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Vice President
International Economic Affairs

May 10, 2017

Filed via www.regulations.gov

Mr. Patrick Kirwan
Director, Trade Promotion Coordinating Committee Secretariat
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, D.C. 20230

Re: DOC 2017-0003; Comments on Administration Report on Significant Trade Deficits
and Request to Appear at Public Hearing

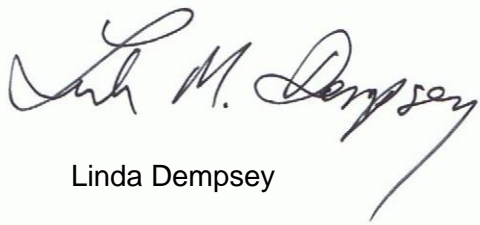
Dear Mr. Kirwan:

In accordance with the *Federal Register* notice regarding the above-captioned docket, the National Association of Manufacturers submits these comments to aid in the preparation of the administration's report on significant trade deficits, as mandated by Executive Order 13786 of March 31, 2017.

I also request the opportunity to appear at the public hearing on May 18. A summary of that testimony is also attached.

If you have any comments, please do not hesitate to contact me.

Respectfully,



Linda Dempsey



**Comments of the National Association of Manufacturers Regarding
Administration Report on Significant Trade Deficits
(Docket DOC 2017-0003)**

May 10, 2017

The National Association of Manufacturers (NAM) is the largest manufacturing association in the United States, representing over 14,000 manufacturers small and large in every industrial sector and in all 50 states. Manufacturing employs more than 12 million women and men across the country, contributing more than \$2.17 trillion to the U.S. economy annually. If U.S. manufacturing were a separate country, it would be the ninth-largest economy in the world.

The NAM welcomes the opportunity to provide input to aid in the preparation of the administration report on significant trade deficits pursuant to Executive Order 13786 on March 31, 2017. The NAM has laid out detailed policy blueprints to provide the administration and Congress with the roadmap to make manufacturing in America stronger through its *Competing to Win* series.¹ These blueprints seek to improve U.S. competitiveness across the economy through a focus on both domestic and international policies. The NAM's *Competing to Win: Trade in Focus* provides an important overview of NAM's priorities for a competitive international trade policy.²

This submission is segmented into two parts. The first part examines the overall trade and investment landscape, the trade deficit and other factors that may be used to evaluate the success of current trade relationships. The second part provides an individual analysis of each of the 12 countries and the European Union (EU) identified in the *Federal Register* notice as having a merchandise goods trade deficit over \$10 billion.

I. The Global Trade Landscape, Trade Deficits and Key Features to Examine in Trading Relationships

A. The Growth of the Global Economy, Manufacturing and Trade

Global economic growth over the last quarter century has lifted hundreds of millions of people around the world out of poverty. Since 2000, such growth has propelled almost 600 million people, mostly in Asia, into the middle class.³ While global economic growth and world trade and investment flows have slowed recently, forecasts continue to predict substantial growth worldwide, with 75 percent of that growth expected to take place outside the United States.

Global economic growth has created record levels of demand for advanced and high-quality consumer and durable manufactured goods that range from personal care, medical equipment and food products that meet consumer demand to major capital and electrical equipment that

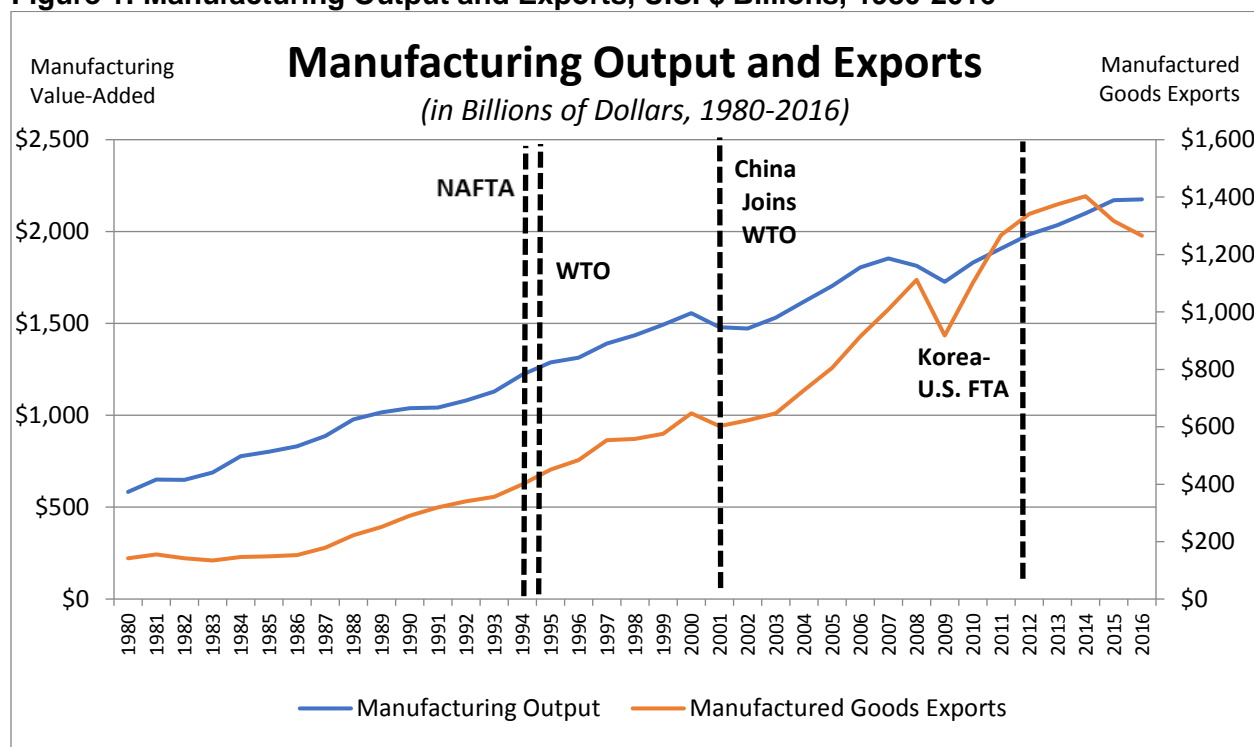
¹The NAM's *Competing to Win* blueprints can be accessed at <http://www.nam.org/Data-and-Reports/Competing-to-Win/Competing-to-Win/>.

² *Competing to Win: Trade in Focus* (2016), accessed at <http://www.nam.org/Data-and-Reports/Competing-to-Win/Policy-White-Paper-Trade/>.

³https://www.allianz.com/v_1444215837000/media/economic_research/publications/specials/en/AGWR2015_ENG.pdf

build new cities and modernize infrastructure. Thanks to global, bilateral and regional trade agreements that have lowered barriers and set basic rules of commerce, and to improved telecommunications and transportation services that better connect global customers and suppliers, manufacturers in the United States have already been able to benefit substantially from this growth beyond our borders. As shown in Figure 1, manufacturers in the United States have been able to quadruple exports since 1980, supporting a quadrupling of U.S. manufacturing production.

