
An Integrated Curriculum For The Washington Post Newspaper In Education Program

Do We Have an Agreement?



- Post Reprint: “America might need to buy 25 billion avocados so Mexico could pay for the wall”
- Post Reprint: “Trump wants to ding imports from Mexico. What happens to stuff we send the other way?”
- Student Activity: Mexico and U.S. — Trade Partners
- Guest Commentary Reprint: “The art of the deal for free trade”
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- Editorial Cartoon Study: Tom Toles | Smart Trade, Not Fair Trade
- Post Reprint: “Is this the final burn for ‘Cigar City’?”
- Case Study: Ybor City and The Last Standing Cigar Factory

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A vocados to pay for a wall between the U.S. and one of its main trade partners? As leaders in Mexico and the United States have different views on the building a wall on the border shared by the two countries and paying for such a wall, questions are surfacing whether this could be the beginning of a trade war.



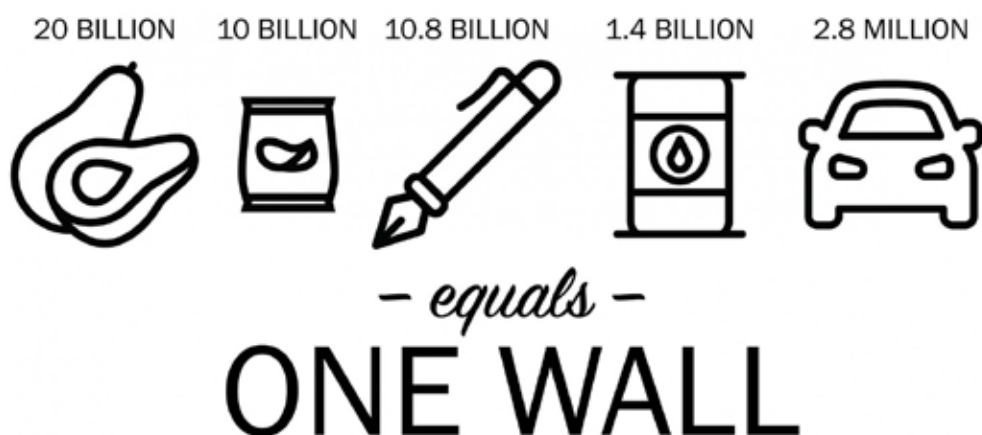
How do socio-economic goals influence the lives of those who live near the border and within the countries? What effect will there be on economic freedom, stability, national defense, environmental protection, the price of groceries and employment?

We also look at Free Trade Agreements (FTAs). Use the articles, guest commentary, and informational graphics to support your teaching of the global economy and the complexity of government policies and the countries that are influenced.

Conclude with a case study based upon *The Post* article, “Is this the final burn for ‘Cigar City’?” Whether a supply and demand study or an international trade example, teachers will find different entry points.

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America might need to buy 25 billion avocados so Mexico could pay for the wall



How many of each item we'd need to buy at a \$12 billion wall price tag.

(Icons from the Noun Project: Xinh Studio, Chanut is Industries, Vectors Market, arejoenah, Gregor Cresnar)

BY PHILIP BUMP

• Originally Published January 26, 2017

President Trump's press secretary Sean Spicer told reporters on Thursday that the administration had an idea that would force Mexico to pay for the construction of a wall on the border between our two countries. The strategy? The White House could advocate for a 20 percent tax on Mexican goods being imported into the country. (Spicer later said that this was just a possibility.)

That would certainly work to generate a great deal of money. Mexico is our third-largest trading

partner, with trade totaling more than a half-trillion dollars in 2015. The only trick is that this wouldn't exactly be Mexico paying for the wall: It would be U.S. consumers paying additional costs for Mexican products to make up the total.

And we're talking about a lot of Mexican products. Our fact-checkers estimate that constructing the wall would cost up to \$25 billion, if it's of the concrete slab type that Trump has discussed in the past. Senate Majority Leader Mitch McConnell (R-Ky.) put the total at \$12 to \$15 billion this week, though, so we'll go with that figure.

What does the United States import from Mexico? Electronics, cars, fruits and vegetables, snacks. That sort of thing.

So let's take the humble avocado. You can buy an avocado for a few dollars at your grocery store — say, \$3. A 20 percent tax on that would increase the price to \$3.60. A modest but not insignificant increase.

That 60 cents would go to pay down the price of the wall. If we were paying for the wall with only the purchase of avocados, that would necessitate that Americans buy between 20 and 25 billion avocados. In 2014, the United States consumed about 4 billion avocados, 85 percent of which were imported. That's 3.4 billion avocados from overseas each year, meaning that it would take six or seven years' worth of avocado consumption for "Mexico" to finish paying for the wall.

Video: https://www.washingtonpost.com/video/politics/these-mexican-made-products-could-get-very-expensive-if-theres-a-border-tax/2017/01/26/dc9ad80e-e439-11e6-a419-eeef0835_video.html

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Trump wants to ding imports from Mexico. What happens to stuff we send the other way?

Trade war could threaten some of 6 million jobs created by the exchanges

BY STEVE MUFSON

• Originally Published January 27, 2017

Near the small border town of Presidio, Tex., a steel pipeline is being built that will cross below any wall that President Trump erects.

Buried four feet below ground, the Trans-Pecos pipeline will carry natural gas 143 miles from a hub in the dry scrubland of west Texas to the waters of the Rio Grande. There it will flow into a line belonging to the Comisión Federal de Electricidad, Mexico's federal electricity commission.

The Trans-Pecos gas pipeline is one of a dozen under construction or in planning stages to provide a ready market in Mexico for fast-growing U.S. natural gas output. Mexico has bought more than half of all U.S. natural gas exports since April 2015.

