Testimony of James R. Copland III
Chairman, Copland Industries/Copland Fabrics
Burlington, NC

U.S. House of Representatives Committee on Science and Technology
Subcommittee on Investigations and Oversight

May 22, 2008 Hearing Titled,
"American Decline or Renewal? – Globalizing Jobs and Technology"

Introduction

My name is Jim Copland and I am the Chairman of Copland Industries/Copland Fabrics, a company located in Burlington, North Carolina. Copland Industries/Copland Fabrics is a textile company whose main business historically serviced the home furnishings industry in the United States. We manufactured fabrics for curtains, draperies and blinds among other home furnishing products. Due to the U.S. home furnishing market being overrun by imports, especially by those of the subsidized variety from China, employment at Copland Industries/Copland Fabrics has fallen from more than 1,000 in recent years to less than 300 and we have been forced to exit many of our traditional business markets.

To give you an example of the one of the competitive challenges faced by Copland Industries/Copland Fabrics, in the man-made fiber curtain and blinds tariff lines not included in the U.S.-China textile bilateral agreement due to expire at the end of this year, U.S. imports from China exploded by 6,912 percent, jumping from 845,000 kilograms in 2001 to 59.265 million kilograms in 2007.[1] China accounted for almost 107 percent of the total U.S. growth in imports for those products during the time period, meaning the rest of the world actually lost U.S. import market share. In 2007, China held a 90.2 percent U.S. import market share for man-made curtains and blinds not under quota compared to a 7.7 percent market share in 2001. A flood of imports from China in products like the ones for which we used to make fabric is one of the main reasons why my home town of Burlington has lost nearly 40 percent of its manufacturing jobs since 2001, making it the hardest hit metro area for manufacturing job loss in North Carolina.[2]

Copland Industries/Copland Fabrics also is a member of the American Manufacturing Trade Action Coalition (AMTAC), a lobbying organization dedicated to preserving and promoting domestic manufacturing. On May 1, 2008, my son Jason Copland, CEO of Copland Industries/Copland Fabrics, participated in a conference call press event where AMTAC released a comprehensive report on North Carolina jobs and manufacturing that provides the basis for much of the following testimony.

The two main points I want to drive home are these: (1) the U.S. government's uncompetitive manufacturing **policy** is responsible for much of the steep decline in manufacturing employment and investment that significantly is hindering economic growth in the United States and in my home state of North Carolina and hurting working people; and (2) U.S. manufacturing will continue to suffer unless Congress and the Bush Administration intervene with policies that encourage rather than discourage manufacturing investment in the United States – and the first policy step in this direction is countering the predatory trade practices of China and other countries.

---

[1] Source: U.S. Office of Textiles and Apparel
[2] Source: U.S. Bureau of labor Statistics

If the United States comprehensively were to address its manufacturing competitiveness policy problems, domestic manufacturers likely would rebound strongly. This is because only the most efficient, productive, nimble, and innovative companies have been able to survive the severe manufacturing economic downturn since 2001.

But let me be clear. As long as the current status quo on the U.S. government's manufacturing policy continues, the United States will have much more difficulty ameliorating the pain an economic recession will inflict on its citizenry in a timely manner. To wit, the 2006 U.S. Department of Labor study of the 1.085 million U.S. manufacturing workers who were displaced between 2003 and 2005 from jobs that they had held for three or more years showed that only 64.5 percent of those workers gained reemployment and that just 20 percent of them found a job that paid better than the one they lost.[3]

Record Debt Stimulus Should Have Created Booming Domestic Manufacturing Sector

U.S. manufacturing is mired in the midst of a crisis unprecedented since the Great Depression. Deeply flawed U.S. trade policy toward domestic manufacturing is the single most important root cause of the illness, undermining U.S. manufacturing competitiveness on a global basis.

