



Trade Matters to North Carolina's 12th Congressional District

Trade Matters to Manufacturing & Services

Trade matters to **manufacturing and services companies** and workers located in the 12th Congressional District of North Carolina. District textile, transportation equipment, financial services, and computers and electronics companies exports 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 12th District. One in five **manufacturing** jobs in North Carolina 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 12th District: More than half (57 percent) of the jobs in North Carolina's computers and electronics sector depend on exports. Exports also support nearly 30 percent of the jobs in the textile sector and sixteen percent of the jobs in the transportation equipment sector.
- 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, such as banking and financial services companies.

Sara Lee Branded Apparel Winston Salem, NC

[Sara Lee's] strong presence in the Dominican Republic and Central America also has led to stepped up purchases of U.S. cotton, U.S. yarns and U.S. fabrics that are beneficial to many cotton growers, yarn producers, and textile mills in this country, as well as to vibrant U.S. port and service operations. For the state of North Carolina alone, apparel and fabric exports to the CAFTA countries have more than doubled since 1999 to \$1.3 billion in 2004, representing more than 50 percent of North Carolina's exports of these products.

Without the passage of CAFTA, however, we would have to make different choices of where and how to service our customers tomorrow. Without CAFTA, it will be extremely difficult to sustain our current base and relationships in the Hemisphere in the years ahead.

Without CAFTA, there would also be increasing turmoil and instability in the textile and apparel sector, particularly given the lifting of global quotas on textiles and apparel. Sourcing decisions, already increasingly complex, would be even more so, and there would be far less predictability and stability than have existed prior to the removal of quotas, with very negative effects on the hundreds of thousands of workers in the CAFTA region.

For Sara Lee and many [other apparel producers], CAFTA presents an essential opportunity to continue to grow and develop this highly successful U.S.-Central American-Dominican economic partnership that has been the bedrock for sustainable reforms and developments within the region. That progress is only sustainable with the near-term passage of CAFTA to encourage existing producers to stay in the Hemisphere and further encourage new opportunities to flourish in this Hemisphere as opposed to Asia.

- Jerry Cook, Vice President, International Trade

SUMMARY FACTS

In 2004, North Carolina exported more than \$1.7 billion worth of goods to the DR-CAFTA countries. The region has been a growing market for North Carolina goods, expanding at an average *annual* rate of 41.4 %.

North Carolina's exports of machinery to the DR-CAFTA countries have increased 87% since 1999.

DR-CAFTA could potentially increase North Carolina's exports to the DR-CAFTA countries by \$730 million after the first year, and by \$3.9 billion after nine years.

North Carolina's textile and apparel exports would receive duty-free treatment immediately upon implementation of DR-CAFTA. The rule of origin for preferences promotes the use of U.S. yarns and fabrics. DR-CAFTA will strengthen co-production relationships for District yarn and fabric producers.

Trade Matters to Small Business

Trade matters to **small businesses** located in the 12th District.

- Eighty-four percent of the North Carolina 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 12th District of North Carolina.

- Foreign investors located in the United States support millions of American jobs. In North Carolina, foreign investors employ 212,700 workers. Approximately 43 percent of North Carolina workers employed by foreign investors are employed in the high-paying manufacturing sector.
- The strong North Carolina and District economies are magnets for foreign investment and job-creating “insourcing.” Continental Tire North America, Inc. employs over 1,500 workers who produce automotive tires and inner tubes in Charlotte. Continental is the U.S. subsidiary of Germany-based Continental AG.
- 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.

Trade Liberalization Matters to North Carolina’s 12th District

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

- NAFTA partners Canada and Mexico are North Carolina’s largest export markets. Since NAFTA went into effect, North Carolina’s exports to Canada and Mexico have increased by over 80 percent.

