



Trade Matters to Florida's 14th Congressional District

Trade Matters to Manufacturing & Services

Trade matters to **manufacturing and services companies** and their workers located in the 14th Congressional District of Florida. District farmers and manufacturers export to the rest of the world, and imports are key ingredients for many retailers and companies who rely on consumer goods and inputs to manufacture or process products in the District.

- Trade supports jobs in the 14th District. Fifteen percent of all **manufacturing** jobs in Florida 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 14th District: One in four jobs in Florida's transportation equipment sector relies on exports. Florida's agricultural exports support nearly 19,400 jobs.
- Trade is also important to **services sectors** that are important 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. District resorts and conference centers can benefit from increased trade. Studies have shown that liberalized trade in goods increases business travel while liberalized trade services increases holiday travel.
- 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.

SUMMARY FACTS

15% of all manufacturing jobs in Florida depend on exports.

More than 90% of the 33,000 Florida companies that export goods are small businesses.

In 2003, Florida exported nearly \$3.1 billion worth of goods to the DR-CAFTA countries. Manufactured goods accounted for 97 percent of those exports. Computers and electronic equipment topped the list of Florida's exports to the DR-CAFTA countries, valued at \$752 million in 2003.

Foreign investors located in the United States support millions of American jobs. In Florida, foreign investors employ almost 245,000 workers. Indeed, Florida ranks fifth in the United States in the number of employees supported by U.S. subsidiaries of foreign firms, and foreign-owned manufacturers employ nearly one in five of those workers.

The Miami Herald

Unite in trade to keep jobs in this hemisphere

OUR OPINION: CENTRAL AMERICA TRADE DEAL SHOULD BE APPROVED

Editorial – May 30, 2004

There is thus no reason for Congress to delay a vote on this issue until after the election, as many fear will happen. Any member of Congress who can understand the relationship between free trade and economic growth should be able to explain to constituents that CAFTA is a winning proposition.

Trade Matters to Small Business

Trade matters to **small businesses** located in the 14th District.

- More than 90 percent of the 33,000 Florida companies that export goods are small 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 14th District of Florida.

- Foreign investors located in the United States support millions of American jobs. In Florida, foreign investors employ almost 245,000 workers. Indeed, Florida ranks fifth in the United States in the number of employees supported by U.S. subsidiaries of foreign firms, and foreign-owned manufacturers employ nearly one in five of those workers.

Trade Liberalization Matters to Florida's 14th District

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

- Lower foreign barriers to District exports of transportation equipment and beef products (thanks to the North American Free Trade Agreement) have expanded opportunities for District producers to export more of these products.
- 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 \$149 million annually just for families in the District.

DR-CAFTA and Doha Matter to Florida's 14th District

Other trade liberalization initiatives under way will boost the gains to the 14th 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 14th District and Florida already have strong ties to the region.
- In 2004, Florida exported \$3.2 billion worth of goods to the DR-CAFTA countries.
- Studies estimate that DR-CAFTA's tariff and nontariff barrier cuts could potentially increase Florida's exports to the DR-CAFTA countries by \$525 million after the first year, and by \$2.8 billion after nine years.
- 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 Sony, SmartDisk, and HellermannTyton, could all see increased exports to the DR-CAFTA countries.
- DR-CAFTA will create new markets for transportation equipment and parts manufacturers. Upon DR-CAFTA's implementation, half of District transportation equipment exports will receive duty-free treatment, possibly benefiting District companies like Pall Aeropower and Shaw Aero Devices. The remaining tariffs on transportation equipment will be phased out over ten years.
- Florida's textile and apparel exports would receive duty-free treatment immediately upon implementation of DR-CAFTA. The rule of origin for preferences promotes the use of U.S. yarns and fabrics. Not only could the DR-CAFTA strengthen co-production relationships for the State's textile and apparel producers, but it could also benefit District apparel retailers such as Chico's.

**TOP EXPORTERS TO DR-CAFTA COUNTRIES
IN FLORIDA'S 14th DISTRICT**

Company	City
Discount Appliances	Naples
Falcon Tire Center	Bonita Springs
Gulf Eagle Supply	Fort Myers
Travis Boating Center	Fort Myers
Wallace Intl Truck	Fort Mvers

- Immediately upon implementation of DR-CAFTA, District exports of U.S. Prime and Choice cuts of beef will receive duty-free treatment. In addition, the DR-CAFTA countries are working towards recognizing the U.S. meat inspection and certification system, which will eliminate the existing policy of plant-by-plant inspections and approval.
- The District's citrus growers could benefit from the elimination of tariffs under DR-CAFTA. Currently, the DR-CAFTA countries assess tariffs on citrus and citrus products as high as 20 percent. Tariffs on grapefruit and orange juice will be eliminated immediately upon implementation of the Agreement. In announcing its support for DR-CAFTA, Florida Citrus Mutual said the Agreement will help to expand economic ties with the DR-CAFTA countries and bring concrete benefits to Florida and the United States.
- DR-CAFTA will benefit District consumers, especially retirees who live on fixed incomes. Not only will DR-CAFTA lower prices for many consumer products, it will also allow District retailers, such as Wal-Mart, provide consumers with a wider choice of products.
- 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.
- The DR-CAFTA will protect the District's manufacturers and farmers 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, will result in \$1,600 in increased income for the average U.S. family annually. For the District, this represents an additional \$256 million saved by District families annually.
- Total elimination of barriers to trade in goods and services would increase U.S. GNP growth by 5.5 percent.

**TOP IMPORTERS TO DR-CAFTA COUNTRIES
IN FLORIDA'S 14th DISTRICT**

Company	City
Brewton Enterprises	Naples
Darrell D Drewner	Fort Myers
Honduras Mahogany & Marble	Naples
SCC Consulting	Naples

In Short ...

Trade matters importantly to the 14th 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 14th District.

Sources:

Bureau of the Census.
 U.S. Department of Agriculture, Foreign Agricultural Service, "Trade and Agriculture: What's at Stake for Florida?" September 2003.
 Organization of American States, "Free Trade Agreements and their Affect on Tourism."
 Organization for International Investment, "Investing in American Jobs: State by State."
 U.S. Chamber of Commerce, "The Economic Impact of the U.S.-Dominican Republic-Central America Free Trade Agreement (DR-CAFTA) on Florida," 2004.
 U.S. Department of Commerce, International Trade Administration, "NAFTA: A State Export Perspective, 1993-2003," July 2004.