



Trade Matters to Georgia's 10th Congressional District

Trade Matters to Manufacturing & Services

Trade matters to **manufacturing and services companies** and their workers located in the 10th Congressional District of Georgia. District poultry processors, cooking equipment and transportation equipment manufacturers export their products 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 10th District. More than one in seven **manufacturing** jobs in Georgia 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 10th District: Approximately 19 percent of transportation equipment jobs in the State rely on exports.
- Many companies in the District use imported raw materials, such as steel to manufacture equipment, or machinery to manufacture textile products.
- Trade is also important to **agriculture**. American farmers sell overseas about one third of what they produce. Georgia is the top exporting state of poultry products. Georgia exported \$963.7 million of agricultural products in Fiscal Year 2003.

Trade Matters to Small Business

Trade matters to **small businesses** located in the 10th District.

- Over 83 percent of the Georgia 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.

SUMMARY FACTS

In 2003, Georgia exported more than \$605 million worth of goods to the DR-CAFTA countries.

Textile and apparel exports would receive duty-free treatment immediately and DR-CAFTA's rule of origin for preferences promotes the use of U.S. yarns and fabrics thereby strengthening co-production relationships for District textile producers such as Beaulieu of America and Mohawk Industries.

Central American tariffs on U.S. exports of poultry will be phased out over ten years benefiting District companies such as ConAgra Poultry and Tyson Foods.

Trade Matters to International Investors

Fair international investment rules, which promote trade, matters to **foreign investors** in the 10th District of Georgia.

- Foreign investors located in the United States support millions of American jobs. In Georgia, foreign investors employ 190,100 workers. Approximately 35 percent of Georgia workers employed by foreign investors are employed in the high-paying manufacturing sector.
- The strong Georgia and District economies are magnets for foreign investment and job-creating insourcing. American BOA Inc employs over 200 workers who produce flexible hoses, joints, and related products in Cummings. The firm is a subsidiary of Germany-based IWKA. Irish-owned Western Plastics, Inc., employs 70 District workers in Calhoun making films and foils.
- 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 GEORGIA'S 10th DISTRICT**

Beaulieu Of America	Dalton
Best Manufacturing	Menlo
CWT Farms	Gainesville
FJC Intl	Gainesville
Hebron Baptist Church	Dacula
Honeywell	Dalton
Latinturf 2000	Dalton
Mohawk Industries	Dalton
Phoenix Chemical	Calhoun
Precision Millworks	Cumming
S I	Chickamauga
Textile Rubber & Chemical	Dalton
Toby Sexton Tire	Loganville
Trans Ocean	Loganville

Trade Liberalization Matters to Georgia's 10th District

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

- NAFTA partners Canada and Mexico are Georgia's largest export markets. Since NAFTA went into effect, Georgia's exports to Canada and Mexico have increased by nearly 169 percent.
- 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 \$146 million annually just for families in the District.
- Trade benefits companies like Cottrell, Inc. The Gainesville company is the world's largest producer of tractor trailers used to transport automobiles. As trade in automobiles increases, demand for Cottrell's trailers has also increased. The company now sells its trailers to Canada, Mexico, South America, Africa and Australia.
- District consumer product companies have also benefited from free trade. The United States deemed the Roper Corporation a Foreign Trade Zone in 2001. That designation allows the LaFayette-based cooking range manufacturer to import certain parts and components duty-free and assemble them into a finished product that can be exported to the world.

DR-CAFTA and Doha Matter to Georgia's 10th District

Other trade liberalization initiatives under way will boost the gains to the 10th 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, Georgia exported more than \$605 million worth of goods to the DR-CAFTA countries. Even without DR-CAFTA, the region has been a growing market for Georgia goods, expanding 21 percent since 1999. Fabric mill products (such as bedspreads and other home furnishings manufacturers by Mohawk Industries) accounted for 32 percent of Georgia's exports to the DR-CAFTA countries in 2003.
- Georgia's textile and apparel exports would receive duty-free treatment immediately upon implementation of DR-CAFTA. The rule of origin for preferences promotes the use of U.S. yarns and fabrics. DR-CAFTA will strengthen co-production relationships for District textile producers such as Beaulieu of America, and Mohawk Industries, which already export to the region. These relationships will be key to keeping the industry competitive in a post-quota world.
- Many of Georgia's agricultural exports will become duty free immediately as well. Central American tariffs on U.S. exports of poultry will be phased out to zero over ten years. DR-CAFTA resolves sanitary and phytosanitary disputes that have blocked U.S. exports to the region. District companies such as ConAgra Poultry and Tyson Foods could see increased sales 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 \$248 million saved by District families annually.

**TOP IMPORTERS TO DR-CAFTA COUNTRIES
IN GEORGIA'S 10th DISTRICT**

Atex	Gainesville
Best Manufacturing	Menlo
Exports Hilasal	Calhoun
Fashion Towel Imports	Calhoun
Honeywell	Dalton
PDQ Manufacturing	Ellijay
Springs Industries	Gainesville
Textile Rubber & Chemical	Dalton

- 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.
- The global reduction of many agricultural subsidies through the Doha Round will benefit the District through increased agricultural exports.

In Short ...

Trade is important to the 10th 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 10th District.

Sources:

U.S. Bureau of the Census.

U.S. Department of Agriculture, Foreign Agricultural Service.

Organization for International Investment, "Investing in American Jobs: State by State."

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.