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NEWS RELEASE

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As Government Data Show Another Record Monthly U.S. Trade Deficit and Increasing Manufacturing Job Loss in Brownsville-Harlingen Region, Rep. Hinojosa's CAFTA Vote Still in Spotlight

WASHINGTON, D.C. – New government data released today show the U.S. trade deficit ballooning at an unprecedented and unsustainable rate, once again highlighting the damage current U.S. trade policy causes to Texas workers' job prospects and the stability of the U.S. economy – damage that likely will be worsened by Rep. Hinojosa's July decision to cast a deciding vote to expand the North American Free Trade Agreement (NAFTA) to six more countries, Public Citizen said today. Today's troublesome trade deficit data come on the heels of recent government manufacturing job loss numbers, which demonstrate the dangers posed to the economic stability and standard of living for U.S. workers by the current U.S. trade policy that Hinojosa voted to expand.

According to today's numbers, the monthly U.S. trade deficit for goods and services in October 2005 was \$68.9 billion. This number is up from the September 2005 monthly trade deficit of \$66 billion (revised). The October 2005 trade deficit was \$13.3 billion more than the year before in October 2004, with October 2005 exports only \$9 billion higher than a year previous and October 2005 imports \$22.3 billion higher than a year previous. In 2004, the United States hit a then-record trade deficit of \$617.7 billion, or 5.3 percent of U.S. gross domestic product (GDP).

The U.S. trade deficit is projected to reach nearly \$700 billion in 2005, far ahead of last year's record and approaching 6 percent of the GDP. A deficit that reaches 4 percent of the GDP is considered by economists to pose a threat to an economy's general stability by increasing prospects for high interest rates or sudden sell-offs of a country's currency.

A rising trade deficit leads to the loss of jobs in traded sectors – namely, good jobs in the manufacturing sector. A decade of rising trade deficits has contributed to the loss of 3.2 million U.S. manufacturing jobs between 1998 and 2004, the most recent period for which complete numbers are available.¹ If the Central America Free Trade Agreement (CAFTA) has the same effect as NAFTA, it will further worsen job losses. Some states are already beginning to see CAFTA-caused job loss, as a recent *Associated Press* story reported that more than 200 jobs in Edenton, N.C., will be lost when a local

manufacturing plant moves to Central America next year as a result of CAFTA. This pattern is likely to be repeated across the United States.

Recently released monthly manufacturing employment figures show a steady job loss for the 15th district, represented in the U.S. Congress by Hinojosa. According to these numbers, the Brownsville-Harlingen metropolitan area suffered the loss of 5,300 manufacturing jobs between October 1998 and October 2005, or nearly 41 percent of the total.² This trend toward the loss of good jobs was also felt at the state level, where 189,600 manufacturing jobs were lost between October 1998 and October 2005.³

At home in Texas, Hinojosa is still receiving significant criticism for his support for CAFTA, for which he provided a deciding vote when the agreement passed the House by a 217-215 vote. (A shift of one vote would have meant a tie and defeat for CAFTA.) CAFTA, like NAFTA before it, contains rules that give U.S. corporations incentives to relocate production abroad in order to take advantage of lower labor costs and more lax environmental enforcement.

“Given the continued loss of good U.S. jobs and soaring trade deficit occurring under current U.S. trade policies, such as NAFTA, it is shocking that Rep. Hinojosa would vote for CAFTA,” said Lori Wallach, director of Public Citizen’s Global Trade Watch division. “By supporting CAFTA, Rep. Hinojosa voted to expand a trade policy that is threatening the very existence of the U.S. middle class.”

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Public Citizen is a national, nonprofit consumer advocacy organization based in Washington, D.C. For more information, visit www.citizen.org.

¹ Bureau of Labor Statistics, National Employment, Hours, and Earnings, Manufacturing Supersector, All employees, in thousands, Series CEU300000001, accessed Dec. 13, 2005.

² Bureau of Labor Statistics, State and Area Employment, Hours, and Earnings, Brownsville-Harlingen, TX area, Manufacturing Supersector, All employees, in thousands, Not seasonally adjusted, Series SMU481518030000001, accessed Dec. 13, 2005. The year 1998 was the peak of nationwide U.S. manufacturing employment, which has been declining nationally since that time. The number for September 2005 is a preliminary number published by the Bureau of Labor Statistics.

³ Bureau of Labor Statistics, State and Area Employment, Hours, and Earnings, Texas, Manufacturing Supersector, All employees, in thousands, Seasonally adjusted, Series SMS480000030000001, accessed Dec. 13, 2005. The year 1998 was the peak of nationwide U.S. manufacturing employment, which has been declining nationally since that time. The number for September 2005 is a preliminary number published by the Bureau of Labor Statistics.