Absent a rational U.S. trade policy, U.S. manufacturing should be experiencing the best of times. Consider the following. Since 1950, U.S. Gross Domestic Production (GDP) has grown 550 percent in inflation-adjusted terms[4] while the U.S. population has doubled from 150 million to 303 million. Since 1990, U.S. GDP has grown by a little more than 50 percent in inflation-adjusted terms while the U.S. population has increased by 54 million.[5]

Moreover, the percentage of U.S. GDP used for consumer consumption has been above 70 percent in each of the previous six years.[6] Noting this figure, it should not be surprising that U.S. household and federal government debt has skyrocketed to unprecedented levels. Together, household and federal debt almost have doubled over the past seven years, soaring by $10.4 trillion to reach $23.1 trillion, an amount 64 percent larger than the entire Gross Domestic Product (GDP).[7] In comparison, total U.S. household and federal debt was 27 percent larger than GDP at the end of 2000. While the current record debt level is the basis for the debt crisis that now has plunged the United States into a new and possibly severe recession, in recent years it should have served as the greatest stimulus to U.S. manufacturing since the need for production to fight and win World War II.

Instead, the United States by far suffered its slowest seven-year job growth since the demobilization following World War II. Although the U.S. Census Bureau estimates that the U.S. population grew by 6.9 percent, expanding by 19,622,932 people from 283,946,833 on January 1, 2001 to 303,569,765 on January 1, 2008, the United States added only 5,587,000 jobs for a seven-year employment increase of 4.2 percent, growth far short of the 9,140,000 job creation figure necessary to maintain employment participation rates at January 2001 levels. The U.S. manufacturing sector suffered even worse, losing 3,361,000 jobs.

Additionally, annual inflation-adjusted U.S. GDP growth has been weak, averaging just 2.55 percent per year for the seven-year period ending in 2007.

Indicators of the National Manufacturing Crisis

Rather than showing strong gains in employment, capacity, output, and investment that normally would be expected in an economy experiencing the level of consumer stimulus that the United States has seen in recent years, the evidence instead demonstrates that U.S. manufacturing has slumped severely.

Last year, the United States ran a trade deficit of $708.5 billion, including a $498.9 billion deficit in manufacturing goods. The cumulative numbers even are more troubling. Since 1980, the cumulative U.S. trade deficit is $6.365 trillion, with manufacturing goods accounting for $5.249 trillion of that figure. Of even greater concern, almost 59 percent of that trade deficit in manufactured goods, $3.08 trillion, has been accumulated since 2001. Even the U.S.

---

[3] Source: U.S. Department of Labor. See: http://www.bls.gov/news.release/disp.t07.htm
[4] Source: U.S. Bureau of Economic Analysis.
[5] Sources: U.S. Bureau of Economic Analysis and U.S. Census Bureau.
[6] Sources: U.S. Department of Commerce, U.S. Bureau of Economic Analysis, and MBG Information Services.
[7] Sources: U.S. Department of the Treasury, U.S. Department of Commerce and MBG Information Services.

dollar's 24.2 percent fall against the U.S. Federal Reserve Board's price-adjusted "Broad" Index of world currency values since January 2002[8] has failed to increase U.S. exports enough materially to stanch the trade red ink.

The United States cannot continue to withstand the problems associated with a runaway trade deficit indefinitely. But don't just take my word for it; others agree:

- "The present level of the current account deficit is enormous, it is unprecedented and I believe it is unsustainable."
  - Martin Feldstein, Professor of Economics at Harvard University, former Chairman, Reagan Council of Economic Advisors

- "[T]he United States must now attract almost $7 billion of capital from the rest of the world every working day to finance its current account deficit and its own foreign investment outflows."
  - C. Fred Bergsten, Director, Institute for International Economics

- "[O]ur trade deficit has greatly worsened, to the point that our country's "net worth," so to speak, is now being transferred abroad at an alarming rate. A perpetuation of this transfer will lead to major trouble."
  - Warren Buffet, Chairman, Berkshire Hathaway

So, how can it be that the United States, a country that possesses the most sophisticated industrial complex in the world, spends billions on research and development and product innovation, and has one the world's most advanced transportation, communication, and higher educational infrastructures, cannot run a trade surplus in virtually any manufacturing sector?

