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### **Obama needs to go further on trade**

By Peter M. Robinson - 08/10/10 04:05 PM ET

President Obama recently introduced the new members of his national export council, headed by the CEOs of Boeing and Xerox, and charged them with helping achieve his ambitious objective of doubling U.S. exports within five years. He rightly observed that, with 95 percent of the world's consumers outside our borders, we can't have a decent or lasting economic recovery without trade.

Doubling exports is a laudable goal, and the private sector is committed to working closely with the administration to achieve it. But one has to ask: Where will all these new exports come from?

Part of the growth will occur naturally, as trade recovers from a severe contraction following the 2008 financial shocks. U.S. exports declined 15 percent in 2009, but global recovery has helped us to recoup that fall-off during the first half of 2010. As economic activity returns to more normal levels throughout the world, trade and investment should continue to rise.

But it's not enough to just get back to where we started. To create lasting prosperity, we need to work harder, much harder, to open markets overseas, while resisting the temptation to retreat into economic isolationism at home.

The president has called for the swift completion of pending free trade agreements with Korea, Panama and Colombia. This is an important and courageous step, given the strong opposition to these agreements from trade critics. Completing the trade pacts will provide an immediate, pain-free stimulus to our economy. If the past is any guide, once the U.S. implements them, exports should rise significantly, and our trade balance with each country will improve. (In the case of Colombia and Panama, many of their products already enter the U.S. duty-free. Why wouldn't we want similar treatment?)

Important as these bilateral agreements may be, however, they're not nearly enough. While we have dithered on trade, other nations have moved ahead, with the European Union recently concluding a trade pact with Korea, and even erstwhile foes like China and Taiwan agreeing to free up trade.

We must move aggressively to negotiate new bilateral trade deals and regional accords like the proposed Trans-Pacific Partnership. We need new bilateral investment treaties to ensure our companies are treated fairly in foreign markets. Most importantly, we need to complete long-stalled global trade talks to help secure a lasting recovery.

At the recent G-20 Summit in Toronto, leaders from the world's major economies backtracked from their earlier pledge to complete the Doha trade round by the end of this year. This is an enormous lost opportunity. A balanced, ambitious and comprehensive Doha agreement would benefit U.S. exports in key sectors and would provide a tremendous boost to global economic confidence, at a time when unease over public-sector deficits in Europe is threatening to send us into a "double-dip" recession.

As for resisting protectionism, our record, and that of other countries, is decidedly mixed. A new report from the International Chamber of Commerce reveals "alarming" levels of trade protectionism in the G-20 countries. Russia, the U.S., India, Argentina and Brazil are the five most protectionist countries, based on measures implemented in 2008-2009 and those "in the pipeline."

Such measures, designed to save jobs, are almost always counter-productive. It's estimated that the 43,000 jobs that the U.S. government claims to have been saved by our "Buy American" legislation will be offset by the loss of over 200,000 jobs as the result of foreign emulation or retaliation.

It also doesn't help when trade critics routinely badmouth overseas investment by American companies as "shipping jobs overseas." Foreign investment, like trade, creates jobs – both at home and abroad – and its net benefits tend to accrue to large and competitive economies like the United States. American multinational companies account for nearly half of our overall exports. What's more, for every job created abroad by an American company, two are created here at home, and the jobs created in the U.S. tend to be better paid and higher skilled.

So there's a lot to do if we want to double our exports within five years and secure a lasting economic recovery. Passing the three pending free trade agreements is a good start. But there's more, lots more, on the trade agenda. American business is ready. Let's get moving.

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