Background on Trade Issues

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Senator Rob Portman

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Jobs Agreements

- The International Trade Commission estimates that implementation of the three export-opening agreements would increase U.S. exports by at least $13 billion and add $10 billion to U.S. GDP. Using the President's own measure, such an increase in U.S. exports could create 250,000 American jobs.

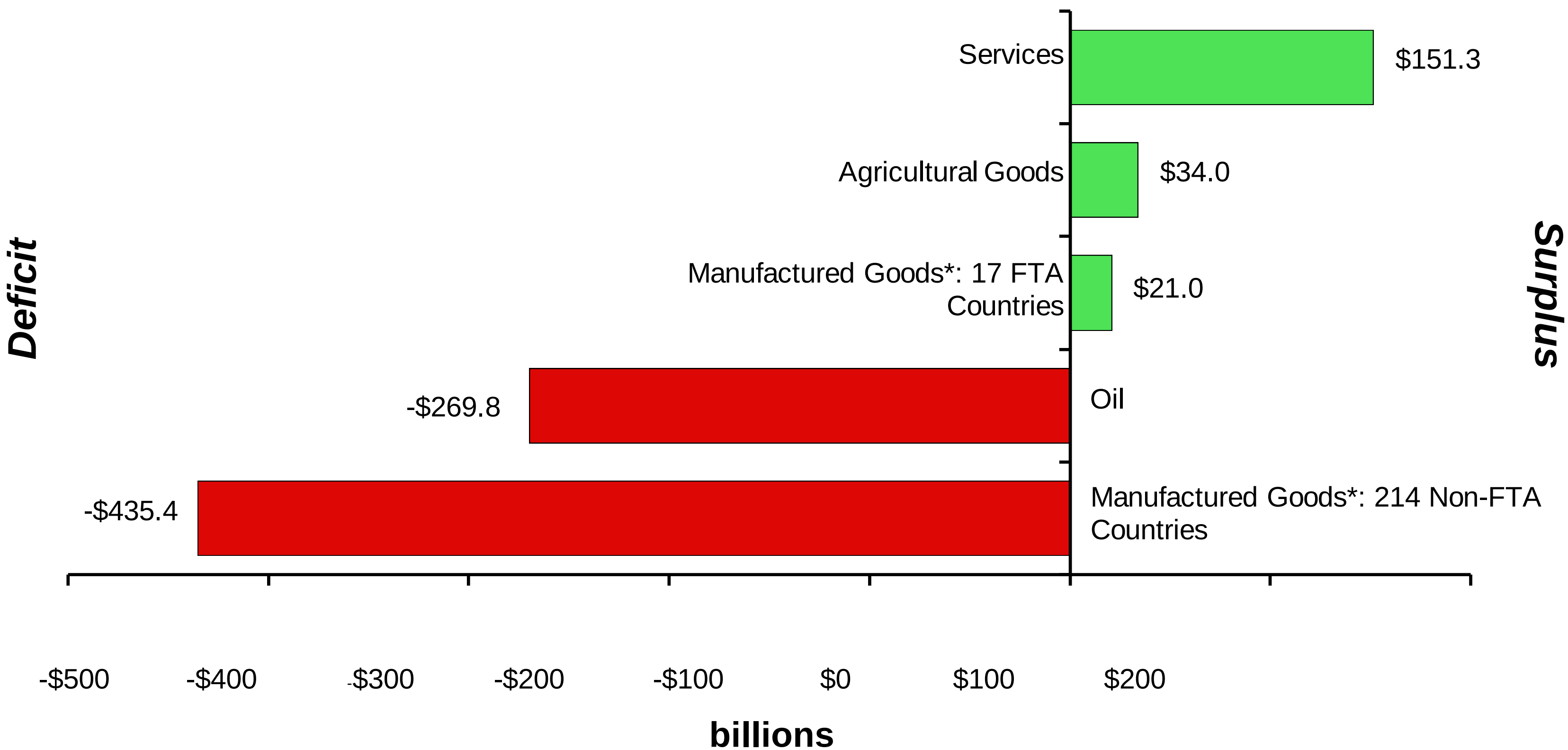
- According to the U.S. Chamber of Commerce, the United States could suffer a net loss of more than 380,000 jobs and $40 billion in lost export sales if it failed to implement the three pending agreements.

- U.S. exports of goods and services in 2010 totaled $1.84 trillion and supported 10.3 million jobs.

