

Knowing of your interest in trade issues, I wanted to share a speech I gave today at a seminar in Redding. My speech focused upon the importance of trade during a recession and the 2009 trade agenda. The seminar was sponsored by the Butte College Center for International Trade Development and Small Business Development Center and hosted by Shasta College and the College of the Siskiyous'. Officials from the U.S. Commercial Service, U.S. Export-Import Bank, and the Small Business Administration were part of the panel. You can read the full text of my prepared speech below. [Please share your thoughts.](#)

I would like to thank Jim Wilson and the Center for International Trade Development for organizing this important event. I am so pleased that so many in our local business community are interested in trade and I appreciate the opportunity to speak to you here today.

Over recent years, trade has continually been blamed for many of our economic ills. It has been much too easy for groups like labor unions to blame trade for the challenges workers face in a constantly evolving and competitive economy. However, when you look at the actual numbers, those arguments do not hold up. Did you know that only 3 percent of all jobs lost in the U.S. yearly are due to foreign competition from trade -- only 3 percent. What most Americans don't know is that U.S. trade supports 57 million American jobs - that's over 40% of our workforce. The United States is the number one trading nation in the world and you might also be surprised to hear that we are also the number one manufacturer in the world. We definitely don't hear those facts regularly, but it's clear that our nation depends on trade. And it is critically important that we move forward with a proactive trade agenda. We do not have the luxury to stand still in a global economy. We are either moving forward on trade or we are moving backwards.

Unfortunately, we are now in the midst of the largest economic downturn in decades, and during tough economic times, the United States and other nations have the tendency to make matters worse by turning inwards and trying to block out competition from the rest of the world. While policies like "Buy America" sound good in theory, in practice, these types of protectionist policies have a ripple effect throughout the world, costing jobs and businesses. Trying to shield ourselves from foreign competition by restricting imports leads our trading partners to follow suit and block our exports.

What is even more frustrating is that we have made this mistake before. The Smoot-Hawley Act of 1930 raised tariffs on products in every sector of the U.S. economy, resulting in retaliatory tariffs from other countries, a dramatic reduction in global trade, and ultimately a worsening of

the Great Depression. It is my fear that we continue to repeat our past mistakes and neglect the lessons from history. And it has been demonstrated over and over again that the most successful economies in the world are the ones most open to trade. Trade is part of the solution to our economic recovery not part of the problem.

This was clearly demonstrated last year, when record exports were the one bright spot in our economy helping to offset the other negative economic factors. More than a quarter of a million U.S. firms export goods and these firms tend to increase employment more rapidly, have higher productivity, and can pay as much as 13 to 18 percent more than the national average. And out of these firms, ninety-seven percent are small- and medium-sized businesses. That's a lot of statistics, but the bottom line is that businesses that trade hire more, pay more and produce more.

With three-quarters of global purchasing power and nearly 95 percent of the world's consumers outside our borders, it should be clear that one of the best ways to support U.S. workers and grow America's businesses - both large and small - is to open additional markets for their goods and services. One of the best tools at the United States' disposal in opening up new markets is Free Trade Agreements. These bilateral agreements help level the playing field for U.S. farmers, ranchers, and businesses.

Many Americans fail to realize that the U.S. has one of the most open economies in the world with relatively low barriers to international trade. But while other countries have access to our markets, U.S. exports continue to face barriers into theirs. For instance, U.S. agricultural exports face an average 30% tariff when entering the European Union and a tariff of nearly 59% in Japan, dwarfing the comparable U.S. tariffs.

This is especially true for Colombian goods, which have duty-free access to U.S. markets, while U.S. exports to Colombia face high tariffs. And the U.S. has already negotiated an agreement with Colombia that would remove these high tariffs. Just to give you an idea of the cost of these tariffs, which will be eliminated by the agreement -- U.S. goods have incurred almost \$2 billion in tariffs on goods and services into Colombia just since the agreement was finalized. Unfortunately, the Democratic majority in Congress won't allow a vote on this win-win agreement.

In addition to Colombia, the U.S. has negotiated agreements with Panama and South Korea that also await Congressional approval. The U.S. International Trade Commission has

estimated that these three pending agreements could increase U.S. exports by at least \$10.8 billion. Now that is economic stimulus our country could use right now.