Figure 1: Manufacturing Output and Exports, U.S. \$ Billions, 1980-2016



Sources: Bureau of Economic Analysis, U.S. Commerce Department (2015 data), United Nations Database (for output data before 1997), World Trade Organization (for export data before 2002)

The growth of U.S. manufactured goods exports and production support millions of good paying jobs, with the average manufacturing worker in the United States earning 27 percent more – or \$81,280 annually, including pay and benefits – than the average worker earned in all nonfarm industries in 2015.⁴ Manufacturing in the United States provides rewarding and meaningful careers and supports communities throughout all 50 states, although it is also transforming as it adapts to a changing world at home and abroad. Notably, export-related jobs have also been demonstrated to pay on average 18 to 20 percent more than jobs not related to exports.⁵

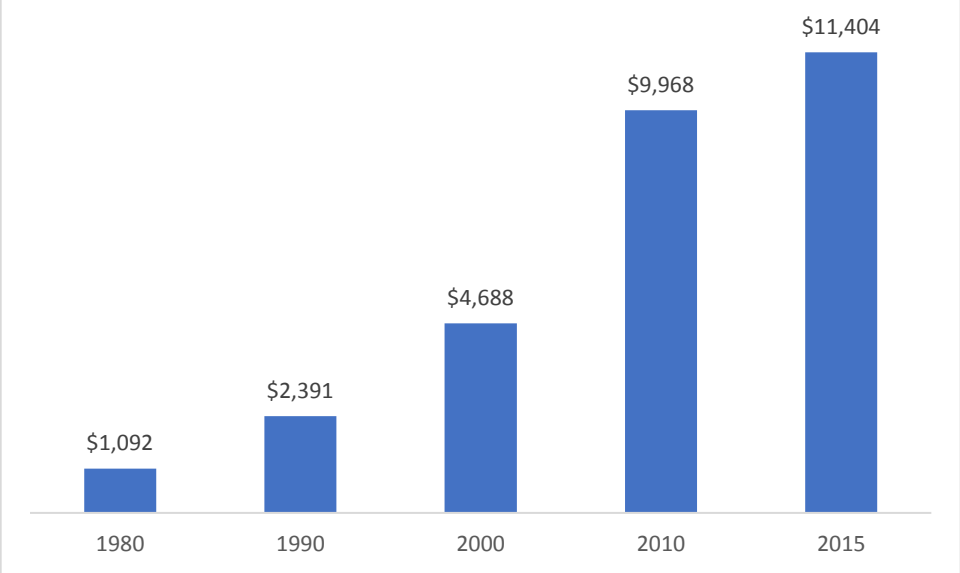
⁴ NAM, *Top 20 Facts about Manufacturing*, accessed at <http://www.nam.org/Newsroom/Facts-About-Manufacturing/>.

⁵ See *e.g.*, U.S. Department of Commerce, **The Role of Exports in the U.S. Economy** (May 13, 2014), accessed at <http://trade.gov/neinext/role-of-exports-in-us-economy.pdf>; Bernard, A. and J.B. Jensen, (1999): “Exceptional Exporter Performance: Cause, Effect, or Both?” *Journal of International Economics* 47: 1-25; Riker, David, (2010): “Do Jobs in Export Industries Still Pay More? And Why?” Manufacturing and Services Economics Brief, International Trade Administration, U.S. Department of

Just as U.S. manufacturing and trade have grown, so too has world manufacturing production and trade in manufactured goods. Global manufacturing value-added production has grown substantially, and the United States continues to occupy a strong share of it. Even though it represents only five percent of world population and ten percent of the global economy, the United States accounts for 16.9 percent of global manufacturing value-added output.⁶

Trade in manufactured goods is increasingly part of the global economy. As shown in Figure 2, world trade in manufactured goods equals about \$11.4 trillion, of which the United States accounts for about 9.5 percent.

Figure 2: World Trade in Manufactured Goods, US \$ Billions, 1980-2015



Source: World Trade Organization, *Exports of Manufactures*

While this analysis focuses largely on manufacturing trade, it is important to note that there is a complementarity between the manufacturing, services and agricultural sectors of the U.S. economy, both domestically and internationally. Services are a critical mechanism to enable manufacturers to finance, deliver and distribute products across the country and the world and many other services, such as conformity assessment, professional and other services help boost the manufacturing economy. Agriculture provides some of the key raw inputs to manufactured food, beverage and other production. Finally, both the services and agriculture sectors are important purchasers of U.S. manufactured goods as well, so when services and agriculture grow, so too can manufacturing production.

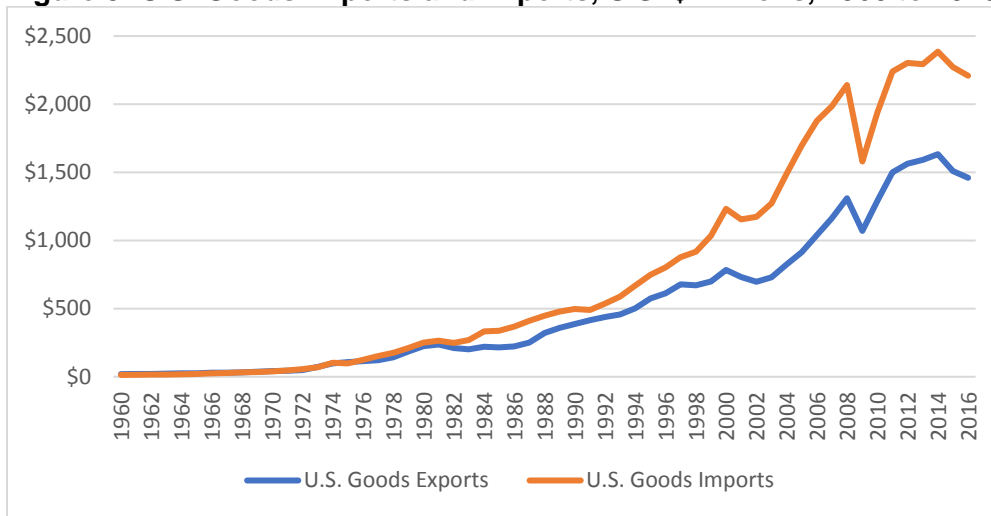
B. Understanding the Trade Deficit

Both U.S. exports and imports of goods have substantially increased over past decades, with imports starting to outpace U.S. goods exports in the early 1970s, producing an overall goods trade deficit of \$749.9 billion, and a manufactured goods deficit of \$657.7 billion in 2016.

(2010), accessed at http://www.trade.gov/mas/ian/build/groups/public/@tg_ian/documents/webcontent/tg_ian_003208.pdf.

⁶ World Bank, World Development Indicators, accessed at <http://wdi.worldbank.org/table/4.3>.

