



## Trade Matters to Texas' 16<sup>th</sup> Congressional District

### Trade Matters to Manufacturing & Services

Trade matters to **manufacturing and services companies** and workers located in the 16th Congressional District of Texas. District electronic product, appliance, and auto part manufacturers export their products and services to customers around the world. In addition, co-production relationships with producers in Mexico and Central America are key to District manufacturers.

- Trade supports jobs in the 16th District. More than one in five **manufacturing** jobs in Texas 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 16th District: One of every two workers in Texas' computer and electronic products industry rely on exports. Approximately 30 percent of the jobs in Texas' machinery sector depend on exports.
- Trade is also important to **services sectors** like Electronic Data Management 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 data processing, transportation services, and telephone call centers.

### Trade Matters to Small Business

Trade matters to **small businesses** located in the 16th District.

- Ninety-one percent of the Texas 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

In 2003, Texas exported more than \$1.6 billion worth of goods to the DR-CAFTA countries. Manufactured goods account for approximately 94 percent of Texas' exports to DR-CAFTA.

Studies estimate that DR-CAFTA's tariff and non-tariff barrier cuts could potentially increase Texas' exports to the DR-CAFTA region by \$621 million after the first year and \$4.3 billion after nine years.

DR-CAFTA's strong intellectual property protections will benefit the District's computer and electronic equipment manufacturers, such as Philips Electronics and Conexant Systems Inc.

District telecommunications companies such as WorldCom Inc. will benefit from a liberalized telecommunications sector under DR-CAFTA.

Nearly half of transportation equipment and parts exports to DR-CAFTA countries will receive duty free treatment immediately upon implementation of the Agreement benefiting District auto parts producers, such as Osram Sylvania, Inc. and Federal-Mogul Corp.

The significant share of the District's population that is Hispanic – 78 percent – suggests that the relationship is personal as well as economic.

### Trade Matters to International Investors

Fair international investment rules, which promote trade, matters to **foreign investors** in the 16th District of Texas.

- Foreign investors located in the United States support millions of American jobs. In Texas, foreign investors employ 351,400 workers. Approximately 16 percent of Texas workers employed by foreign investors are employed in the high-paying manufacturing sector.
- El Paso's strong manufacturing base, combined with the large amount of co-production taking place with firms on the Mexican side of the

border, make the District an attractive location for foreign investment.

- 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 such “insourcing.”

**TOP EXPORTERS TO DR-CAFTA COUNTRIES  
IN TEXAS’ 16<sup>TH</sup> DISTRICT**

Alhu Intl	El Paso
Emo Trans	El Paso
Lear Corp	El Paso

**Trade Liberalization Matters to Texas’  
16th District**

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

- NAFTA partners Canada and Mexico are Texas’ largest export markets. Since NAFTA went into effect, Texas’ exports to Canada and Mexico have increased by over 127 percent.
- Texas is the largest exporting state to Canada and Mexico, shipping over \$52 billion worth of goods to those countries in 2003.
- NAFTA has resulted in an explosion of business between District producers and maquiladoras in Mexico.
- 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 \$152 million annually just for families in the District.

**DR-CAFTA and Doha Matter to Texas’  
16<sup>th</sup> District**

Other trade liberalization initiatives under way will boost the gains to the 16th 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, Texas exported more than \$1.6 billion worth of goods to the DR-CAFTA countries. The significant share of the District’s population that is Hispanic – 78 percent – suggests that the relationship is personal as well as economic. Manufactured goods account for approximately 94 percent of Texas’ exports to DR-CAFTA.
- Studies estimate that DR-CAFTA’s tariff and non-tariff barrier cuts could potentially increase Texas’ exports to the DR-CAFTA region by \$621 million after the first year and \$4.3 billion after nine years.
- DR-CAFTA’s strong intellectual property protections will benefit the District’s computer and electronic equipment manufacturers, such as Philips Electronics and Conexant Systems Inc. As the economies there develop and grow, their need for this equipment and the software to run it will expand.
- District telecommunications companies such as WorldCom Inc. will benefit from a liberalized telecommunications sector under DR-CAFTA. Under DR-CAFTA, the Central American countries and the Dominican Republic will eliminate regulatory and other barriers that deny national treatment and market access to telecom providers.
- Nearly half of transportation equipment and parts exports to DR-CAFTA countries will receive duty free treatment immediately upon implementation of the Agreement. As a result, auto parts producers in the 16th District, such as Osram Sylvania, Inc. and Federal-Mogul Corp. could see benefits from DR-CAFTA.

**TOP IMPORTERS FROM DR-CAFTA COUNTRIES  
IN TEXAS’ 16<sup>TH</sup> DISTRICT**

Cooper Lighting Products	El Paso
Discover Recycling	El Paso
Git	El Paso
Iwg Group	El Paso
Lear Corp	El Paso
W Silver Recycling	El Paso

- 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 \$261 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 District computer and electronic equipment and component producers as those products are eventually marketed around the globe.
- Expanded services liberalization will allow District companies to promote their services in more markets, especially in the developing world where demand for services is growing.

## The Dallas Morning News

**Editorial – January 7, 2004**

*Yes to free trade: Central American pact is another key step*

*Hail and welcome the proposed U.S.-Central America free-trade agreement!*

### In Short ...

Trade is important to the 16th 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 16th District.

#### Sources:

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