



## Trade Matters to New York's 25th Congressional District

### Trade Matters to Manufacturing and Agriculture

Trade matters to **manufacturing and services companies** and workers located in the 25th Congressional District of New York. District appliance, steel, and pharmaceutical companies export their products and services to customers around the world. Imports of raw materials or components are also important to companies that manufacture or process finished goods in the District.

- Trade supports jobs in the 25th District. Nearly one in five **manufacturing** jobs in New York depend on exports, and research demonstrates that exporting jobs pay 13-18 percent more than the U.S. average.
- Export dependence is also high for manufacturing sectors of importance to the 25th District: Exports support nearly 38 percent of the jobs in the State's computers and electronics industry. Exports also support nearly half the jobs in the State's primary metals industry.
- Many companies in the District rely on imported products, such as steel, to manufacture appliances, or leather to manufacture furniture.
- 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 financial and insurance services.

### The New York Times

*NAFTA Redux -- November 25, 2004, Editorial*

*"The Central America accord is a good idea that will help job growth in a needy region."*

### Trade Matters to International Investors

Fair international investment rules, which promote trade, matters to **foreign investors** in the 25th District of New York.

- Foreign investors located in the United States support millions of American jobs. In New York, foreign investors employ 394,700 workers. Approximately 18 percent of New York workers employed by foreign investors are employed in the high-paying manufacturing sector.
- Britain's Parker Hannifin Corp. employs over 500 workers at its Lyons facility, who produce refrigeration equipment.
- 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 such "insourcing."

## Trade Matters to Small Business

Trade matters to **small businesses** located in the 25th District.

- Ninety-two percent of the New York 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 York's 25th District

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

- NAFTA partners Canada and Mexico are New York's largest export markets. Since NAFTA went into effect, New York's exports to Canada and Mexico have increased by over 52 percent.
- The average U.S. family saves \$930 annually thanks to income gains and tariff -- tax -- cuts due to NAFTA alone. This equals nearly \$152 million annually just for families in the 25th District.

## DR-CAFTA and Doha Matter to New York's 25th District

Other trade liberalization initiatives under way will boost the gains to the 25th 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 York exported more than \$520 million worth of goods to the DR-CAFTA countries. Manufactured goods account for approximately 90 percent of New York's exports to DR-CAFTA.
- Studies estimate that DR-CAFTA's tariff and non-tariff barrier cuts could potentially increase New York's exports to the DR-CAFTA region by \$150 million after the first year and \$803 million after nine years.

- The DR-CAFTA countries currently charge tariffs on electrical equipment and appliances that range up to 20 percent. Under the Agreement, approximately 99 percent of U.S. equipment exports will receive duty-free treatment, possibly benefiting large District employers like Carrier Corp.

### TOP IMPORTERS FROM DR-CAFTA COUNTRIES IN NEW YORK'S 25th DISTRICT

Company	City
ExxonMobil Chemical	Macedon
L J Stickley Furniture	Manlius & East Syracuse

- Central American tariffs on transportation equipment and parts range up to 30 percent. The District's auto equipment manufacturers, such as New Venture Gear Inc., could see benefits under DR-CAFTA: half of U.S. transportation equipment exports will receive duty-free treatment immediately. Tariffs on the remaining half will be phased out over ten years.
- The District's workers engaged in research and development of pharmaceutical products will also 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, cutting-edge products they are developing are marketed in the DR-CAFTA region under reduced or eliminated tariffs. Companies such as Bristol-Myers Squibb could benefit from higher levels of IPR protection.
- Most District exports of primary metal products, such as steel, will receive immediate duty-free access to the Central America and Dominican Republic markets, possibly benefiting District companies such as Crucible Materials Corp. by giving them an advantage over their foreign competitors.

- The DR-CAFTA countries currently charge duties on New York’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.
- Under the Agreement, the DR-CAFTA countries have agreed to eliminate duties on District exports of consumer products, such as furniture made by Stickley Furniture. The elimination of duties will give District-made products an advantage over furniture made in Europe or Asia.
- U.S. chemical exports to the DR-CAFTA countries are currently assessed tariffs that range up to 20 percent. Upon implementation of the Agreement, nearly three-quarters of U.S. chemical exports will receive immediate duty-free treatment. District chemical producers, such as ExxonMobil Chemical could benefit from the elimination of duties and increased access to the DR-CAFTA markets.

**TOP EXPORTERS TO DR-CAFTA COUNTRIES IN NEW YORK’S 25th DISTRICT**

<b>Company</b>	<b>City</b>
Carrier	Syracuse
ExxonMobil Chemical	Macedon

- Approximately 99 percent of District exports of electronics and electrical equipment will receive immediate duty-free treatment under DR-CAFTA. District companies such as Eagle Comtronics Inc. could benefit from the reduced tariffs and increased access to the markets of Central America and the Dominican Republic.
- 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

finances. 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.
- 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, will result in \$1,600 in increased income for the average U.S. household annually. For the District, this represents an additional \$261 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 world will benefit the research and development of cutting-edge products under way in the District as those products are eventually marketed around the globe.

## In Short ...

Trade matters importantly to the 25th 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 25th District.

### Sources:

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