



Trade Matters to North Carolina’s 5th Congressional District

Trade Matters to Manufacturing & Services

Trade matters to **manufacturing and services companies** and workers located in the 5th Congressional District of North Carolina. District textile and apparel, auto parts, and telecommunications equipment 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 5th 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 5th District: Thirty percent of the North Carolina workers employed in textile mills depend on exports. Approximately one in seven transportation equipment workers in the State also rely on exports.
- Many companies in the District use imported raw materials, such as steel to manufacture equipment, or components for computers and electronic products, or leather for manufacturing furniture.
- Trade is also important to **agriculture**. American farmers sell overseas about one third of what they produce. North Carolina is the top exporting state of tobacco and the third-largest exporting state of poultry products. North Carolina exported \$1.3 billion of agricultural products in Fiscal Year 2003.

Trade Matters to Small Business

Trade matters to **small businesses** located in the 5th 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.

SUMMARY FACTS

20% of **manufacturing** jobs in North Carolina depend on exports.

In 2003, North Carolina exported more than \$1.7 billion worth of goods to the DR-CAFTA countries. Textile and apparel products accounted for 77 percent of these exports.

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.

Central American tariffs on U.S. exports of poultry and tobacco will be phased out to zero (U.S. tariffs on tobacco will phase out over 15 years).

North Carolina’s textile and apparel exports would receive duty-free treatment immediately. 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 International Investors

Fair international investment rules, which promote trade, matters to **foreign investors** in the 5th 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.” Japan-based ASMO employs over 800 employees who produce automobile components at its Statesville subsidiary.
- 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 NORTH CAROLINA'S 5th DISTRICT**

Avery Intl	Statesville
Bali	Winston-Salem
	Statesville
Caribex Worldwide	Kernersville
Insteel Wire Products	Mount Airy
Intex	Pilot Mountain
Mitchell Gold	Taylorsville
Mocaro Dyeing and Finishing	Statesville
Perry Mfg	Mount Airy
Pickett Hosiery Mills	Mount Airy
QST Ind.	Mocksville
Renfro	Mount Airy
Sara Lee	Mount Airy
Spencers	Mount Airy
Surrey Chemicals	Mount Airy
Toter	Statesville
Unifi Inc	Yadkinville
Wexler Textiles	King

Trade Liberalization Matters to North Carolina's 5th 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.
- 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.

DR-CAFTA and Doha Matter to North Carolina's 5th District

Other trade liberalization initiatives under way will boost the gains to the 5th 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 2003, 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 31.2 percent! Textile and apparel products accounted for 77 percent of North Carolina's exports to the DR-CAFTA countries in 2003.
- 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. The majority of those increases will be in the textile and apparel sectors.
- 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 Sara Lee, a strong supporter of the Agreement. District producer Unifi is already active in the region. These relationships will be key to keeping the industry competitive in a post-quota world.
- Many of North Carolina's agricultural exports will become duty free immediately as well. Central American tariffs on U.S. exports of poultry and tobacco will be phased out to zero (U.S. tariffs on tobacco will phase out over 15 years). DR-CAFTA resolves sanitary and phytosanitary disputes that have blocked U.S. exports to the region. District companies such as R.J. Reynolds, Tyson Foods, and ContiGroup could see increased sales thanks to DR-CAFTA.
- Tariffs on transportation equipment and parts entering Central America and the Dominican Republic range up to 30 percent. The District's auto parts producers will see benefits under DR-CAFTA: half of U.S. transportation equipment and parts exports will receive duty-free treatment immediately.

Tariffs on the remaining half will be phased out over ten years. District companies such as Johnson Controls and Dana Corp. could see increased business thanks to DR-CAFTA.

- U.S. food products are already well-known in the DR-CAFTA region, and the elimination of duties on U.S. exports there will benefit District producers like Kraft Foods.
- 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.
- The global elimination of agricultural subsidies will level the playing field and open new markets to District exports of agricultural products.

In Short ...

Trade is important to the 5th District. 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 grows 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 5th District.

TOP IMPORTERS TO DR-CAFTA COUNTRIES IN NORTH CAROLINA'S 5th DISTRICT	
Avery Intl	Statesville
Bali	Winston-Salem
	Statesville
Candle of America	Elkin
Caribex Worldwide	Kernersville
Garden Ridge Pottery	Statesville
Intex	Pilot Mountain
Mid Atlantic Wood Products	Taylorsville
Perry Mfg	Mount Airy
Renfro	Mount Airy
Spencers	Mount Airy

Sources:
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