

# Global Trade Outlook 2012



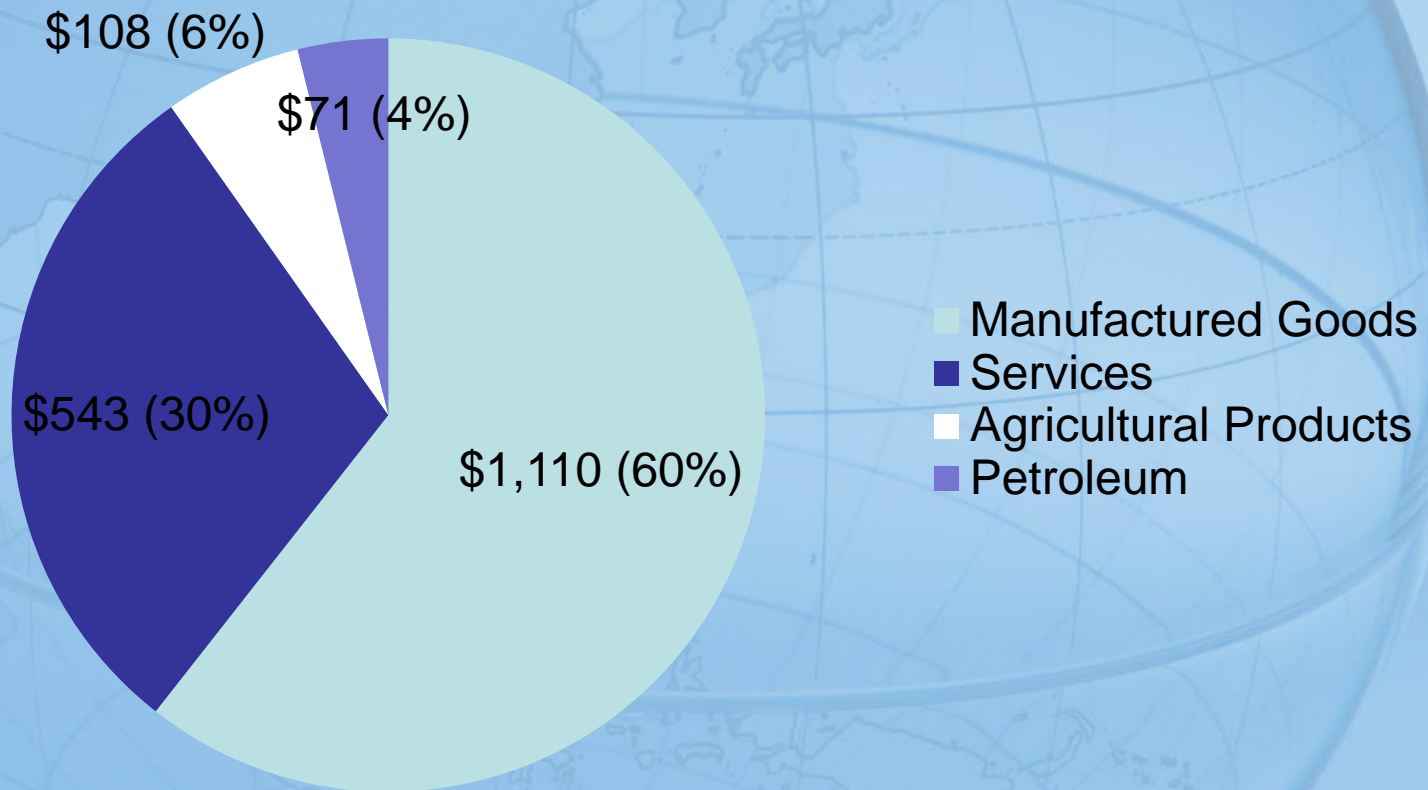
**International Trade Association of  
Greater Chicago**