Figure 3: U.S. Goods Exports and Imports, U.S. \$ millions, 1960 to 2016



Source: U.S. Commerce Department

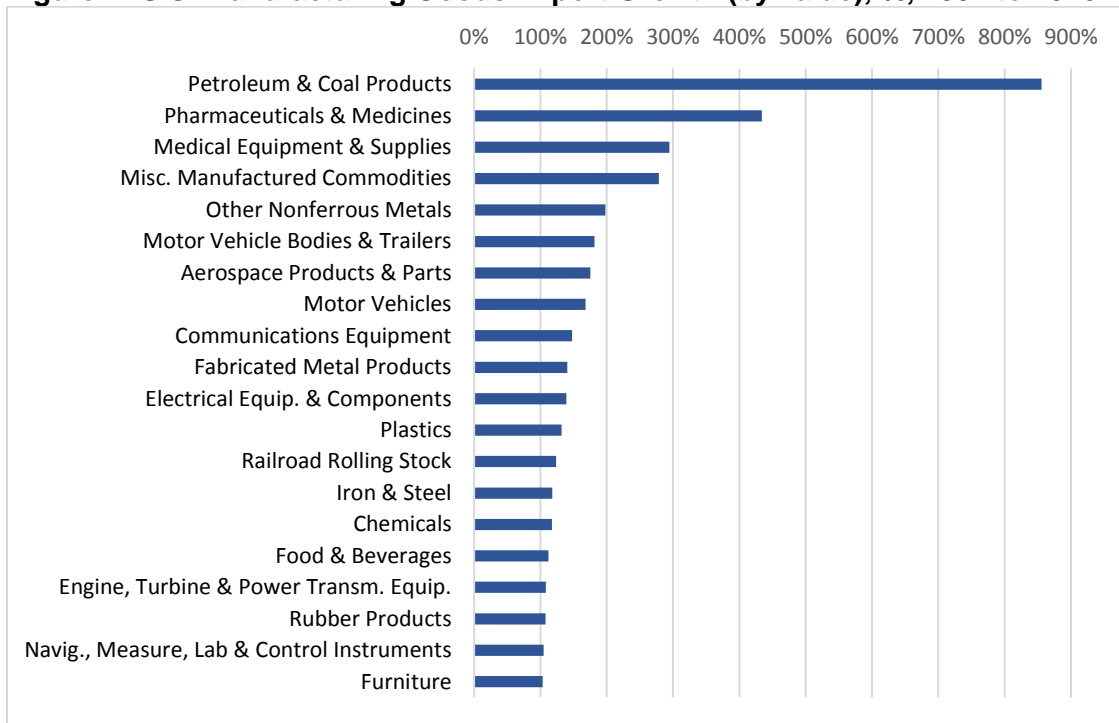
1. U.S. Manufactured Goods Exports

U.S. goods exports have quadrupled since 1980 (as shown in Figure 1) and more than doubled since the 1990s, reaching nearly \$1.3 trillion in 2016. Overall, U.S. manufactured goods exports comprised 9.9 percent of global exports of manufactured goods in 2015.⁷

U.S. manufactured goods exports have grown in numerous sectors, including energy products, pharmaceuticals, medical equipment, auto parts, aerospace and automobiles and communications equipment, as shown in Figure 4.

⁷ World Trade Organization, Statistic Database, accessed at <http://stat.wto.org/Home/WSDHome.aspx?Language=E>.

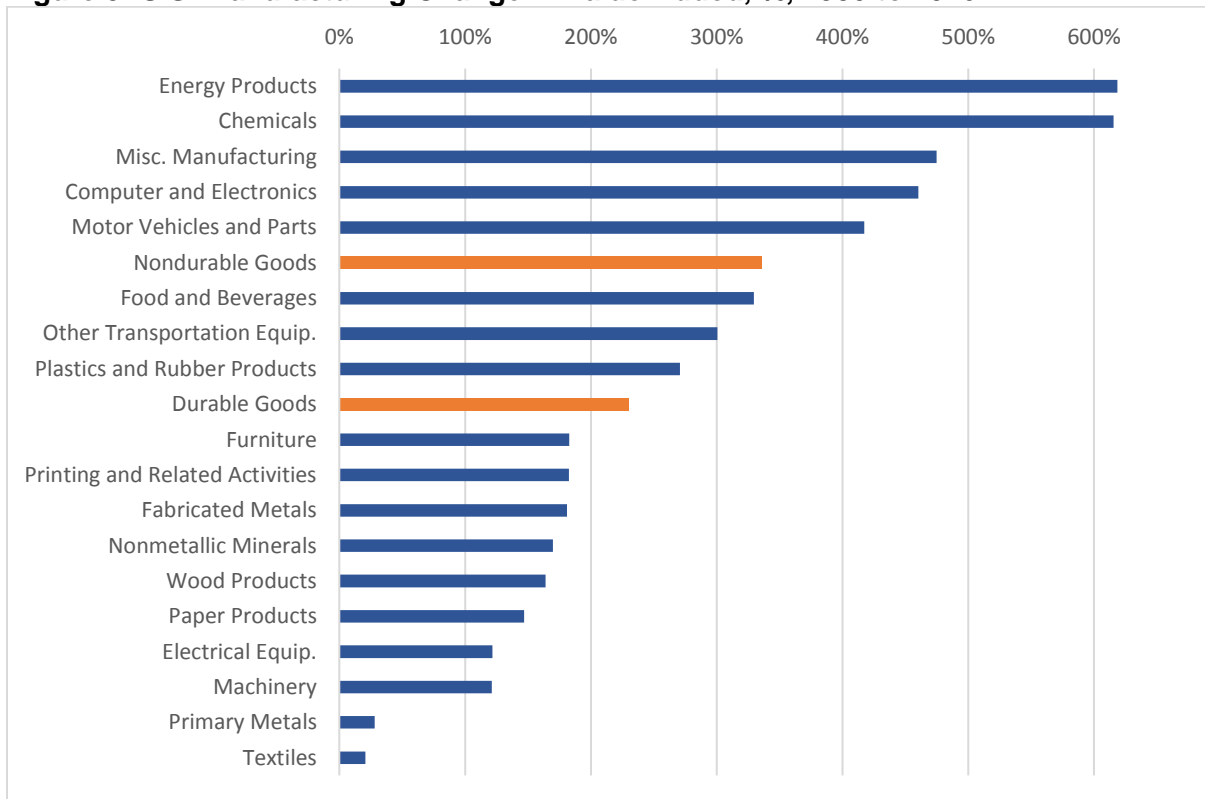
Figure 4: U.S. Manufacturing Goods Export Growth (by value), %, 1997 to 2016



Source: U.S. Commerce Department

U.S. manufactured goods exports have supported growth across U.S. manufacturing sectors from electrical machinery, capital equipment and medical and scientific instruments to food, computer products, and transportation equipment such as cars, trains and trucks (Figure 5).