2007 U.S. Trade Deficits in Key Manufacturing Sectors

- $ 115.7 billion in vehicles
- $ 105.1 billion in TVs, VCRs, and other electronics
- $ 88.9 billion in textiles and apparel
- $ 71.9 billion in computers and office machines
- $ 44.4 billion in "Advanced Technology Products"
- $ 28.8 billion in furniture and parts thereof
- $ 16.9 billion in iron and steel mill production
- **$ 498.9 billion in all manufactured goods**

Source: U.S. Bureau of the Census and MBG information Services

The reason why the United States runs massive trade deficits in products where free-trade theory posits America should have a comparative advantage is because foreign government intervention negates comparative advantage with value-added tax schemes, manipulated currencies, state sponsored subsidies, lack of protections for intellectual property rights, below market interest rates, and non performing loans that create an absolute advantage for their manufacturers.

These foreign predatory practices often are compounded by other factors such as pennies-per-hour labor, blatant disregard for environmental protection, lack of reasonable labor rights and workplace safety standards, and lack of basic benefits such as health care.

[8] Source: Federal Reserve Board's price-adjusted "Broad" Index of currency values.

Consequently, it should surprise no one that other key economic health indicators for U.S. manufacturing show either an industry in distress or the weakest growth on record in the last six decades.

The U.S. manufacturing sector's inflation-adjusted capital expenditures for plant and equipment have plunged dramatically. The 2006 expenditure amount of $116.6 billion was smaller than each of the amounts for 1978 ($120.7 billion), 1979 (124.2 billion), and 1980 ($129.7 billion), the last three years of President Jimmy Carter's administration. Furthermore, it was considerably lower than the $158.8 billion expenditure peak in 1997.

U.S. Manufacturing Inflation-Adjusted Capital Expenditures for Plant and Equipment 1950-2006

Year	Inflation-Adjusted Expenditures in $ Billions	Year	Inflation-Adjusted Expenditures in $ Billions	Year	Inflation-Adjusted Expenditures in $ Billions
1950	30.5	1969	85.2	1988	107.8
1951	43.9	1970	80.5	1989	125.7
1952	43.7	1971	72.4	1990	128.7
1953	44.1	1972	79.8	1991	122.0
1954	44.5	1973	84.7	1992	128.0
1955	43.9	1974	102.4	1993	122.9
1956	57.9	1975	98.1	1994	130.7
1957	60.6	1976	101.2	1995	145.8
1958	46.6	1977	111.0	1996	156.0
1959	44.0	1978	120.7	1997	158.8
1960	48.0	1979	124.2	1998	158.3
1961	46.0	1980	129.7	1999	153.6
1962	48.4	1981	133.0	2000	154.5
1963	52.2	1982	118.9	2001	140.3
1964	60.1	1983	95.0	2002	118.2
1965	73.7	1984	111.1	2003	105.4
1966	87.3	1985	119.1	2004	104.0
1967	89.9	1986	107.2	2005	113.5
1968	82.7	1987	107.5	2006	116.6

Source: U.S. Census Bureau, Annual Survey of Manufactures (ASM).

Inflation adjusted figures for Year 2000 dollars were calculated using multipliers derived from comparing nominal U.S. GDP published U.S. Bureau of Economic Analysis to inflation-adjusted numbers published by same agency.

Figures from 1992-2006 include expenditures for both new and used plant and equipment. Expenditures on used plant and equipment averaged just more than 4 percent of expenditures from 1992-1996. Figures from 1991 and earlier are for new plant and equipment only.

