



Trade Matters to Colorado's 4th Congressional District

Trade Matters to Manufacturing and Agriculture

Trade matters to **manufacturing and services companies** and workers located in the 4th Congressional District of Colorado. District companies and farmers export their products and services to customers around the world, and imports are key ingredients for producers who rely on inputs to manufacture or process products in the District.

- Trade supports jobs in the 4th District. More than one in five **manufacturing** jobs in Colorado 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 4th District: Approximately 45 percent of the jobs in Colorado's computers and electronic products industry depend on exports. Exports also support 38 percent of the jobs in the State's electrical equipment, appliances, and components industry.
- Many companies in the District use imported raw materials and other components to manufacture their products.
- 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 insurance, financial, and telecommunications services.
- Trade is also important to **agriculture**. American farmers sell overseas about one third of what they produce. Colorado farmers are no different; they export their beef and grains around the world.

THE DENVER
POST

CAFTA Worth Our Support -- March 26, 2005, Editorial

"U.S. foreign policy interests would be well-served by helping to build prosperity and freedom among all the nations in our hemisphere."

Trade Matters to International Investors

Fair international investment rules, which promote trade, matters to **foreign investors** in the 4th District of Colorado.

- Foreign investors located in the United States support millions of American jobs. In Colorado, foreign investors employ 18,700 workers. Approximately 24 percent of Colorado workers employed by foreign investors are employed in the high-paying manufacturing sector.
- The strong Colorado and District economies are magnets for foreign investment and job-creating "insourcing." Toronto-based Celestica produces integrated computer circuits and semiconductor networks at its Fort Collins facility.
- 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 Matters to Small Business

Trade matters to **small businesses** located in the 4th District.

- Eighty-four percent of the Colorado 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 Liberalization Matters to Colorado's 4th 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) 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 and computer engineers in international markets.
- NAFTA partners Canada and Mexico are Colorado's largest export markets, totaling \$2.3 billion in 2004. Since NAFTA went into effect, Colorado's exports to Canada and Mexico have increased by over 200 percent.
- The average U.S. family saves \$930 annually thanks to income gains and tariff -- tax -- cuts due to NAFTA alone. For the District, this equals nearly \$143 million annually just for families in the District.

DR-CAFTA and Doha Matter to Colorado's 4th District

Other trade liberalization initiatives under way will boost the gains to the 4th 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."

TOP EXPORTERS TO DR-CAFTA COUNTRIES IN COLORADO'S 4th DISTRICT

Company	City
Eagle Span Steel	Loveland
Loveland Industries	Greeley

- In 2004, Colorado exported over \$8.1 million worth of goods to the DR-CAFTA countries. Even without DR-CAFTA, the region has been a strong market for Colorado goods.
- DR-CAFTA's strong intellectual property protections will benefit the District's high-tech computer and electronic equipment manufacturers and software producers. As the economies there develop and grow, their need for this equipment and software will expand. Furthermore, 100 percent of U.S. information technology exports will receive immediate duty-free treatment under DR-CAFTA. District companies such as Hewlett-Packard, Veritas Software Technology, and Celestica could all see increased exports to the DR-CAFTA countries.
- Ninety-nine percent of U.S. exports of electronics and instrumentation equipment will receive immediate duty free treatment under the DR-CAFTA. The increased market access could benefit District electronic and electrical equipment producers such as Agilent Technologies and Advanced Energy Industries.
- The DR-CAFTA countries currently assess tariffs on U.S. beef exports as high as 30 percent. Duties on the important Prime and Choice cuts of beef will be eliminated immediately, and the remaining duties will be phased out over 10 years. Furthermore, the DR-CAFTA countries are working towards the recognition of the U.S. meat inspection and certification system, further facilitating trade. District ranchers, cattlemen, and meatpacking companies, such as Excel Corp. and ConAgra Beef could benefit from increased market access under DR-CAFTA.
- The District's corn and grain exports could benefit from the DR-CAFTA. Currently, the DR-CAFTA countries assess tariffs up to 35 percent on U.S. corn exports. Upon

implementation of the Agreement, Costa Rica and the Dominican Republic will immediately eliminate tariffs on corn, and all DR-CAFTA countries will immediately eliminate tariffs on wheat and barley.

- Provisions of the DR-CAFTA relating to sugar reflect the sensitivities of sugar beet growers. 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 countries currently charge duties on Colorado’s beer exports that range from 15 to 20 percent. Those duties will be eliminated when the Agreement is fully implemented. District brewers, such as Anheuser-Busch could see increased exports to Central America and the Dominican Republic.

- The DR-CAFTA will protect the District’s manufacturers from injurious dumping or subsidization. The Agreement does not change U.S. trade remedy laws. In addition, it establishes 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.
- A tariff-free world by 2015, under consideration in the Doha Round, is expected to result in \$1,600 in increased income for the average U.S. household annually. For the District, this represents an additional \$259 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.
- 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.

**TOP IMPORTERS FROM DR-CAFTA COUNTRIES
IN COLORADO’S 4th DISTRICT**

Company	City
Heli Support Roberts Aircraft	Ft Collins
Rocky Mountain Estate Brokers	Eaton

- 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, explicitly recognizes multilateral environmental agreements and calls on the parties to the Agreement to enhance the effectiveness of these multilateral agreements.

In Short ...

Trade matters importantly to the 4th 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 4th District.

Sources:

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- U.S. Department of Agriculture.
- Organization for International Investment, “Investing in American Jobs: State by State.”
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