$3.5 Billion in Tariffs…and Growing

- The U.S.-Colombia TPA was signed on November 22, 2006 and the U.S.-Panama TPA was signed on June 28, 2007. As of the beginning of 2011, U.S. exporters have already paid over $3.5 billion in tariffs that would be eliminated upon full implementation of these agreements.
- Since that time, Colombia and Panama have continued to sign free trade agreements with other nations, including Brazil, Argentina and Canada.
- Colombia and Panama apply average applied tariffs of 15% and 7.1% on U.S. exports of manufactured goods while historically nearly all their own products enter the U.S. market duty free. Their average applied tariff rates on U.S. agricultural goods is 17% and 15%, respectively. The TPAs will eliminate 95% of these tariffs immediately or within three years.
- *Case study*: On January 1, 2009, the agriculture provisions of Colombia's trade agreement with Argentina went into effect, immediately giving Argentina's farmers a major competitive advantage over American farmers. The impact of this competitive advantage has been stark and severe.
- On a quantity basis, U.S. market-share in the Colombian market for corn, wheat, and soybeans (the key products where Argentina and the United States are competitors) plunged from 71% in 2008 to 38% in 2009 to 27% through the first ten months of 2010.
- The 44 percentage points of lost market share have been nearly exactly matched by the 37 percentage point increase in market share for Argentina over the same time period.

U.S. Trade Balance - 2010

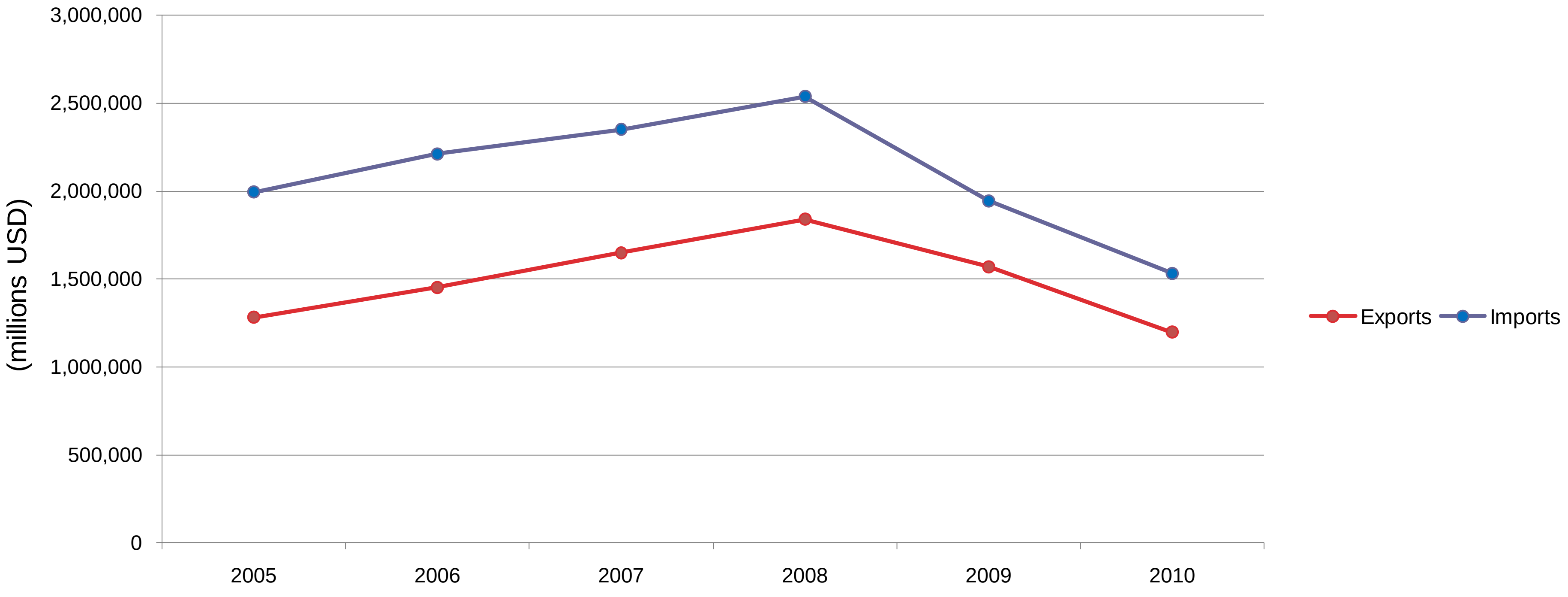


Sources: The Trade Partnership from USITC, USBEA, USDA data.