Figure 5: U.S. Manufacturing Change in Value-Added, %, 1980 to 2016



Source: U.S. Commerce Department

U.S. manufactured goods exports are important not just to large companies, but also to the small- and medium-sized companies that make up the vast majority of manufacturing firms. Of the more than 73,000 manufacturing firms in the United States that exported in 2014, 70,700 (or 96.5 percent) were categorized as small or medium-sized manufacturers.⁸

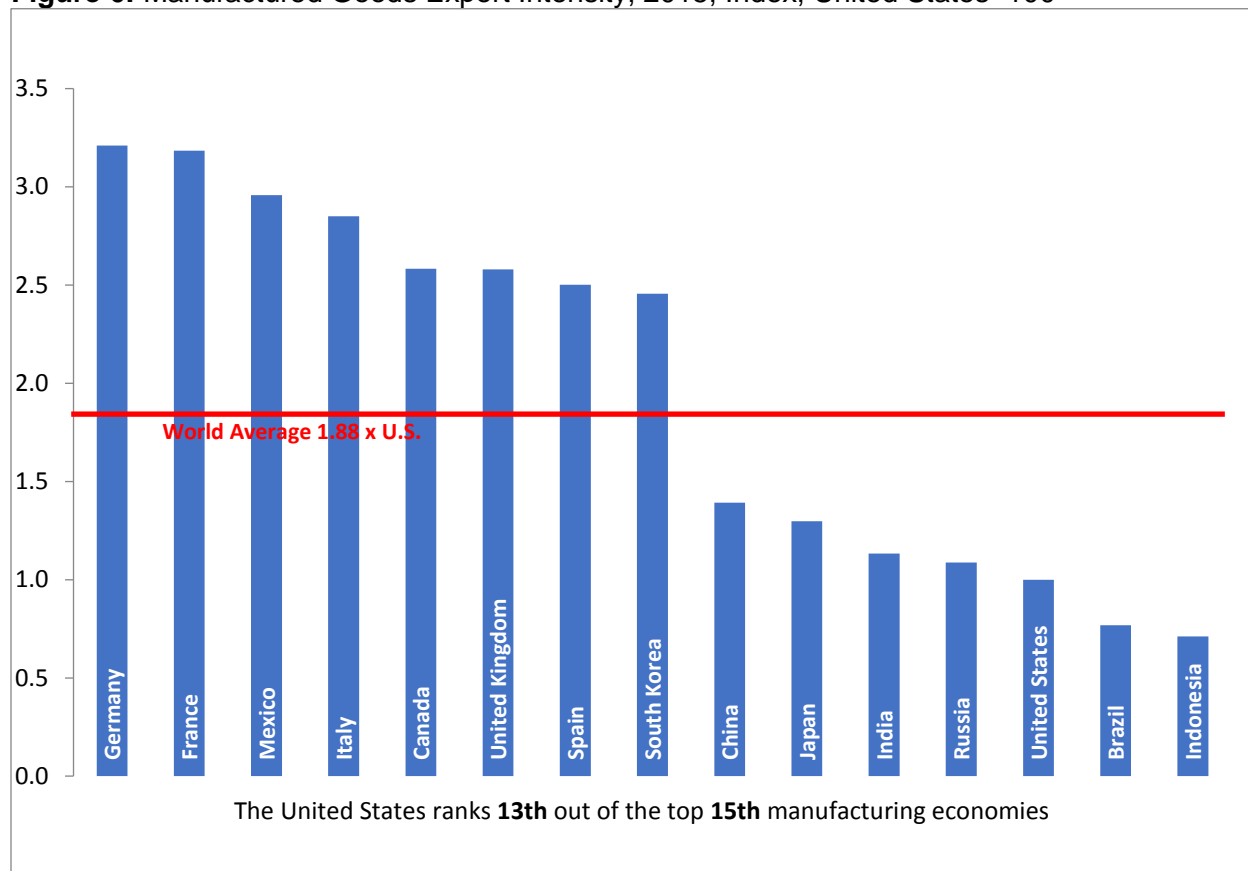
Overall, the United States exports more than half of its total manufacturing output, supporting about half – or six million – U.S. manufacturing jobs and contributing directly to the success of local communities. On average, manufacturing jobs pay \$81,289 annually, including pay and benefits, higher than the average wages of \$63,830 in all nonfarm industries.⁹

Globally, the United States is the third largest manufactured goods exporter worldwide after China and Germany (based on 2015 data). The United States lags behind many of its largest trading partners when it comes to export intensity, which is a measure of the proportion of a country's value-added output that is exported, relative to total domestic production. The United States sells far more into its large and robust domestic market, while exporting far less of its output than other major trading partners as shown in Figure 6.

⁸ U.S. Department of Commerce, compiled from data accessed at <http://tse.export.gov/EDB/SelectReports.aspx?DATA=ExporterDB>.

⁹ National Association of Manufacturers, Top 20 Facts about Manufacturing, compiled from the Bureau of Economic Analysis and Bureau of Labor Statistics, accessed at <http://www.nam.org/Newsroom/Facts-About-Manufacturing/>.

Figure 6: Manufactured Goods Export Intensity, 2015, Index, United States=100



Source: United Nations and World Trade Organization

With continued economic growth overseas and an improvement in U.S. competitiveness, manufacturers in the United States seek to continue to increase exports overseas to tap into a greater share of the world market in manufactured goods. Moving forward on the policies and actions set forth in the in the NAM's *Competing to Win: Trade in Focus* blueprint are important to improving U.S. competitiveness. Manufactures would greatly benefit from coordinated commercial advocacy across the U.S. government, improved trade promotion coordination between state and federal governments and better access to user-friendly market data to help promote small business access to overseas markets.

Furthermore, countries such as Germany, Mexico and China are much more active in negotiating market-opening trade agreements with more countries than the United States, making their exports more competitive in markets where they have agreements and the United States does not. Indeed, the United States has a trade agreement deficit with most major trading partners. Of the more than 270 trade agreements worldwide, the United States is party to only 14 free trade agreements with 20 countries. Notably, every member of the EU has tariff- and barrier free access to all other 27 EU nations, as well as being part of free trade agreements with more than 40 countries. The EU is also actively negotiating trade agreements with a number of markets critical for U.S. exports, including an updated agreement with Mexico and a new agreement with Japan, and recently concluded negotiations with Vietnam. Mexico has free trade agreements with more than 40 countries, while China has free trade agreements with 20 countries, partial free trade agreements with another four countries and is in numerous

