



Trade Matters to Louisiana's 2nd Congressional District

Trade Matters to Manufacturing & Services

Trade matters to **manufacturing and services companies** and their workers located in the 2nd Congressional District of Louisiana. District chemical, plastic, and petroleum product companies export their products to customers around the world, and imports are key ingredients for many companies who rely on agricultural products and other inputs to manufacture or process products in the District. Trade is especially important to the Port of New Orleans, which processes imports to and exports from much of the central United States moving along the Mississippi River.

- Trade supports jobs in the 2nd District. Fourteen percent of all **manufacturing** jobs in Louisiana 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 2nd District: more than one in five jobs in Louisiana's chemicals industry depend on exports. Nearly 24 percent of jobs in Louisiana's petroleum products industry rely on exports.
- Many of the chemical, petroleum product companies in the District and Louisiana, such as ChevronTexaco, and ExxonMobil, rely upon imports of raw materials, such as crude oil to refine and process those raw materials into products that are then exported to the world.
- 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 expand for sectors important to the District, including tourism and health services.
- Increased trade generates related business travel, and liberalized trade in services increases holiday travel -- a particular benefit to the city of New Orleans and its hotels and casinos, the cruise industry operating out of the Port of New Orleans, and travel providers such as Continental Airlines.

IRWIN BROWN COMPANY NEW ORLEANS

The Irwin Brown Company is a New Orleans-based customs broker/freight forwarder. Since the late 1980s (under the first permutation of the CBI-Caribbean Basin Economic Recovery Act,) the firm began processing Customs clearance of fresh produce from Honduras, Guatemala and El Salvador. In short order the firm began handling other products from the region, principally wearing apparel from Costa Rica, Honduras, El Salvador, Nicaragua and Guatemala.

As the business from Central America increased the firm took on new employees, especially since the enactment of the Caribbean Basin Trade Partnership Act (CBTPA) in October 2000. At this juncture, the firm's top half dozen clients are in the apparel sector, shipping principally from the five countries of Central America, Mexico, Peru and Guyana. The product mix from Central America represents fully 20 percent of the firm's revenue. Equally, the agricultural sector could gain much. There are many regional native fruits and vegetables that wait only for proper exploitation.

We see the CAFTA as affording a win/win for the U.S. and Central America, with quicker turn times and sourcing of inputs such as yarn, fabric, and trims from the U.S., a condition that would not be true of the Pacific Rim and Southwest/Southeast Asia. It is important to note that currently, every dollar of Central American imports results in \$1.36 worth of exports from the U.S. to the region; whereas, every dollar of imports from China translates into 2.6 cents of exports from the U.S. to China. Finally, the U.S. enjoys a favorable trade balance with the region, Central America sourcing 57 percent of all its imports from the U.S.

Without a CAFTA, Central America could lose significant ground in developing a viable middle class, Democratic institutions, the rule of law and social stability, all of which provide a secure bulwark to the U.S. on its "third border."

*John T. Hyatt
Vice President, Imports*

Trade Matters to Small Business

Trade matters to **small businesses** located in the 2nd District.

- Roughly 82 percent of the Louisiana 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 2nd District of Louisiana.

- Foreign investors located in the United States support millions of American jobs. In Louisiana, foreign investors employ 48,900 workers. More than one-third of Louisiana workers employed by foreign investors are employed in the high-paying manufacturing sector. For example, the Dutch-owned Shell Norco facility in nearby St. Charles Parish employs over 760 workers and contractors who produce automotive gasoline and chemicals that are used to make plastics.
- The strong Louisiana and District economies are magnets for foreign investment and job-creating insourcing. 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 LOUISIANA'S 2ND DISTRICT

Avondale Mills	Avondale
BMI	New Orleans
Coexpo	New Orleans
Crystal Intl Group	New Orleans
Eagle Global Logistics	Kenner
Exxon Chemical	Harvey
Fairco Inc.	New Orleans
Global Direct Lines	Kenner
Intl Material	Harvey
Navivan	Kenner
Otis Mcallister	New Orleans
Robinson Lumber	New Orleans
Schenkers Intl Fwdrs	Kenner
Viyasa Business	Kenner

The Times-Picayune

*More to it than sugar – October 15,
2004 Editorial*

New Orleans, with its long-standing ties and relative proximity to Central America, is in a good position to gain shipping traffic -- and new jobs. If CAFTA fails, American manufacturers and retailers won't stop buying low-cost goods overseas. But the textiles they might have bought from Central and South America will come instead from Asia -- and will enter the United States through Los Angeles and Seattle instead of New Orleans. Louisiana can't afford to lose such traffic.