# Myth No. 1

## We don't export anything

**False: The U.S. is the world's largest exporter**



**Total 2010 Exports: \$1.83 trillion**

Sums in graphic in billions of dollars

Source: U.S. Department of Commerce

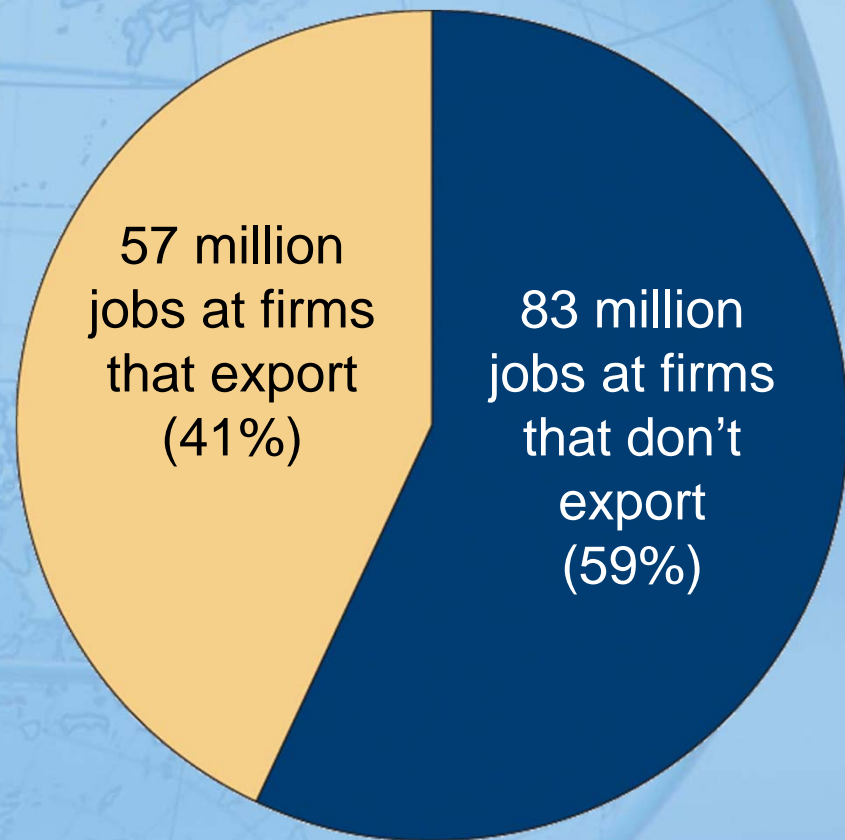
# Myth No. 2

## Trade destroys jobs

**False: Trade sustains millions of U.S. jobs**

57 million American workers are employed by firms that engage in trade.

Jobs tied to exports typically pay 15%–18% more than other jobs.