** "Manufactured Goods" includes all products in NAICS categories 31-33*

U.S. Exports and Imports

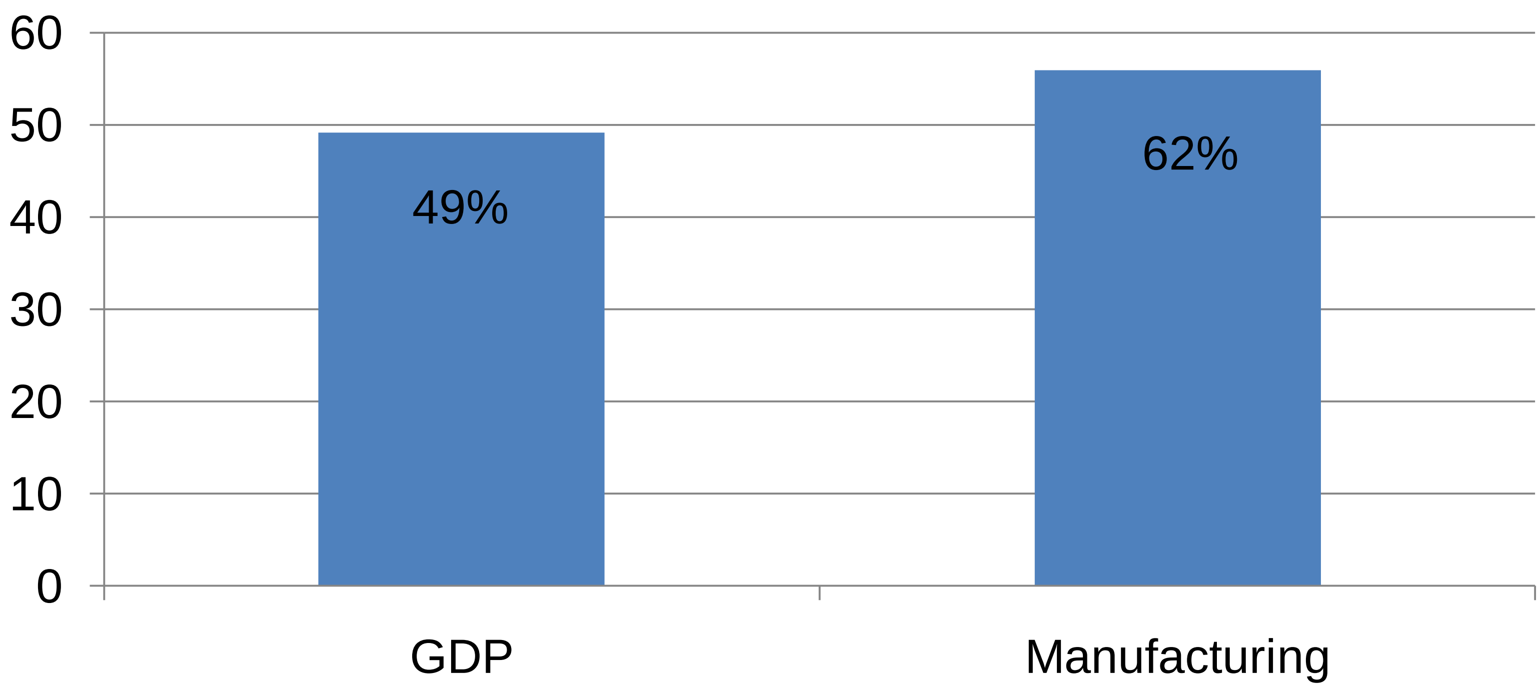
Imports as of Aug '10 = $1.5 Trillion
Exports as of Aug '10= $1.2 Trillion



SOURCE: USDOC data.

Manufacturing Output Growth vs. Economic Growth in U.S., 1994-2007

Increase in Real U.S. GDP and Manufacturing Component of GDP;
Percent Change in 2005 Real dollars;
1994 (NAFTA Implementation) to 2007 (Before Recession)



SOURCE: David Walters, based on USDOC data.

