



Trade Matters to Illinois' 7th Congressional District

Trade Matters to Manufacturing and Services

Trade matters to **manufacturing and services companies** and workers located in the 7th Congressional District of Illinois. District construction material, chemical, financial services, and food manufacturing companies export their goods and services 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 7th District. Nearly one in five **manufacturing** jobs in Illinois 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 7th District: Nearly 30 percent of the jobs in the State's chemical sector depend on exports. In addition, over 20 percent of the jobs in Illinois' transportation equipment sector owe their jobs to exports.
- Many companies in the District use imported raw materials, such as steel to manufacture equipment, or components for computers and electronic products.
- Trade is also important to **services sectors** that are large employers in the 7th and neighboring Districts. 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 workers, including financial services, advertising, business services and telecommunications services. In addition, studies also show that trade liberalization has a positive impact on tourism, a key sector for Chicago. Increased trade generates related business travel, and liberalized trade in services increases holiday travel.

Chicago Tribune

Editorial

April 19, 2005

Sugar, jobs and trade

"This pact would give American companies and producers open access to the markets of these six nations. Now those markets are protected by high tariffs... Removing those barriers would spur U.S. exports and help create jobs here. Farm exports alone could grow by \$1.5 billion. That's good for U.S. companies and U.S. workers."

Trade Matters to Small Business

Trade matters to **small businesses** located in the 7th District.

- Eighty-seven percent of the Illinois 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 7th District of Illinois.

- Foreign investors located in the United States support millions of American jobs. In Illinois, foreign investors employ 268,400 workers. Approximately 33 percent of Illinois workers employed by foreign investors are employed in the high-paying manufacturing sector.

- The strong Illinois and District economies are magnets for foreign investment and job-creating “insourcing.” Numerous multinational companies, such as Unilever and AKZO Noble, have major offices located in the District.
- Further engagement with the international economy through trade will improve the competitiveness of those companies and workers, making the District and Chicago a still more attractive location for such “insourcing.”

- The average U.S. family saves \$930 annually thanks to income gains and tariff -- tax -- cuts due to NAFTA alone. This equals nearly \$152 million annually just for families in the 7th District.
- Illinois’ exports to Chile increased by over 50 percent in the very first year that the U.S.-Chile Free Trade Agreement was in effect.

DR-CAFTA and Doha Matter to Illinois’ 7th District

Other trade liberalization initiatives under way will boost the gains to the 7th 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 2004, Illinois exported nearly \$211 million worth of goods to the DR-CAFTA countries. Manufactured goods account for nearly 97 percent of Illinois’ exports to DR-CAFTA.
- Studies estimate that DR-CAFTA’s tariff and non-tariff barrier cuts would create a ripple effect across Illinois’ economy and could potentially increase the State’s overall economic output by \$79 million after the first year and \$445 million after nine years.
- DR-CAFTA’s strong intellectual property protections will benefit the District’s high-tech computer and software, pharmaceutical, and chemical companies. As the economies there develop and grow, their need these types of products will expand. District employers such as IBM and AKZO Noble could see increased exports to the DR-CAFTA countries.
- Financial services companies are major employers for residents of Chicago and the 7th District. Under the Agreement, the DR-CAFTA countries agreed to liberalize their financial services and insurance markets, placing U.S. financial services companies in an optimal position to grow with those markets. Companies such as KPMG, Bank of America, and Pricewaterhouse Coopers would be

TOP EXPORTERS TO DR-CAFTA COUNTRIES IN ILLINOIS’ 7th DISTRICT

Company	City
AKZO Chemicals Inc	Chicago
Chicago Wicker & Trdg	Chicago
Columbus Foods	Chicago
Conflo Lines	Chicago
Continental Paper	Chicago
DHL Danzas	Chicago
J R Short Milling	Chicago
Lakewood Engineering & Mfg	Chicago
Lakin Tire	Chicago
Morton Intl	Chicago
Oil Dri of America	Chicago
Orion Marine	Chicago
Plibrico	Chicago
QST Ind	Chicago
Quaker Oats	Chicago
Rymer Intl Seafoods	Chicago
Soto Tires	Chicago
Stone Container	Chicago
Universal Overall	Chicago
USG Interiors	Chicago
William Wrigley	Chicago

Trade Liberalization Matters to Illinois’ 7th District

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

- NAFTA partners Canada and Mexico are Illinois’ largest export markets. Since NAFTA went into effect, Illinois’ exports to Canada and Mexico have increased by over 84 percent. Illinois exported nearly \$11.7 billion worth of goods to Canada and Mexico in 2004.

afforded increased access to the new markets and consumers in Central America and the Dominican Republic.

- The elimination of tariffs on food products under the DR-CAFTA could benefit the District's food processing companies, such as Sara Lee and Quaker Foods. Furthermore, the DR-CAFTA makes modest but important changes to the system of protection that raises costs of sugar to U.S. consumers, including candy manufacturers like Wrigley Manufacturing and Fannie May Confections. The agreement would allow agreement partners to export increased amounts of sugar to the United States, liberalization that is long overdue.
- Over 60 percent of U.S. exports of building and construction materials will receive immediate duty-free treatment upon DR-CAFTA's implementation. District companies, like USG could benefit from increased market access under the Agreement.
- 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.
- 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 \$261 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.
- Services trade liberalization contemplated in the Round will benefit District services companies who have limited access at present to potentially large developing country markets for financial and business-related services.

TOP EXPORTERS TO DR-CAFTA COUNTRIES IN ILLINOIS' 7th DISTRICT

Company	City
DHL Danzas	Chicago
Lakin Tire	Chicago
Mesoamerica Foods	Chicago
Sampco	Chicago
Universal Form Clamp	Bellwood
Universal Overall	Chicago
USG Interiors	Chicago

In Short ...

Trade matters importantly to the 7th 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 7th District.

Sources:

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