



Trade Matters to North Carolina’s 9th Congressional District

Trade Matters to Manufacturing & Services

Trade matters to **manufacturing and services companies** and workers located in the 9th Congressional District of North Carolina. District machinery companies and transportation services 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 9th 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 9th District: Exports support sixteen percent of the jobs in the transportation equipment sector. Exports also support one in four jobs in North Carolina’s machinery 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, including distribution, transportation, banking, and financial services companies.

Trade Matters to Small Business

Trade matters to **small businesses** located in the 9th 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.

Tuscarora Yarns, Inc. Mt. Pleasant

Tuscarora Yarns has been a reliable resource for the apparel and textile industry since 1899. We are proud of our heritage and being the leading manufacturer of heather and mélange yarns in the world.

Tuscarora Yarns produces 100% cotton, synthetic and blended yarns manufactured both open-end and ring spun for a variety of applications. Tuscarora produces in excess of 400,000 pounds of finished specialty yarns each week.

Tuscarora ships into all of the DR-CAFTA countries except Nicaragua, which at this time has no knitting or weaving industry. Exports make up approximately thirty-five percent of our current sales, and we are working diligently to increase that to fifty percent. Shipments into the Caribbean Basin Initiative countries account for approximately eighty percent of our current exports.

We believe that DR-CAFTA will open new market opportunities and level the playing field for US exporters. If the Congress doesn’t pass DR-CAFTA, US exporters will lose out on a growing market that’s right in our neighborhood. Otherwise, we will be overwhelmed by imports from China. I urge Congress to enact DR-CAFTA.

Peter Hegarty, President

SUMMARY FACTS

In 2003, 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 International Investors

Fair international investment rules, which promote trade, matters to **foreign investors** in the 9th 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.”
- 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 9th 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 9th District

Other trade liberalization initiatives under way will boost the gains to the 9th 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 41.4 percent! North Carolina’s exports of machinery to the DR-CAFTA countries have increased 87 percent since 1999.
- Studies estimate that DR-CAFTA’s tariff and non-tariff 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 Parkdale Mills, which is already active in the region. These relationships will be key to keeping the industry competitive in a post-quota world.

TOP EXPORTERS TO DR-CAFTA COUNTRIES IN NORTH CAROLINA’S 9th DISTRICT

AEP Industries	Matthews
Austin Intl	Belmont
Cargo Brokers International Inc.	Charlotte
DHL Danzas	Charlotte
Expeditors International	Charlotte
FMC	Bessemer City
Globe Express Service Tlc	Charlotte
Harper Love Adhesives	Charlotte
Inner Harbor	Monroe
Ironpeddlers	Monroe
Maersk Inc.	Charlotte
Parkdale Mills	Belmont
	Gastonia
R L Stowe Mills	Belmont
Union Transport	Charlotte
UPS	Charlotte

- 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 retailers like TJX Companies in shifting apparel sourcing to the region.
- Nearly all of U.S. industrial machinery exports will receive duty-free treatment upon implementation of the DR-CAFTA. District companies like CBS Corp and Danaher Corp. could see increased business in the DR-CAFTA thanks to the elimination of tariffs.
- District transportation, warehousing, and distribution companies, such as Maersk should benefit from the increased trade the Agreement will generate between the District and the DR-CAFTA countries. These companies will play a pivotal role transporting District and North Carolina exports to Central America and the Dominican Republic.
- 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 Watermill Ventures, Equitable, and nearby Bank of America would be afforded increased access to the new markets and consumers in Central America and the Dominican Republic.
- The DR-CAFTA's modest liberalization of U.S. sugar quotas will benefit District food product companies like Merkert American Col, Lance Inc. and Frito-Lay, Inc. In addition, the Agreement eliminates regional tariffs on imports of U.S. food products, which could boost Frito-Lay's exports there.
- 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 transportation, banking, and financial services.

**TOP IMPORTERS TO DR-CAFTA COUNTRIES
IN NORTH CAROLINA'S 9th DISTRICT**

American Efripo	Mount Holly
DHL Danzas	Charlotte
Ellington Foster	Matthews
Expeditors International	Charlotte
Family Dollar Stores	Matthews
FMC	Bessemer City
Globe Express Service Tlc	Charlotte
Harper Love Adhesives	Charlotte
Inner Harbor	Monroe
Maersk Inc.	Charlotte
McMurray Fabrics	Gastonia
Parkdale Mills	Belmont
	Gastonia
Printech	Charlotte
Rogers and Brown	Charlotte
Rutland	Pineville
Spectrum Dyed Yarns	Belmont
Union Transport	Charlotte
UPS	Charlotte

In Short ...

Trade is important to the 8th 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 9th District.

Sources:

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