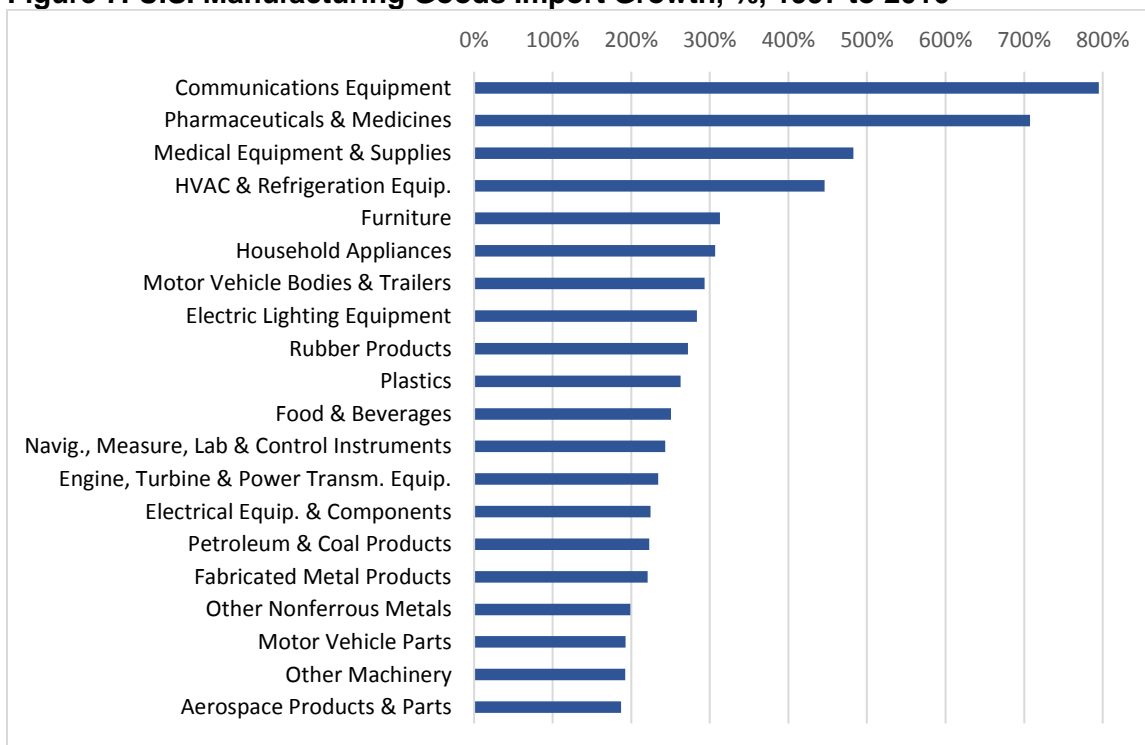
active negotiations.¹⁰ As explained further below, this trade agreement deficit puts U.S. manufactured goods exports at a significant disadvantage compared to U.S. competitors overseas.

2. U.S. Imports of Manufactured Goods

U.S. imports of manufactured goods have also substantially increased in recent decades, reaching \$1.913 trillion in 2016 – though that figure represents a drop from its peak of \$1.946 trillion in 2015.

U.S. imports of manufactured goods have increased in numerous sectors, including communications equipment, pharmaceuticals, medical equipment, refrigeration equipment, furniture, household appliances and auto parts, as shown in Figure 7.

Figure 7. U.S. Manufacturing Goods Import Growth, %, 1997 to 2016



Source: U.S. Commerce Department

U.S. imports of manufactured goods have multiple impacts on the U.S economy and its industries, workers and consumers. In some cases, imports compete directly with manufacturers in the United States, just as U.S. exports compete with manufacturing overseas. Manufacturers in the United States have long supported open markets at home and around the world that allow all players to compete fairly on a level playing field, which helps drive innovation, productivity and stronger manufacturing overall.

Unfortunately, some import competition is fueled by foreign market-distorting and discriminatory trade practices that create unfair advantages for foreign manufacturing production at the expense of manufacturers, workers and communities in the United States. Under these

¹⁰ Data compiled from World Trade Organization, Regional Trade Agreements database, accessed at <http://rtais.wto.org/UI/PublicMaintainRTAHome.aspx/>.

circumstances, the NAM has long supported robust U.S. government action to address the underlying causes of the distortions and supports full enforcement of domestic trade rules, including antidumping and countervailing duty rules, and the stronger anti-evasion enforcement provisions that the NAM strongly supported as part of the 2016 Trade Facilitation and Trade Enforcement Act, consistent with international obligations.

In other instances, U.S. manufactured goods imports can provide overall benefits for manufacturers and the economy, by providing necessary inputs to manufacturing processes to boost competitiveness. For example, some imports represent products that are not available or manufactured in the United States. Congress recognized the importance of these imports in the enactment of the American Manufacturing Competitiveness Act of 2016 that provides a process to eliminate for three years U.S. tariffs on imports of products, either finished goods or inputs, not produced or available in the United States. The NAM is working right now with various U.S. government agencies and Congress to support that process and ensure enactment later this year of a Miscellaneous Tariff Bill that would remove U.S. tariffs on manufacturing inputs and other products not produced or available in the United States.

Of particular note in this regard are imports of raw materials, components and other inputs – not available or produced in the United States – that are required for manufacturers to produce high-value finished goods in the United States. Imports of such products may be required when domestic production is not available or does not produce to required specifications (such as grade, thickness, size or quantity) that finished goods manufacturers require. In some cases, it could take many years before these materials could be produced in sufficient commercial quantities in the United States. The importation of these non-available raw materials and inputs enables manufacturers in the United States to create high-paying U.S. jobs and produce high-value finished manufactured goods for sale across America and to markets overseas. The NAM opposes government policies that unfairly limit the availability or raise the cost of necessary manufacturing inputs.

3. Inbound and Outbound Investment

As manufacturers weigh the overall commercial relationship with any partner country, of which the trade balance is a component, they also look carefully at foreign direct investment (FDI). Both inward FDI in the United States and outbound U.S. FDI contribute significantly to the strength of U.S. manufacturing, including U.S. exports.

The United States is the largest recipient of FDI in the world, with \$348 billion in inbound FDI flows in 2015 based on data compiled by the Bureau of Economic Analysis, of which \$243 billion was in manufacturing. On a historical-cost basis, accumulated inbound U.S. investment reached \$3.13 trillion in 2015, of which \$1.22 trillion was in manufacturing. Such investment directly supports manufacturing facilities and activities here in the United States – and 2.4 million manufacturing jobs across the country and \$248 billion in manufactured goods exports.¹¹

The United States is also the largest outbound investor, with approximately \$5 trillion in accumulated stocks overseas as of 2015, of which 13 percent (or \$661 billion) was in manufacturing. Of that, 69 percent was invested in Europe, Canada and Japan and other high-income countries. U.S. investors overseas provide important contributions to the U.S. economy and manufacturing in particular. These companies:

¹¹ Data compiled from Bureau of Economic Analysis, International Data database, accessed at <https://bea.gov/iTable/iTable.cfm?ReqID=2&step=1#reqid=2&step=1&isuri=1>.

