



Joint Economic Committee

Republicans

Representative Kevin Brady
Vice Chairman

NEWS RELEASE

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STATEMENT OF VICE CHAIRMAN KEVIN BRADY

Manufacturing in the USA: How U.S. Trade Policy Offshores Jobs?

Washington, DC – Chairman Casey, thank you for convening this important hearing.

It is long past time to debunk the myth that the economic freedom to trade leads to offshoring of U.S. jobs. The facts are just the opposite. It is the absence of an aggressive, pro-active trade agenda that leaves America falling behind its global competitors and places our manufacturers at a severe disadvantage when competing for the 95% of the world's consumers that live outside our borders.

For American manufacturing, trade means jobs. America is the third largest exporting nation in the world, and our share of global manufacturing has essentially held steady through the past 30 years. The concern is that our share of the world's market in manufacturing has declined significantly while the Chinese share has exploded upward.

If you examine what America sells and ships overseas, it is manufacturing that accounts for the bulk of U.S. sales abroad. Much of those sales are in advanced technology and capital goods such as computers, electronics, scientific instruments and aerospace equipment – along with chemicals, oil and coal, machinery and equipment critical to the production of finished products. These are high value items, creating high paying jobs and requiring high-value research and development.

Trade is important to American workers. Not only is one of every five American manufacturing jobs tied to sales overseas, workers in the most trade competitive industries earn an average compensation package of \$86,000 a year – which is nearly fifty percent higher than they would earn in the least trade-competitive industries, according to a report by the National Association of Manufacturing.

Thanks to technology, communications and the internet, more and more small- and mid-sized manufacturing firms in America are competing successfully in the global market.

Make no mistake, the world has changed. It is no longer enough to simply “Buy American”. To grow jobs and remain the world's largest economy we must “Sell American” as well. Yet when American manufacturers compete around the world they often find themselves at a disadvantage – victims of an isolationist trade agenda in Congress and saddled with significantly higher product costs due to excessive regulation and an increasingly outdated tax code.

The bottom line is that America is falling behind. While for the past four years Congress has removed America from the global trading field our competitors in Europe, China and the western hemisphere have not. They've taken smart advantage of America's benching itself to the sidelines and established trade agreements that lock in growing overseas markets and lock out American manufacturers.

Today there are 238 bilateral or regional free trade agreements in force around the world. The United States is a party to a mere 11.

Today our competitors are negotiating more than 100 market-opening trade agreements. The United States is currently participating in only one: the Trans-Pacific Partnership.

If we want our manufacturers to secure new customers and create new jobs here at home we must get America back on the trade field, fighting for a level playing field so our manufacturers can compete and win.

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That can't happen as long as the White House continues to delay submitting the three pending agreements with South Korea, Colombia and Panama. These countries already sell many of their products into America with low or no border taxes. It's time to turn this one-way trade into two-way trade and secure an estimated \$13 billion of new sales for American manufacturers, agricultural businesses, and service companies.

Every day we delay hurts our manufacturers. Europe, China and Canada have moved aggressively to enter into their own trade agreements with these countries in order to land customers and contracts in these growing economies – They take market share away from American companies as we speak.

There is bi-partisan support for these sales agreements today. We can pass these agreements today. As the President is fond of saying these days, send Congress these agreements so we can “pass these bills now.”

As long as the White House delays and our global competitors bolster their economies through free trade agreements, we should not be surprised if both American and foreign manufacturers decide to build new factories and create new manufacturing jobs outside of the United States.

Trade isn't the cause of off shoring jobs – it's the antidote. Landing new customers overseas, making our tax code competitive, and reducing the price disadvantage from excessive regulation and mandates will strengthen the hand of America's local manufacturers and create good paying jobs here at home.

Final point: It's time to stop blaming trade agreements for the loss of manufacturing jobs in America.

Technological breakthroughs over the past two decades have made American companies more productive – like many countries we are manufacturing more with fewer workers.

The need at times to locate manufacturing facilities overseas is not a function of trade agreements, but the need to be closer to the customers – to successfully compete against Europe, China and the rest of the world for these sales. An estimated 95% of the products produced in U.S. manufacturing overseas are for customers overseas. Absent a trade agreement with the host country, this may be the only competitive choice remaining for our companies.

Why aren't we making a concerted, bi-partisan effort to restore America's business climate so that American companies are no longer economically punished for locating their manufacturing facilities where the innovation is occurring?

And while it does not fit on a bumper sticker, the fact is that America is running a manufacturing trade surplus with our trade agreement partners – yes a surplus, yes in manufacturing - even with our NAFTA partners. That's because when you level the playing field and play by the same rules, American manufacturing and its workers win.

Our manufacturing trade deficit is wholly with countries with which we do not have a trade agreement. This is because our competitors have signed trade agreements in these markets, and we have left our companies to face tariffs five times higher than these countries face when selling into the United States.

It's time to stop blaming everyone else and time to start leading again on trade.

Mr. Chairman, I look forward to the testimony today.

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