The burgeoning pipeline network is just one sign that trade is a two-way street. Trump has complained about imports from Mexico, but U.S. exports to Mexico are also substantial, including natural gas, wheat, corn, banking services, high-value electronic components for automobiles and inputs for appliances.

If the president followed through with threats to slap a 20 percent tax



GUILLERMO ARIAS/AFP/GETTY IMAGES

View of the border fence between Mexico and U.S. taken from Mexico's side on Jan. 25 in Tijuana.

on imports from Mexico, retaliation by Mexico could threaten those companies too, and the jobs of people who work at those companies.

"Mexico has become one of our top three trading partners," said Gordon Hanson, a professor of international economics at the University of California San Diego. "There are a close to a couple of dozen states for which Mexico is the top export destination."

Imports of goods and services totaled \$316 billion, but exports totaled \$267 billion in 2015. Mexico

became the second largest market for exports of U.S. goods.

According to the U.S. Chamber of Commerce, 6 million U.S. jobs depend on U.S. trade with Mexico. And the Wilson Center has estimated that 40 cents of every dollar's worth of goods imported from Mexico is actually made in the United States.

Nearly half of those exports are machinery, electrical machinery and vehicles. And many of them travel circuitous routes from one country to another, journeys that would be difficult to pull apart.

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The automobile industry is among those that have developed supply chains that cross national boundaries since the adoption of the North American Free Trade Agreement.

“There is no longer any such thing as an American car, a Canadian car, or a Mexican car,” Christopher Wilson wrote in a report for the Wilson Center last September. “Mexican oil, for example, might be sent to the United States to be refined and turned into raw plastic in Louisiana, before being sent to an injection molder in the U.S. Midwest that creates the components for a car’s dashboard. Those parts might return to Mexico for assembly at a factory along the border and then used in the final production of a car in the Bajío.”

Those cars would probably return to the United States to be sold to consumers, but Mexican plants could also ship them to countries throughout Latin America.

According to the Department of Commerce, U.S. auto parts sales to Mexico have grown from \$17.5 billion in 2010 to \$30 billion in 2015, an increase of more than 70 percent. Fifty-three percent of all auto part imports into Mexico were from the United States in 2015, according to an Industry Week interview last year with Monica Martínez, a commercial specialist for the U.S. Embassy in Mexico City. Major Mexican imports from the United States include components for harnesses, parts, stamped parts, accessories for bodies, engines, audio and video devices, seats for vehicles, air bags, automatic

gearboxes, differential axles, clutches and tires, she said.

So Mexican cars sold in the United States usually include parts made in the United States.

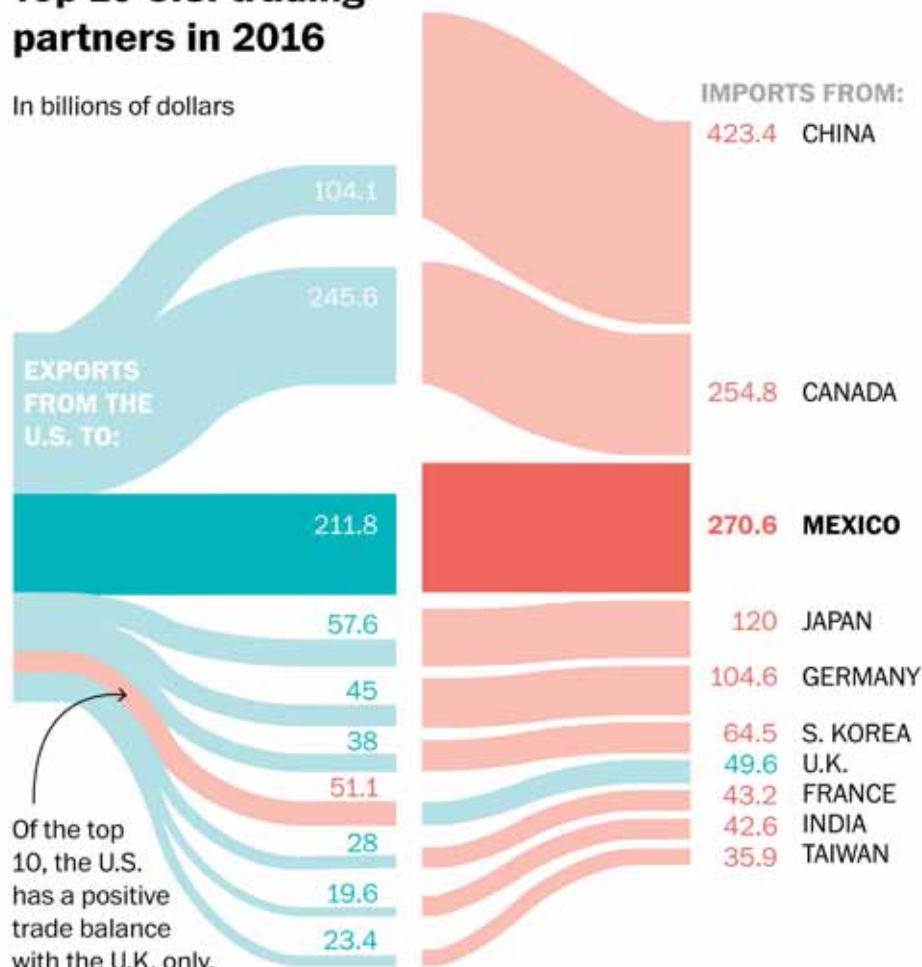
The U.S. makers of those components get an advantage from selling to Mexico, which is a launching pad for sales to other countries. Pascual notes that Mexico has free-trade agreements with

more than 40 countries, more than the United States and most other countries. So selling manufactured goods to Mexico is a good way for U.S. exporters to get easier access to markets than they would from exporting directly, he said.

