



Trade Matters to California's 36th Congressional District

Trade Matters to Manufacturing & Services

Trade matters to **manufacturing and services companies** and workers located in the 36th Congressional District of California. District transportation equipment, electronics, and high tech companies export their products and services to customers around the world, and imports are key ingredients for many companies who rely on inputs to manufacture or process products in the District.

- Trade supports jobs in the 36th 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.
- Export dependence is high for manufacturing sectors of importance to the 36th District: Nearly 45 percent of all jobs in California's computers and electronics industry rely on exports. In addition, more than one in five jobs in the State's transportation equipment sector also rely upon exports.
- Many companies in the District use imported raw materials, like steel, to manufacture steel-containing products in the District. Other companies import goods, like toys, for sale to District consumers.
- 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 financial services and consulting.

UNION DISTRIBUTING COMPANY

San Pedro

Union Distributing Co. has served the maritime industry since 1947. Located at the Port of Los Angeles, we are a global distributor of supplies to the commercial and recreational fishing industry and others in the maritime community.

With the collapse of the U.S. west coast fishing industry, we have had to aggressively pursue other markets, including export markets, for our products.

Passage of DR-CAFTA will help our company and others like us to compete in the growing offshore fishery business in Central America and elsewhere. This will lead to an improved economic climate for our business and our community, and it will help lift many of the areas affected out of poverty. Passage and implementation of DR-CAFTA should be high on the agenda of the U.S. government in the coming months and years.

Randy Robinson
President

SUMMARY FACTS

- The Port of Los Angeles directly employs 750 workers and supports over 16,000 local jobs and 259,000 jobs throughout Southern California.
- Under DR-CAFTA, 50% of U.S. transportation equipment exports will receive duty-free treatment immediately. Tariffs on the remaining half will be phased out over 10 years benefitting District companies like GM, Toyota, Honda, and TRW.
- Under DR-CAFTA, nearly all of U.S. energy-related exports will receive immediate duty-free treatment benefitting District companies like ExxonMobil and ChevronTexaco.
- DR-CAFTA will open the door to these markets for U.S. consultants and financial service providers like Accenture and Citicorp.
- Computers and electronic products are California's largest export to the DR-CAFTA countries.

Port of Los Angeles

Trade matters to the **Port of Los Angeles** and the thousands of workers who depend on exports and imports flowing through it.

- In 2003, the Port handled \$16.9 billion worth of exports to over 150 foreign markets.
- The Port is the busiest in the United States and one of the busiest in the world. Every year it handles thousands of containers of furniture, apparel, chemicals, toys and computers. In addition to the 750 workers directly employed by the Port, it supports over 16,000 local jobs and 259,000 jobs throughout Southern California.

Trade Matters to International Investors

Fair international investment rules, which promote trade, matters to **foreign investors** in the 36th 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.” Auto manufacturers Toyota and Honda both have production facilities in the District, employing thousands of workers.
- 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 36th DISTRICT

AACCO	Wilmington
American Overseas	Inglewood
Bax Global	Los Angeles
BDP Intl	El Segundo
Body Glove	Redondo Beach
Caribex Worldwide	Torrance
Clear Freight	El Segundo
Eagle Global Logistics	Torrance
Emo Trans	Los Angeles
Evy of California	Los Angeles
Expeditors International	El Segundo
Geologistics	Torrance
Grefco	Torrance
Honda Motor	Torrance
JAS Forwarding	Torrance
John Paul Mitchell Systems	El Segundo
Kamino Air Transport	Redondo Beach
Menlo Worldwide Trade Services	Los Angeles
Mid America Overseas	Los Angeles
Packair Airfreight	Los Angeles
Padi	Santa Ana
Schenkers Intl Forwarders	El Segundo
Solex Logistics	Inglewood
TKK Freight Forwarders	Inglewood
Toyota	Torrance
Union Transport	Los Angeles
Weiss Rohlig	Torrance
World Wide Logistics	Redondo Beach

Trade Matters to Small Business

Trade matters to **small businesses** located in the 36th 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 Liberalization Matters to California's 36th District

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

- 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.

DR-CAFTA and Doha Matter to California's 36th District

Other trade liberalization initiatives under way will boost the gains to the 36th 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.
- Central American tariffs on transportation equipment and parts range up to 30 percent. The District's transportation parts 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, like General Motors, Toyota, Honda, and TRW, to name a few, could all see increased business.

- The Agreement will open the door to Central America and the Dominican Republic for U.S. consultants and financial service providers. Although the market for these services is currently small, demand is expected to grow dramatically thanks to the DR-CAFTA. District companies like Accenture and Citicorp could see strong gains in the region, thanks to DR-CAFTA.
- DR-CAFTA's strong intellectual property protections will benefit the District's high-tech computer and electronic equipment manufacturers. As the economies there develop and grow, their need for this equipment and the software to run it will expand. District companies such as Raytheon, Teledyne Technologies, and International Rectifier Corp. could all see increased exports to the DR-CAFTA countries.
- The District's petroleum refining companies, such as ExxonMobil and ChevronTexaco, should benefit from the tariff reductions under the DR-CAFTA. Under the Agreement, nearly all of U.S. energy and energy-related exports will receive immediate duty-free treatment.

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...

- The DR-CAFTA will protect the District’s manufacturers 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.
- 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 to the Agreement to enhance the effectiveness of these multilateral agreements.
- 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 the research and development of cutting-edge products under way in the District as those products are eventually marketed around the globe.

Sources:
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 Drusilla Brown, Alan Deardorff, and Robert Stern, "Multilateral, Regional, and Bilateral Trade-Policy Options for the United States and Japan," December 2002.
 U.S. Department of Commerce, International Trade Administration, "NAFTA: A State Export Perspective, 1993-2003," July 2004.

In Short ...

Trade matters importantly to the 36th District, and 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 also 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 36th District.

American Overseas	Inglewood
Bax Global	Los Angeles
BDP Intl	El Segundo
Brockhurst Inc.	Los Angeles
Caribex Worldwide	Torrance
Clear Freight	El Segundo
Contenssa	San Pedro
Contessa	San Pedro
Dispatch Service	San Pedro
Eagle Global Logistics	Torrance
Evy of California	Los Angeles
Expeditors International	El Segundo
Geologistics	Torrance
Global Transportation Service	Redondo Beach
Honda Motor	Torrance
Hospitality Design	Torrance
James G Wiley	Los Angeles
JAS Forwarding	Torrance
Kamino Air Transport	Redondo Beach
Kmart	Wilmington
Maria Cristina Acebal Morales	Los Angeles
Master Customs Service	Los Angeles
Menlo Worldwide Trade Services	Los Angeles
Mister Ho	Los Angeles
Price Transfer	Los Angeles
Schenkers International Forwarders	El Segundo
St Jacks Exports	Los Angeles
Suekwak	Los Angeles
Toyota	Torrance
Union Transport	Los Angeles