U.S. manufacturing capacity also has grown at a slower rate in the 2000s than in any of the past six decades. Growth was 50 percent for the 1950s, 63 percent for the 1960s, 38 percent for the 1970s, 25 percent for the 1980s, and 57 for the 1990s. Projected growth for the 2000s has fallen to a mere 16 percent or 1.6 percent per year.[9]

U.S. manufacturing output numbers tell a similar tale as output in the 2000s has grown at a slower rate than in any decade since the 1950s. Output growth was 69 percent for the 1950s, 54 percent for the 1960s, 40 percent for the 1970s, 23 percent for the 1980s, and 56 percent for the 1990s. Projected output growth for the 2000s is an anemic 13 percent or 1.3 percent per year.[10] For the category that covers much of the Copland Industries production, U.S. Textile Mills, output is down 50.4 percent from its peak in December 1997.

[9] Source: Federal Reserve Board, Industrial Capacity, Manufacturing (SIC), Not Seasonally Adjusted.
[10] Source: Federal Reserve Board, Industrial Output, Manufacturing (SIC), Not Seasonally Adjusted.

Finally, U.S. manufacturing employment collapsed between 2000 and 2003 and has yet to recover from the downturn. It now has plummeted to 13.6 million, its lowest level since May 1950 one month prior to the eruption of the Korean War. Employment in the U.S. textile and apparel sectors has been even harder hit, falling from 1,048,300 in January 2001 to 506,200 in April 2008 – a loss of 542,100 jobs and a decline of 51.7 percent.

U.S. Manufacturing Employment in Millions

Figures are for January of each year, not seasonally adjusted.

1950 – 13.122
1955 – 14.939
1960 – 15.559
1965 – 16.044
1970 – 18.254
1975 – 17.115
1980 – 19.132
1985 – 17.680
1990 – 17.648
1995 – 17.133
2000 – 17.179
2005 – 14.142
2008 – 13.632

Source: U.S. Bureau of Labor Statistics

Pollyannas arguing that little is wrong with U.S. manufacturing cite U.S. manufacturing productivity increases as the main reason for employment decline. Although U.S. manufacturing productivity indeed has doubled in recent years, U.S. demand for manufactured goods has tripled. Because U.S. growth in demand for manufactured goods exceeds growth in productivity, the United States should be adding manufacturing jobs instead of losing them if it were maintaining its market.

The real culprit in the loss of U.S. manufacturing jobs is the loss of markets and the loss of domestic markets to offshore producers in particular. Since 1980, U.S. demand for durable manufactured goods has soared nearly 400 percent. U.S. production of durable manufactured goods, however, only has grown by 40 percent of that total.[11] To further illustrate this point, U.S. Business and Industry Council Research Fellow Alan Tonelson conducted a study on import penetration rates for 114 high tech and other capital-intensive industries in the U.S. manufacturing sector. His research showed that import penetration rates for those industries jumped by 58.6 percent from a penetration rate of 21.4 percent in 1997 to 33.9 percent in 2006.[12]

New Competitive Trade Policy Needed to Restore Health of U.S. Manufacturing

Considering the undeniable plight of U.S. manufacturing, a comprehensive new U.S. trade policy to boost competitiveness desperately is needed.

Require Reciprocity – U.S. trade policy must be redirected to its original roots in reciprocity, a concept clearly not present in the global economy's chief trade regime, the World Trade Organization (WTO). In the Uruguay Round, the United States agreed to lower or eliminate most barriers to its market for manufactured products without receiving commensurate market access from the rest of the world in return. Today, the average U.S. bound tariff for industrial products is 3 percent, while the average worldwide bound tariff is 30 percent.[13] Moreover, the average trade weighted U.S. industrial tariff stands at less than 1.7 percent.

[11] Source: U.S. Commerce Department, U.S. Federal Reserve and MBG Information Services.
[12] See USBIC Research Alert, *New Data Show Import Growth Depressing U.S. Industrial Output; Advanced U.S. Manufacturers Keep Losing Ground in Home Market*, by Alan Tonelson and Sarah Linden, January 8, 2008.
[13] Statement of Senator Charles Grassley at Senate Finance Hearing on WTO negotiations 10/27/2005.