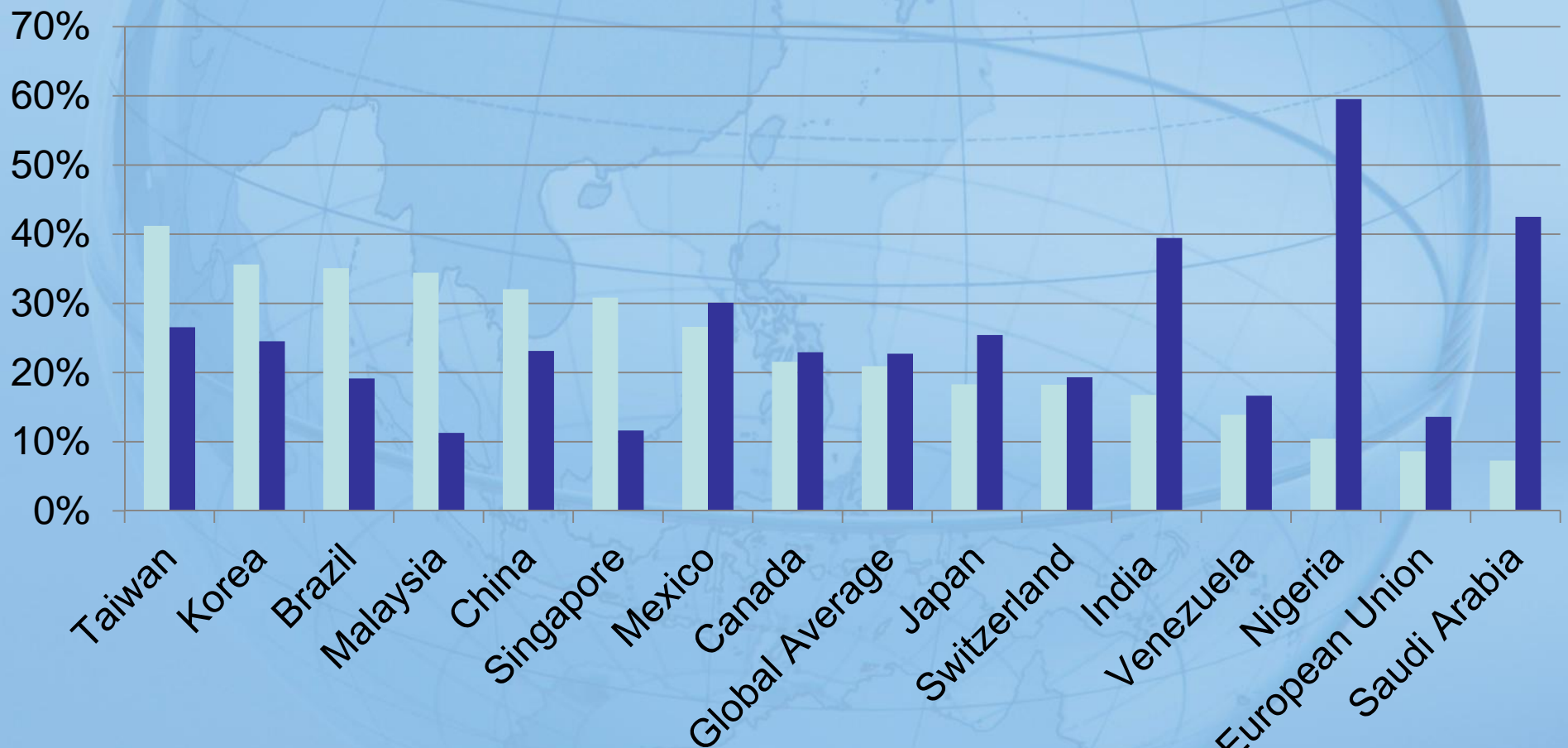
# Myth No. 3

## “Made-in-USA” doesn’t sell

**False: U.S. goods and services are popular**

Top 15 U.S. Trading Partners: Growth 2009-2010

Exports Imports

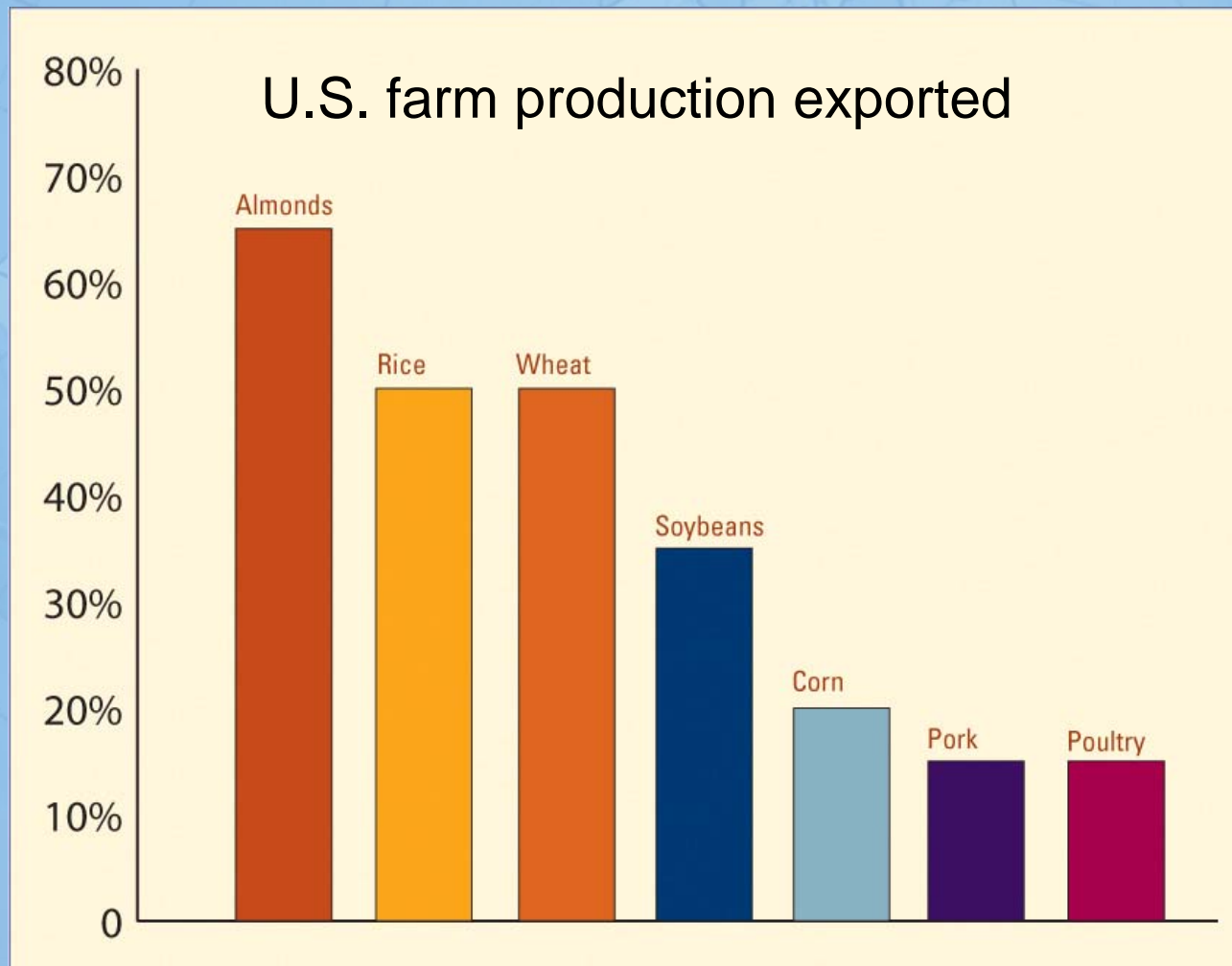


Source: U.S. Department of Commerce, merchandise trade

# Myth No. 4

## Farmers don't need trade

**False: 1 in 3 acres is planted for export**



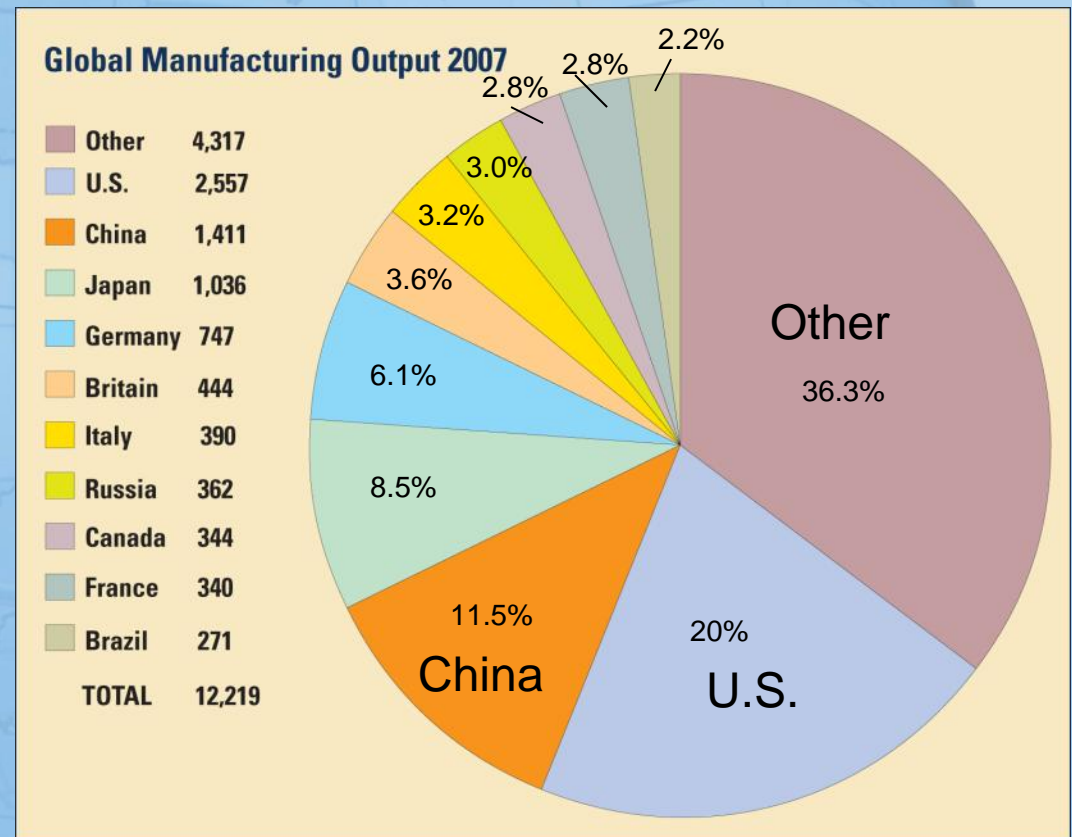
# Myth No. 5

## U.S. manufacturing is in decline

**False: The U.S. has accounted for one-fifth of global