Supporters of new import taxes similar to one being drawn up by House Republicans argue they would level a playing field that has exporters

Top 10 U.S. trading partners in 2016

In billions of dollars



Note: Goods only. Data from January through November.

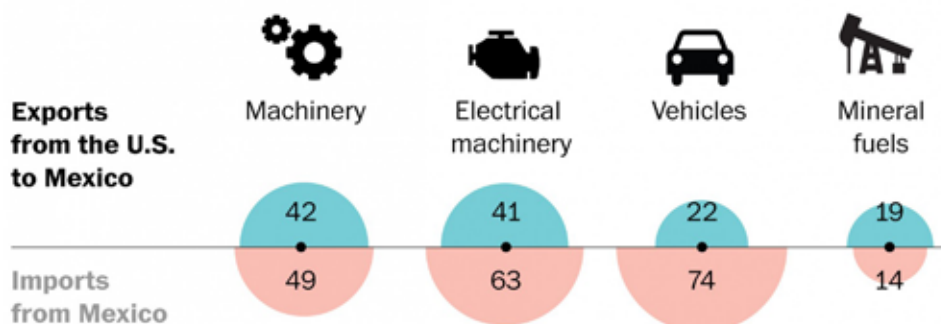
SOURCE: Census.gov

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Top trade categories between U.S. and Mexico

Data from 2015. In billions of dollars.



SOURCE: Office of the U.S. Trade Representative

THE WASHINGTON POST

effectively paying U.S. taxes on goods made here while importers are spared the expense. Some argue a tax would make American-made goods more competitive, and help drive new jobs.

But U.S. importers of goods from Mexico might either buy from other countries or raise prices to U.S. consumers.

Economists say that Trump's plan might push down the value of Mexico's currency, the peso. That would make Mexican-made goods cheaper, offsetting the tariff, the administration has said. But Hanson notes that a strong dollar would make U.S. goods more expensive and would make it harder than ever to export them. "By impoverishing Mexico we partially undo those changes in trade," Hanson said.

Energy exports are a key chunk of that trade.

General Electric has been eyeing 15 projects in Mexico that might use its gas turbine, according to a

report in Bloomberg News. In an interview last year, Alvaro Anzola, GE's Gas Power Systems director in Latin America, said "Mexico is the most important, hot market we have in Latin America right now."

"The U.S. is the principal supplier of natural gas to Mexico," said former U.S. ambassador to Mexico Carlos Pascual, now senior vice president of I.H.S. Markit, a consulting and data firm. "We supply over half of the natural gas sold to Mexico's consumers, and almost half the gasoline Mexico consumes."

With rising shale oil and shale gas production, an expansion of pipeline infrastructure on both sides of the border will likely keep those exports growing. "This expansion should be accompanied by a dramatic infrastructure build out within Mexico including not only pipelines, but power generation capacity, transmission lines and other infrastructure," Citigroup said in a recent report to investors.

Part of this success is due to an opening up of Mexico's oil-and-gas industry, which has long rested entirely in the hands of the state. This was a major priority for U.S. diplomacy and U.S. energy companies, which also want to drill for new supplies of oil and gas in Mexico.

Citigroup, too, has its own stake in the southern neighbor. It is the second largest bank in Mexico. And the bank is not backing away from the Mexican market. Instead, it has told investors, if Trump's tariff plans force a depreciation of the Mexican currency that would only make Mexican exports more competitive in the global economy.

Pascual thinks Mexico will wait to see whether Rex Tillerson, once he is settled into his post as secretary of state, guides Trump away from a big tariff. But Pascual notes that the Mexican elections could pit an anti-American political outsider against a candidate of incumbent Enrique Peña Nieto's centrist Institutional Revolutionary Party, a matchup that may put pressure on Nieto to retaliate against U.S. moves. Nieto himself cannot run for a second term.

Even though the story of U.S.-Mexico relations is about interconnectedness, Trump's version is all about walls, physical and economic.

"We ship to Mexico, they ship it back, we ship it back. And value is added," said Ken Rogoff, a Harvard University economics professor. "The idea that NAFTA has been, that trade with Mexico has been, a major

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negative factor for the U.S., that it has undermined U.S. growth, is hard to fathom.”

Steven Mufson covers energy and other financial matters. Since joining The Post, he has covered the White House, China, economic policy and diplomacy. Follow @StevenMufson.

Table 1: U.S. Border States' Merchandise Exports to Mexico, 2008-2013 (Billions of Dollars)

State	2008 Exports	2013 Exports	Percent Change, 2008-2013
California	\$20.4	\$23.9	+17
Arizona	\$5.9	\$7	+20
New Mexico	\$0.38	\$0.8	+109
Texas	\$62	\$100.9	+63

SOURCE: U.S. Department of Commerce, <http://tse.export.gov/>

THE WASHINGTON POST

Mexico and U.S. — Trade Partners

Read “Trump wants to ding imports from Mexico. What happens to stuff we send the other way?”

1. Steve Mufson begins the Business section article with an example. What does this pipeline illustrate?
2. Mufson includes data to communicate the key idea that “trade is a two-way street.” Which of his data do you find most revealing about the trade relations between the U.S. and Mexico? Explain your response.