In this regard, one significant problem is the ability of WTO members to self-designate themselves as "developing countries", a status granting them more favorable trading privileges than self-designated "developed" countries such as the United States. The ability of WTO members to self-designate their country status must be eliminated and replaced with objective criteria that accurately measure a country's ability to compete in the global trading arena.

Take China for example. While it may be a developing country in many respects, it is an international superpower in terms of global trade. In both 2006 and 2007 China exported more manufacturing goods to the world than did the United States.[14] Yet under the current WTO regime, China is allowed to maintain high tariff walls and other substantial non-tariff barriers to market access as a self-designated "developing country".

The ongoing Doha Round negotiations only further would exacerbate the lack of reciprocity afforded to U.S. producers. The Doha Round's Non-Agricultural Market Access (NAMA) text grants numerous exemptions to developing countries such as that contained in the Hong Kong Declaration's paragraph 14, *"Take fully into account the special needs and interests of developing countries including through less than full reciprocity in reduction commitments."* The NAMA Chairman's July 2007 text states, "There is almost unanimous support that a simple Swiss formula with two coefficients should be adopted." Finally, for developed countries such as the United States, the maximum industrial tariff allowed proposed in the current NAMA negotiations is to be between 8 and 9 percent. In contrast, developing countries such as China will be allowed a tariff ceiling that would fall between 19 and 23 percent.

Offset the VAT Border Tax Disadvantage – Currently, 149 countries, accounting for approximately 95 percent of all U.S. trade, utilize a border-adjusted, value-added (VAT) tax system implemented at average rate of 15.4 percent. This tax often is among a country's most significant revenue sources to pay for such expenditures as nationalized health care and other vital government services.

Countries utilizing value-added tax systems impose those taxes on the cost of an import plus all shipping, handling, insurance and tariff expenses. They also rebate any VAT paid on a domestically produced good that is exported. Meanwhile, the United States neither rebates the taxes paid by a producer upon the export of a good nor imposes a significant tax burden on imports.

Consequently, goods produced in VAT countries have a built-in price advantage over their U.S. counterparts. Producers in VAT countries often are able to export goods at a price that deducts the U.S. equivalent of payroll and other taxes that are used to pay for social security, unemployment insurance, and health care costs. U.S. producers not only pay those U.S. taxes in the process of manufacturing domestically produced goods, they also are forced to pay them in other countries the moment a U.S. export is slapped with a VAT. AMTAC estimates that border-adjusted VAT schemes disadvantaged U.S. producers and service providers by a staggering $428 billion in 2006.

Ordinarily, a VAT would be viewed as an impermissible export subsidy under current trade rules. Unfortunately, in the years following World War II, the United States agreed to a loophole under the old General Agreement on Tariffs and Trade (GATT) the exempted VAT subsidies. Since allowing that loophole, use of the VAT grew from just France to almost the rest of the world, 149 countries. And as one would expect, VAT rates often have risen as tariff rates have fallen, creating a constant, but less visible barrier to U.S. exports. For the European Union (EU), the average barrier to U.S. exports has remained nearly constant at 23.8 percent since 1968.[15] Although the average EU tariff has dropped from 10.4 percent in 1968 to 4.4 percent in 2006, the average EU VAT has risen from 13.4 percent to 19.4 percent.

Last year, Congressmen Bill Pascrell (D-NJ), Duncan Hunter (R-CA), Mike Michaud (D-ME), and Walter Jones (R-NC) introduced H.R. 2600, the Border Tax Equity Act, to offset the VAT disadvantage to U.S. producers and service providers. Congressman Steven Rothman (D-NJ) of the Science and Technology Committee's Subcommittee on Oversight and Investigations also is among the 15 total (7 Democrats and 8 Republicans) House members currently sponsoring the bill. H.R. 2600's swift enactment is a key to restoring U.S. manufacturing health.

