanger

Sources:

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