



## Trade Matters to South Carolina's 4th Congressional District

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### Trade Matters to Manufacturing and Services

Trade matters to **manufacturing and services companies** and workers located in the 4th Congressional District of South Carolina. District transportation equipment and textile companies export their products and services to customers around the world, and imports are key ingredients for producers who rely on inputs to manufacture or process products in the District.

- Trade supports jobs in the 4th District. More than one in four **manufacturing** jobs in South Carolina depend on exports, and research demonstrates that exporting jobs pay 13-18 percent more than the U.S. average.
- Export dependence is also high for manufacturing sectors of importance to the 4th District: Over 24 percent of South Carolina jobs in the transportation equipment sector rely on exports. Exports also support 25 percent of jobs in the State's textile mills.
- Many companies in the District use imported raw materials and other components, such as steel to manufacture tires or automobile stampings.
- Trade is also important to **agriculture**. American farmers sell overseas about one third of what they produce. South Carolina is a top exporting state of tobacco and a large exporter of poultry products. South Carolina exported \$248 million of agricultural products in Fiscal Year 2003.

#### SUMMARY FACTS

In 2003, South Carolina exported \$303.5 million worth of goods to the DR-CAFTA countries. Fabric mill products accounted for 44 percent of the State's exports to the DR-CAFTA countries in 2003.

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 10 years benefiting District companies like BMW, Michelin, Spartanburg Automotive Steel, and Drive Automotive Industries.

Exports of poultry products will receive duty-free treatment under DR-CAFTA, with many tariffs eliminated immediately benefiting District companies like House of Raeford.

Under DR-CAFTA, textile exports would receive duty-free treatment immediately and the rule of origin for preferences promotes the use of U.S. yarns and fabrics strengthening co-production relationships for District companies like Inman Mills, Invista and Tietex.

### Trade Matters to Small Business

Trade matters to **small businesses** located in the 4th District.

- Eighty percent of the South 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 4th District of South Carolina.

- Foreign investors located in the United States support millions of American jobs. In South Carolina, foreign investors employ 123,400 workers. Approximately 51 percent of South Carolina workers employed by foreign investors are employed in the high-paying manufacturing sector.
- The strong South Carolina and District economies are magnets for foreign investment and job-creating “insourcing.” In the counties of Greenville and Spartanburg, there are approximately 147 facilities operated by foreign companies that employ over 23,000 workers.
- BMW’s facility in Spartanburg is the company’s only facility in the United States, and represents \$2.2 billion in foreign investment in the District. The factory directly employs 4,300 workers and indirectly supports nearly 16,700 additional workers outside the plant.
- France-based Michelin chose to locate its North American Headquarters in Greenville. The company employs 2,200 workers at its facilities in the District. Throughout South Carolina, the company employs more than 7,200 workers and has invested over \$2 billion.
- 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 South Carolina’s 4th District

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

- NAFTA partners Canada and Mexico are South Carolina’s largest export markets. Since NAFTA went into effect, South Carolina’s exports to Canada and Mexico have increased by 187 percent.

- The average U.S. family saves \$930 annually thanks to income gains and tariff -- tax -- cuts due to NAFTA alone. This equals nearly \$155 million annually just for families in the District.

## DR-CAFTA and Doha Matter to South Carolina’s 4th District

Other trade liberalization initiatives under way will boost the gains to the 4th 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, South Carolina exported \$303.5 million worth of goods to the DR-CAFTA countries. Even without DR-CAFTA, the region has been a growing market for South Carolina goods, expanding at an average *annual* rate of 9.8 percent. Fabric mill products accounted for 44 percent of the State’s exports to the DR-CAFTA countries in 2003.

### TOP EXPORTERS TO DR-CAFTA COUNTRIES IN SOUTH CAROLINA’S 4<sup>th</sup> DISTRICT

Ameritex Yarn	Spartanburg
Bierbebi Intl	Greenville
BMW Of North America	Greer
Bowater	Greenville
Caribex Worldwide	Taylors
Coats American	Greer
Day International	Greenville
Integra	Greenville
International Industries	Spartanburg
Leigh Fibers	Wellford
Mahan Oven & Engineering	Spartanburg
MHM Sales & Service	Spartanburg
Sheftel & Sons	Spartanburg
Styles N Fabrics	Travelers Rest
TNS Mills	Greenville
Uslc	Spartanburg
Wellstone Mills	Greenville
William Barnet	Arcadia

- Currently the DR-CAFTA countries assess tariffs on transportation equipment (including automobiles) ranging up to 30 percent. The District's automotive 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. In addition to BMW and Michelin, District companies like Spartanburg Automotive Steel and Drive Automotive Industries could benefit from the Agreement.
- District exports of poultry products will receive duty-free treatment under DR-CAFTA, with many tariffs eliminated immediately. DR-CAFTA will commit each country to recognize the U.S. poultry inspection system, thereby facilitating trade by eliminating plant-by-plant inspections. District poultry processors like House of Raeford, could see increased exports to Central America and the Dominican Republic thanks to DR-CAFTA.
- South Carolina's textile 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 Inman Mills, Invista and Tietex. These relationships will be key to keeping the industry competitive in a post-quota world.
- Under DR-CAFTA, nearly all energy-related goods will receive immediate duty-free treatment. Companies, like GE Energy could see increase business in the DR-CAFTA region as demand grows for the turbines the company produces in Greenville.
- 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, 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. The Agreement does not change U.S. trade remedy laws. In addition, it establishes 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.
- A tariff-free world by 2015, under consideration in the Doha Round, is expected to result in \$1,600 in increased income for the average U.S. household annually. For the District, this represents an additional \$267 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.
- Increased market access through the elimination of tariffs and non-tariff barriers will greatly benefit U.S. and District manufacturers by making new markets and customers available around the world.

**TOP IMPORTERS TO DR-CAFTA COUNTRIES  
IN SOUTH CAROLINA'S 4<sup>TH</sup> DISTRICT**

Caribex Worldwide	Taylors
Coats American	Greer
CSI	Greenville
Farley Intl	Wellford
Integra	Greenville
International Textiles Group	Spartanburg
Kissimmee Auction	Spartanburg
Leigh Fibers	Wellford
Martex Fiber	Spartanburg
Motive Power & Equipment Solutions	Greenville
Schwebachs Fine Furniture	Greenville
Sheftel & Sons	Spartanburg
Textiles	Spartanburg
United Cloth	Spartanburg
Xana	Simpsonville

## In Short ...

Trade matters importantly to the 4th 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 4th District.

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