



Trade Matters to Florida's 17th Congressional District

Trade Matters to Manufacturing and Services

Trade matters to **manufacturing and services companies** and workers located in the 17th Congressional District of Florida. District industries such as bioscience, food and beverage processing and tourism and transportation services trade their products with the rest of the world.

- Trade supports jobs in the 17th 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 17th District: More than 1,000 food processing jobs in Florida rely upon exports and one of every five jobs in the chemical (including pharmaceuticals) industry depend on exports.
- 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 marketing consulting. In addition, studies also show that trade liberalization has a positive impact on tourism, a key sector for the 17th District. Increased trade generates related business travel, and liberalized trade in services increases holiday travel. District travel companies, such as American Airlines, could see increased business due to DR-CAFTA.

Universal Sewing Machine Miami

Universal Sewing Machine relies heavily on trade with Central America, exporting industrial sewing machines to textile companies in the region. According to one Universal executive:

Many of these [Central American] manufacturers are feeling increased pressure from Chinese companies when it comes to the U.S. retail market. Passage of the Dominican Republic – Central American Free Trade Agreement would eliminate the high tariffs on the U.S. materials they use to make their garments. This will help their products remain competitive with the products that are produced in China. Being more competitive helps my clients sell more garments and increase their production—and they order more sewing machines from us, helping our business.

SUMMARY FACTS

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

20% of Florida's chemicals (including pharmaceuticals) industry jobs depend on exports.

More than 90% of the 33,000 Florida companies that export goods are small businesses.

Foreign investors in Florida employ almost 245,000 workers. Broward and Miami-Dade are home to nearly 1,300 foreign-owned companies, employing more than 54,000 Floridians, in the two counties.

NAFTA has resulted in \$149 million per year in income gains to households in Florida's 11th District.

In 2003, the Port of Tampa handled \$5.9 billion worth of exports.

Exports to the DR-CAFTA countries through the Port of Tampa are expected to increase by 305,242 tons in the first year and double in nine years.

20% of the population in Florida's 11th District is Hispanic indicating that strong ties exist between locals and the citizens of the DR-CAFTA nations.

Trade Matters to Small Business

Trade matters to **small businesses** located in the 17th 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 countries in Central America and the Dominican Republic.

Trade Matters to International Investors

Fair international investment rules, which promote trade, matters to **foreign investors** in the 17th 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 Broward/Miami-Dade economies are magnets for foreign investment and job-creating insourcing, as evidenced by the presence of nearly 1,300 foreign-owned companies, employing more than 54,000 Floridians, in the two counties. 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 FLORIDA'S 17th DISTRICT

Econoribe Consolidators	Miami
Fashion Fruit	Miami
Galaxy Forwarders	Miami
Georgia Pacific	Miami
Ivory Intl	Opa Locka
Jockey Intl	Miami
Mohawk Ind	Hollywood
Morgan Price	Miami
Orion Intl Freight Forwarders	Miami
Perez Trading	Miami
Port Consolidated Inc	Miami
Price Mart	Miami
Selugal Clothing Distr	Miami

International Graphics Equipment Hollywood

International Graphics Equipment distributes printing tools and materials to Central America. Trade with companies in the DR-CAFTA countries accounts for about one third of the company's business. International Graphics' owner, Mario Salazaar, believes DR-CAFTA could raise exports to the DR-CAFTA nations to 50% of the company's business.

DR-CAFTA would allow us to offer our products without high tariffs or other barriers to trade, making the prices of our printing tools and materials more competitive in these markets. Without this open trade, we could no compete on such a level playing field. Like many small business owners, I rely on trade to drive the growth of the company. DR-CAFTA will help make us a more efficient and productive company, allowing us to potentially hire additional employees and open new offices.

