How Trade and Trade Agreements Help Manufacturers Grow

To grow manufacturing and jobs in the United States, manufacturers must become more—not less—engaged in the global economy. Manufacturers must trade to reach the world's consumers and become more competitive. Manufacturers must trade to build our future.

Trade Helps Manufacturers Grow by Selling to the World's Consumers

While America has the largest single domestic consumer market, we have only 5 percent of the world's population and about 15 percent of global purchasing power. Selling only to U.S. consumers is no longer an option for many manufacturers.

Trade enables manufacturers to do the following:

- Reach the 95 percent of the world's consumers living outside our borders.
- Compete in a more than $12 trillion global marketplace for manufactured goods. While manufacturers in the United States made more than $1 trillion of those sales, there remain huge untapped opportunities for America to grow its share of global manufacturing trade.

American exporters face higher tariffs than most other major countries around the world. Trade agreements can help us level that playing field.

- Grow their business, whether big or small. Approximately 293,000 small and medium-sized businesses are already involved in trade and exports.

Trade Agreements Supercharge Manufactured Goods Exports

Free trade agreements (FTAs) are contracts between countries that set the rules for the exchange of goods and services. FTAs seek to do the following:

- Eliminate discrimination and other barriers against foreign goods and services. American exporters face higher tariffs than 129 other countries, in large part because we don't have the trade agreements that eliminate them.
- Eliminate special advantages that one country gives to its own producers.
- Set in place rules to provide transparency in government action and protections for intellectual property rights and to promote fairness.
- Create mechanisms to ensure that governments keep their promises.

FTAs have supercharged U.S.-manufactured goods exports. Our 20 FTA partners purchased nearly half of total U.S.-manufactured exports in 2014. Those 20 countries account for only 6 percent of the world's population and 9 percent of global GDP.

Exports to these countries expanded more rapidly than overall exports, which were up by more than $241 billion since 2009.

FTA Partners: Australia; Bahrain; Canada; Chile; Colombia; Costa Rica; Dominican Republic; El Salvador; Guatemala; Honduras; Israel; Jordan; Korea; Mexico; Morocco; Nicaragua; Oman; Panama; Peru; and Singapore.

When markets are open and the playing field level, manufacturers in the United States succeed.

Nearly 50 percent of U.S.- manufactured goods exports go to just 20 countries—the countries with which the United States has negotiated FTAs.

New Agreements Offer Potential for Increased Opportunities

- The United States concluded the Trans-Pacific Partnership (TPP) trade agreement to open markets with 11 Asia-Pacific nations: Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. For more information on the TPP, visit www.shopfloor.org/2016/01/nams-itc-testimony-on-tpp-readers-digest-version.
- In July 2013, the United States began negotiations with the 28-country European Union known as the Transatlantic Trade and Investment Partnership. Those talks could produce the largest FTA, covering more than 40% of the global economy.

America needs trade to build our economy and make our manufacturers stronger. We need trade agreements and policies to eliminate foreign trade barriers—both import taxes (tariffs) and barriers to accessing foreign markets. We need trade agreements and policies to extend U.S. standards that will promote U.S. competitiveness in research and development, advanced manufacturing and intellectual property.