



Trade Matters to Oregon's 2nd Congressional District

Trade Matters to Manufacturing and Services

Trade matters to **manufacturing and services companies** and workers located in the 2nd Congressional District of Oregon. 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 2nd District. One in four **manufacturing** jobs in Oregon depends 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 2nd District: Nearly 37 percent of jobs in the State's primary metals (including aluminum) industry depend on exports. Oregon's agricultural exports support over 11,000 jobs across the State.
- Many companies in the District, such as retailers, rely on imported products to sell to their customers.
- 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.

SUMMARY FACTS

In 2003, Oregon exported nearly \$247 million worth of goods to the DR-CAFTA countries.

Many duties currently assessed on Oregon's fruit and vegetable exports, such as those on apples and pears (currently as high as 25 percent) and blueberries, cranberries, and cherries (currently as high as 20 percent), will be eliminated immediately upon implementation of DR-CAFTA benefiting District food processors, such as Lamb-Weston and Sabroso Co.

The DR-CAFTA nations currently charge tariffs as high as 20% on U.S. exports of wood and wood products. Upon implementation of DR-CAFTA, 79% of those exports will receive immediate duty-free treatment benefiting District timber and lumber producers and wood product companies, such as Jeld-Wen and Bright Wood Corp.

Trade Matters to Small Business

Trade matters to **small businesses** located in the 2nd District.

- Eighty-six percent of the Oregon 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 Matters to International Investors

Fair international investment rules, which promote trade, matters to **foreign investors** in the 2nd District of Oregon.

- Foreign investors located in the United States support millions of American jobs. In Oregon, foreign investors employ 48,800 workers. Approximately 24 percent of Oregon workers employed by foreign investors are employed in the high-paying manufacturing sector.

- The strong Oregon 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.

**TOP EXPORTERS TO DR-CAFTA COUNTRIES
IN OREGON’S 2nd DISTRICT**

Jeld Wen	Klamath Falls
Power Design	Hood River
Sabroso Inc	Medford

Trade Liberalization Matters to Oregon’s 2nd District

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

- NAFTA partners Canada and Mexico are Oregon’s largest export markets. Since NAFTA went into effect, Oregon’s exports to Canada and Mexico have increased nearly 154 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 \$159 million annually just for families in the District.

DR-CAFTA and Doha Matter to Oregon’s 2nd District

Other trade liberalization initiatives under way will boost the gains to the 2nd 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, Oregon exported \$267 million worth of goods to the DR-CAFTA countries. Even without DR-CAFTA, the region has been a growing market for Oregon goods, increasing nearly sixteen-fold since 1999!
- Oregon’s farmers stand to benefit from the elimination of tariffs under DR-CAFTA. Many duties currently assessed on Oregon’s fruit and

vegetable exports, such as those on apples and pears (currently as high as 25 percent) and blueberries, cranberries, and cherries (currently as high as 20 percent), will be eliminated immediately upon implementation of the Agreement. The elimination of tariffs could also benefit the District’s food processors, such as Lamb-Weston and Sabroso Co.

- Provisions of the DR-CAFTA relating to sugar reflect the sensitivities of the beet sugar industry. U.S. 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 U.S. sugar consumption in total.
- The DR-CAFTA’s sugar provisions, while modest, will benefit food product manufacturers who are important employers in the District. These include Bear Creek Operations, which employs as many as 10 times the number of District residents as Amalgamated Sugar Co.
- Central America and the Dominican Republic currently charge tariffs as high 20 percent on U.S. exports of wood and wood products. Upon implementation of DR-CAFTA, 79 percent of those exports will receive immediate duty-free treatment. District timber and lumber producers and wood product companies, such as Jeld-Wen and Bright Wood Corp. could benefit from increased exports to the DR-CAFTA region.

**TOP IMPORTERS FROM DR-CAFTA COUNTRIES
IN OREGON’S 2nd DISTRICT**

C A Casebier Hardwoods Medford

- Currently, the DR-CAFTA countries charge tariffs as high as 20 percent on U.S. exports of non-ferrous metals, including aluminum. Upon implementation of the Agreement, approximately 70 percent of these exports will receive immediate duty-free treatment. District manufacturers, such as Northwest Aluminum Co. could benefit from increased exports to Central America and the Dominican Republic.

- 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 that may be caused by the Agreement's tariff reductions. The Agreement does not change U.S. trade remedy laws. It does, however, establish 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.
- 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.
- 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 \$274 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.
- The elimination of agricultural subsidies around the world will benefit District farmers and food producers. District farmers are among the most competitive in the world and can compete on level international playing fields. They have much at stake in the Doha Round of negotiations.

In Short ...

Trade is important to the 2nd 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 2nd District.

Sources:

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