

Trade Helps Level the Playing Field and Make Sure Countries Play by the Rules

Manufacturers in the United States are most successful when our trading partners agree to play by the same rules—to treat our products fairly, not to provide their country’s producers special advantages and to respect basic property, regulatory and transparency standards. While most of the world’s countries have agreed to a basic set of trade rules, stronger and more detailed rules are required to level the playing field and make our manufacturers even more competitive.

The Basic World Trade Rules

Following World War II, the United States joined with 27 other countries to create the basic rules of the trading system (the so-called General Agreement on Tariffs and Trade or GATT). These basic rules continued to be improved, and in 1995, the United States joined with other countries to form a new organization—the World Trade Organization or WTO—that put into place stronger rules requiring all 160 member countries:

- Ⓞ Not to discriminate against foreign goods;
- Ⓞ Not to provide unfair subsidies and advantages to their local producers;
- Ⓞ To respect and enforce basic intellectual property rights;
- Ⓞ Limit import tariffs to negotiated levels, oftentimes based on each country’s level of economic development; and
- Ⓞ To pay penalties if they refuse to keep their promises.

Efforts to expand these rules for all WTO members and eliminate tariffs and other barriers in the “Doha” negotiations have unfortunately stalled.

Free Trade Agreement (FTA) Rules

The United States also has negotiated even more detailed and stronger rules with its 20 FTA partner countries. These FTA contracts have supercharged U.S. exports to those markets by

Trade Rules in Action—WTO as Rules Enforcer

Since the creation of the WTO in 1995, more than 460 cases have been brought. The United States has brought more than 100 cases and has won or successfully negotiated many of them.

For example, the United States has used the WTO to make sure that:

- Ⓞ China stopped discriminating against U.S. automobile parts;
- Ⓞ South Korea stopped imposing nonscientific barriers to certain food products;
- Ⓞ A wide number of countries, from Portugal, Pakistan and Sweden to Brazil, Greece and Denmark, provide better protection for U.S. intellectual property; and
- Ⓞ China eliminates additional tariffs on U.S. steel exports.

Tools to Safeguard U.S. Producers

As the United States and manufacturers seek new agreements that will eliminate barriers overseas, the United States maintains in place key rules to safeguard our producers from unfair actions overseas, including the following:

- ⊕ *Trade Remedy Rules*—To provide for extra tariffs to be imposed on certain imports found to be subsidized or sold at unfairly low prices into the U.S. marketplace when such imports threaten or cause injury to domestic producers
- ⊕ *Safeguard Rules*—To provide for the imposition of additional tariffs in the case of import surges that cause serious injury to the U.S. industry
- ⊕ *Intellectual Property Rules*—To exclude certain imports from entering the U.S. market when those goods have been found to infringe on intellectual property rights established in the United States
- ⊕ *Domestic Laws and Regulations*—To apply the same rules on foreign goods and companies as applied domestically, including product safety and competition rules

requiring partner countries to meet higher standards, including to:

- ⊕ Eliminate all import tariffs within a certain time (usually within 10 years, but most such tariffs are eliminated immediately);
- ⊕ Open up markets to all services and investment, unless explicitly exempted;
- ⊕ Provide better protections for intellectual property;
- ⊕ Maintain more transparent regulatory systems; and
- ⊕ Protect foreign investors' property and investments.

Like the basic WTO rules, FTAs also include binding enforcement rules to guarantee that each country's promises are kept or that penalties are imposed.

Expanding the Rules of Trade

While past trade agreements have been able to address many key barriers, many other barriers and foreign government practices are not regulated. To expand our trade and the benefits that trade brings to manufacturers in the United States, we need to see new agreements that will require all countries to play fairly, to open their markets and to adopt key rules on intellectual property, transparency, science- and risk-based regulation and private property protections.