TOP EXPORTERS TO DR-CAFTA COUNTRIES IN NORTH CAROLINA’S 12th DISTRICT

Company	City
Air Power Intl Express	High Point
American President Lines	Charlotte
Aracelly Gordon Pena Bali	Charlotte
Becmen Intrepid	Greensboro
BFS Global	Charlotte
Bollag	Lexington
Braxton Culler	Charlotte
C & F Worldwide Agency	High Point
Canplast America	Charlotte
Caribex Worldwide	Greensboro
Carson Dellosa Publishing	Greensboro
Champion Industries Inc	Winston Salem
Ciba Geigy	High Point
Coats American	Charlotte
Continental Tire	Charlotte
Cottonall Inc Quality Cloth Wipers	Winston Salem
Eagle Global Logistics	Charlotte
Frontier Spinning Mills	Greensboro
Geologistics	Charlotte
Hanes Co	Winston Salem
Hellman International Forwarders	Charlotte
ITW Packaging Brands	Charlotte
J E Morgan Knitting Mills	Winston Salem
JAS Forwarding	Charlotte
Kosa	Charlotte
Kuehne & Nagel	Charlotte
Mocaro Dyeing & Finishing	Greensboro
National Textiles	Greensboro & Winston
Newco Fiber	Charlotte
Novartis Crop Protection	Greensboro
Piedmont Chemical Ind	High Point
R J Reynolds Tobacco	Winston Salem
R S Installers	Charlotte
Rite Ind	High Point
Rives Apparel Intl	High Point
Sara Lee	Winston Salem
Soft Play Manufacturing	Charlotte
Standard Dyes	High Point
Terranova Exports	High Point
Imports	Charlotte
Volvo	Greensboro
Wellman	Charlotte

- 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 \$144 million annually just for families in the District.
- North Carolina's exports to Chile increased 33 percent in the first year that the U.S.-Chile Free Trade Agreement was in effect.

DR-CAFTA and Doha Matter to North Carolina's 12th District

Other trade liberalization initiatives under way will boost the gains to the 12th 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, North Carolina exported more than \$1.7 billion worth of goods to the DR-CAFTA countries. Even without DR-CAFTA, the region has been a growing market for North Carolina goods, expanding at an average *annual* rate of 33.3 percent! North Carolina's exports of textiles to the DR-CAFTA countries have increased 722 percent since 1999.
- Studies estimate that DR-CAFTA's tariff and nontariff barrier cuts could potentially increase North Carolina's exports to the DR-CAFTA countries by \$730 million after the first year, and by \$3.9 billion after nine years.
- North Carolina's textile and apparel exports would receive duty-free treatment immediately upon implementation of DR-CAFTA. The rule of origin for preferences promotes the use of U.S. yarns and fabrics. DR-CAFTA will strengthen co-production relationships for District yarn and fabric producers such as J.E. Morgan Knitting Mills and National Textiles, which are already active in the region. These relationships will be key to keeping the industry competitive in a post-quota world.

TOP IMPORTERS TO DR-CAFTA COUNTRIES IN NORTH CAROLINA'S 12th DISTRICT

Company	City
American President Lines	Charlotte
Bali	Greensboro
Belk Intl	Charlotte
BFS Global	Lexington
Bollag	Charlotte
Braxton Culler	High Point
C & F Worldwide Agency	Charlotte
Cadmus Communications	Charlotte
Cargo Logistics Network	Charlotte
Caribex Worldwide	Greensboro
Cato	Charlotte
Champion Industries Inc	Winston Salem
Coats American Corp Bank	Charlotte
Cottonall Inc Quality Cloth Wipers	Winston Salem
Cramer Wood Products	High Point
Dan K Moore Lumber	Lexington
Eagle Global Logistics	Charlotte
Exploris	High Point
Frontier Spinning Mills	Greensboro
Geologistics	Charlotte
Hanes Co	Winston Salem
Hekman Furniture	Lexington
Hellman International Forwarders	Charlotte
J E Morgan Knitting Mills	Winston Salem
JAS Forwarding	Charlotte
Kinderkraft Artist Colony	Lexington
Kuehne & Nagel	Charlotte
Laps	Charlotte
Lea Ind	Greensboro
National Textiles	Greensboro & Winston
Phillips Collection	High Point
Pitt Bull Motors	Salisbury
Rives Apparel Intl	High Point
Sikp Alliance	Winston Salem
Sportwear Technical Service	Winston Salem
Stone Resource	High Point
Terranova Exports Imports	Charlotte
Volvo	Greensboro
Wellington Hall	High Point
Wellman	Charlotte
Woodbridge Furniture	High Point

- The Agreement's textile and apparel provisions also make the region a more competitive alternative to sourcing in Asia, and will boost the interest of apparel producers like Sara Lee and VF Corporation in maintaining, and possibly increasing, sourcing in the DR-CAFTA region.
- Currently the DR-CAFTA countries assess tariffs on transportation equipment ranging up to 30 percent. The District's transportation equipment sector will 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. District truck manufacturers like Freightliner and Volvo Trucks North America could benefit from the Agreement.
- 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.
- 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. Companies such as Syngenta and Banner Pharmacaps Inc., to name a few, should all benefit from higher levels of IPR protection.
- 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. District companies such as Bank of America and Wachovia would be afforded increased access to the new markets and consumers in Central America and the Dominican Republic.
- 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 \$248 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 banking, and financial services.
- 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. Increased global IPR protection should greatly benefit the District's high tech companies.

In Short ...

Trade is important to the 12th 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 12th District.

Sources:

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