manufacturing for the past 35 years**

U.S. exports of manufactures reached \$1 trillion in 2008, or \$83,000 per factory worker, and 1 in 4 jobs!

U.S. manufacturing output rose 81% in the 1988-2008.



Source: UN; U.S. Department of Commerce; billions of U.S. dollars

# Myth No. 6

## Trade is just for big business

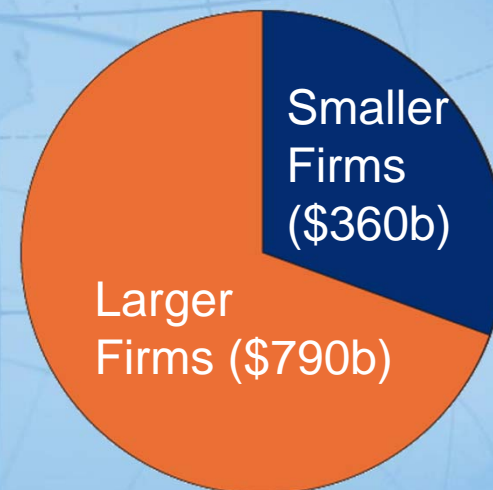
**False: Exports are critical to small business**

No. of U.S. Exporters



Larger Exporters:  
7,079 (3%)

U.S. Merchandise Exports



Smaller  
Firms  
(\$360b)

Larger  
Firms (\$790b)

