



Trade Matters to New York’s 10th Congressional District

Trade Matters to Manufacturing and Agriculture

Trade matters to **manufacturing and services companies** and workers located in the 10th Congressional District of New York. District financial services, telecommunications, and pharmaceutical companies export their products and services to customers around the world, and imports are key ingredients for many companies who rely on inputs to manufacture or process products in the District.

- Trade supports jobs in the 10th 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 high for manufacturing sectors of importance to the 10th District: Approximately 18 percent of jobs in the State’s chemical sector (including pharmaceuticals) depend on exports.
- Many companies in the District use imported raw materials, such as steel to manufacture equipment, or components for computers and electronic products.
- 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 financial and telecommunications services. In addition, studies also show that trade liberalization has a positive impact on tourism, a key sector for the 10th District and New York City. Increased trade generates related business travel, and liberalized trade in services increases holiday travel.

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 10th 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.
- Hundreds of international companies have offices in New York City, employing thousands of workers from the 10th and neighboring Districts. Further engagement with the international economy through trade will improve the competitiveness of those companies and workers, making New York a still more attractive location for such “insourcing.”

SUMMARY FACTS

In 2004, New York exported more than \$520 million worth of goods to the DR-CAFTA countries. The significant share of the District’s population that is Hispanic – 17 percent – suggests that the relationship is personal as well as economic. 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.

Trade Matters to Small Business

Trade matters to **small businesses** located in the 10th 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 10th 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 10th District.
- During the first year the U.S.-Chile Free Trade Agreement was in effect, New York's exports to Chile increased 21 percent.

DR-CAFTA and Doha Matter to New York's 10th District

Other trade liberalization initiatives under way will boost the gains to the 10th 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**."

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TOP EXPORTERS TO DR-CAFTA COUNTRIES IN NEW YORK'S 10TH DISTRICT

Company	City
Emerson Recycling	Brooklyn
Iberia Foods	Brooklyn
Jetro Wholesale	Brooklyn
Laparkan Trading Ltd	Brooklyn
Multi Stitch	Brooklyn
Noamex	Brooklyn
Progreso Honduras Cargo	Brooklyn

- Financial services companies are major employers for residents of New York City and the 10th District. Under the Agreement, the DR-CAFTA countries agreed to liberalize their financial services and insurance markets, placing U.S. financial services companies in an optimal position to grow with those markets. Banks, investment firms, and insurance providers in New York would be afforded increased access to the new markets and consumers in Central America and the Dominican Republic.
- U.S. pharmaceutical companies believe that the DR-CAFTA's intellectual property rights provisions, coupled with tariff reductions, will lead to an increase in U.S. pharmaceutical exports. U.S. exports now face varying tariffs rates in the region of up to 15 percent. District employers, such as Pfizer, could benefit from the Agreement.
- The District's workers engaged in research and development of other high-tech 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, high-tech products they are developing are marketed in the DR-CAFTA region under reduced or eliminated tariffs.

**TOP IMPORTERS FROM DR-CAFTA COUNTRIES
IN NEW YORK'S 10th DISTRICT**

Company	City
Eduardo Somoza	Brooklyn
J Tepler	Brooklyn
Trade Warehouse	Brooklyn

- 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 \$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.
- Services trade liberalization contemplated in the Round will benefit District services companies who have limited access at present to potentially large developing country markets for financial services.

In Short ...

Trade is important to the 10th District. Pending trade agreements and ongoing negotiations will boost the benefits of trade to the District. Increased U.S. exports raise 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 10th District.

Sources:

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