- Export 47 percent of all U.S. manufactured goods sold overseas (\$660 billion in 2014);
- Produce approximately \$1.363 trillion or nearly 65 percent of all U.S. private-sector value-added manufacturing output in 2014;
- Expend nearly \$269 billion on research and development (R&D) in the United States in 2014, of which 68 percent (or \$183 billion) was spent by manufacturers;
- Invest in capital expansion, expending \$713.5 billion or 24 percent of all investment in new property, plants and capital equipment in the United States in 2014; and
- Pay U.S. manufacturing workers on average \$96,030, or about 18 percent more than average U.S. manufacturing wages in 2014.¹²

For many companies, overseas investment is critical in supporting their efforts to export their products successfully or to access critical inputs. In some industry sectors, such as energy, natural resources or foreign infrastructure development, foreign investment is the only way American manufacturers can access the resources they need to grow and support downstream manufacturing. For many other manufacturers, foreign investment is necessary to compete with local players to reach foreign consumers as they can set up their own distribution networks, can tailor products to the local consumer and can more efficiently and successfully win sales. Not surprisingly, the vast majority of U.S. manufacturing investment overseas is in high-income and high-wage countries where consumers can purchase higher levels of U.S. goods.

That U.S. investment abroad is largely focused on reaching foreign customers is borne out by the data: year-after-year sales by U.S. foreign affiliates are almost entirely made to customers outside the United States: some 94 percent of the \$4.6 trillion in sales in 2014. Those sales overseas, helps drive U.S. manufacturing exports, production and higher paying U.S. jobs. Without this foreign investment, many of these goods would not be sold by American companies at all, or would use foreign, not U.S. content. As a consequence, foreign investment is a powerful tool for manufacturers in the United States to access growing foreign markets, while growing benefits for manufacturing and workers in the United States.

4. Origins of the Trade Deficit

As the Executive Order indicated, trade deficits arise from many factors. While the Executive Order focuses on unfair trade distortions, as discussed below, there are many major factors that impact and cause changes in the U.S. trade deficit over time, including:

- Overall domestic economic conditions and standards of living;
- Domestic consumption and purchasing compared with savings rates; and
- The price of goods in the market, which is, in turn, impacted by exchange rates, domestic structural issues (e.g., taxation, regulation) and openness to international trade.

The strength of the U.S. economy and consumption habits of its citizens play a role in determining trade deficits. The United States remains the largest economy in the world, with a GDP of more than \$18 trillion in 2015, according to World Bank data, compared to China (\$11.1 trillion), Japan (\$4.4 trillion), Germany (\$3.4 trillion) and the United Kingdom (\$2.9 trillion).¹³ Since the Great Recession, the U.S. economy has recovered more robustly than most other parts of the world, enabling it to maintain one of the highest standards of living among major

¹² *Id.*

¹³ World Bank, GDP 2015 (US\$) accessed at <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD>.

industrial economies, with 2015 per capita GDP of \$56,116, compared to China (\$14,450), Japan (\$40,763), Germany (\$47,377) and the United Kingdom (\$41,801).¹⁴

With its large and robust economy, the United States is also the largest consuming country in the world, responsible for about 10 percent of world's total consumption, even though the United States population is only about five percent of the world total. The United States is also widely acknowledged as a more consumption-driven economy, with low or at times negative savings rates that fall below those in most major foreign countries. With the largest economy and market in the world and its consumption-driven economy, it is no surprise that the United States imports more than any other country in the world.

The United States' relatively open and market-driven economy is a significant factor in keeping inflation low and creating and maintaining access to manufactured goods as well as inputs at competitive prices. Price competition in the United States is also much more robust than in most other countries in the world, meaning U.S. consumers have access to competitively priced products, helping drive greater consumption. In contrast, consumers in other markets have reduced access to competitively priced domestic and foreign products, due to internal and foreign barriers, dampening consumption and their ability to buy U.S. manufactured goods.

In this way, market openness also impacts the overall ability to export and import into markets. The United States has generally low trade barriers, with an average applied import tariff of 3.2 percent on manufacturing goods imports and more than two-thirds of manufactured goods imports entered duty-free in 2016. This relative openness means that imports can enter more easily than some markets overseas. Yet it does maintain high tariffs in particular areas and has other formal restraints on overall trade, such as major limitations on imports of sugar, that have a very negative impact on the ability of U.S. food and beverage manufacturers to access fairly priced inputs around the world. Overall, the United States still retains more significant barriers to trade than 55 other countries, including Germany, Canada and Mexico, according to the World Economic Forum (WEF) *Global Trade Enabling Report 2016*.¹⁵

Manufacturers in the United States also face significant trade- and market-distorting barriers overseas, as detailed in the NAM's submission on trade barriers,¹⁶ which make it more difficult to compete in foreign markets. Notably, the WEF *Global Trade Enabling Report 2016* finds that U.S. exporters face overall higher barriers in foreign markets than 119 other countries.¹⁷ The NAM has provided detailed comments on many of these barriers in various submissions to the U.S. government, including country-by-country challenges.¹⁸

¹⁴ World Bank, GDP Per Capita 2015 (US\$), accessed at <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>.

¹⁵ World Economic Forum, *Global Trade Enabling Report 2016*, Pillar 1: Domestic Market Access, accessed at <http://reports.weforum.org/global-enabling-trade-report-2016/enabling-trade-rankings/#series=ETI.A.01>.

¹⁶ National Association of Manufacturers, Submission to Office of the U.S. Trade Representative National Trade Estimate Report on Foreign Trade Barriers (USTR-2016-0007), October 27, 2016, accessed at http://documents.nam.org/IEA/NAM_NTE_Comments_2016_FINAL.pdf.

¹⁷ *Id.*, Pillar 2: Foreign Market Access, accessed at <http://reports.weforum.org/global-enabling-trade-report-2016/enabling-trade-rankings/#series=ETI.A.02>.

¹⁸ See National Association of Manufacturers, Submission to Office of the U.S. Trade Representative National Trade Estimate Report on Foreign Trade Barriers (USTR-2016-0007), October 27, 2016, accessed at http://documents.nam.org/IEA/NAM_NTE_Comments_2016_FINAL.pdf; National Association of Manufacturers, Submission to Office of the U.S. Trade Representative's 2017 Special 301 Review (USTR-2016-0026), February 8, 2017, accessed at http://documents.nam.org/IEA/NAM_2017_Special_301_Comments.pdf; National Association of Manufacturers, "Pre-Hearing Statement of Linda Dempsey," U.S. International Trade Commission Investigation No. 332-561 (Global Digital Trade I: Market Opportunities and Key Foreign Trade

Regarding exchange rates, the NAM recognizes that the long-term misalignment of currencies can lead to global imbalances. The prolonged undervaluation of currencies confers an artificial advantage on an economy's exports as well as resulting in increased domestic inflationary pressure and the misallocation of capital. Given increased global economic integration, these negative effects can have far-reaching consequences on global growth and prosperity. The NAM supports work by the U.S. government to ensure that exchange rates reflect market forces and are determined by the marketplace. Governments should not engage in protracted intervention to counter market forces and maintain misaligned exchange rates for their currencies.