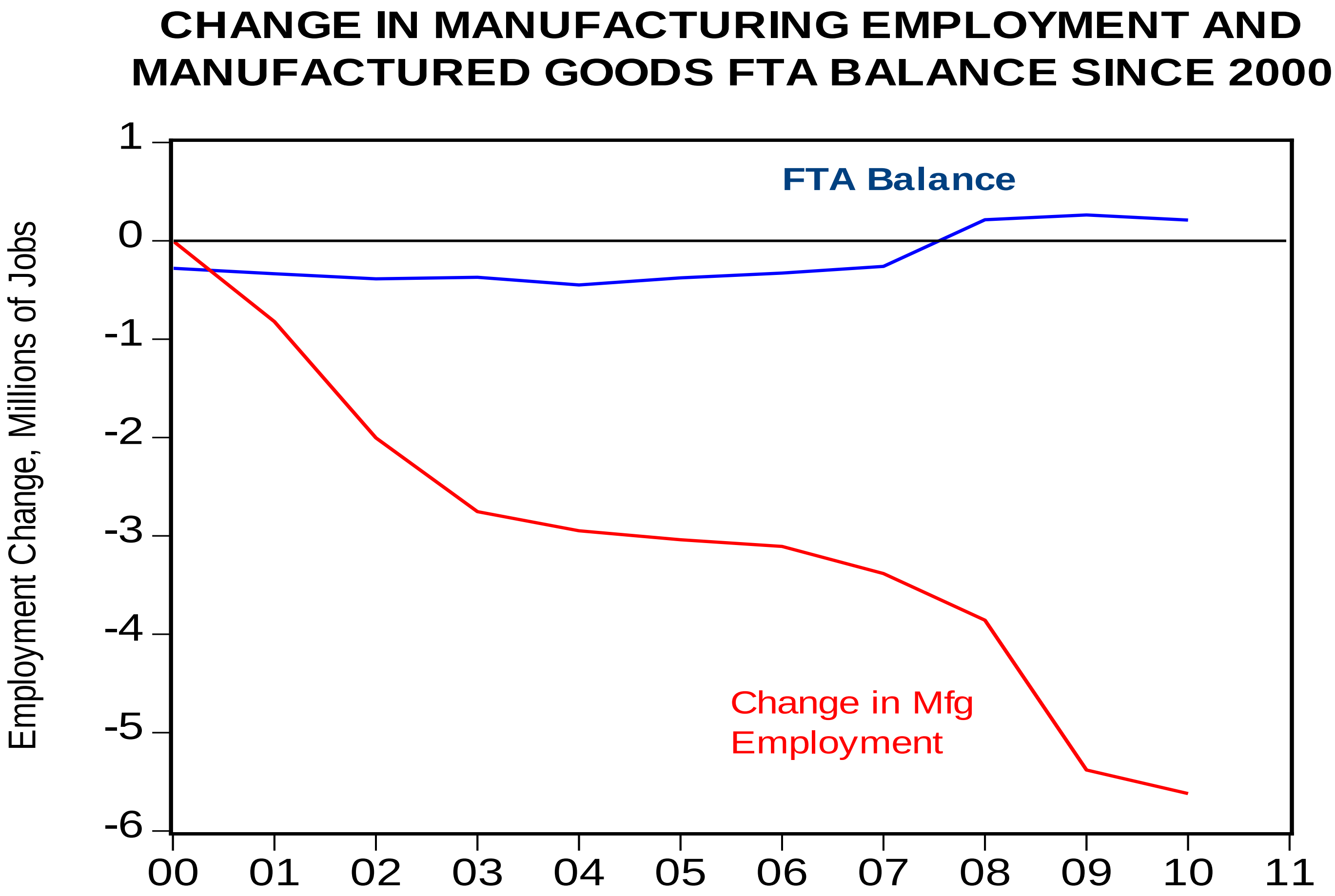
Variation in Output Change of Individual U.S. Manufacturing Industries, 1994-2007

•	**Up by 2,018%**	**-**	**Computers and Electronic Products**
•	Up by 102%	-	Petroleum and Coal Products
•	Up by 62%	-	Overall U.S. Manufacturing
•	Up by 43%	-	Motor Vehicles
•	Up by 29%	-	Chemical Products
•	Down by 33%	-	Textiles and Apparel

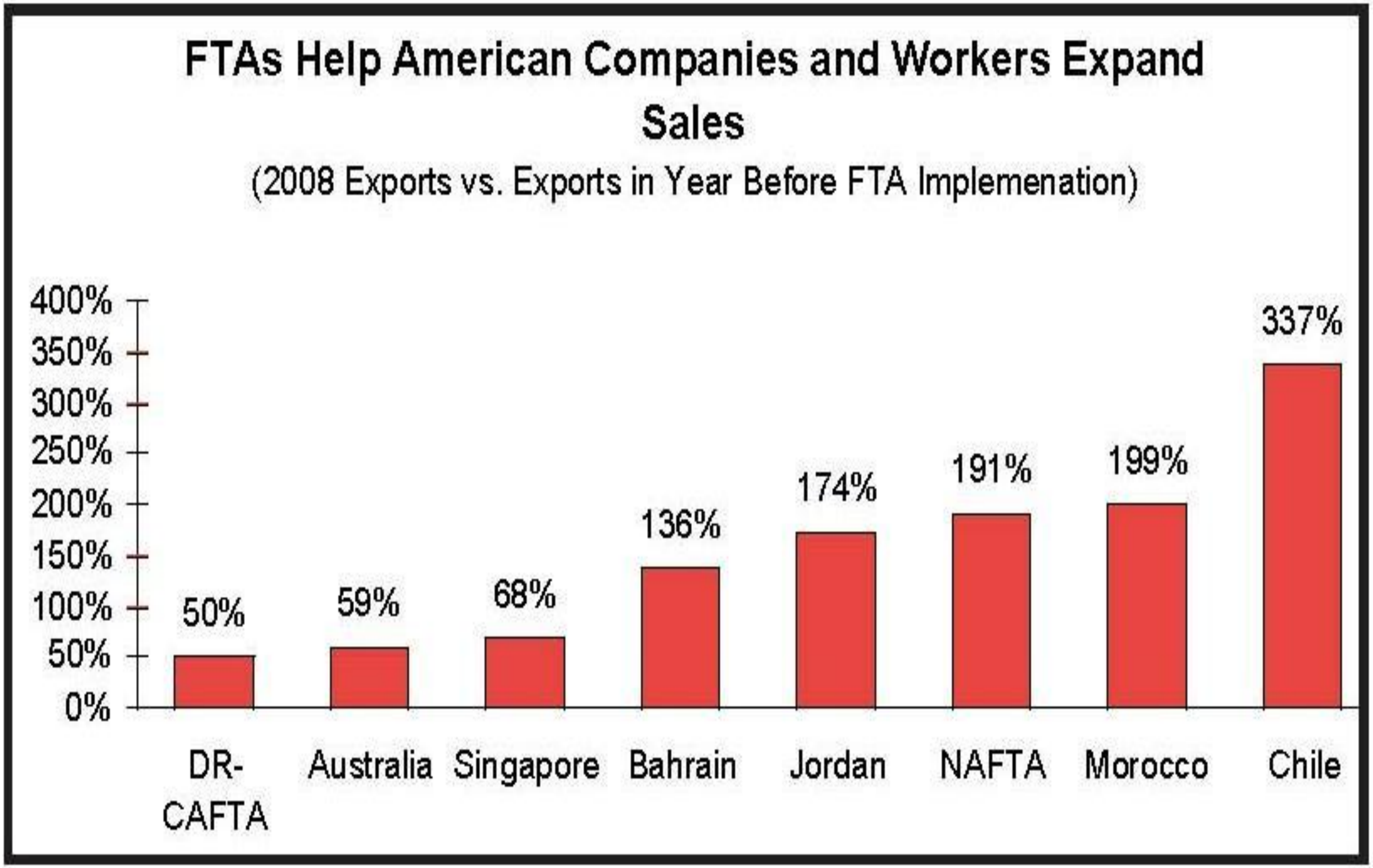
Percent Change In Value-Added in 2005 Real Dollars

