



Trade Matters to Louisiana's 5th Congressional District

Trade Matters to Manufacturing & Services

Trade matters to **manufacturing and services companies** and their workers located in the 5th Congressional District of Louisiana. District plastic, plastic, and paper 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 supports jobs in the 5th 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 higher for manufacturing sectors of importance to the 5th District: more than one in five jobs in Louisiana's chemicals industry depend on exports. Nearly 15 percent of jobs in Louisiana's paper products industry rely on exports.
- Many of the chemical companies in the District and Louisiana rely upon imports of raw materials and other products, such as steel pipe, to produce chemicals in the District.
- Trade matters 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 telecommunications services.
- Trade is also important to **agriculture**. American farmers sell overseas about one third of what they produce. Louisiana farmers are no different; they export their cotton and soybeans around the world.

SUMMARY FACTS

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.

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.

Under DR-CAFTA, duties on soybean meal and flour will be eliminated immediately in most countries.

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.

Trade Matters to International Investors

Fair international investment rules, which promote trade, matters to **foreign investors** in the 5th 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.

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.

Trade Matters to Small Business

Trade matters to **small businesses** located in the 5th 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 Liberalization Matters to Louisiana's 5th District

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

- Since NAFTA went into effect, Louisiana's exports to Canada and Mexico have increased 253 percent.
- 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 5th District

Other trade liberalization initiatives under way will boost the gains to the 5th 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 5th District and Louisiana already have strong ties to the region.
- In 2004, Louisiana exported nearly \$1.2 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. Of the six DR-CAFTA countries, Costa Rica is the leading export market in Central America for U.S. chemical exports.
- Under DR-CAFTA 74 percent of tariffs on industrial goods, such as rubber and plastics, will be eliminated immediately. The elimination of tariffs and increased market access could potentially benefit District companies like DuPont and Georgia Gulf Corp.
- Approximately 77 percent of Louisiana's paper exports to the DR-CAFTA countries will receive immediate duty-free treatment. Duties on the remaining products will be eliminated over 10 years. The elimination of duties and increased market access should benefit District producers like Riverwood International and International Paper.
- Louisiana'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. DR-CAFTA will strengthen co-production relationships for District textile and apparel companies such as VF Corporation, a strong supporter of DR-CAFTA. These

relationships will be key to keeping the industry competitive in a post-quota world.

- The District's consumers will benefit from access to a wider variety of products at lower prices. Likewise, the District's retailers, such as Wal-Mart, should also benefit from the DR-CAFTA.
- Many of Louisiana's agricultural exports will become duty free immediately as well. For example, duty-free access for District soybeans to Central America will be locked in for each of the countries. Duties on soybean meal and flour will be eliminated immediately in most countries. The District's cotton farmers could also benefit. Duties on cotton will be eliminated immediately, and the Agreement's textile and apparel provisions encourage the use of U.S. cotton.
- Under DR-CAFTA, tariffs on U.S. exports of poultry will be phased out to zero over ten years. DR-CAFTA resolves sanitary and phytosanitary disputes that have blocked U.S. exports to the region. District poultry farmers and processors, such as ConAgra Poultry, could see increased sales 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 chemical industry—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 5th DISTRICT**

Company	City
Garan Manufacturing	Jena
Odortech	Deville

- 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 of rice and soybeans.

TOP IMPORTERS TO DR-CAFTA COUNTRIES
IN LOUISIANA'S 5th DISTRICT

Company	City
Garan Manufacturing	Jena
Hipolito Flores Dyn	Forest Hill
V F Corporation	West Monroe
Vidalia Apparel	Vidalia

In Short ...

Trade matters greatly to the 5th 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 5th 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.

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