



## Trade Matters to Tennessee's 8th Congressional District

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### Trade Matters to Manufacturing & Services

Trade matters to **farmers, manufacturing and services companies** and workers located in the 8th Congressional District of Tennessee. District machinery manufacturers, chemical producers, and consumer goods 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 8th District. Nearly one in five **manufacturing** jobs in Tennessee depend 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 8th District: Forty percent of workers in Tennessee's chemical industry owe their jobs to exports. Exports also support one out of every six machinery workers in Tennessee.
- District companies like Maytag use imported materials, such as steel, to manufacture equipment.
- 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 printing and publishing services.

### THE LEAF-CHRONICLE

**CAFTA good for country**  
**Editorial -- November 27, 2004,**  
**Clarksville**

*Free trade will benefit all those countries that will embrace it.*

#### SUMMARY FACTS

In 2003, Tennessee exported nearly \$249 million worth of goods to the DR-CAFTA countries.

Under DR-CAFTA, the District's distribution companies will benefit from the removal of barriers that inhibit the movement of goods.

Tariffs on high-value paper products will be phased out immediately or within five years under the DR-CAFTA.

DR-CAFTA will help the District's apparel companies stay competitive against imports from Asia by enabling them to offer retailers lower-cost apparel products often made with U.S. yarns and fabrics.

Electrical products and parts, such as those produced by Memphis-based Thomas & Betts, would receive duty-free treatment under DR-CAFTA.

## Trade Matters to Small Business

Trade matters to **small businesses** located in the 8th District.

- Seventy-eight percent of the Tennessee 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 8th District of Tennessee.

- Foreign investors located in the United States support millions of American jobs. In Tennessee, foreign investors employ 131,000 workers. Approximately 52 percent of Tennessee workers employed by foreign investors are employed in the high-paying manufacturing sector.
- The strong Tennessee 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.

### TOP EXPORTERS TO DR-CAFTA COUNTRIES IN TENNESSEE'S 8th DISTRICT

Company	City
E I Dupont de Nemours	New Johnsville
Evangelistic Messengers Assoc	Huntingdon
Kellwood	Rutherford & Greenfield
Kohler Co.	Union City
MTD	Brownsville
PICTSWEET	Bells
Printpack	Jackson

## Trade Liberalization Matters to Tennessee's 8th District

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

- NAFTA partners Canada and Mexico are Tennessee's largest export markets. Since NAFTA went into effect, Tennessee's exports to Canada and Mexico have increased by 137 percent.
- The average U.S. family saves \$830 annually thanks to income gains and tariff - tax -- cuts due to NAFTA alone. For the District, this equals nearly \$147 million annually just for families in the District.

## DR-CAFTA and Doha Matter to Tennessee's 8th District

Other trade liberalization initiatives under way will boost the gains to the 8th 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, Tennessee exported nearly \$249 million worth of goods to the DR-CAFTA countries. Even without DR-CAFTA, the region has been a growing market for Tennessee goods, expanding at an average annual rate of 5 percent. Exports of chemical products from Tennessee to DR-CAFTA have more than doubled since 1999.
- Under DR-CAFTA, most District exports of chemicals and related products (including plastics and pharmaceuticals) will receive immediate duty-free treatment. Duties on the remaining products entering the DR-CAFTA countries will be phased out over ten years. District employers DuPont, Procter and Gamble, and Siegel-Roberts, to name a few, could benefit from increased access to the DR-CAFTA markets.
- The District's workers engaged in research, development, and production of chemical and pharmaceutical products will 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.

- The textile and apparel provisions contained in DR-CAFTA will help the District's apparel companies stay competitive against imports from Asia by enabling them to offer retailers lower-cost apparel products in mere days or weeks, and often made with U.S. yarns and fabrics. District apparel producers, like Kellwood Co., stand to benefit from the DR-CAFTA.
- The DR-CAFTA will also benefit the District's cotton farmers. The Agreement will eliminate tariffs on U.S. cotton and the rules of origin for textile and apparel products encourage the DR-CAFTA countries to use U.S. cotton. In addition, the Agreement includes a considerable allowance for using NAFTA fabric for duty-free apparel, which also favors U.S. cotton.
- Upon implementation, the DR-CAFTA will immediately eliminate all tariffs on U.S. whiskey exports, benefiting the Tennessee's distillers. The Agreement also recognizes that Tennessee Whiskey and Bourbon are distinctive products of the United States. Studies estimate that U.S. whiskey exports could potentially increase by 216 percent under the DR-CAFTA.
- 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 processor Tyson Foods could see increased exports to Central America and the Dominican Republic thanks to DR-CAFTA.

**TOP IMPORTERS FROM DR-CAFTA COUNTRIES  
IN TENNESSEE'S 8th DISTRICT**

<b>Company</b>	<b>City</b>
E I Dupont de Nemours	New Johnsville
Frozen Foods	Bells
Kellwood	Rutherford & Greenfield
Martex Fiber	Rutherford
PICTSWEET	Bells
Premdor Entry Systems	Dickson
Tennpak LLC Milan	Milan
Vulcan	Clarksville

- District food processors Procter and Gamble (Pringles-brand potato chips) and Sara Lee (Jimmy Dean-brand sausage) could see increased business thanks to the DR-CAFTA. These products face high tariffs in the DR-CAFTA countries. For example, Costa Rica currently assesses a 40 percent tariff on potato chips and El Salvador charges a 40 percent tariff on all sausages. Thanks to the tariff reductions under the Agreement, studies estimate that U.S. exports of potato chips and other snack foods could increase 118 percent and 192 percent, respectively.
- DR-CAFTA will fully protect District farmers and manufactures from injurious dumping and subsidization. The Agreement provides District farmers and manufacturers with adequate protection from any injury that may be caused by the Agreement's tariff reductions.
- 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 \$253 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.

### **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 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 8th District.

#### **Sources:**

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