3. Read the informational graphics:

Top 10 U.S. trading partners in 2016

- a. To whom did the U.S. export the most goods in billions of dollars?
- b. From whom in 2016 did the U.S. import the most?
- c. In trade with Mexico, which is greater U.S. import from or export to? By how many billions of dollars?
- d. With what European nations does the U.S. have an active trade relation? What is the total of U.S. exports to these countries in 2016? How does this figure compare to the U.S. exports to Mexico?

Top trade categories between U.S. and Mexico

- a. What trade category is most active in U.S. import from Mexico?
- b. Which two categories does Mexico import most from the U.S.?
- c. The U.S. exports 22 billion dollars in vehicles to Mexico. What percentage of total exports to Mexico is this category?

U.S. Border States' Merchandise Exports to Mexico, 2008-2013

- a. Which U.S. state bordering Mexico has exported the most to Mexico?
 - b. Which of the U.S. states bordering Mexico has least to lose if exports to Mexico were curtailed?
 - c. To most accurately answer the above question what other information do you need?
 - d. Compare the total 2008 exports of the four states bordering Mexico with those of 2013 to Mexico.
4. “There is no longer any such thing as an American car, a Canadian car, or a Mexican car,” stated Christopher Wilson in a report for the Wilson Center. Explain what Wilson means.
 5. What advantage have trade agreements given Mexico?

6. As you read the article, list each of the sources that are quoted by Steven Mufson.
How many individuals were interviewed? List them.

How many sources were researched for data?

In what categories can these sources be classified?

Do you consider these sources to be reliable sources of information and perspective?

7. There are three examples given to illustrate the trade relations between the U.S. and Mexico. Summarize the trade relation that each illustrates.
 - a. Presidio, Texas
 - b. Automobile industry
 - c. General Electric

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The art of the deal for free trade

BY ROBERT B. ZOELLICK

Trade protectionism could be the biggest risk to President-elect Donald Trump's growth-and-greatness agenda. Trump the dealmaker needs to decide whether to play case-by-case defense or to use America's leverage to open markets.

The United States has free-trade agreements (FTAs) with 20 countries that account for 10 percent of the global economy but nearly half of U.S. exports. In the first five years of these deals, U.S. exports on average increased three times as rapidly as export growth globally. The United States enjoys a manufacturing trade surplus with FTA partners, while about 60 percent of imports are for intermediate goods that lower costs for U.S. producers. U.S. free-trade agreements support innovation by incorporating new rules that help cutting-edge businesses. Congress, the co-owner of these agreements, should push for more.

To make a fresh start, Trump could negotiate a FTA with Britain in parallel with the Brexit bargaining. A U.S.-Britain deal should focus on the core issue that Britain also faces with the European Union: how to devise trade terms for modern service sectors and advanced industries while respecting sovereign decisions about regulation. U.S.-British solutions may suggest ideas

to E.U.-British negotiators, and, at a minimum, offer Britain an option if the E.U. decides to make Brexit painful. Trump's team should complement the British deal with an offer to the E.U. to jump-start the stalled transatlantic trade negotiations by dropping controversial arbitration provisions that would enable private investors to challenge foreign governments. Investors should instead look to U.S. and European courts.

Trump's approach to North America should be grounded in his observation that the United States and Mexico need to compete together with China and other economic powers. Each dollar of Mexican and Canadian exports includes about 40 cents and 25 cents, respectively, of U.S. inputs, whereas the comparable figure for China is about 4 cents. Wilbur Ross, Trump's nominee for commerce secretary, recognized this competitive reality a decade ago when he supported the U.S. free-trade agreement with Central America; Ross welcomed provisions that helped his U.S. and Mexican apparel operations integrate with Central America in order to compete with Asia. NAFTA, now more than 20 years old, can be improved with new terms on energy, digital business, anti-corruption, logistics and labor standards.

A Trump trade policy for the Asia-Pacific could concentrate first on the

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prevention of currency manipulation. Both the World Trade Organization and International Monetary Fund charters state that economies should not use unfair exchange-rate maneuvers to boost exports and restrict imports, but those directives have not been enforceable. C. Fred Bergsten of the Peterson Institute for International Economics has come up with a solution: The United States could deter currency manipulation through “countervailing currency intervention” under special circumstances. U.S. counter-intervention would target governments with large reserves, big trade surpluses and no security justification for buying dollars to depreciate their currencies. Congress should authorize the executive to counter-intervene against any economy with a tradeable currency, which would include Japan and now China.

The Trump administration is also likely to use anti-dumping and anti-subsidy cases to tax Chinese exports, although such restrictions already cover about 7 percent of Chinese goods and have resulted in price hikes averaging 81 percent. China often retaliates, hurting U.S. workers and farmers. Ross should negotiate reductions in Chinese metal production capacity and transparent restrictions on subsidies, favorable finance and other unfair distortions created by state-owned enterprises.

Whether the Trump administration negotiates country by country, or with groups, it must not ignore the economies of the Asia-Pacific and the potential of the Trans-Pacific Partnership. In today’s competitive world economy, the United States cannot withdraw in a huff;

retreat is defeat. Similarly, the FTAs that the United States already has with 12 countries in the Western Hemisphere could provide a road map for future negotiations with Brazil and Argentina if their reformist governments welcome competition to clean up crony capitalism.

A Trump trade policy also needs a plan to help workers adapt to change and job loss, whatever the cause. The U.S. government spends about \$18 billion a year on about 40 employment and training programs run by nine agencies; according to the Government Accountability Office, these schemes have been rarely evaluated. The American Enterprise Institute’s Michael Strain and other reformicons have proposed innovations such as wage support, mobility packages and skill-job matching to get people back into jobs. A job offers the dignity of self-responsibility, even if incomes need to be supplemented.

