

Trade Matters for ARKANSAS



Trade Matters to Arkansas Retailers and Families

Retail is essential to the Arkansas economy, and open markets for consumer goods and services are critical for Arkansas retailers, workers and families. Arkansas goods and services trade with the world and cross-border investments support the state economy and jobs. Trade benefits Arkansas businesses with lower costs and Arkansas families with reduced prices, particularly on consumer goods whose import taxes or tariffs have been – or will be – eliminated as part of new trade agreements.

Retail is Essential to the Arkansas Economy

In 2013, retail and restaurant companies directly added \$10.3 billion to the Arkansas economy.¹ These companies provided 253,000 jobs in the state – more than one in seven jobs – more than any other sector.

The industry also indirectly supports other jobs in the state; for every 1,000 Arkansas retail jobs, another 399 jobs are created in other sectors.²

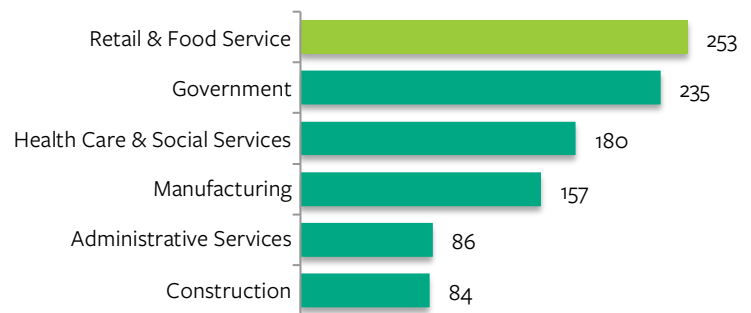
Trade is Critical to Arkansas Retail and Jobs

In 2013, U.S. trade – exports and imports of goods and services – supported about 59,000 Arkansas retail and restaurant jobs, about 17 percent of the state's 342,000 trade-related jobs.³

Imports are particularly important for Arkansas retail jobs. Trade agreements and programs that reduce barriers and taxes on imports lower the costs of goods sold by retailers, which will lift sales, grow the economy and create jobs.

Pending trade agreements will benefit Arkansas retail workers. 2013 trade with the 11 countries negotiating the Trans-Pacific Partnership (TPP) and the European Union members negotiating the Transatlantic Trade and Investment Partnership (TTIP) supported 32,700 Arkansas retail jobs in 2013.⁴

*Top Arkansas Employers by Industry, 2013
(thousands of jobs)*



Source: U.S. Bureau of Economic Analysis, Commerce Dept.

Trade supports 59,000 Arkansas retail jobs.

The 11 countries negotiating the TPP include Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

Among the 28 countries negotiating the TTIP are major trading partners such as France, Germany, Italy, Spain and the United Kingdom.

Trade with TPP and TTIP countries supported 32,700 Arkansas retail jobs in 2013.

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More Trade and Lower Tariffs Will Benefit Arkansas Families

Trade tariffs are hidden taxes on imports, and the U.S. government charges some of the highest tariff rates on everyday goods and necessities like food, clothing and shoes sold by retailers. When trade programs reduce import taxes, the savings end up in the pockets of Arkansas families and shoppers.

For example, a family-friendly TPP agreement could eliminate the 32.0 percent tax on man-made fiber sweaters from Vietnam and the 27.2 percent tax on men's man-made fiber shirts from Vietnam – saving consumer's money. Similarly, the TTIP could eliminate the 23.3 percent import tax on man-made fiber knit tops from Spain.

Renewal of the Generalized System of Preferences and African Growth and Opportunity Act programs would also reduce taxes for Arkansas families.

International Investment Supports Arkansas Retail Jobs

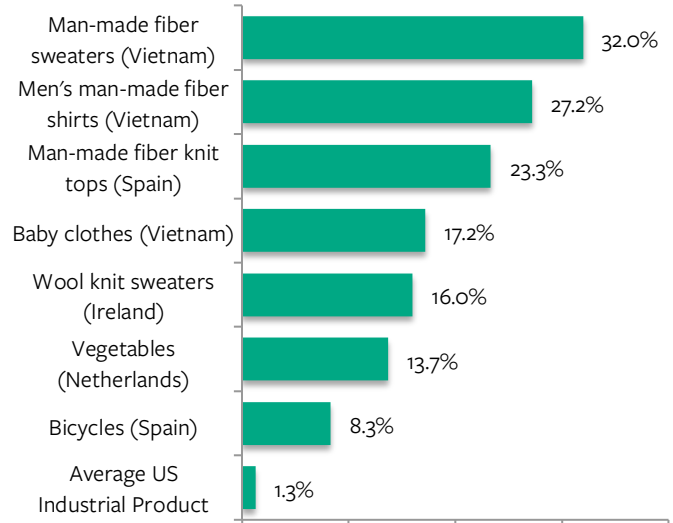
In addition to trade, cross-border investment creates jobs. Arkansas-based retailers have about 2,360 subsidiaries in other countries.⁵ When these foreign subsidiaries grow, it supports jobs in the state.

Many Arkansas workers are employed by foreign-owned firms operating stores or restaurants in the state. About 30 Arkansas retail locations are subsidiaries of foreign-owned companies.⁶

The TPP, TTIP and the Trade in International Services Agreement negotiations could all help Arkansas-based retailers seeking to expand their domestic and international operations, as well as promote greater investment by foreign retailers, to the benefit of American employees and families.

Arkansas consumer goods imports from TPP and TTIP countries faced \$6.6 million in taxes in 2013.

Average Tariffs Paid on Arkansas Imports, 2013



Source: *The Trade Partnership* from Census data.

Arkansas retailers have about 2,360 subsidiaries in other countries, while 30 more are subsidiaries of foreign-owned companies.

Sources

¹ Moodys Analytics

² PricewaterhouseCoopers LLP, "The Economic Impact of the U.S. Retail Industry," October 2014.

³ Laura M. Baughman and Joseph Francois, "Trade and American Jobs, The Impact of Trade on U.S. and State-Level Employment: 2014 Update," prepared for Business Roundtable, unpublished results.

⁴ *Ibid.*

⁵ UniworldBP, *Directory of Foreign Investment*.

⁶ *Ibid.*

NRF is the world's largest retail trade association, representing discount and department stores, home goods and specialty stores, Main Street merchants, grocers, wholesalers, chain restaurants and Internet retailers from the United States and more than 45 countries.

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