



## Trade Matters to New Jersey's 4th Congressional District

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### Trade Matters to Manufacturing and Agriculture

Trade matters to **manufacturing and services companies** and workers located in the 4th Congressional District of New Jersey. District semiconductor and fiber optic companies providers export their products and services to customers around the world, and imports are key for retailers who are major employers in the District.

- Trade supports jobs in the 4th District. Seventeen percent of **manufacturing** jobs in New Jersey depend on exports, and research demonstrates that exporting jobs pay 13-18 percent more than the U.S. average.
- Export dependence is high for manufacturing sectors of importance to the 4th District: Approximately 22 percent of jobs in the State's computers and electronic equipment industry depend on exports. Exports also support nearly 19 percent of the jobs in New Jersey's electrical equipment, appliance, and components industry.
- 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, including shipping and transportation and warehousing services.

### The Star-Ledger

*Trade Pact Deserves Support -- May 20, 2005, Editorial*

*"There is no single prescription for alleviating poverty and building stable middle classes in struggling countries, but free trade is among the best long-term medicines available."*

### Trade Matters to International Investors

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

- Foreign investors located in the United States support millions of American jobs. In New Jersey, foreign investors employ 228,600 workers. Approximately 28 percent of New Jersey workers employed by foreign investors are employed in the high-paying manufacturing sector.
- Further engagement with the international economy through trade will improve the competitiveness of companies and workers in the 4th and neighboring Districts, making it a still more attractive location for such "insourcing."

## Trade Matters to Small Business

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

- Ninety percent of the New Jersey 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 New Jersey's 4th District

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

- Combined, NAFTA partners Canada and Mexico are New Jersey's largest export markets. Since NAFTA went into effect, New Jersey's exports to Canada and Mexico have increased by over 81 percent.
- The average U.S. family saves \$930 annually thanks to income gains and tariff -- tax -- cuts due to NAFTA alone. This equals nearly \$150 million annually just for families in the 4th District.
- Since the implementation of the U.S.-Chile Free Trade Agreement in 2004, New Jersey's exports to that country have increased 50 percent since 2003.

## DR-CAFTA and Doha Matter to New Jersey'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**."

- In 2004, New Jersey exported more than \$207 million worth of goods to the DR-CAFTA countries. Manufactured goods account for approximately 97 percent of New Jersey's exports to DR-CAFTA.

- Studies estimate that DR-CAFTA's tariff and non-tariff barrier cuts could potentially increase New Jersey's exports to the DR-CAFTA region by \$71.2 million after the first year and \$381 million after nine years.
- The District's workers engaged in research and development of computers and electronic products will benefit from the strong intellectual property rights protections established under DR-CAFTA. The high levels of IPR protection will set a precedent throughout the region. District workers will also benefit as the new, high-tech products they are developing are marketed in the DR-CAFTA region under reduced or eliminated tariffs. Companies such as Lucent Technologies should all benefit from higher levels of IPR protection.
- Many U.S.-made consumer products currently face high tariffs in the DR-CAFTA countries. For example, residential heating and cooling products such as those made by Trane Co. and plumbing products made by American Standard currently face tariffs up to 20 percent, placing these exports at a disadvantage to competitors from Europe or Asia. Under DR-CAFTA, most of these tariffs will be eliminated immediately and the remaining tariffs will be reduced to zero over ten years.

### TOP IMPORTERS FROM DR-CAFTA COUNTRIES IN NEW JERSEY'S 4th DISTRICT

Company	City
Central American Trading	Freehold
Conair Corp	East Windsor
K C International	Lakewood
Robin Meredith	Burlington
World Logistic	Allentown

- The DR-CAFTA's provisions for textile and apparel products will enable major District retailers, like Burlington Coat Factory, to consider apparel sourced from Central America, made with U.S. components, a more cost-effective option for their customers than apparel sourced in Asia. For the same reasons, District apparel companies, like Aberdeen Sportswear and G.I. Apparel may also benefit.
- 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.
- 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 and explicitly recognizes multilateral environmental agreements and calls on the parties to the Agreement to enhance the effectiveness of these multilateral agreements.
- 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 \$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 services liberalization will allow District companies to market their services to

more markets, especially in the developing world where demand for services is growing.

#### TOP EXPORTERS TO DR-CAFTA COUNTRIES IN NEW JERSEY'S 4th DISTRICT

Company	City
Central American Trading	Freehold
Conair Corp	East Windsor
G I Apparel	Wall
Haddon House Food Products	Howell
Robin Meredith	Burlington

#### **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.

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