Trump says he is an economic nationalist. From its earliest days, the new American republic pressed for freedom to trade in a world of mercantilist empires. The first American treaties were for “amity and commerce.” A dealmaker who is an economic nationalist should not just blame the world and revert to costly protections of special interests. That’s the “Art of Bankruptcy.” Instead, President Trump needs the “Art of the Deal” to open markets, keep America competitive and leverage U.S. economic strength.

Robert B. Zoellick was U.S. trade representative from 2001 to 2005, deputy secretary of state from 2005 to 2006 and president of the World Bank from 2007 to 2012.

FTA's?

What do you know about FTAs? Free trade agreements are entered with other countries to open markets to exporters. These agreements “reduce barriers to U.S. exports, and protect U.S. interests and enhance the rule of law in the FTA partner country,” according to the U.S. Department of Commerce.

1. The International Trade Administration website lists countries with which the U.S. has FTAs. Visit Free Trade Agreements (<http://trade.gov/fta/>). Work in pairs to learn about the agreements with different countries. Summarize the agreement and report your findings to your classmates.
2. NAFTA is currently in the news. At the above website, read about the NAFTA agreement. Then view the *Washington Post* video “What is NAFTA?” Ana Swanson is a *Post* reporter specializing in business, economics, data visualization and China.
 - a. What countries entered NAFTA?
 - b. What was the purpose of this agreement?
 - c. How does President Donald Trump view NAFTA?
3. Read “The art of the deal for free trade,” a guest commentary published in *The Washington Post* on January 6, 2017.
 - a. What credentials does Robert B. Zoellick have that makes him a reliable source?
 - b. What would be a goal of a FTA with Britain?
 - c. Why does Zoellick support a free trade agreement with Mexico?
 - d. Why does Zoellick believe Trump nominee for commerce secretary Wilbur Ross would support a FTA with Mexico?
 - e. What does Zoellick advise for trade policy in the Asia-Pacific? Include why the economies of Asia-Pacific countries should not be ignored.
 - f. With whom did the Obama administration sign a Trans-Pacific Partnership?
 - g. What is the benefit of a trade policy that includes a “plan to help workers adapt to change and job loss, whatever the cause”?
 - h. What “deal” does Zoellick consider best for the U.S.?
4. Do your own research. Visit the U.S. Census Bureau website “Trade in Goods with Mexico” (<https://www.census.gov/foreign-trade/balance/c2010.html>).
 - a. Select U.S. Census Bureau Trade Highlights (in the left column). Then choose “Top Trading Partners” which charts the top 15 countries in total trade, exports and imports for the current year. After you select the year and month, review with your teacher how to read the charts: Total Trade, Exports, Imports, Surpluses and Deficits.
 - b. Move through the charts for the month and year. What conclusions can be made?
5. Having explored FTAs through *The Post* articles and video, U.S. Census Bureau data and the perspectives of economists, what do you think about the impact of free trade agreements on domestic and international workers?



OFFICE OF U.S. TRADE REPRESENTATIVE.GOV

U.S. exports to Canada and Mexico support more than three million American jobs and U.S. trade with NAFTA partners has unlocked opportunity for millions of Americans by supporting Made-in-America jobs and exports.

Additional Perspectives

Are these the last days of free trade?

Robert J. Samuelson, September 21, 2016

https://www.washingtonpost.com/opinions/are-these-the-last-days-of-free-trade/2016/09/21/0c804174-800f-11e6-8d13-d7c704ef9fd9_story.html?tid=a_inl&utm_term=.23a7d627de15

Closing doors on trade isn't smart negotiating

The Washington Post editorial, January 24, 2017

https://www.washingtonpost.com/opinions/closing-doors-on-trade-isnt-smart-negotiating/2017/01/24/f06ca990-e24d-11e6-a453-19ec4b3d09ba_story.html?utm_term=.cc83b120485f

Economy Watch

<http://www.economywatch.com>

Trump's trade advisers could compete for influence

David Nakamura, January 3, 2017

https://www.washingtonpost.com/politics/trumps-trade-advisers-could-compete-for-influence/2017/01/03/2d048adc-d1f3-11e6-9cb0-54ab630851e8_story.html?utm_term=.d667acc0563a

U.S. and Mexico appear to take first steps toward renegotiating NAFTA, document suggests

Ana Swanson and Joshua Partlow, February 1, 2017

https://www.washingtonpost.com/news/wonk/wp/2017/02/01/nafta-renegotiation-has-already-begun-mexican-government-document-signals/?utm_term=.151d25faf4ba

What Is NAFTA? (video)

Ana Swanson, February 2017

https://www.washingtonpost.com/news/wonk/wp/2017/02/01/nafta-renegotiation-has-already-begun-mexican-government-document-signals/?utm_term=.4988b4d29d58

