

## John Murphy

- **Growth abroad**
- Ninety-five percent of the world's consumers, 87% of its economic growth, and 73% of its purchasing power resides outside U.S. borders.
- Last September, the U.S. Chamber set a national goal of doubling U.S. exports in the next five years.
- We were pleased President Obama echoed that goal in his State of the Union address in January.
- So, what is standing in the way of our achieving that shared goal?
- First, countries all over the world continue to raise protectionist barriers to tilt the playing field to their advantage, favor domestic industries, and keep markets closed.
- Second, U.S. trade policy seems stuck in a state of suspended animation. There's been a lot of good talk—but precious little action.
- Let's take these one at a time

- The WTO has found that new protectionist measures enacted since the financial crisis began cover just 1% of world merchandise trade.
- But it has done little to gauge the impact of “behind the border” measures that countries around the world are deploying at an alarming rate.
- The playing field is not level. In fact, since the financial crisis, the playing field has become even more unlevel.
- At the forefront of the Chamber’s concern is the resurgence of economic nationalism and state-owned enterprises, which are then bestowed with preferential treatment that puts foreign enterprises at a disadvantage.
- China, for instance, is using industrial policies and an array of regulatory tools to foster national champions and promote the transfer of technology and innovative capacity to its country.
- China is pleased to purchase raw materials from copper to soybeans from South American countries, which have secured real benefits from such exports.
- But Chinese policies are making it harder and harder to sell value-added, innovative products in the Chinese marketplace.

- Other countries are also engaging in economic nationalism.
- India, for example, is slow walking moves to open up its markets for services, retail, insurance, and express delivery services.
- The Japanese government has dropped proposed reforms of Japan Post—a massive government-owned enterprise that provides insurance, banking, and express delivery services—which enjoys unfair regulatory advantages over its private competitors, both domestic and foreign.
- Nearly 90% of the world’s proven oil reserves are in countries where exploration and production are dominated by state monopolies.
- And how did Brazil respond to its large new offshore oil find? By laying plans for a new state-owned company to control it.
- **Obstacles at Home**
- This array of obstacles facing American exporters and investors abroad raises a critical question: How should we respond?
- First, we must NOT respond by closing our own markets. There’s just too much at stake.

- Even with all the obstacles, the United States is still the world's largest exporter of goods and services. One in four factory jobs depends on exports, and one in three acres is planted for hungry consumers abroad.
- An example of one way not to respond was the Buy American provisions in the 2009 Recovery Act. These provisions delayed shovel-ready infrastructure projects as local governments sought legal advice on how to comply.
- Because other countries retaliate with “buy national” policies of their own, such measures are much more likely to destroy jobs than create them.
- Rather, the United States needs a smarter, bolder, and more comprehensive approach—one that opens markets and expands trade and investment.
- It all starts with our need for a robust trade expansion agenda built on ratifying and negotiating trade and investment agreements across the globe.
- Regrettably, we do not have such an agenda today. The reason why is as clear as it is indefensible. Organized labor spent in excess of \$400 million in the last election to help elect the current administration and congressional majority.

- And for reasons that defy logic or common sense, they vehemently oppose the very policies that could create millions of new jobs for American workers.
- As so, as the rest of the world races to complete new deals, America is being locked out and left behind.
- According to the WTO, there are 262 free trade agreements in force around the globe today, but the United States has just 11 FTAs covering 17 countries.
- The United States also badly lags its trade competitors in the race to open foreign markets through investment treaties.
- Germany, China, and Britain each have investment treaties with 100 or more nations, while the United States has them with just 40.
- It is especially inexcusable for Congress and the administration to be sitting on three excellent FTAs—with Colombia, Panama, and South Korea.
- Six months ago, the U.S. Chamber released a study which warned that 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 Colombia and South Korea agreements while the EU and Canada went ahead with theirs.

- Unfortunately, this scenario is already unfolding. The EU signed its FTAs with Colombia and Panama last month. The EU concluded negotiations for an FTA with South Korea last November. Canada's parliament is poised to give final approval to an FTA with Colombia any day now.
- I could go on — in fact, there are more than 100 negotiations of FTAs underway today. Of these, the United States is at the table in just one.
- Particularly galling is that the United States is giving the back of its hand to President Uribe and the people of Colombia ... good friends and critical regional allies who have courageously—and at great cost—stood up to the drug lords in order to reclaim their country.
- To rebut the critics, the Chamber released a new study last month looked at our FTAs implemented over the past 25 years covering 14 countries.
- Here's what we found: the FTAs created 5.4 million American jobs. The overall trade relationship with those 14 countries supports a grand total of 17.7 million American jobs.
- U.S. trade with Chile sustains more than 270,000 U.S. jobs, of which 44,000 are directly attributable to the increased trade generated by the bilateral FTA.

- I defy anyone to name another budget-neutral government initiative that has generated anything like this number of jobs.
- If the United States doesn't act, not only will we miss out on opportunities to create new jobs, we will lose existing jobs as well. How can Congress, the administration, and the unions sit by and allow this to happen?
- **The Path Forward—Other Vital Steps**
- There's more the United States must do.
- We must not give up on Doha, no matter how many obituaries are written. A global pact covering goods, agriculture, and services is essential to the goal of opening markets and leveling the playing field for the United States.
- Regional pacts also hold promise—especially a Trans Pacific Partnership agreement and other arrangements designed to expand our presence in the Asia-Pacific region, which boasts the world's fastest growing economies.
- We must work with allies around the globe to combat economic nationalism. We must also resist economic isolationism at home.

- We need to do a better job promoting exports. More than 280,000 U.S. small and medium-sized companies export, and they account for nearly a third of U.S. merchandise exports. Even so, 99 out of every 100 U.S. small companies don't export—and we need to change that.
- Finally, we need to get our own house in order to compete globally.
- Fiscal discipline is critical. Runaway entitlement spending may be the biggest challenge—domestic or international—that our country faces.
- In addition, poor K-12 education systems, inadequate infrastructure, and high U.S. corporate tax rates all erode the global competitiveness of U.S. companies. The Chamber is working to forge positive solutions to these challenges.
- **Conclusion—A Call for Leadership**
- In conclusion — trade is recovering. Booming economies around the globe beckon.
- The U.S. business community could be doing a lot more to create jobs, lift people out of poverty, raise living standards, and foster greater understanding and stability among nations, if only our government and political leaders would let us.

- In the World Cup of trade, we've been sitting on the sidelines too long. It's time to get back into the game.
- Thank you very much.

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