



Trade Matters to Texas' 30th Congressional District

Trade Matters to Manufacturing & Services

Trade matters to **manufacturing and services companies** and workers located in the 30th Congressional District of Texas. District food product, high technology product, and software manufacturers export their products and services to customers around the world, and co-production relationships with producers in Mexico and Central America are key to District apparel producers.

- Trade supports jobs in the 30th 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 30th District: Fifty percent of workers in Texas' computer and electronic products industry rely on exports.
- Many companies in the District import finished apparel that is made from components cut or otherwise manufactured in District facilities.
- 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 banking, financial, telecommunications, and transportation services.

Trade Matters to Small Business

Trade matters to **small businesses** located in the 30th 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

More than 20% of all manufacturing jobs in Texas depend on exports.

More than 90% of the Texas companies that export goods are small or medium-sized businesses.

Foreign investors in Florida employ more than 350,000 workers.

Since NAFTA went into effect, Texas exports to Canada and Mexico have risen 127%.

Texas is the largest exporting state to Canada and Mexico, shipping over \$52 billion worth of goods to those countries in 2003.

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. Texas' agricultural and livestock exports to DR-CAFTA have increased 124 percent in the last five years.

31% of the population in Texas' 30th District is Hispanic indicating that strong ties exist between locals and the citizens of the DR-CAFTA nations.

Trade Matters to International Investors

Fair international investment rules, which promote trade, matters to **foreign investors** in the 30th District of Texas.

- Foreign investors located in the United States support millions of American jobs. In Texas, foreign investors employ 351,400 workers. Approximately 30 percent of Texas workers employed by foreign investors are employed in the high-paying manufacturing sector.
- Global telecommunications company NEC employs over 1,100 workers in hardware and software design, development and research, marketing, sales and support at the headquarters campus in Irving.
- 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."

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!

Trade Liberalization Matters to Texas' 30th 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.
- 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.

TOP EXPORTERS TO DR-CAFTA COUNTRIES IN TEXAS' 30th DISTRICT

Darling Intl	Irving
Haggar Clothing	Dallas
NAFTA Traders	Irving
Panalpina	Irving
Paul Reinhart	Dallas
United Southern Waste Material	Dallas

DR-CAFTA and Doha Matter to Texas' 30th District

Other trade liberalization initiatives under way will boost the gains to the 30th 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 -- 31 percent -- suggests that the relationship is personal as well as economic. Manufactured goods account for approximately 94 percent of Texas' exports to DR-CAFTA. Though the level of trade is currently small, Texas' agricultural and livestock exports to DR-CAFTA have increased 124 percent in the last five years.
- 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.
- Central American tariffs on U.S. exports of poultry will be phased out to zero. DR-CAFTA resolves sanitary and phytosanitary disputes that have blocked U.S. exports to the region. U.S. brands of processed foods are well known throughout the region, and tariff elimination will make District products more competitive there. District employers such as Frito-Lay and Pilgrim's Pride should see increased sales thanks to DR-CAFTA.
- DR-CAFTA's strong intellectual property protections will benefit the District's computer and electronic equipment manufacturers. As the economies there develop and grow, their need for this equipment and the software to run it will expand.

- District telecommunications companies and producers of telecommunications equipment, such as Verizon Communications and GTE Corp. 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 telecomm providers.
- Under DR-CAFTA, District financial services companies will see benefits and new opportunities in the region. Among other benefits, DR-CAFTA will allow U.S. insurance, banking, and securities providers to open branches in the DR-CAFTA countries. Increased financial services in the region can introduce new technologies, improve business practices, and provide greater access to the global capital market.
- District-based energy and petrochemical companies, such as ExxonMobil and Hunt Overseas Oil Co. could benefit from the tariff reductions and market access offered by DR-CAFTA. Currently the DR-CAFTA countries apply tariffs ranging from 0 to 20 percent on energy-related products. Most of those tariffs will be eliminated immediately upon implementation of DR-CAFTA; the rest will be passed out over ten years.
- Texas' 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, relationships that will be key to keeping the industry competitive in a post-quota world. Fieldcrest Cannon Inc. could increase sales thanks to DR-CAFTA.
- 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. 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 the research and development of cutting-edge products under way in the District as those products are eventually marketed around the globe. District employers Microsoft, Oracle, and EDS Corp. could all benefit from increased IPR protection negotiated in the Doha Round.
- Expanded services liberalization will allow District companies to market their services to more markets, especially in the developing world where demand for services is growing. District investment companies like Fidelity Brokerage Services and accounting firms such as KPMG could benefit from increased access to consumers and companies in the developing world.

In Short...

Trade is important to the 30th 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 30th District.

TOP IMPORTERS FROM DR-CAFTA COUNTRIES IN TEXAS' 30TH DISTRICT

BC Williams Bakery	Dallas
Commerical Metals	Dallas
Garden Ridge Pottery	Dallas
Haggar Clothing	Dallas
Lu Mar Lobster & Shrimp	Dallas
Panalpina	Irving

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