**In the past 15 years, the number of small businesses exporting has doubled**

**Their total export sales have tripled**



# Myth No. 7

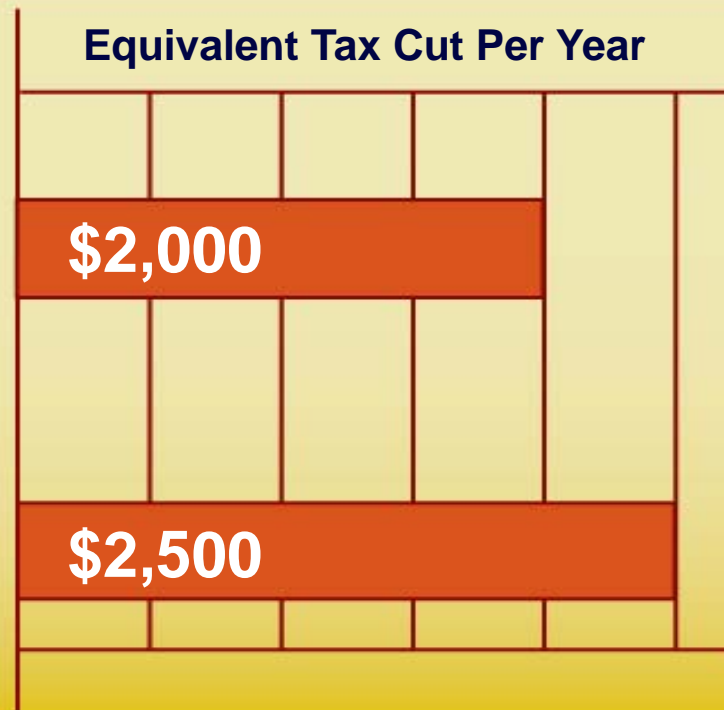
## Imports hurt the economy

**False: As families strive to make ends meet, imports mean lower prices and better choices**

### Imports Increase Purchasing Power for Americans

Tariff reductions in the 1990s increased the typical family's purchasing power by \$2,000.

Further reducing global tariffs by 1/3 would mean an additional \$2,500 a year in savings for the typical American family.





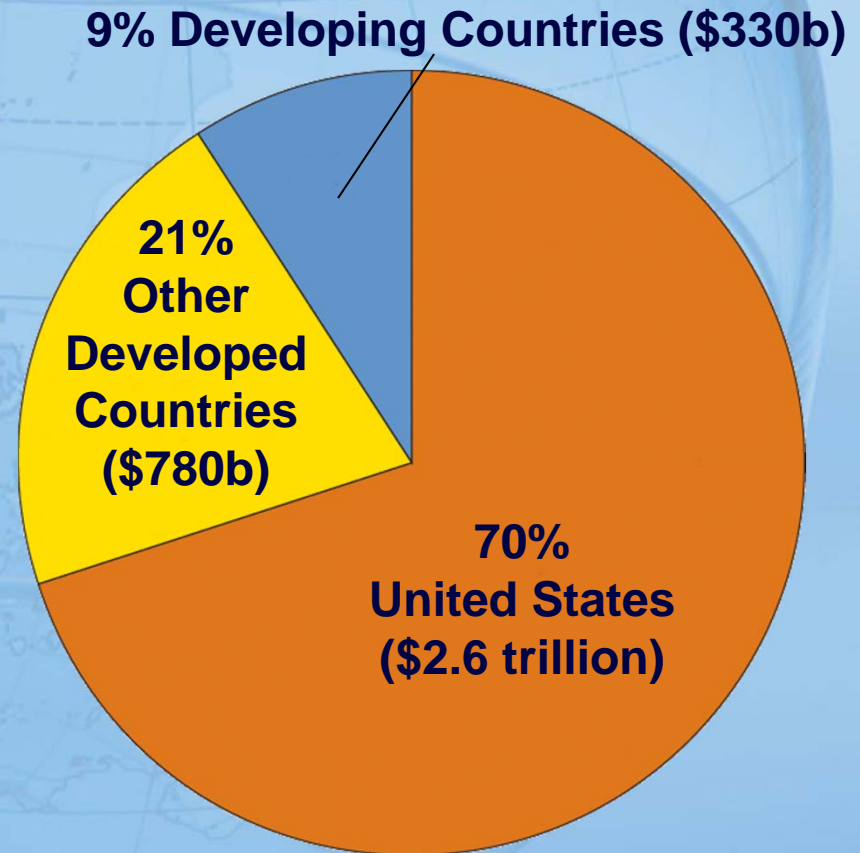
# Myth No. 8

## Offshoring of jobs is rife

**False: U.S. firms are focused on the home market and to some degree on other developed countries**

U.S. companies that invest abroad create 2.3 jobs in the U.S. for every one they create overseas.

Foreign investment in the U.S. sustains 5.3 million jobs with a payroll of \$400 billion.



Source: BEA, data for 2007; chart shows value-added by U.S. multinationals by location; capital expenditures are even more concentrated, with 74% (\$482 billion) in the U.S.