Make Currency Manipulation an Actionable Subsidy – U.S. congressional and executive inaction against blatant currency manipulation by China is inexcusable. For years that country has pegged the value of its currency, the

[14] Sources: U.S. Department of Commerce, China Customs, and MBG Information Services.

[15] Sources**:** Simple averages of MFN tariff rates on industrial products applied by EU countries are from the OECD and UNCTAD. For 2006, the latest available tariff rate from UNCTAD, for 2003, is assumed to remain constant. Simple averages of standard VAT rates of EU members with a VAT in effect are from the European Commission. Aggregate trade barrier is the sum of the average tariff rate and the average VAT rate for each year examined.

yuan, to the U.S. dollar at an artificially low rate. Factoring inflation, the value of the yuan has risen in value by less than 5 percent against the U.S. dollar since its peg was "loosened" to a basket of currencies in 2005. This policy has enabled China to simultaneously lower the cost of its exports and raise substantial barriers to imports.

Since 2001, the year China joined the WTO, the U.S. merchandise trade deficit with that country has exploded from around $80 billion to a staggering $256 billion in 2007.[16] The cumulative U.S. trade deficit with China during that same time period for manufactured goods was a staggering $1.2 trillion!

The United States imported $313.6 billion in manufactured goods from China in 2007. If, for example, China were undervaluing its currency by 35 percent, a figure not unreasonable to many experts, it would amount to a subsidy of nearly $110 billion to Chinese manufacturing exporters. With subsidies like this, its should surprise no one that less productive and efficient Chinese manufacturers can ship their products halfway around the world to the United States and still undercut the prices of their U.S. competitors.

Congressmen Tim Ryan (D-OH) and Duncan Hunter (R-CA) have introduced H.R. 2942, the Currency Reform for Fair Trade Act of 2007, to discourage currency manipulation by China, Japan, and other countries. A total of 44 Democrats and 31 Republicans (75 House members total) are sponsoring the bill, including U.S. Representatives Eddie Bernice Johnson (D-TX), Dana Rohrabacher (R-CA), and James Sensenbrenner (R-WI) of the Science and Technology Committee's Subcommittee on Oversight and Investigations.

H.R. 2942's strongest deterrent is a provision that would make currency manipulation an actionable subsidy under U.S. countervailing duty (CVD) law. Enactment of this legislation is imperative if the United States is to reduce its manufacturing and trade policy competitiveness gap with China, Japan and others.

Separate Trade Enforcement from the Office of the U.S. Trade Representative – It is unreasonable to expect that an office who on one hand is charged with negotiating trade agreements with other countries to then be able to turn around and impartially punish them when they run afoul of U.S. trade law. The conflicts of interest inherently are too great. As such, all enforcement of U.S. trade law should be separated from the Office of the U.S. Trade Representative (USTR).

A separate U.S. governmental entity should be set up as an independent agency or in another cabinet-level department, such as the U.S. Department of Commerce, to enforce U.S. trade law. This body would be charged with aggressively pursuing dumping, subsidy and intellectual property rights violation cases within the U.S. judicial and regulatory system and at the WTO. The anti-competitive dumping and illegal subsidy practices revealed in recent cases against China (the case on coated free sheet paper is a good example) should provide enough work to keep any enforcement agency busy for years.

Also as part of this reform, the U.S. government should reduce the cost and barriers to U.S. manufacturers attempting to bring trade enforcement cases. Presently, anti-dumping and CVD cases often cost millions for U.S. manufacturers to prosecute effectively. Even after making such a financial commitment, a favorable outcome is not guaranteed. In addition, U.S. manufacturers in a product's supply chain often have almost no access to trade law remedies due to a lack of standing. Only the assemblers of the final product and/or its workers, i.e. a union, usually effectively have standing to file a case. These costs and barriers deter the filing of many legitimate trade cases. The United States should consider adopting reforms to mimic the European Union where manufacturers would submit data indicating a likelihood of dumping or CVD infraction and the government then would investigate them and render a decision.

