



Trade Matters to Idaho's 1st Congressional District

Trade Matters to Manufacturing and Services

Trade matters to **manufacturing and services companies** and workers located in the 1st Congressional District of Idaho. District computer, electronics, lumber, and lumber products 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 1st District. Twenty-four percent of **manufacturing** jobs in Idaho 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 1st District: Over 40 percent of the jobs in the State's computers and electronic products sector depend on exports. More than a quarter of the jobs in Idaho's paper industry rely on exports.
- Many companies in the District use imported raw materials and other components, to be manufactured into a finished product. Retailers in the District rely heavily on international sourcing to ensure that District families have access to a broad array of affordably-priced clothing.
- 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, such as computer design and software services.

SUMMARY FACTS

In 2003, Idaho exported nearly \$5.2 million worth of goods to the DR-CAFTA countries.

District exports of computers and information technology products will immediately be duty-free under DR-CAFTA.

Under DR-CAFTA, all tariffs on lumber and wood products will be eliminated in ten years and more than 75% of U.S. paper and paper product exports will receive immediate duty-free treatment benefiting District lumber, wood, and paper companies like Potlatch.

Frozen fries, which account for 55% of Idaho's exports to the DR-CAFTA market, currently face tariffs ranging from 15 to 41 percent. Under DR-CAFTA, U.S. exports of frozen fries will receive duty-free treatment immediately from four of the six DR-CAFTA countries. The tariffs will be phased out over 5 years from the remaining countries.

Provisions of the DR-CAFTA relating to sugar reflect the sensitivities of the sugar industry. U.S. sugar tariffs remain unchanged and U.S. quotas expand only marginally.

- Trade is also important to **agriculture**. American farmers sell overseas about one third of what they produce. Idaho is a top exporting state of vegetables, dairy products, and wheat. Idaho exported \$847 million of agricultural products in Fiscal Year 2003.

Trade Matters to Small Business

Trade matters to **small businesses** located in the 1st District.

- Eighty-two percent of the Idaho 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 and the Dominican Republic.

Trade Matters to International Investors

Fair international investment rules, which promote trade, matters to **foreign investors** in the 1st District of Idaho.

- Foreign investors located in the United States support millions of American jobs. In Idaho, foreign investors employ 12,500 workers. Approximately 31 percent of Idaho workers employed by foreign investors are employed in the high-paying manufacturing sector.
- The strong Idaho and District economies are magnets for foreign investment and job-creating “insourcing.” The Nampa facility of France-based cheese-maker Sorrento Lactalis takes advantage of the District and Idaho’s strong dairy sector.
- 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 IDAHO’S 1st DISTRICT	
Dataplex	Meridian
Frozca	Meridian
Symms Fruit Ranch	Caldwell

Trade Liberalization Matters to Idaho’s 1st District

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

- Lower foreign barriers to District exports of computer and electronic products (thanks to the World Trade Organization’s Information Technology Agreement) and 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 software writers in international markets.
- Combined, NAFTA partners Canada and Mexico are Idaho’s largest export markets. Since NAFTA went into effect, Idaho’s exports to Canada and Mexico have increased by 109 percent.
- The average U.S. family saves \$930 annually thanks to income gains and tariff -- tax -- cuts due to NAFTA alone. This equals nearly \$151 million annually just for families in the District.

DR-CAFTA and Doha Matter to Idaho’s 1st District

Other trade liberalization initiatives under way will boost the gains to the 1st 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, Idaho exported nearly \$5.2 million worth of goods to the DR-CAFTA countries. Since 1999, the State’s exports of transportation equipment have increased 82 percent.
- One hundred percent of the District’s exports of computers and information technology products will receive immediate duty-free treatment upon implementation of the DR-CAFTA.
- In addition, District workers engaged in research, development, and production of new, innovative electronics products will benefit from the strong intellectual property rights protections established under DR-CAFTA. The high levels of IPR protection will set a precedent throughout the region. Companies like Hewlett-Packard, Micron Technologies, and SCP Global Technologies could all benefit from the Agreement.

- Strong intellectual property rights protections embedded in the DR-CAFTA will benefit District software producers like Micron PC and Hewlett-Packard. The Agreement protects creative works produced in the United State and ensures criminal and civil penalties against piracy that will prove a valuable deterrent against electronic pirates.
- Under the DR-CAFTA, all tariffs on District exports of lumber and wood products will be eliminated in ten years. More than three quarters of U.S. paper and paper product exports will receive immediate duty-free treatment. Tariffs on the remaining products will be phased out over five and ten years. District lumber, wood, and paper companies like Potlatch could benefit from the increased market access and competitive advantage provided by the DR-CAFTA.
- District dairy exports to the DR-CAFTA countries currently face a range of different tariff rate quotas and imports as high as 65 percent. Upon implementation of the Agreement, U.S. dairy exports will be subject to a duty-free tariff rate quota that expands each year. By year 20, all dairy exports to the DR-CAFTA region will be duty-free.
- U.S. exports of frozen fries make up 55 percent of the DR-CAFTA market. But they currently face tariffs ranging from 15 to 41 percent. Upon implementation of the Agreement U.S. exports of frozen fries will receive duty-free treatment immediately from four of the six DR-CAFTA countries. The tariffs will be phased out over 5 years from the remaining countries.
- Provisions of the DR-CAFTA relating to sugar reflect the sensitivities of the sugar industry. U.S. sugar tariffs remain unchanged and U.S. quotas expand only marginally. Indeed, the Agreement's sugar trade liberalization provisions are so modest they amount to an increase into the United States from the region of about one and a half teaspoons of sugar a week per American – or just 1.1 percent of current U.S. sugar consumption in total.
- 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.

- 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.

TOP IMPORTERS TO DR-CAFTA COUNTRIES IN IDAHO'S 1st DISTRICT	
BTU	Meridian
Pin Nip	Meridian

- 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. This represents an additional \$260 million saved by District families each year. 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. Increased global IPR protection should greatly benefit the District's high tech multinational companies.
- Liberalization of foreign distortions to world agricultural trade will benefit District farmers

and food producers. District producers are among the most competitive in the world and can compete on level international playing fields. They have much at stake in the Doha negotiations.

In Short ...

Trade matters importantly to the 1st 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 1st District.

Sources:

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