SOURCE: David Walters, based on USDOC data.

No Relationship Between the Manufacturing Goods Balance with FTAs and the Drop in Factory Jobs

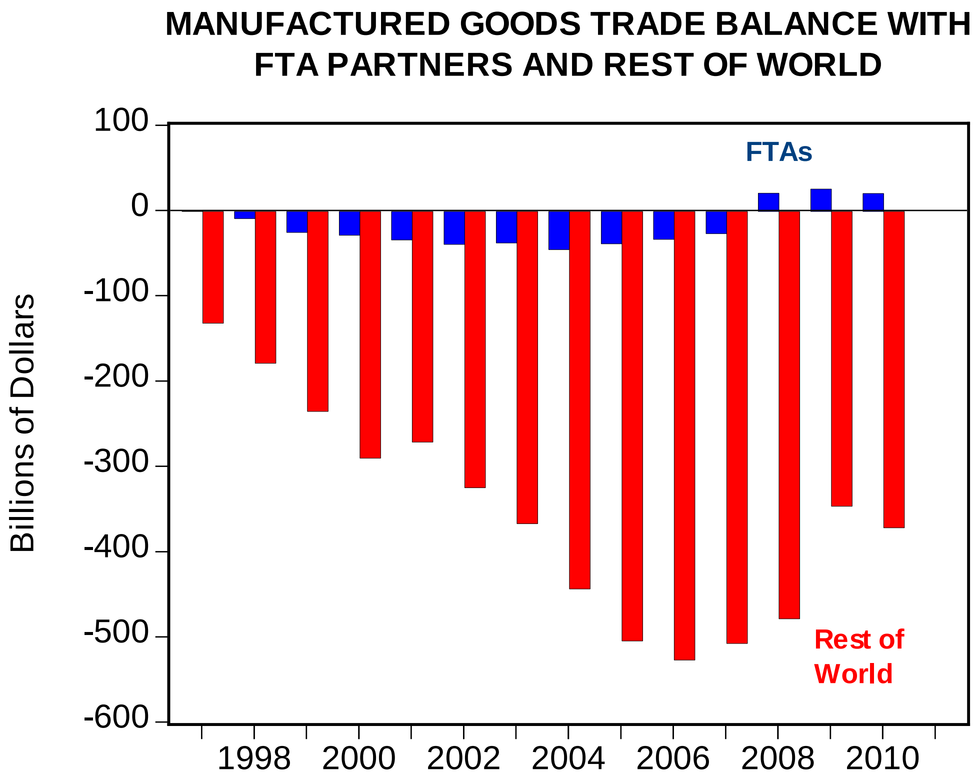


SOURCE: Frank Vargo, NAM. based on BLS and USDOC data.



SOURCE: Trade and American Competitiveness Coalition. Based on USITC, DOC/BEA, USDA data.