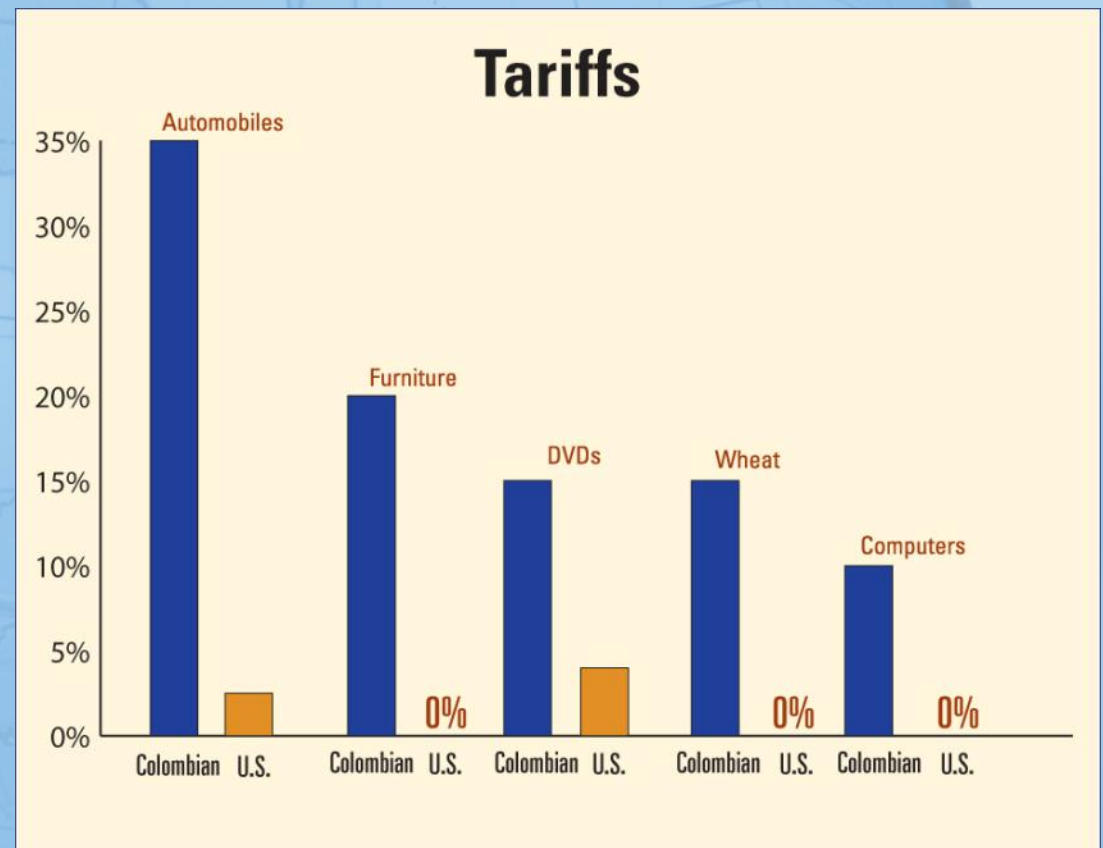
# Myth No. 9

## FTAs are unfair to workers

**False: The U.S. market is already wide open while many foreign markets have high tariffs**

FTAs aren't the problem—they're the solution!

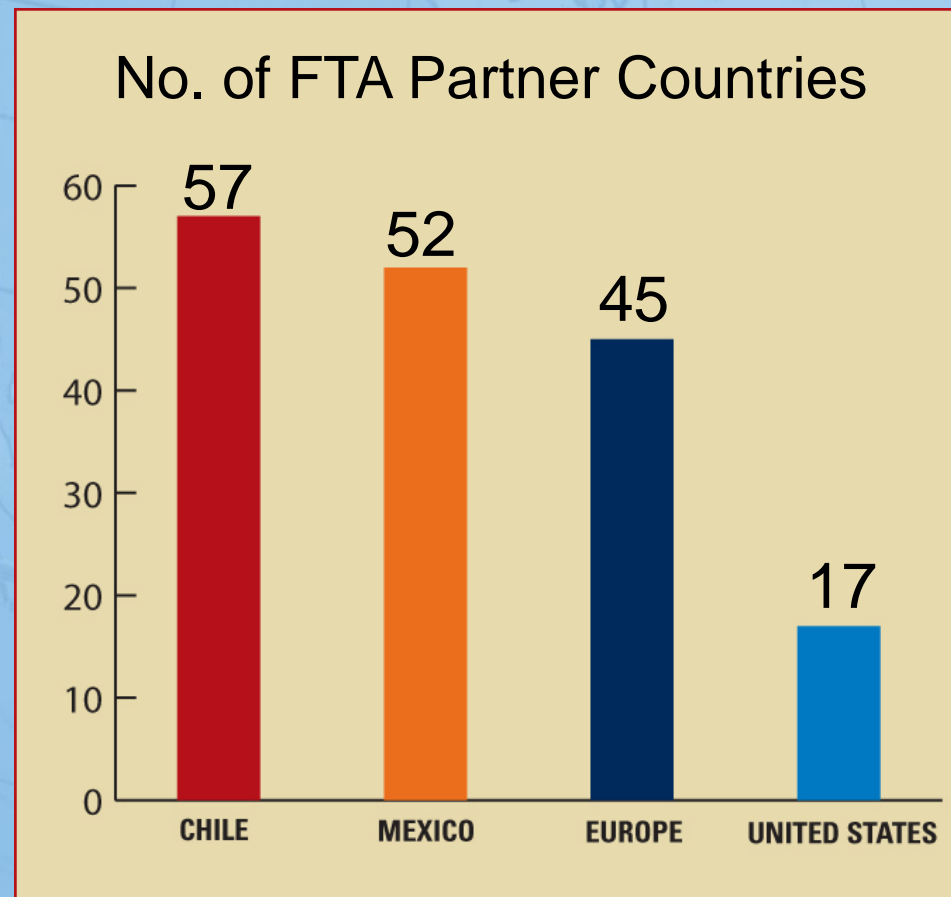
They create a level playing field by ending all tariffs—in both directions.