How Trump could trigger a bust in the American West

Ana Swanson, February 10, 2017

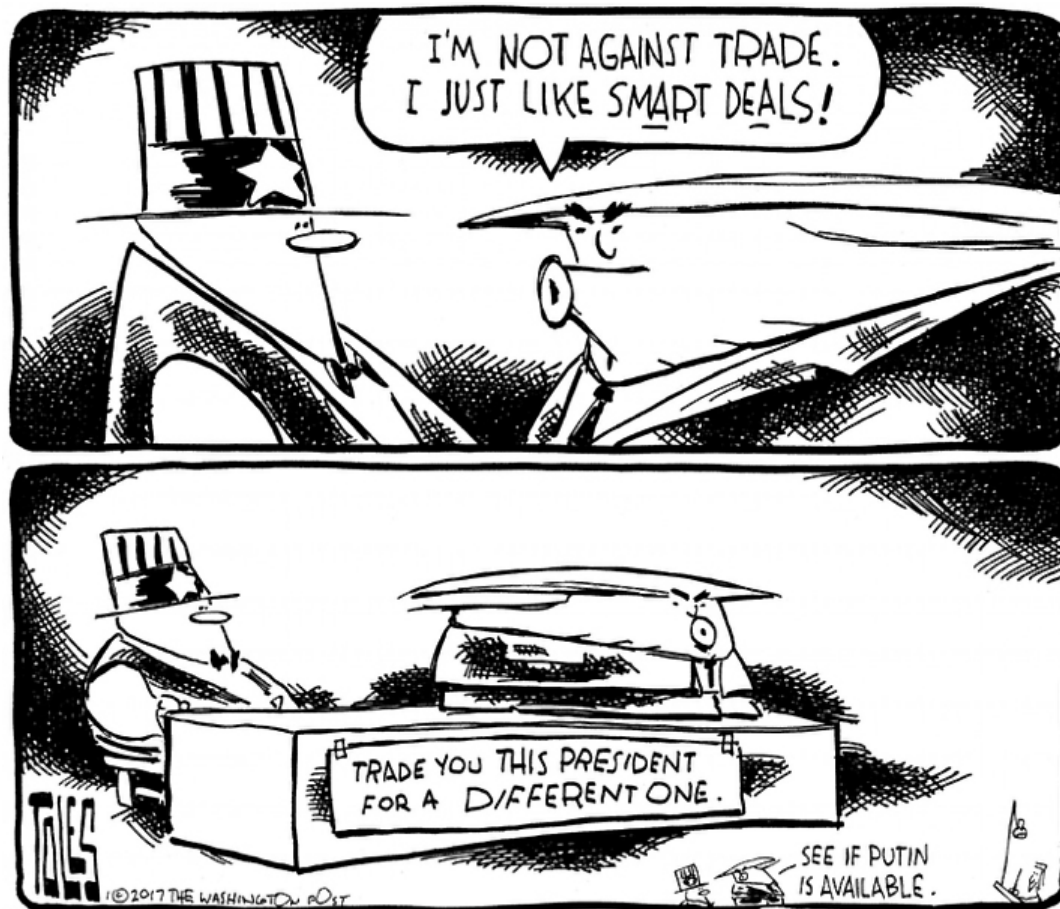
https://www.washingtonpost.com/news/wonk/wp/2017/02/10/trumps-trade-rules-could-leave-american-farmers-and-ranchers-behind/?utm_term=.402d0c48358c

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Tom Toles

January 22, 2017

Smart Trade, Not Fair Trade



1. Editorial cartoonists provide visual commentary. Who are the two figures in the panels? What details identify both figures?
2. Would the editorial commentary have been the same with only the top panel? Support your response.
3. To what current event or issue does this editorial cartoon refer?
4. In the lower right corner, Tom Toles' alter ego appears. To whom is he referring? In what way does this add to his commentary?
5. What is the position taken by Tom Toles? Do you agree or disagree with him?
6. Replace the words that are tacked on the desk with your own comment.

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Is this the final burn for ‘Cigar City’?

BY ABHA BHATTARAI

• Originally Published December 4, 2016

TAMPA — The last standing cigar factory here, in what was once dubbed “Cigar City,” has survived two world wars, the Great Depression, smoking bans and a Cuban trade embargo that wiped out much of its tobacco supply.

Its fortunes have long been linked to Cuba, the communist nation that for decades supplied the region’s tobacco and continues to mint many of its workers. For years cigar executives here say they have looked to Cuba with equal parts intrigue and trepidation, a sentiment that has become more pronounced in recent years as the United States began to mend decades of strained relations

with the island nation.

The death of Fidel Castro — the most iconic of cigar smokers — marks yet another milestone for the region. Many here wonder whether the once-booming cigar industry may be on its way out as well.

Among those most worried: Eric Newman, whose family has been making 31 brands of cigars, including Cuesta-Rey, Diamond Crown and La



EVE EDELHEIT FOR THE WASHINGTON POST
David Burnett smokes a cigar outside Tabanero Cigars in Ybor City, while William Ochoa rolls a cigar inside the store. At one time, this stretch of town was home to 232 factories that churned out nearly 600 million cigars a year.

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Unica, for three generations.

For 121 years, the J.C. Newman Cigar Co. has churned out millions of cigars and shipped them worldwide — even as, one by one, 149 surrounding factories shuttered their doors, many moving their operations overseas.

But now Newman, who owns the company with his brother, Bobby, says cigar manufacturers and retailers in this stretch of town known as Ybor City face hurdles that could deal a final blow to an industry that has, until now, gone largely unregulated.

The Food and Drug Administration this year introduced new guidelines that will require cigar manufacturers to get approval for new products, pay increased fees and add prominent warning labels. The FDA says the measures, which will be phased in over three years, are a matter of public safety and are meant to curb underage tobacco use. Before August, no federal law prohibited the sale of cigars, e-cigarettes or hookah tobacco to children under 18.

“For years, the unregulated

marketplace was like the Wild, Wild West,” said Mitch Zeller, director of the FDA’s Center for Tobacco Products.

The new rules, Zeller says, will help bring order to a corner of the tobacco industry that has long operated without oversight.

Newman, though, says the regulations represent millions of dollars in new costs and increased uncertainty for his factory, which last year had sales of \$10 million.

On top of that, he says, the Obama



EVE EDELHEIT FOR THE WASHINGTON POST

Inside the J.C. Newman Cigar Co.’s brick factory, workers roll cigars using machines from the early 1900s.

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administration in October loosened its ban on Cuban cigars, allowing Americans to bring back as many cigars as they like for personal use. Newman says the move, part of the thawing of relations between the nations, introduces another layer of competition at a critical time.

