



## The State of World Trade

**The United States is missing out on opportunities to boost trade and jobs:** To create the 20 million jobs we'll need by 2020, we must leverage the opportunities presented by trade. This is why the Chamber applauded when President Barack Obama called for a national goal to double U.S. exports within five years.

The opportunities we see abroad are vast: Outside our borders are markets that represent 73% of the world's purchasing power, 87% of its economic growth, and 95% of its consumers. Trade is recovering in the wake of the financial crisis, and the WTO reports a feared epidemic of protectionism did not materialize.

**Abroad, economic nationalism skews the playing field:** While the WTO has looked largely at tariffs and other border measures, the Chamber sees an alarming rise in “behind the border” measures that reflect the spread of economic nationalism around the globe: Economic policies are being framed to favor national producers and state-owned enterprises while putting foreign enterprises at a disadvantage. In some countries, the prospect of a level playing field has become more remote. The Chamber's [State of World Trade](#) report provides details on these challenges.

China's “indigenous innovation” policies are just one example. Others include: control of natural resources by state-owned enterprises; regulatory divergence that puts foreign firms at a disadvantage; antitrust enforcement that punishes firms merely for being successful or turns a blind eye to export cartels; inadequate protection of international investment and intellectual property; and China's practice of maintaining an undervalued currency.

**At home, inaction on trade means America is left behind:** The United States has also engaged in economic nationalism by applying “Buy American” rules and refusing to comply with some trade obligations (e.g., in the case of U.S.-Mexico trucking). Even so, the United States remains by far the most open major market in the world.

However, as the rest of the world races to complete new trade and investment agreements, America is being locked out and left behind. The European Union has concluded FTAs with Colombia, Panama, and Korea. Canada's parliament is poised to give final approval to an FTA with Colombia as early as June, and one with Panama is close behind. The Chamber estimates the United States could suffer a net loss of more than 380,000 jobs and \$40 billion in lost export sales if it fails to implement its pending trade agreements while the European Union and Canada move ahead with their own accords.

**A new Chamber study shows FTAs support 5.4 million American jobs:** To show the benefits of these agreements for U.S. workers, the U.S. Chamber commissioned a study entitled [Opening Markets, Creating Jobs](#). It found that 17.7 million American jobs depend on trade with 14 countries with which we have FTAs. Of this total, 5.4 million jobs are supported by

the increase in trade generated by the FTAs. No other budget-neutral government initiative has generated anything near the number of jobs.

Thanks to our FTAs, U.S. merchandise exports to these 14 countries grew nearly three times as fast as our exports to the rest of the world over the past decade. If the United States is to double exports within five years as President Obama has pledged, the proven export-boosting record of FTAs will be indispensable.

**The Chamber's plan to tackle these challenges is clear:**

- **Open foreign markets** by passing the pending trade agreements, negotiating additional trade and investment accords, and rigorously enforcing them.
- **Combat economic nationalism** by building international alliances and making the case for open and competitive markets around the globe.
- **Resist economic isolationism at home** by rejecting the siren song of “Buy American” and living up to our own commitments in international agreements.
- **Modernize export controls** to protect the “crown jewels” of U.S. innovation while easing controls on widely available, non-military technologies.
- **Promote exports by small and mid-sized businesses** to leverage their tremendous job-creating potential.
- **Get our own house in order** with education, infrastructure, immigration, and tax policies that enhance U.S. competitiveness.

#### **Falling Behind: By the Numbers**

U.S. exporters face higher tariffs abroad than nearly all our trade competitors. The United States received a rank of **114** among **121** economies in terms of “tariffs faced” by its exports, according to the World Economic Forum.

More than **100** market-opening trade agreements are under negotiation worldwide, according to the World Trade Organization. The United States is at the table in just **one** of these.

Germany, China, and Britain have each ratified bilateral investment treaties with **100** or more nations, while the United States has done so with just **40** countries.

The United States stands to lose more than **380,000** jobs if it fails to implement its pending trade agreements with Colombia, Panama, and South Korea while the European Union and Canada move ahead with their own agreements with the those countries, according to a study by the U.S. Chamber.