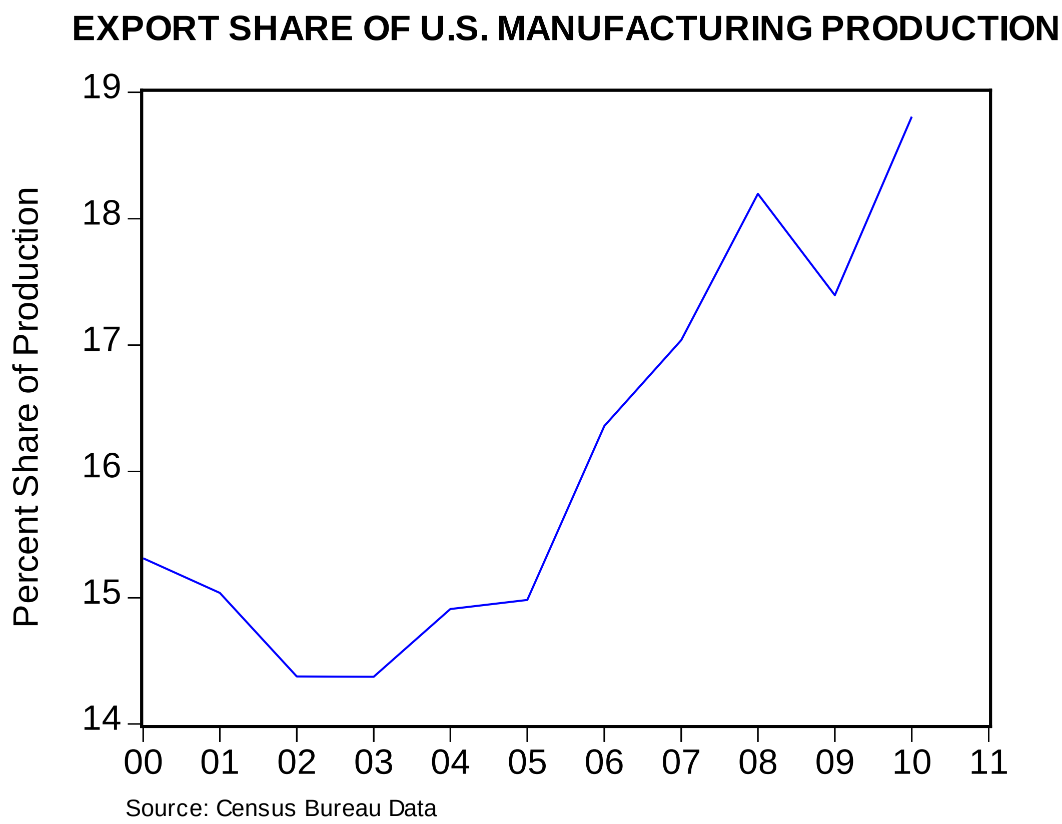
U.S. Manufacturing Goods Trade in Surplus with FTA Partners for Third Year in a Row



- Trade deficit with FTA partners never a major part of manufactured goods deficit – 95% of the deficit has been with countries NOT having FTAs with the U.S.

SOURCE: Frank Vargo, NAM.

The Export Share of Manufacturing Shipments has Grown to Record Levels



- For many companies, exports have been the only source of growth.

SOURCE: Frank Vargo, NAM. Based on USDOC/Census Bureau data.

Small and Medium-sized Firms are Huge Beneficiaries of U.S. Free Trade Agreements

NUMBER OF SMALL AND MEDIUM-SIZED EXPORTERS (SME's)*
EXPORTING TO U.S. FREE-TRADE PARTNERS

Market	Number of SME's Exporters to Market	SME % of Total Exporters to Market	SME % of Value of Exports to Market	Average SME Company Exports to Market
NAFTA	110,408	95%	24%	$ 630,666
Australia	22,127	90%	27%	$ 192,023
CAFTA	17,651	89%	44%	$ 442,621
Korea, South (1)	17,055	89%	32%	$ 559,649
Singapore	16,211	89%	19%	$ 265,503
Israel	11,200	88%	42%	$ 302,155
Colombia (1)	8,509	85%	36%	$ 257,427
Chile	8,370	84%	28%	$ 200,058
Peru	5,474	82%	39%	$ 181,537
Panama (1)	5,233	81%	39%	$ 185,421
Jordan	2,027	80%	45%	$ 114,029
Bahrain	1,456	74%	36%	$ 83,669
Oman	1,063	73%	17%	$ 77,591
Morocco	811	72%	24%	$ 246,263