Trade Liberalization Matters to Florida's 17th District

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

- Lower foreign barriers to District exports of processed food and beverage products (thanks to the North American Free Trade Agreement and free trade agreements with Chile) have expanded opportunities for District producers to export more of these products. Strong intellectual property rights protections in international agreements protect the works of District bioscience researchers and manufacturers such as Ivax Bioscience in international markets.
- Since NAFTA went into effect, Florida's exports to Canada and Mexico have almost doubled.
- 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 households in the District.

DR-CAFTA and Doha Matter to Florida's 17th District

Other trade liberalization initiatives under way will boost the gains to the 17th 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 17th District and Florida already have strong ties to the region.
- In 2003, Florida exported \$3.1 billion worth of goods to the DR-CAFTA countries. Wood and paper products accounted for nearly 4 percent of those exports. Increased market access U.S. exports to DR-CAFTA could benefit local paper and pulp companies such as Watkins Engineers and Constructors Inc. and Buckeye Technologies Inc.
- 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.
- DR-CAFTA will lock in duty-free access for District soybean exports to Central America and the Dominican Republic; duties on soybean meal and flour will be eliminated immediately in most countries. All Central American partner countries' and the Dominican Republic's peanut tariffs will be eliminated; the U.S. tariff on peanuts will be phased out over 15 years and a tariff rate quota will be established. U.S. and DR-CAFTA countries' tariffs on U.S. tobacco exports will be phased out in 15 years.
- The District's transportation service providers, such as CPS International Shipping and McKenzie Tank Lines, would benefit from the DR-CAFTA. As trade grows, demand will rise for these companies to transport the increasing volume of goods between the District, Florida, and the DR-CAFTA countries.

- 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. family annually. For the District, this represents an additional \$256 million saved by District families 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.

The Miami Herald

Unite in trade to keep jobs in this hemisphere

OUR OPINION: CENTRAL AMERICA TRADE DEAL SHOULD BE APPROVED

Editorial – May 30, 2004

There is thus no reason for Congress to delay a vote on this issue until after the election, as many fear will happen. Any member of Congress who can understand the relationship between free trade and economic growth should be able to explain to constituents that CAFTA is a winning proposition.

In Short ...

Trade matters importantly to the 17th 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 17th District.

TOP IMPORTERS TO DR-CAFTA COUNTRIES IN FLORIDA'S 17th DISTRICT

ABCO Products	Miami
Ambassador Seafood	Miami
Astro Meat & Seafood	Miami
Atalanta Corp	Miami
Caribbean Fruit Connection	Miami
Indresa Metal	Opa Locka
Ivory Intl	Opa Locka
Jacklyn	Miami
Jockey Intl	Miami
Paul Barnett Seafood	Miami
Rosenau Beck	Opa Locka
Spencers	Miami
Stanley Ind	Opa Locka
Tycoon Tutti	Miami

Valladres Manufacturing, Inc. Miami

My company has been buying and selling manufactured clothing both domestically and internationally for almost 20 years. Anything that the government can do that will expand free trade will create a windfall for this country. That's why I support the Dominican Republic – Central American Free Trade Agreement. By reducing trade barriers in Central America, this trade agreement will open up new markets for my company—in fact, I believe that DR-CAFTA will help us increase our export business by 15 to 20 percent.

Small businesses like mine need access to every market and every consumer we can find. Better access to Central American markets—at competitive prices—will help us not only stay in business, but also grow and prosper.

I hope that Congress passes DR-CAFTA as soon as possible.

Henry Valladres

Sources:

U.S. Bureau of Labor Statistics
Office of the U.S. Trade Representative, "U.S. Services Offers in WTO Trade Talks," and "CAFTA—Expanding Shares of the Free Trade Pie."
Bureau of the Census.
Organization of American States, "Free Trade Agreements and their Affect on Tourism."
Organization for International Investment, "Investing in American Jobs: State by State."
U.S. Chamber of Commerce, "The Economic Impact of the U.S.-Dominican Republic-Central America Free Trade Agreement (DR-CAFTA) on Florida," 2004.
U.S. Department of Commerce, International Trade Administration, "NAFTA: A State Export Perspective, 1993-2003," July 2004