# Myth No. 10

## The U.S. has too many FTAs

**False: The U.S. has fallen behind in trade agreements**





# The Job Challenge

- **U.S. needs 20 million jobs by 2020**
- **Goal: Double exports within five years**
- **Domestic markets restrained**
- **Foreign markets booming:**
  - 73% of the world's purchasing power
  - 87% of its economic growth
  - 95% of its consumers
- **Exports nearly doubled in 2003-08, rising in 2010-11 at 16-17% annually**



# Illinois Exports

- **Illinois exports topped \$50 billion in 2010, up 20% from a year earlier**
- **Illinois is the 6th largest exporter in the U.S.**
- **Canada and Mexico are top markets, buying 38% of Illinois exports**
- **Over 145,00 Illinois jobs were directly supported by exports in 2010**
- **1,596 foreign firms have invested in Illinois, employing over 250,000 Illinois residents**



# The Export Challenge

- **U.S. market largely open**
  - 9 GATT/WTO rounds opened markets
  - World trade from \$80 billion in 1947 to \$18.9 trillion in 2010
- **Barriers abroad 10-20 times higher**
  - WEF: U.S. ranks 121st of 125 economies
- **Agreements bring barriers down**
- **U.S. FTAs with 20 countries**
  - Export growth 4X as rest of the world
  - Trade surplus

The background of the slide is a blue-tinted image. At the top left, there is a cluster of flags, including the United States flag and several European national flags. At the top right, there is an image of an offshore oil rig. The central and lower portions of the slide feature a large, semi-transparent globe with a grid of latitude and longitude lines.

# U.S. Left Behind

- **>300 FTAs in force, U.S. has 17**
- **100 FTAs under negotiation, U.S. participating in just one of these (TPP)**
- **Europe and Asia moving ahead**



# FTAs Approved!

- **U.S.-Colombia FTA**  
House: 262 to 167  
Senate: 66 to 33
- **U.S.-Panama FTA**  
House: 300 to 129  
Senate: 77 to 22
- **U.S.-South Korea FTA**  
House: 278 to 151  
Senate: 83 to 15



# Illinois Votes

District	Lawmaker	Party	Score	Colombia	Panama	S. Korea
13	Biggert	R	100%	+	+	+
10	Dold	R	100%	+	+	+
14	Hultgren	R	100%	+	+	+
15	Johnson, T.	R	100%	+	+	+
11	Kinzinger	R	100%	+	+	+
16	Manzullo	R	100%	+	+	+
6	Roskam	R	100%	+	+	+
17	Schilling	R	100%	+	+	+
18	Schock	R	100%	+	+	+
19	Shimkus	R	100%	+	+	+
8	Walsh	R	100%	+	+	+
5	Quigley	D	67%	-	+	+
7	Davis, D.	D	33%	-	-	+
12	Costello	D	0%	-	-	-
4	Gutierrez	D	0%	-	-	-
2	Jackson, J.	D	0%	-	-	-
3	Lipinski	D	0%	-	-	-
1	Rush	D	0%	-	-	-
9	Schakowsky	D	0%	-	-	-
Senate	Kirk	R	100%	+	+	+
Senate	Durbin	D	67%	-	+	+



# Trade Politics

- FTAs no longer part of the debate
- **China, China, China**
  - ✓ Our fastest growing major market but...
  - ✓ Concerns about currency, subsidies, etc.
- “End tax breaks for firms that move jobs overseas”

The background of the slide is a blue-tinted collage. At the top left, several national flags are flying on poles. In the top right, an offshore oil rig is visible against a blue sky. The central and lower portions of the slide feature a large, semi-transparent globe with a grid of latitude and longitude lines.