“What we’re dealing with right now is the worst it’s ever been,” said Newman, whose grandfather started the business at age 20 in a family barn. “On the one hand, the government is saying, ‘smoking is bad’ and making us jump through all these new hoops. On the other, they’re welcoming Cuban cigars — which haven’t been tested, which aren’t taxed — into the country. They’ve got this backwards.”

And now, with the election of Donald Trump as the country’s next president, Newman says he’s dealing with even more uncertainty about the future. Will the new regulations remain in place? And if so, for how much longer?

In the meantime, he says there are pressing matters, including a looming deadline on Dec. 31 that requires him to register more than 1,300 cigar varieties with the government. In all, the process could cost him more than \$14 million.

“We just have to plow ahead,” Newman says, sitting up straight. “If I think about it for too long, I get nauseous.”

‘A brave new world of regulation’

J.C. Newman’s future may be up in the air, but inside the company’s brick factory on the edge of town,

operations are as they’ve always been: Tobacco from countries such as Ecuador, Nicaragua and the Dominican Republic is dried and blended on the top level, then funneled down a chute onto the factory floor, where more than 100 workers — most of them women — fill, bind and wrap cigars using machines that date from the 1930s.

Winnie Money, 83, has been working at this plant since 1972. Juanita Green, 56, since 1988. Peaches Pickrell, 69, took a job here 37 years ago after her previous employer, a nearby emblem factory, shut down. “It was here or the shrimp factory,” she said, and so here she was, putting newly rolled cigars into plastic packaging. Yesterday she bundled 6,700 cigars into 335 packages. The day before, 7,300.

Ana Rodriguez, who affixes bar

code stickers onto individual cigars, has been here 15 years. She stays, she says, because she has a 401(k) and five weeks of paid annual leave.

“I say all the time, where are we going to find a job where they pay us like this?” said Rodriguez, 59, who emigrated from Cuba in 1970. “We’re all older people. If this place closes, who’s going to give us jobs? Nobody.”

In an election year where much of the rhetoric had focused on bringing back manufacturing jobs, Newman says he can’t understand why the government would want to increase burdens on an operation like his. He says having to lay off workers or, worse, move the factory to Nicaragua, where the company already has a sprawling plant and 650 employees, would have discernible consequences for the community.



EVE EDELHEIT FOR THE WASHINGTON POST

Most of the factory’s workers are women, and many have been working there for years. Here, an employee prepares dried tobacco leaves for rolling.

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“Cigars are the heart and soul of Tampa,” he said. “We’re here. We’re employing more than 100 people. Just don’t close us down.”

Zeller, of the FDA, says the agency has hosted webinars to help business owners navigate the new rules and has provided special assistance and exemptions to small businesses with less than \$5 million in annual sales. He estimates the costs associated with regulatory filings to be \$1,500 to \$22,000 per product.

“These businesses are entering a brave new world of regulation — and yes, there are costs associated with that,” Zeller said. “But the FDA is in the business of reducing the harms associated with tobacco use, and unfortunately tobacco use remains the leading cause of preventable disease and death in the country.”

The requirement that worries Newman the most right now, and has two company accountants working around the clock, is having to register all products with the FDA by the end of the year. At last count, J.C. Newman produced 1,382 varieties of cigars, each requiring a set of filings.

In February, Newman will have to submit health documents and an ingredient list for each item. And by May, come up with a plan for adding labels with warnings such as “Cigars are not a safe alternative to cigarettes” and “Cigar smoking can cause lung cancer and heart disease” to his velvet-lined boxes.

“We’re having to go through, take pictures, list all of our ingredients, tell them about our packaging,” said

Drew Newman, Eric’s son. “We are trying to cooperate with the law to the best of our ability, but we also have a business to run.”

‘The land of opportunity’

The fortunes of Ybor City have been tied to Cuba since the 1880s, when Spanish cigar maker Vicente Martinez Ybor made his way up from Havana to Key West and eventually to Tampa, lured by the region’s humidity and proximity to the ocean. Ybor bought 40 acres of land and built his first cigar factory. To attract workers — immigrants from Cuba, Italy, Germany and Spain — he built hundreds of small houses that he rented out for about \$1 a week. As business grew, so did the number of competing manufacturers who moved to the area in search of skilled workers and ready access to Cuban tobacco.

By 1900, Ybor City had 232 factories making nearly 600 million cigars a year.

“The entire economy of Central Florida was based on cigars,” said Wallace Reyes, a historian whose family owned a longtime cigar factory in Ybor City. “For many immigrants, this was the land of opportunity.”

When the Great Depression struck in 1929, the local cigar industry was among the hardest hit. Factories closed, unemployment soared and many residents left. Decades of decline followed as Americans traded hand-rolled cigars for inexpensive, machine-made cigarettes.

The biggest blow to the industry, Reyes says, came in early 1960s when the United States imposed the Cuban trade embargo, halting the flow of tobacco from the island into Ybor City. Almost all of the region’s cigar makers relocated to Honduras, Nicaragua and the Dominican Republic as a result.

In the years since, there have been hints of promise as small storefronts crop up on Ybor City’s main stretch. But nearly everyone here agrees: The town’s glory days are gone. Ybor’s original factory is now home to the Church of Scientology. Another factory down the street is being converted into luxury apartments.

“Historically, we had factories with a thousand workers, and we had smaller factories, like what my uncle owned, with just a few people,” said Chantal Ruilova Hevia, president and chief executive of the Ybor City Museum Society. “We had the whole gamut, but not anymore. The entire industry has deteriorated.”

