



Trade Matters to Louisiana's 1st Congressional District

Trade Matters to Manufacturing and Services

Trade matters to **manufacturing and services companies** and their workers located in the 1st Congressional District of Louisiana. District chemical, plastic, and petroleum product companies export their products to customers around the world, and imports are important to retailers who provide affordable consumer goods to residents of the District.

- Trade supports jobs in the 1st 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 1st District: Nearly 24 percent of jobs in Louisiana's petroleum products industry rely on exports.
- Trade is also important to **services sectors** that are large employers in the District, such as UPS. 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.
- Trade matters to retailers in the District. Access to goods from around the world free of the high costs associated with protectionist barriers to imports enables local retailers to supply customers in the District with value-priced goods, fueling retail sales, the expansion of shopping malls and new, nearby residential development.

Burriss Mill & Feed in Franklinton, LA, was founded as a dry good store serving rural southeast Louisiana in 1898. Meeting the needs of rural Louisiana's budding dairy industry in 1945, the Burriss family established Burriss Mill & Feed. Today, Burriss Mill & Feed supplies customers throughout the world with the quality aquaculture and specialty feeds. In 2004, Burriss Mill & Feed became part of Cargill Animal Nutrition, a subsidiary of Minneapolis-based Cargill, to enable the business to continue to grow and expand its presence as a global aquaculture solutions company. Operating through its facility in Franklinton, Burriss Mill & Feed has 36 employees.

The proximity of Burriss Mill & Feed to Gulf of Mexico Ports allows the business access to economical shipping worldwide. The Central American Free Trade Agreement (CAFTA) would further expand opportunities for Burriss Mill & Feed and its customers in the growing field of aquaculture. Between 60 and 70 percent of Burriss Mill & Feed products are sold throughout Latin America.

*Burriss Mill & Feed
Franklinton*

SUMMARY FACTS

14% of **manufacturing** jobs in Louisiana depend on exports.

Nearly 24% of jobs in Louisiana's petroleum products industry rely on exports.

Louisiana's exports to Canada and Mexico have increased more than 250% since NAFTA.

District exports of poultry products will receive duty-free treatment under DR-CAFTA.

DR-CAFTA could increase Louisiana's exports by between \$62 million and \$124 million annually.

Trade is also important to **services sectors** that are large employers, such as UPS.

Roughly 82% of Louisiana companies that export goods are small and medium-sized businesses.

Trade Matters to Small Business

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

Trade Matters to International Investors

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

Trade Liberalization Matters to Louisiana's 1st District

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

- Louisiana's exports to NAFTA partners Canada and Mexico have increased more than 250 percent since NAFTA's implementation.
- 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.

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.

DR-CAFTA and Doha Matter to Louisiana'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**."

- With its proximity to Central America and the Dominican Republic, the 1st 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.
- Nearly all of Louisiana's petroleum and energy products will receive immediate duty-free treatment upon DR-CAFTA's implementation. Many of Louisiana's agricultural exports will become duty free immediately as well.

- District exports of poultry products will receive duty-free treatment under DR-CAFTA, with many tariffs eliminated immediately. DR-CAFTA will commit each country to recognize the U.S. poultry inspection system, thereby facilitating trade by eliminating plant-by-plant inspections.
- DR-CAFTA will fully protect District farmers and manufactures from injurious dumping and subsidization. The Agreement provides District farmers and manufacturers with adequate protection from any injury that may be caused by the Agreement's tariff reductions.
- 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 \$129.5 million in sales and the elimination of nearly 1,000 jobs in Louisiana's agricultural sector 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.
- DR-CAFTA will benefit the District's retailers and consumers by opening the U.S. market to a wider variety of products at lower prices. Companies who supply the retail industry, such as shopping bag manufacturer Advance Polybag Inc., will also benefit through increased trade with 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.

Krennerich International, Inc. was founded in 1984. We are a family-owned business, employing 9 people. Though we are headquartered in Houston, TX, we have operated an office in Metairie, LA since our inception. As natives of New Orleans, we all have a strong affinity for the area and take pride in the city and the state of Louisiana.

Krennerich International, Inc. provides import and export services to companies shipping cargo into and from the United States. The implementation of NAFTA during the 1990's produced a significant increase in the number of shipments that we handled for our customers to and from Mexico. I strongly believe that the lowering of barriers to trade helps American companies and strengthens our economy in many industries.

We are always working to expand our business, and passage of DR-CAFTA could help our customers to grow rapidly in the nearby markets of Guatemala, Costa Rica, and Honduras. Our manufacturing customers in Louisiana produce synthetic resins, synthetic rubber, paper products, oilfield equipment and electronic equipment used by these countries. Our trading customers are selling used equipment to these areas. The used equipment market is very beneficial to our economy. By increasing the market for used equipment, our local companies will receive greater value when they are ready to upgrade. This will allow our local companies to replace with newer equipment. The purchase of new equipment produces sales tax revenue, increased efficiency and therefore greater profits. As our customers increase their trade with Central America, our business will grow and increase our need for additional employees. Increased trade benefits the Port of South Louisiana, The Port of New Orleans, drayage business, warehouses and all those vendors that supply these businesses.

The existing trade barriers make it costly for industry to conduct business in Central America. DR-CAFTA could change that, and bring significant benefits not only to my company, but to Louisiana and to the economies of Central America as well. Improved economies in Central America will eventually mean less illegal immigration and the costs associated with that issue. I urge President Bush and Congress to enact DR-CAFTA as soon as possible.

*Krennerich International, Inc.
Metairie*

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. In addition, District farmers are at an advantage due to their close proximity to the Port of New Orleans.

In Short ...

Trade is important 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 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 1st 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.

TOP EXPORTERS TO DR-CAFTA COUNTRIES IN LOUISIANA'S 1st DISTRICT

Abbott Laboratories	Harahan
Atlantis Intl	Metairie
B & R Eqpt	River Ridge
Burriss Mill & Feed	Franklinton
Central American Trdg	Jefferson
Concrete Controls	New Orleans
Crown Products	Metairie
DHL Danzas	Saint Rose
Gilscot Guidoz Intl	New Orleans
Griffin Intl	New Orleans
Gulf Global	Harvey
Interep Co Inc	Kenner
Ips	Kenner
Kuehne & Nagel	Saint Rose
Omega Protein	Hammond
Panalpina	New Orleans
Sak & Pak	Saint Rose
Statewide Distr	Metairie

TOP IMPORTERS TO DR-CAFTA COUNTRIES IN LOUISIANA'S 1st DISTRICT

Abbott Laboratories	Harahan
Agrinternational Div Toledo	New Orleans
Iron	
Alexander Intl	Metairie
B & R Eqpt	River Ridge
Central American Trdg	Jefferson
Classique Mahogany	Slidell
Columbus Line	Metairie
Continental Western	New Orleans
DHL Danzas	Saint Rose
Diversified Foods	Metairie
Gilscot Guidoz Intl	New Orleans
Kuehne & Nagel	Saint Rose
Metal Fusion	Jefferson
Orocafe	Kenner
Panalpina	New Orleans
Tecni-Sistemas Inc	Kenner

SOURCES:

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