Port of New Orleans

Trade matters to the **Port of New Orleans** and the 107,000 workers who depend on exports and imports flowing through it.

- In 2003, the Port handled \$30.6 billion worth of exports to over 200 foreign markets.
- The Port handles exports of agricultural products such as soybeans, corn, and wheat, as well as electronics and aircraft parts to Japan, Canada, China, and Mexico. Imports handled by the Port include petroleum products from Canada, Mexico, Venezuela, and Saudi Arabia and electronic components from Mexico and China.

Trade Liberalization Matters to Louisiana's 2nd District

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

- The Port of New Orleans has seen traffic to and from Canada and Mexico more than double since NAFTA was implemented in 1994. Exports from the Port to Mexico alone have increased 412.1 percent since NAFTA's implementation.
- Today, more than \$12 billion worth of trade with NAFTA moves in and out of the Port of New Orleans annually.

- 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 \$148 million annually just for households in the District.

DR-CAFTA and Doha Matter to Louisiana's 2nd District

Other trade liberalization initiatives under way will boost the gains to the 2nd 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 2nd District and Louisiana already have strong ties to the region.
- In 2003, Louisiana exported nearly \$1.1 billion worth of goods to the DR-CAFTA countries. Agricultural products made up the majority of Louisiana's exports to the DR-CAFTA countries; manufacturing contributed the other half.
- Many of Louisiana's chemical exports would receive duty-free treatment immediately upon implementation of DR-CAFTA. Many of Louisiana's agricultural exports will become duty free immediately as well. The Port of New Orleans would see an increase in exports of agricultural products thanks to DR-CAFTA.
- Studies estimate that implementation of DR-CAFTA could potentially increase Louisiana's exports to the DR-CAFTA countries by between \$62 million and \$124 million annually.
- The same studies note that failure to implement DR-CAFTA could put certain Louisiana industries—particularly the paper and chemical industries—at a competitive disadvantage to other countries with which the DR-CAFTA countries trade.
- In short, these studies estimate that *not* passing DR-CAFTA could result in a loss of \$147.8 million in sales and the elimination of nearly 6

percent jobs in Louisiana's very important chemical industry alone.

- 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 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.

**TOP IMPORTERS TO DR-CAFTA COUNTRIES
IN LOUISIANA'S 2ND DISTRICT**

AGR Intl	New Orleans
Avondale Mills	Avondale
Coexpo	New Orleans
Eagle Global Logistics	Kenner
Exxon Chemical	Harvey
Fairco Inc	New Orleans
Global Direct Lines	Kenner
Intl Coffee	New Orleans
Irwin Brown	New Orleans
M G Maher	New Orleans
Schenkers Intl Fwdrs	Kenner
State Street Coffee	New Orleans
Westfeldt Brothers	New Orleans
Westway Trdg	New Orleans

- 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 \$255 million saved by District households 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.
- The global reduction of many agricultural subsidies through the Doha Round will benefit the District through increased agricultural exports from the Port of New Orleans.
- Services trade liberalization contemplated in the Round will benefit District's tourism industry and healthcare services companies.

In Short ...

Trade matters importantly to the 2nd 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 2nd District.

The Times-Picayune

Trade and the greater good – July 8, 2004 Editorial

Much of the discussion in Louisiana about the proposed Central American Free Trade Agreement has centered on how such a treaty might affect the state's embattled sugar industry. But there are plenty of other industries in the state that could benefit from a lowering of trade barriers between the United States and five Central American countries.

Trade treaties also serve a greater good. When two countries agree to reduce the trade barriers between them, both benefit overall. Consumers generally see lower prices, and producers can sell their goods to a larger market. Meanwhile, economists believe the United States could do far more to help developing countries by removing trade barriers than by giving handouts of foreign aid.

Sources:

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