‘Roll with the punches’

A mile from the J.C. Newman factory, on a stretch of Seventh Avenue dotted with cigar shops, Ernesto Ceijas, 39, sits in a storefront window cutting swaths of dried tobacco. He fills them with tobacco leaves, rolls them tight and seals them shut.

On a good day, he makes 100 cigars — which means he’ll make about \$100.

“It’s a hard life to make cigars,” says Ceijas, who works at Long Ash

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Cigars, a boutique and lounge. Like the seven other rollers there, he is a Cuban immigrant who is paid about \$1 for each cigar he makes. They will sell in the shop for between \$3.50 and \$13.

But Michael Cincunegui, the shop's owner, says cigar prices are likely to go up as more federal regulations take hold. "Yes, there's going to be an impact, and yes, costs will go up," he said. "It's just hard to tell how much."

Cincunegui, whose great-grandfather emigrated from Cuba, says he was hopeful that recent strides in U.S.-Cuba relations would mean an eventual opening of trade between the two countries, allowing him to import coveted Cuban cigars and tobacco to sell in his Ybor City store. President-elect Donald Trump, however, has repeatedly vowed to "terminate" newly minted ties with the communist nation, leaving Cincunegui and others even

more anxious about their future.

"It's a new administration, and we don't know the first thing about what to expect," he said. "All we can do is roll with the punches."

Cincunegui opened his shop four years ago, days before the 2012 Republican National Convention came to town. He is among a new crop of small-time entrepreneurs hoping to eke out a living in Tampa's fading cigar industry. Like the Newmans, he is grappling with new regulations and changing ties with Cuba.

"So far, the people who are left are making a decent way of business," said Reyes, the historian. "But with new rules, a new president, a new administration, who knows?"

The last plant to close in Ybor City, Hav-a-Tampa, moved its operations to Puerto Rico in 2009 after the federal government increased taxes on large cigars from 5 cents to 40 cents. Nearly 500 people lost their

jobs. "It was the worst time of my life," said Joe St. Charles, 51, a mechanic there

who made \$28.50 an hour. "I was looking for a job, but so were 500 other people."

He applied for 150 jobs, he said.

But there were few calls back, and when there were, they were for jobs that paid \$10, \$11, \$12 an hour.

After a stint in Puerto Rico, St. Charles is back in Tampa working for J.C. Newman. He makes more than \$30 an hour now, plus overtime, as the factory's lead mechanic. His fiancée, a cigar roller he met at J.C. Newman, makes about \$20 an hour.

"If these rules shut us down, it'd take out our entire household income," he said. "This is the last factory left — there's nowhere else for us to go."

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CASE STUDY

Ybor City and the Last Standing Cigar Factory

Case studies are used to understand a trend, a principle or an issue.

The case study may be representative and illustrative to be applied to current and future situations.

1. Let's begin by finding our way to Florida. Pull out your map and locate Tampa. What geographic features might influence the economy in this area?
2. Go back to the map and look further south. Locate Cuba on the map. Only 90 miles separates southern Florida from this Caribbean island. The population of Tampa, Florida, is 23 percent Hispanic or Latino with Ybor City being the center for Cuban culture and heritage. What cuisine, music and products do you associate with Cuba?
3. Read the first three paragraphs of "Is this the final burn for 'Cigar City'?" How might historic events, bans and embargos, and international relations influence an industry?
4. Read paragraphs four and five.
 - a. What do you learn about Tampa as a cigar-manufacturing center?
 - b. Summarize the business of the J.C. Newman Cigar Co. and its relation to trade?
5. Why would the owners of J.C. Newman Cigar Co. be concerned about trade policy and trade embargoes?
6. In what ways do federal regulations have the potential to affect J.C. Newman Cigar Co.?
7. Reporter Abba Bhattacharai includes interviews with an official from the Federal Drug Administration.
 - a. Why have new regulations been instated?
 - b. In what ways do J.C. Newman Cigar Co. and the FDA illustrate the relationship — balancing of complex concerns — between businesses and one or more federal agencies?
8. What do we know about the company's relation with its employees? Consider pay, benefits and longevity of employment as well as productivity expectations.

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9. Somewhat lost in the middle of the article is additional information about J.C. Newman Cigar Co.: “He says having to lay off workers or, worse, move the factory to Nicaragua, where the company already has a sprawling plant and 650 employees, would have discernible consequences for the community.”

Consider this new information. What business decision does this company illustrate? How is J.C. Newman Cigar Co. representative of U.S. business, trade and economic policy concerns?

10. In what ways does the J.C. Newman Cigar Co. exemplify the American immigrants’ story?
11. Two additional economic principles are illustrated in the ‘Roll with the punches’ section. What are the principles and whose story illustrates each?
12. Ybor City is one of only two National Historic Landmark Districts in Florida. On most weekends at the Ybor City Museum, Cuban craftsmen demonstrate how to hand-roll a cigar, using the traditional method.
- If the last standing cigar factory in Tampa is forced to close its operation, in what way does the museum keep the past alive?
 - What other once-bustling U.S. industries are preserved in museums and living-history communities?



EVE EDELHEIT FOR THE WASHINGTON POST

Cigars wait in the production line at the J.C. Newman Cigar Co., in business for 121 years, in Tampa. The FDA says the costly new measures are meant to curb underage tobacco use.

In the Know



All of these terms are used by reporter Abha Bhattarai in the article about the cigar industry.

Coveted
Dried and blended
Emigrate
Entrepreneurs
Exemptions
FDA
Hand-rolled cigars
Immigrant
Intrigue
Looming deadline
Oversight
Preventable
Regulatory
Rhetoric
Trepidation
Warning label