



## **Trade Works!** U.S. Chamber of Commerce

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### **NAFTA Myths and Realities for Ohio**

Contrary to the current debate on trade, Ohio is benefiting from trade and from the North American Free Trade Agreement (NAFTA) in extraordinary ways, and no one more than the state's manufacturers:

**Exports:** According to the U.S. Department of Commerce, 55% of all Ohio exports go to Canada and Mexico, and manufactured goods account for more than 90% of the state's exports. For the nation as a whole, just 35% of exports go to our NAFTA partners. In other words, Ohio depends on exports to Canada and Mexico — markets open to Ohio products thanks to NAFTA — to a far greater degree than other states. Ohio's exports to Canada and Mexico have more than doubled since 1994, when NAFTA came into force.

**Jobs:** The NAFTA market is especially important for Ohio manufacturers. According to the Bureau of Labor Statistics, a total of 777,000 Ohioans are employed in manufacturing. These workers produced \$36.5 billion worth of exports in 2006. Canadians and Mexicans buy about \$20 billion of Ohio's manufacturing output every year.

**Income:** Ohio manufacturers are bringing in export revenue of \$25,000 for every single factory worker they employ. The average manufacturing worker brings home a salary of about \$42,000. How could Ohio manufacturers make their payroll without their huge and growing sales to Canada and Mexico? The short answer is, they couldn't.

Too often, arguments over trade miss the simple fact that "free trade" agreements like NAFTA are all about fair trade. Many people don't know that the U.S. market is already wide open to imports; our average duty on imports is about 2%. But countries such as Colombia and Korea impose an average tariff on U.S. manufactured goods of 11% — similar to Mexico before NAFTA.

That's just not fair. That's like starting a basketball game down nine points from the tip off. Luckily, the pending trade agreements with these two countries would put U.S. trade relations with these countries on a fairer, mutually beneficial footing.

To underscore NAFTA's benefits is not to dismiss the troubles Ohio manufacturers face; they are serious, and they have serious causes that federal and state officials must address. But the best doctor in the world can't write a proper prescription — let alone promise a cure — without a fact-based diagnosis.

Saying no to trade deals is the wrong prescription for Ohio's manufacturing workers. On trade, politicians campaigning for high office should focus on what they will do in the next 4 years to improve America's economy and improve our global competitiveness in the next 10!