Moreover, our FTAs have proven, successful track record. U.S. exports to our FTA partner countries have grown 40% faster than U.S. exports to the rest of the world. That is because these agreements are highly effective at reducing foreign barriers, leveling the playing field for U.S. businesses and workers, and opening up new markets to U.S. goods and services. CAFTA for example turned a \$1.3 billion trade deficit into a \$3.7 billion trade surplus.

Another important factor in this debate is the actions of our foreign competitors. While we would prefer to reach a single agreement with trading nations across the world, the negotiations are highly complex and can take about a decade to finalize. In the meantime, our competitors are pursuing bilateral agreements with other nations. This trend is clear, in the Asia- Pacific region alone there are 176 trade agreements in force or being implemented and the U.S. is only involved in 7. And there is an additional 69 being negotiated and we are only active in 2 of those. Agreements that exclude the U.S. give our competitors' products and services a competitive advantage over U.S. goods and services. It is our responsibility to ensure that we are not left behind. Again, we are either moving forward on trade or we are moving backwards -- there is no way we can maintain our competitiveness if we stand still.

Despite these facts and the clear evidence in support of trade, we find ourselves in very interesting times. We have a Democratic majority in Congress that has blocked consideration of three pending trade agreements with Colombia, Panama, and South Korea that could bolster our ailing economy and provide support for jobs that we dearly need. We have a new President who campaigned against trade, adamantly opposed to the three pending agreements and willing to unilaterally renegotiate our trade agreement with Mexico and Canada. And we have an American public that has grown skeptical of trade after the constant stream of stories over the years focusing solely on the negative consequences of competition and the challenging realignments in our industries and workforce.

The new administration had been primarily focused on enforcing our current trade agreements. While I also believe it is important that we ensure that our trading partners are playing by the rules, I am afraid the administration is using it as an excuse from pursuing more trade agreements. If the U.S. decides to focus solely on enforcing our current agreements without working to open new markets, U.S. workers, businesses, farmers, service providers, and the average citizen will be left behind in the global economy.

We will lose our competitive edge to our foreign competitors like Europe and Canada who are, even as we speak, finalizing agreements with Colombia and South Korea. If that happens before we implement our pending agreements, EU and Canadian products will have duty-free access to these markets, placing U.S. products at a severe competitive disadvantage. Taking a timeout from pursuing trade agreements would be like benching our best players in the championship game.

Fortunately, I believe the tide is beginning to change with many signs now pointing in the direction of free trade. The large U.S. trade deficit, which is continually cited by trade critics, has been declining due to a steep decrease in U.S. imports. The U.S. trade deficit in both goods and services for the first quarter of 2009 is about half the size of the deficit in the first quarter of 2008.

Public opinion towards trade has also shifted. In July of 2008 a CNN/Opinion Research Poll showed 51 percent of Americans saw foreign trade as an economic threat. However, a recent April CBS News/New York Times poll showed 66 percent believe trade with other countries is good for the U.S.

Another positive development is the gradual shift in the trade rhetoric of the new administration. No longer is the sole focus on trade enforcement. Instead, the President has signaled that he wants Congress to pass the pending FTAs as well as pursue a more robust trade policy with Asia. These are very positive developments that could be in part due to President Obama's meetings with world leaders and realizing that trade is a critical component not only of economic cooperation but also foreign policy as a whole. I'm hopeful this shift indicates that President Obama understands the important role trade plays for our economy, especially during this global economic recession, and that he will take steps to develop a robust trade agenda and promote U.S. trade interests abroad.

In closing, we still have a challenge before us in getting the pending agreements through Congress because many members are firmly opposed to trade and will not hesitate to challenge the President on this issue. That's why we need you and other small business owners across the nation to share their trade success stories with their employees, their local community and with their member of Congress, so that we can continue to get the word out on how trade benefits not only our nation as a whole but also our local economies. Together we can present a compelling case about the critical importance of trade, creating an environment that will help Congress pass the pending FTAs and encourage the administration to pursue more market-opening agreements in the near future.

