



Trade Matters to Pennsylvania's 7th Congressional District

Trade Matters to Manufacturing & Services

Trade matters to **manufacturing and services companies** and workers located in the 7th Congressional District of Pennsylvania. District pharmaceutical and computers and electronics companies export their products and services to customers around the world, and imports are key ingredients for producers who rely on inputs to manufacture or process products in the District.

- Trade supports jobs in the 7th District. More than one in six **manufacturing** jobs in Pennsylvania 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 7th District: Approximately a quarter of the jobs in Pennsylvania's chemical industry (including pharmaceuticals) depend on exports. Exports also support 24 percent of the jobs in the State's computers and electronics industry.
- District companies, such as oil refiners, use imported raw materials, and District retailers also depend on imports to give customers a wider range of products at lower prices.
- 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 business consulting and information services.

SUMMARY FACTS

- More than one in six **manufacturing** jobs in Pennsylvania depend on exports.
- Approximately a quarter of the jobs in Pennsylvania's chemical industry (including pharmaceuticals) depend on exports.
- Exports support 24 percent in the jobs in the State's computers and electronics industry.
- Approximately 38 percent of Pennsylvania workers employed by foreign investors are employed in the high-paying manufacturing sector.
- Pennsylvania exported more than \$352 million worth of goods to the DR-CAFTA countries.
- Pennsylvania's textile and apparel exports would receive duty-free treatment immediately upon implementation of DR-CAFTA.
- A tariff-free world by 2015, under consideration in the Doha Round, is expected to 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.

Trade Matters to Small Business

Trade matters to **small businesses** located in the 7th District.

- Eighty-seven percent of Pennsylvania's 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 7th District of Pennsylvania.

- Foreign investors located in the United States support millions of American jobs. In Pennsylvania, foreign investors employ 233,400 workers. Approximately 38 percent of Pennsylvania workers employed by foreign investors are employed in the high-paying manufacturing sector.
- The strong Pennsylvania and District economies are magnets for foreign investment and job-creating “insourcing.” Britain-based Reed Elsevier employs over 500 workers in King of Prussia. The company is a leading publisher and provider of information services.
- 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 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 \$150 million annually just for families in the District.

DR-CAFTA and Doha Matter to Pennsylvania’s 7th District

Other trade liberalization initiatives under way will boost the gains to the 7th 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, Pennsylvania exported over \$352 million worth of goods to the DR-CAFTA countries. Even without DR-CAFTA, the region has been a growing market for Pennsylvania goods, expanding at an average *annual* rate of over 10 percent.
- Studies estimate that the DR-CAFTA could boost Pennsylvania’s overall economic output by \$94.2 million after the first year and by \$504 million after nine years.
- DR-CAFTA’s strong intellectual property protections will benefit the District’s producers of high technology computers and electronic equipment, and software writers. As the economies there grow, their need for this equipment and the software to run it will expand. District companies like Guardian Assets Inc., SAP America, and Communications Test Design Inc. could see increased exports to the DR-CAFTA countries.
- In addition to the strong intellectual property protections under DR-CAFTA, the District’s pharmaceutical producers will also benefit from the elimination of duties. Approximately 88 percent of U.S. pharmaceutical exports will receive immediate duty-free treatment under the Agreement. District companies like Wyeth, GlaxoSmithKline, and Aventis could all benefit from increased access to the markets of Central America and the Dominican Republic.

TOP EXPORTERS TO DR-CAFTA COUNTRIES IN PENNSYLVANIA’S 7th DISTRICT

Company	City
Artex Intl	King Of Prussia
BDP Intl	Lester
DSM Food Specialities	Norristown
USA Inc	
Eagle Global Logistics	Folcroft
Expeditors International	Folcroft
JPC Consulting	Glen Mills
King of Prussia	King Of Prussia
UPS	Folcroft

Trade Liberalization Matters to Pennsylvania’s 7th District

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

- NAFTA partners Canada and Mexico are Pennsylvania’s largest export markets. Since NAFTA went into effect, Pennsylvania’s exports to Canada and Mexico have increased by 64 percent.

- Approximately 97 percent of Pennsylvania’s energy exports will receive immediate duty-free treatment. District employers, like ExxonMobil, could benefit from increased access to the DR-CAFTA markets.
- Ninety-nine percent of U.S. exports of electronics and instrumentation equipment will receive immediate duty free treatment under the DR-CAFTA. The increased market access could benefit District electronic and electrical equipment producers such as Mars Electronics International.
- The DR-CAFTA’s provisions for textile and apparel products will enable major District retailers like Macy’s, Neiman Marcus, and QVC 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.
- 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 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, is expected to 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 protection of intellectual property rights around the globe will benefit the research and development of cutting-edge products under way in the District as those products are eventually marketed around the globe.

**TOP IMPORTERS TO DR-CAFTA COUNTRIES
IN PENNSYLVANIA’S 7th DISTRICT**

Company	City
Artex Intl	King Of Prussia
BDP Intl	Lester
Briara Trading	West Conshohocken
Capital Timber Group	Marcus Hook
Eagle Global Logistics	Folcroft
Expeditors International	Folcroft
King of Prussia	King Of Prussia
Montgomery Intl	Essington
QVC Network	West Chester
UPS	Folcroft

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In Short ...

Trade matters to the 7th 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 7th District.

Sources:

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