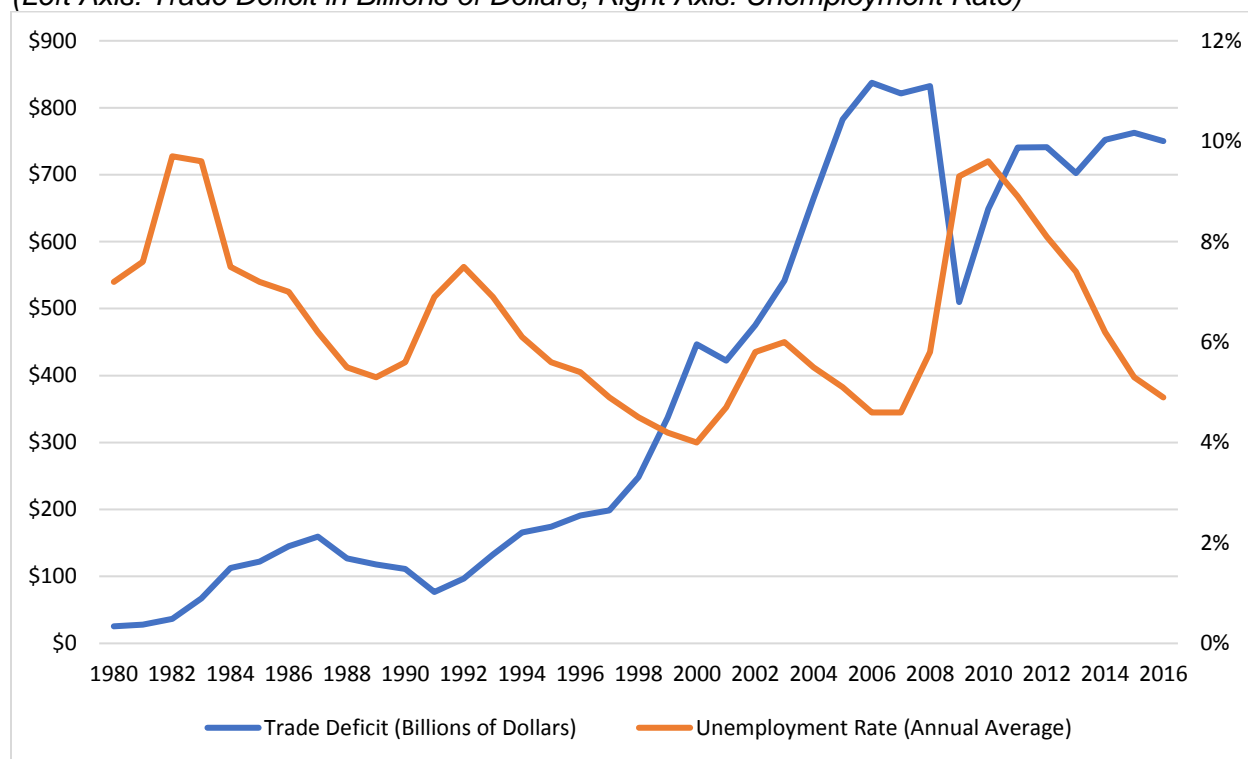
5. Impact of Trade Deficits

For the United States, trade deficits are largely correlated with the growth of the U.S. economy, meaning trade deficits expand as the U.S. economy grows and, conversely, trade deficits fall during periods of recession or economic weakness. Thus, when the U.S. economy has grown, the trade deficit has typically expanded as U.S. economic activity and consumption grow, while the trade deficit has shrunk when the U.S. economy has showed slower growth.

Similarly, trade deficits are not correlated with U.S. employment. As shown in Figure 8, the trade balance and the unemployment rate have been historically negatively correlated. When the U.S. economy has been growing, more workers are employed and unemployment has decreased, while the trade deficit increased as businesses and consumers purchased more items, including imports. The opposite has been the case when the economy weakens.

Restrictions), March 28, 2017, accessed at http://documents.nam.org/IEA/NAM_Pre-Hearing_Statement_on_Global_Digital_Trade_FINAL.pdf.

Figure 8: U.S. Trade Deficit and the Unemployment Rate, 1980-2016
 (Left Axis: Trade Deficit in Billions of Dollars, Right Axis: Unemployment Rate)



Source: U.S. Commerce Department, Bureau of Labor Statistics

Furthermore, it is also important to recognize the relationship between trade deficits and foreign investment. As explained below, some of the countries with which the United States has a significant trade deficit (including Japan and Germany) are also countries from which the United States has more inbound investment supporting U.S.-based manufacturing than outbound investment (*i.e.*, a significant investment surplus in manufacturing). Such inward investment supported 2.54 million jobs in 2014, according to the most recent Bureau of Economic Analysis data available.

C. Factors Important to Evaluating Trading Relationships

Given the complicated nature of factors that influence trade deficits, the NAM targets its efforts on improving the global competitiveness of manufacturers in the United States. In particular, the NAM targets work on improving the domestic fundamentals of the U.S. economy, such as tax, regulatory, workforce and infrastructure issues, and on seeking the elimination of foreign market-distorting activities and foreign trade barriers that give rise to unfair trade and limit U.S. access overseas.

The NAM has typically focused on larger markets where distortions and barriers are most concerning, regardless of whether there is a trade deficit. Countries like China and India are certainly a major focus, but so are countries with which the United States does not have a significant trade deficit, such as Brazil, Turkey and Argentina. Each of these countries maintain significant distortions and barriers to the detriment of manufacturers in the United States.

When markets are open and rules of fair competition and equal opportunity are enforced for all, manufacturers in the United States can and do succeed. Consider that more than half of the

U.S. manufacturing workforce depends upon exports for their jobs and nearly half of all U.S. manufactured goods exports are sold just to the 20 countries that have reduced or eliminated most barriers through free trade agreements (FTAs) with the United States, even though those countries represent just ten percent of the global economy. Put another way, those 20 countries buy nearly eight times more U.S. manufactured goods per capita than the rest of the world. Trade with these countries overall is relatively balanced.

For that reason, the NAM seeks trade- and related policies and agreements that:

- Open markets overseas through raising standards, ensuring fairness and equal opportunity and halting and turning back the growth of foreign market-distorting practices;
- Enforce the global rules of trade, including domestic trade rules and international agreements so that all trading partners play by the rules; and
- Improve the cost competitiveness of manufacturers through improved customs, financing, export control and other policies.

As discussed with the countries identified by the administration for this study, the NAM looks at several factors to evaluate the relative health of the trading relationship, including trade and investment flows relative to the size of the economy; U.S. competitiveness in the market compared to other major countries; the existence of trade barriers or other market-distorting activities and standards reflecting transparency, the protection and enforcement of rules related to property, including intellectual property and U.S. investment, and fair competition. The next section will examine each country in light of these factors and those identified in the *Federal Register* notice. For more specific details on NAM country priorities, please see recent NAM submissions on specific trade barriers.¹⁹

II. Country-by-Country Analysis

The U.S. trade and investment relationship with each of the individual countries and EU that were identified by the *Federal Register* are examined below based on several factors. Of particular note are the following:

- Existence and Full Implementation of Trade Agreements: Each of the 12 countries and the EU is a member of the WTO, with the same commitments regarding overall WTO rules and individualized commitments on tariffs. Canada, Korea and Mexico also have much more detailed FTAs with the United States that have set higher standards in numerous areas that improve U.S. competitiveness in those markets and limit distorting government activity; FTAs also provide for duty-free entry of products. It is important that the United States ensure full implementation of these agreements and use the mechanisms within the agreements, including committee work and dispute settlement to resolve issues quickly and fully.