Stop Negotiating FTAs With Countries That Cannot Buy Finished U.S. Goods – Finally, the United States should stop negotiating free trade agreements with countries or economic regions that either are unwilling or unable to buy finished U.S. goods at the same rate they export to the United States.

Flawed U.S. free trade agreements demonstrably have fueled the U.S. trade deficit. Measuring U.S. government data for domestic exports[17] minus imports for consumption,[18] the U.S. trade deficit with our free trade partners has

[16] Sources: U.S. Department of Commerce, U.S. Bureau of Economic Analysis, and MBG Information Services.

[17] Domestic Exports are defined as exports of domestic merchandise include commodities which are grown, produced or manufactured in the United States, and commodities of foreign origin which have been changed in the United States, including U.S. Foreign Trade Zones, or which have been enhanced in value by further manufacture in the United States.

[18] Imports for Consumption measure the merchandise that has physically cleared Customs either entering consumption channels immediately or entering after withdrawal from bonded warehouses under Customs custody or from Foreign Trade Zones.

skyrocketed since 1989 from $13.55 billion to a whopping $187.84 billion in 2007.[19] With just Canada and Mexico between 1994 and 2007, the United States ran a cumulative trade deficit in manufacturing goods of $397.6 billion, a merchandise trade deficit of $1.071 trillion, and a current account deficit in goods and services of $942.2 billion.

U.S. Trade Deficits with FTA Partners 1989-2007

1989 (Israel + Canada): -$13,549,305,466

1990 (Israel + Canada): -$13,395,009,866

1991 (Israel + Canada): -$12,206,751,399

1992 (Israel + Canada): -$15,179,629,034

1993 (Israel + Canada): -$19,088,159,601

1994 (Israel, Canada, Mexico): -$25,429,628,843

1995 (Israel, Canada, Mexico): -$49,369,863,070

1996 (Israel, Canada, Mexico): -$58,021,526,324

1997 (Israel, Canada, Mexico): -$52,183,393,917

1998 (Israel, Canada, Mexico): -$57,504,788,445

1999 (Israel, Canada, Mexico): -$83,674,235,439

2000 (Israel, Canada, Mexico): -$114,509,613,954

2001 (Israel, Canada, Mexico): -$118,007,897,734

2002 (Israel, Canada, Mexico, Jordan): -$123,167,746,864

2003 (Israel, Canada, Mexico, Jordan): -$137,750,076,888

2004 (Israel, Canada, Mexico, Jordan, Singapore, Chile): -$162,306,487,398

2005 (Israel, Canada, Mexico, Jordan, Singapore, Chile, Australia): -$174,084,390,236

2006 (Israel, Canada, Mexico, Jordan, Singapore, Chile, Australia, Morocco): -$189,415,360,242

2007 (Israel, Canada, Mexico, Jordan, Singapore, Chile, Australia, Morocco, El Salvador, Honduras, Nicaragua, Guatemala, Bahrain): -$187,843,239,265

Source: U.S. International Trade Commission

Instead of seeking out negotiating partners in small or developing countries, the United States should be targeting agreements or economic alliances with countries that have lucrative consumption markets and a settled rule of law. Japan or the European Union would be examples of two good candidates. These trade partners both have sufficient large populations and high standards of living to buy sizeable quantities of U.S. exports if a good free trade agreement were negotiated and properly enforced.

Conclusion

Despite the hardships it has faced, the health of U.S. manufacturing quickly can be restored if the United States addresses its manufacturing policy competitiveness issues by fixing its broken trade policy. Weak and inefficient U.S. manufacturers closed their doors years ago. Only the strongest and most efficient U.S. manufacturers have been able to survive in such a hostile competitive atmosphere. These companies will be well placed to ramp up new investment, reclaim lost market share, and add employment if the U.S. government boosts competitiveness by removing trade policy obstacles impeding their success.

# # #

[19] Source: U.S. Department of Commerce.