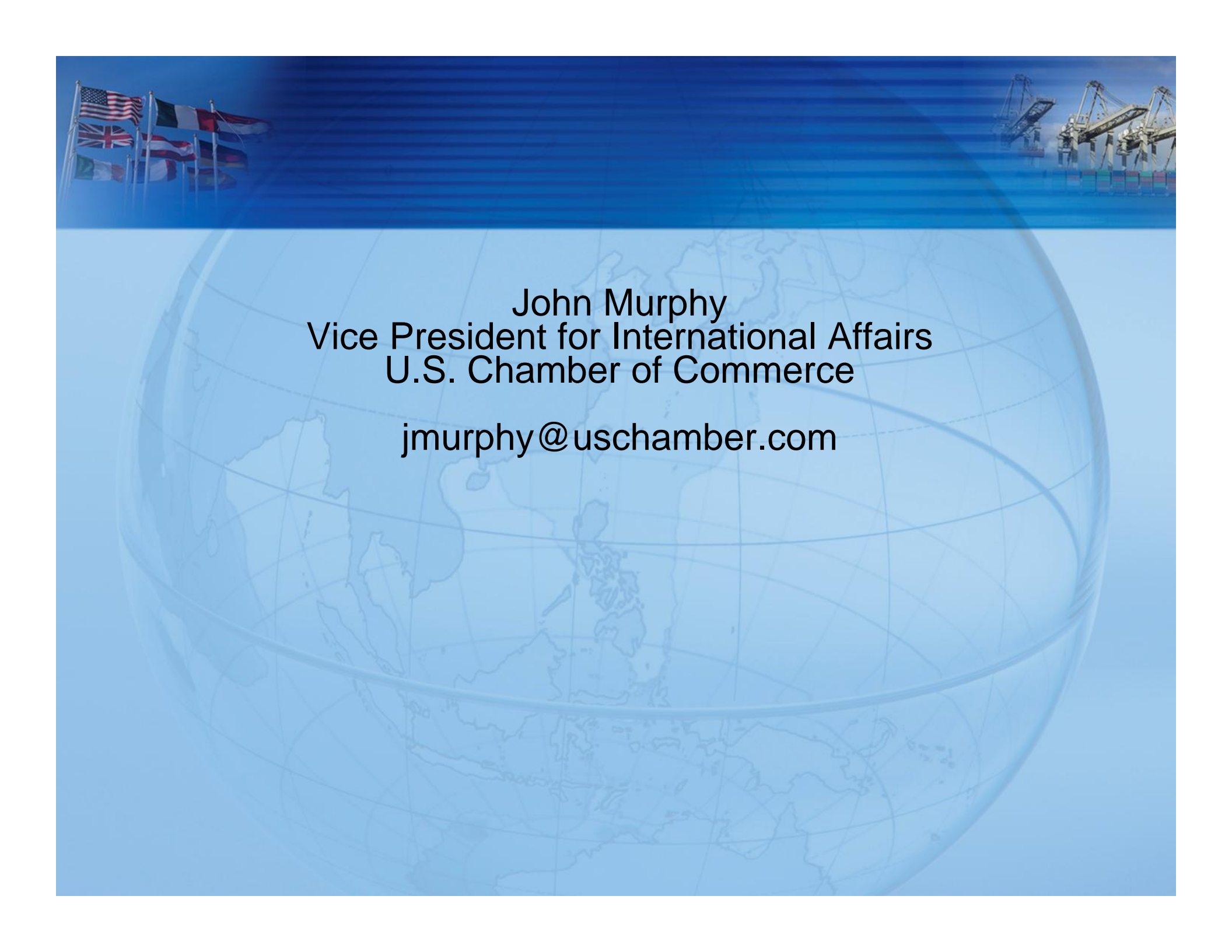
# **Our Agenda: 2012**

- 1) Conclude Trans-Pacific Partnership negotiations**
- 2) Congressional approval of Permanent Normal Trade Relations for Russia**
- 3) Begin building support for renewal of Trade Promotion Authority**
- 4) Secure entry-into-force of the three recently approved FTAs**



# **Our Agenda: 2012 and Beyond**

- 1) Transatlantic Economic and Trade Pact covering goods, regulations, investment, services, and procurement**
- 2) Explore the feasibility of bilateral negotiations for FTAs with Brazil, Egypt, India, and Indonesia**
- 3) Negotiate a plurilateral agreement to further liberalize trade in services through the WTO**

The background of the slide is a blue-tinted image. At the top left, there is a cluster of flags, including the United States flag and several other national flags. At the top right, there is an offshore oil rig structure. The central and lower portions of the slide are dominated by a large, semi-transparent globe showing the outlines of continents and latitude/longitude lines.

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