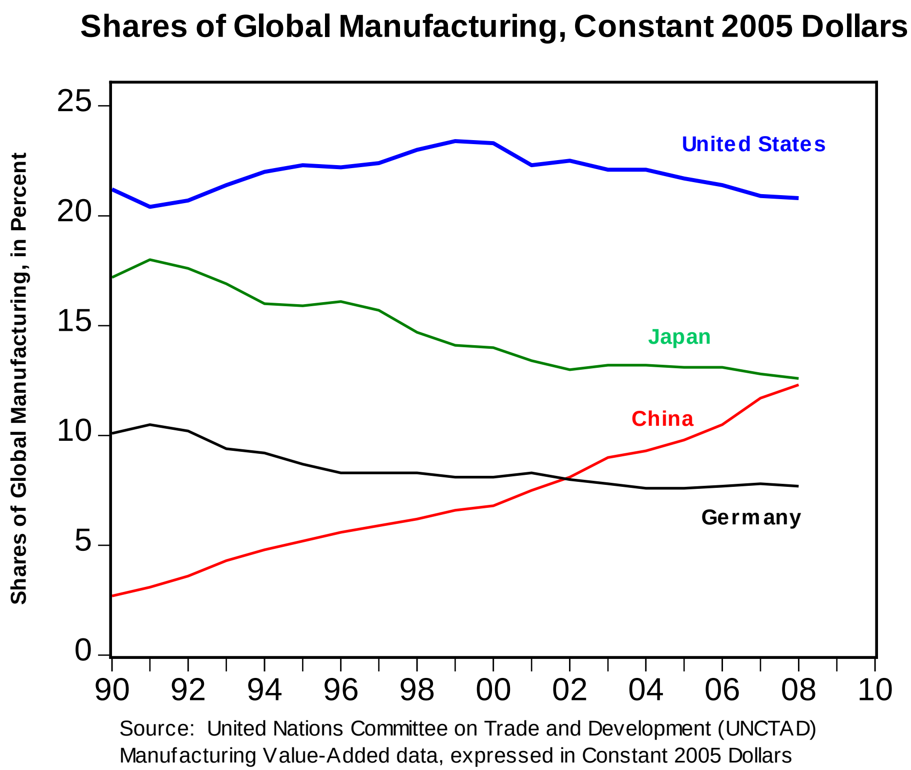
* Note: All small and medium-sized exporters, not only manufacturers. Includes wholesalers and others.

1) Agreement pending before Congress

Source: U.S. Census Bureau, Profile of Exporters

SOURCE: Frank Vargo, NAM. Based on USDOC/Census Bureau data.

The U.S. is the World's Largest Manufacturer – Producing Over 1 in Every 5 Dollars of Global Manufacturing

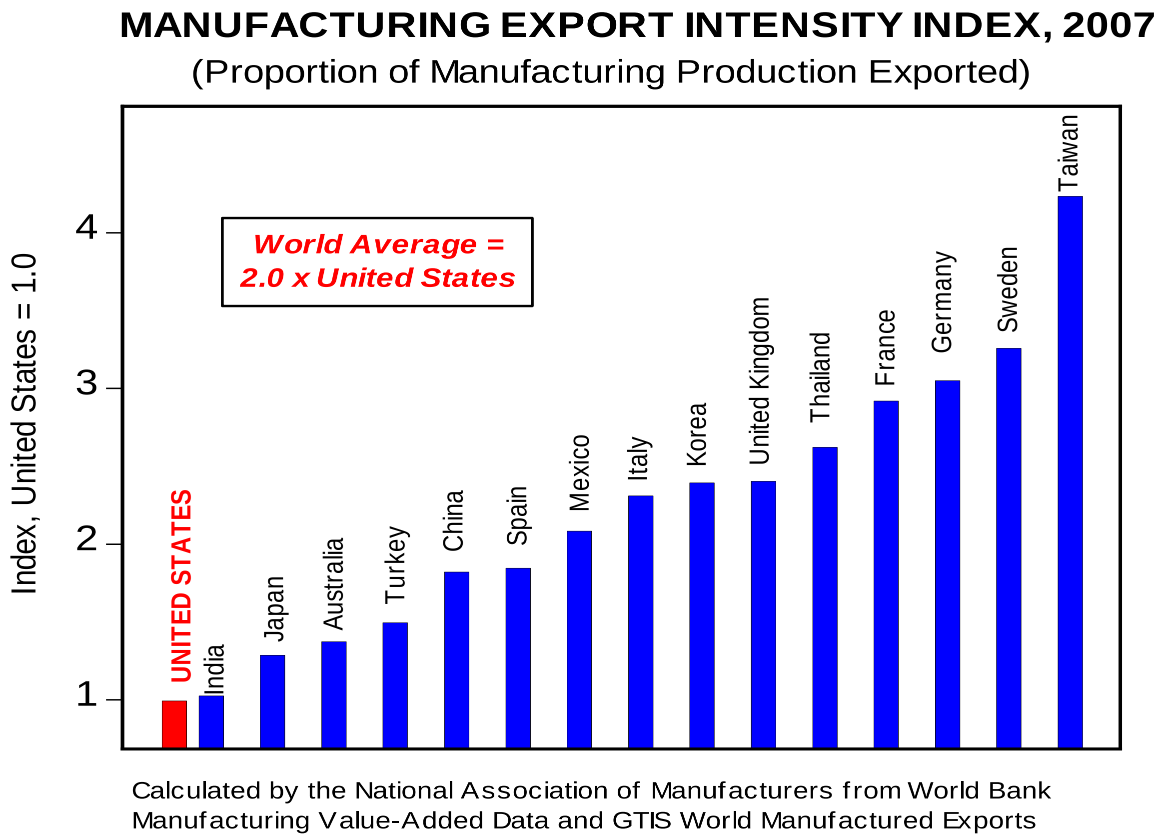


- If U.S. Manufacturing were a separate economy, it would be the 8th largest economy in the world.

