



Trade Matters to Oregon's 3rd Congressional District

Trade Matters to Manufacturing and Services

Trade matters to **manufacturing and services companies** and workers located in the 3rd Congressional District of Oregon. District transportation equipment and computer 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 3rd District. One in four **manufacturing** jobs in Oregon depends on exports, and research demonstrates that exporting jobs pay 13-18 percent more than the U.S. average.
- Export dependence is much higher for manufacturing sectors of importance to the 3rd District: Fifty-five percent of workers in Oregon's computer and electronic products industry rely on exports. Exports also support one of every ten workers in the transportation equipment industry.
- Many companies in the District, such as computers and electronic products, rely on imported components needed to assemble finished 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 high-tech research and manufacturing.

SUMMARY FACTS

In 2003, Oregon exported nearly \$247 million worth of goods to the DR-CAFTA countries.

High-Tech District companies like Adidas-Salomon and Siltronic will benefit from DR-CAFTA's higher levels of IPR protection.

DR-CAFTA makes modest changes to the system of protection that raises costs of sugar to U.S. consumers, including food product manufacturers like Kraft Foods and U.S. Bakery.

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 benefiting District manufacturers in this industry.

Trade Matters to Small Business

Trade matters to **small businesses** located in the 3rd District.

- Eighty-six percent of the Oregon 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 3rd District of Oregon.

- Foreign investors located in the United States support millions of American jobs. In Oregon, foreign investors employ 48,800 workers. Approximately 24 percent of Oregon workers employed by foreign investors are employed in the high-paying manufacturing sector.

- The strong Oregon and District economies are magnets for foreign investment and job-creating “insourcing.” German-based Adidas-Salomon employs 700 workers in the research, development, and marketing of the company’s products. Freightliner, a subsidiary of DaimlerChrysler, employs 900 workers at its headquarters and truck manufacturing facilities.
- 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 OREGON’S 3 rd DISTRICT	
Better T Shirt	Portland
Eagle Global Logistics	Portland
Intertrade	Portland
Jantzen Inc	Portland
North Pacific Intl	Portland
Panalpina	Portland
Wood Kote Products	Portland

Trade Liberalization Matters to Oregon’s 3rd District

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

- NAFTA partners Canada and Mexico are Oregon’s largest export markets. Since NAFTA went into effect, Oregon’s exports to Canada and Mexico have increased nearly 90 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 \$159 million annually just for families in the District.

DR-CAFTA and Doha Matter to Oregon’s 3rd District

Other trade liberalization initiatives under way will boost the gains to the 3rd 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, Oregon exported nearly \$247 million worth of goods to the DR-CAFTA countries. Even without DR-CAFTA, the region has been a growing market for Oregon goods, expanding at an average *annual* rate of 345 percent! Exports of computers and electronic products from Oregon to DR-CAFTA have increased more than sixty-fold since 1999.
- 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 Adidas-Salomon and Siltronic, to name a few, should all benefit from higher levels of IPR protection.
- The DR-CAFTA countries currently impose tariffs on transportation equipment and parts ranging up to 30 percent. The District’s transportation equipment producers 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.
- The DR-CAFTA makes modest but important changes to the system of protection that raises costs of sugar to U.S. consumers, including food product manufacturers like Kraft Foods and U.S. Bakery. The agreement would allow agreement partners to export increased amounts of sugar to the United States, liberalization that is long overdue.

- 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.
- The DR-CAFTA will protect the District's manufacturers from injurious dumping or subsidization that may be caused by the Agreement's tariff reductions. The Agreement does not change U.S. trade remedy laws. It does, however, establish 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.
- 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.
- 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 \$274 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. Increased global IPR protection should greatly benefit the District's high tech multinational companies like Siltronic and Fujitsu Microelectronics, Inc.

**TOP IMPORTERS FROM DR-CAFTA COUNTRIES
IN OREGON'S 3rd DISTRICT**

Eagle Global Logistics	Portland
Fred Meyer	Portland
Intertrade	Portland
Jantzen Inc	Portland
Kroger	Portland
Panalpina	Portland
Townsend Farms	Fairview

In Short ...

Trade is important to the 3rd 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 3rd District.

Sources:

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