

The U.S. Chamber's Plan to Double Exports

We need an aggressive strategy to open markets and compete in the new global economy. Our goal should be nothing less than to double U.S. exports around the world within five years.

Senior administration officials acknowledge that boosting exports will play a critical role in America's economic recovery. The rationale is clear. The American consumer's credit cards are maxed out. The same is true for the federal government.

Can we do it? Absolutely — we've done it before, or nearly. U.S. exports rose 78% over the past five years.

Here's what that strategy must include:

First, reduce barriers and improve access for American goods and services in new and promising markets.

From a business perspective, the foremost goal of trade policy should be to tear down foreign barriers to U.S. exports. Those barriers are alive and well — and they pose a major competitive challenge to U.S. industry and agriculture.

In July, the World Economic Forum issued its annual Global Enabling Trade report, which ranks countries according to their competitiveness in the trade arena. One of the report's several rankings gauges how high the tariffs are that a country's exporters face.

Leading the pack as the country whose exporters face the lowest tariffs globally is Chile, with its massive network of free trade agreements with more than 50 countries around the globe.

While the report found the United States did well in a number of areas, we ranked a pathetic 114th out of 121 economies in terms of "tariffs faced" by our exports overseas. In other words, American exporters face higher tariffs abroad than nearly all our competitors.

From the pragmatic perspective of the business community, when you need to drive a screw, you grab a screwdriver. When you need a wrench, you grab a wrench.

And when you want a foreign government to open its market to American exports, the only way the U.S. government has gotten the job done is by negotiating a reciprocal trade agreement, bilaterally, regionally, or best of all, multilaterally.

This means we must approve the trade agreements with Colombia, Korea, and Panama. It means successfully concluding the Doha Round, which could boost the worldwide economy by \$700 billion. These agreements are the best way to level the playing field—to make trade fair for Americans.

Not only that, more than 100 bilateral and regional trade negotiations are currently under way among our trading partners—without us. This “FTA Fever” is particularly strong in Asia, where the opportunities presented by the region’s economic growth are huge.

But the risk of the United States being excluded from Asia’s emerging trade architecture is also high. Does it make any sense for the United States to sit on the sidelines while all this is happening?

Indeed, we should go beyond the deals that are already in the pipeline. Congress must give President Obama the authority he needs to negotiate new agreements to open foreign markets.

Second, we need to get tough about enforcing existing agreements. That’s what a rules-based trading system is all about. The WTO system and its enforcement mechanisms provide important safeguards for all signatories.

But our trade agreements aren’t worth the paper they’re written on if we don’t act to enforce them. There’s no need to apologize for a tough approach to trade enforcement.

Those of us who appreciate the benefits of trade know we must respond to foreign governments’ unfair trade practices. In other words, when foreign producers “dump” goods in the U.S. market or subsidize their exports, it’s entirely appropriate to apply anti-dumping or countervailing duties.

The third part of our strategy to expand trade involves bringing tens of thousands of new companies into the exporting business. More than a quarter-million small and medium-size companies already export—and they account for nearly one-third of all U.S. sales abroad.

With advances in global logistics, Internet communications, and service providers such as Fed Ex and UPS, smaller companies now have tremendous opportunities to sell to foreign markets.

Government has a role to play in helping these companies get the tools, training, financing, and partners that they need to sell overseas. A recent World Bank study found that each dollar increase in export promotion expenditures brought a 40-fold increase in exports.

The U.S. Chamber has proposed to double federal expenditures on export promotion, with a focus on small companies’ exports. The federal government already spends twice as much promoting agricultural exports as it does exports of manufactured goods. We need to do more to help our manufacturers.

Showing how smaller companies can gain from trade would also help build political support for international trade.

Fourth, we need more focused and coordinated leadership from those government agencies that have been tasked with promoting exports and representing America's commercial interests in foreign markets. Leadership for this effort should come from the White House and from the Secretary of Commerce, who chairs the long-standing Trade Promotion Coordinating Committee.

Never heard of it? This committee is a good idea that has never lived up to its potential. Its job is to coordinate the export promotion efforts of the U.S. government—from USDA and the Export-Import Bank to the Foreign Commercial Service.

Only when all these agencies work together on a common strategy can we expect them to succeed. The business community must be an active partner in this effort.

This support is particularly critical in emerging markets. Recovery and growth in Canada, Mexico, and Europe are essential to our goal of expanding exports. Yet, increasingly, American jobs will be tied to markets such as Brazil, Russia, India, China, and the booming economies of APEC, which the United States will host in 2011.

Finally, we need stronger trade leadership from the administration. The Obama administration will be stuck playing defense against protectionist proposals such as “Buy American” until it devises a forward-looking trade agenda of its own.

The president has said many of the right things about trade. He has appointed a good man as U.S. Trade Representative. But while he has taken on other tough issues with enthusiasm, his administration seems to be hesitant when it comes to trade.

Former President Bill Clinton showed that it is possible to be a politically successful Democratic president and be pro-trade. It took courage, and it paid off for the country, the American people, and the economy.

We cannot let this become an era of protectionism. A trade war would further destabilize an already shaky world economy. A constant drip-drip-drip of protectionist measures will slowly but surely erode world trade and its tremendous benefits. We must all be forceful advocates for an open and robust world trading system.