SOURCE: Frank Vargo, NAM. Based on UNCTAD data

The United States Under-exports

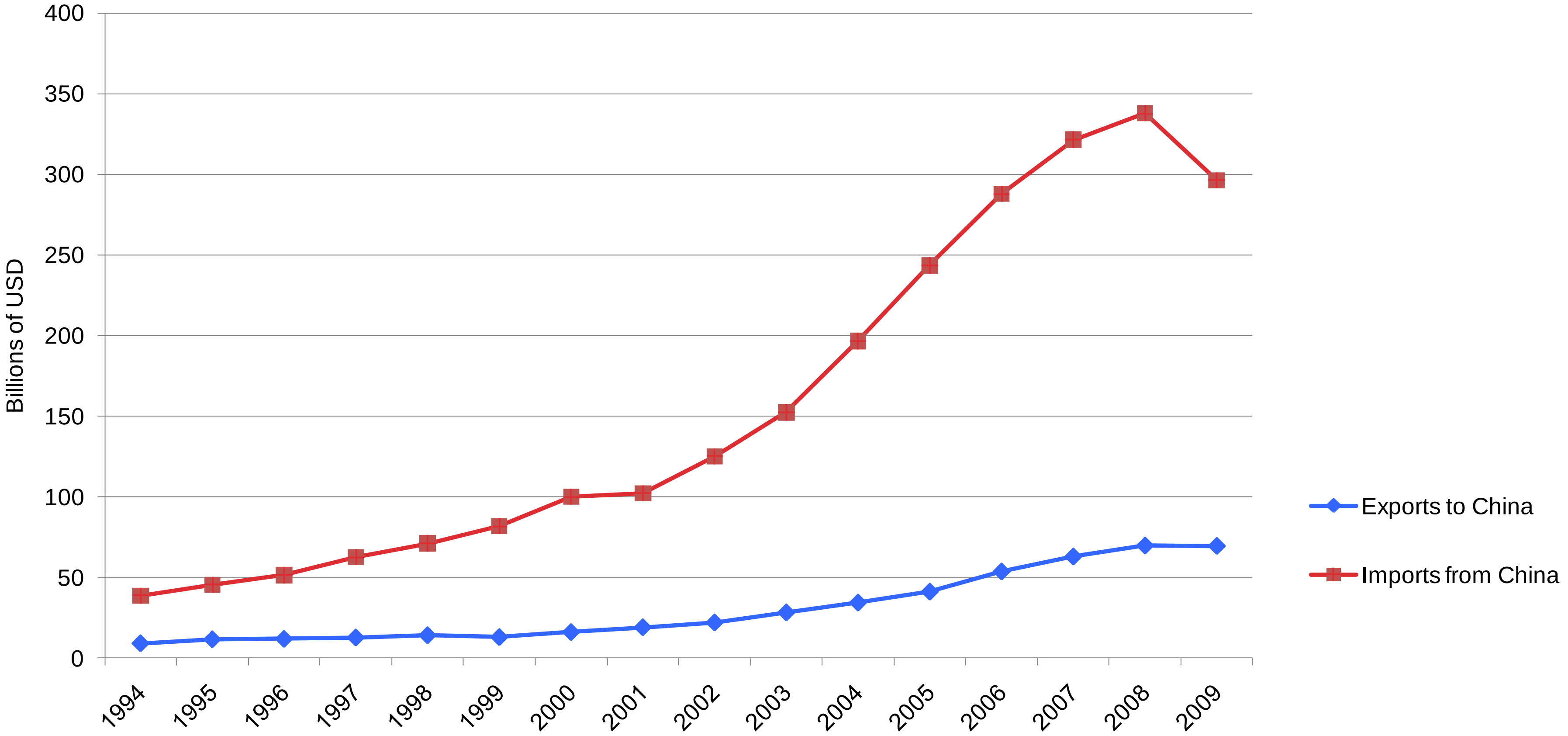
U.S. Ranks Last Among the 16 Major Manufacturers in Export Intensity



- If the U.S. exported at the world average, U.S. manufactured goods exports would double, eliminating the trade deficit.

SOURCE: Frank Vargo, NAM. Based on World Bank value added and GTIS world manufactured exports data

U.S.-China Trade Balance (1994-2009)



SOURCE: USDOC data