In addition, the EU, Japan, Switzerland and Taiwan also participate with the United States, Canada and Korea in the WTO Government Procurement Agreement (GPA) that provides reciprocal access to each other's government procurement agreement. The

¹⁹ Id.

North American Free Trade Agreement (NAFTA) also provides the United States reciprocal access to Mexico's and Canada's government procurement markets. Without the GPA or FTA government procurement commitments, manufacturers in the United States are oftentimes largely, if not wholly, excluded from government procurements overseas. Manufacturers across many sectors view access to foreign procurement markets as particularly important, particularly given WTO estimates that government procurements oftentimes account for 10-to-15 percent of an economy's GDP.²⁰

- Relative Size of Trading Relationship, particularly U.S. Exports, to Size of Foreign Economy/Population: Any analysis of the size of exports, imports and trade balance must consider the relative size of the economies involved. For example, countries like Mexico and Taiwan are outsized purchasers of U.S. manufactured goods exports compared to the relative small size of their economy.
- Growth of U.S. Exports over Time: The overall trajectory of the trading relationship is also an important consideration. For example, U.S. manufactured goods exports have grown substantially from 2002 to 2016 in terms of actual value to a number of countries on this list: Mexico (\$120.9 billion increase since 2002), EU (\$105 billion), Canada (\$88.9 billion), China (\$67.6 billion), Korea (\$15.6 billion), India (\$15.2 billion) and Switzerland (11.6 billion).
- U.S. Share of Foreign Economy's Worldwide Imports: It is also important to consider the relative size of U.S. manufactured goods exports to a foreign country compared to other foreign suppliers. In the case of Canada and Mexico, for example, the United States is by far the largest supplier to their markets, providing 51 and 43 percent respectively of all manufactured goods imports purchased by Canada and Mexico respectively. This is a sign of an extremely positive relationship with those countries. By contrast, the U.S. share of import markets in Malaysia is just 9.5 percent and has declined steadily over the last two decades, while China's market share in Malaysia, as well as in Vietnam, has increased in part through its conclusion of trade agreements with both countries. The United States' overall export weakness in several of these markets is evident from the fact its share of many of these countries' total imports is less than the U.S. average import penetration of 9.5 percent: India, Indonesia, Switzerland, Taiwan, Thailand and Vietnam.
- Foreign Direct Investment: Another important factor to examine in reviewing individual trading relationships are FDI flows, both inbound and outbound. Trading partners such as Japan, Switzerland and the EU are substantial investors in manufacturing in the United States and provide good-paying manufacturing jobs. These countries also invest substantially in U.S. research and development, facilities and equipment. Foreign-owned manufacturing facilities creates jobs and economic activity in the United States, and are also large exporters from the United States. Strong inward FDI is a sign of the strength of the bilateral relationship. As discussed above, as well, U.S. investment in overseas markets is also critical to grow U.S. manufacturing by improving access and expanding exports and good-paying jobs in the United States. In economies where the United

²⁰ WTO, *WTO and Government Procurement*, accessed at https://www.wto.org/english/tratop_e/gproc_e/gproc_e.htm.

States has significant investment, it has been able to expand exports as well as providing benefits at home.

- U.S. Content Contained in U.S. Imports: Over the last several decades there has been a sharp increase in trade in inputs across borders, even though that data is not easily captured in overall trade data flows. Such imports of inputs is critical in supporting U.S. manufacturing for both domestic consumption and further export. For several countries examined below, a substantial portion of the value of U.S. imports actually originated in the United States. For example, nearly 40 percent of the value of Mexican imports into the United States is content that originates in the United States. For Canada, that number is a robust 25 percent. For most of the rest of the world, including the countries identified in this analysis, the value of U.S. content in U.S. imports is in the low single digits.
- Tariff Rates on U.S. versus Worldwide Goods: The United States has FTAs with three of the 12 individual countries examined below: Canada, Korea, and Mexico. Tariffs on U.S. manufactured goods exports to both Mexico and Canada are already at zero due to those FTAs, while Mexico and Canada apply an average tariff of 5.7 percent and 2.2 percent on non-trade agreement imports from other countries. Similarly, U.S. exports of manufactured goods to Korea face tariffs of less than one percent on average, which will be reduced to zero when the Korea-U.S. (KORUS) FTA is fully implemented. By contrast, the average tariff that Korea applies to other countries with which it does not have an FTA is 6.8 percent. This effective preference for importing manufactured goods from the United States is a strong positive in these trading relationship as long as it is fully enforced. That preference is in part reflected by the fact that these countries import a higher relative share of U.S. goods compared to their worldwide imports than countries with which the United States does not have an FTA, except the EU and Japan. Noteworthy as well is the fact that many of the economies being reviewed below have trade agreements with many other partners, but not the United States. As a result, U.S. manufactured goods exports to those economies pay the general WTO MFN tariff rates, but are disadvantaged in comparison to exports from countries that have lower tariffs due to FTAs that exclude the United States. For example, Malaysia and Vietnam have a free trade agreement with China, which provides Chinese exports preferential access to both markets, putting U.S. exports at a disadvantage. This trade agreement deficit has had real consequences, as U.S. manufactured goods exports have declined as a share of Malaysia's foreign purchases and remain very low in Vietnam, while China has more than doubled its share over the same period.

Below is a summary of some of the key data to be considered in the evaluation of each of the individual country trading and investment relationships:²¹

²¹ The EU was excluded given that it represents 28 countries and cannot be ranked as an individual country.

	Rank by GDP ²²	Rank by Size as U.S. Trading Partner ²³	Rank by Destination for U.S. Manufactured Goods Exports ²⁴	Rank by Source of U.S. Manufactured Goods Imports ²⁵	U.S. Share of Country's Manufactured Goods Imports ²⁶	Value of Country's Manufacturing FDI in U.S. (\$ Bil.) ²⁷
Canada	10	2	1	3	51%	\$52.4
China	2	1	3	1	11.2%	\$3.2
India	7	9	17	9	7.2%	\$0.8
Indonesia	16	27	42	19	5.3%	N/A
Japan	3	4	4	4	12.4%	\$128.3
Korea	11	6	7	6	12.2%	\$5.9
Malaysia	36	18	24	14	9.5%	\$0.3
Mexico	15	3	2	2	43%	\$3.8
Switzerland	19	12	18	15	8.6%	\$117.5
Taiwan	22	10	14	13	7.7%	\$2.9
Thailand	27	21	25	16	7.7%	N/A
Vietnam	48	16	29	12	4.4%	N/A

Source: U.S. Commerce Department, United Nations, World Bank, World Trade Organization

²² World Bank, 2015, accessed at <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD>.

²³ U.S. International Trade Commission, Trade by Partner Country (2016), accessed at https://dataweb.usitc.gov/scripts/cy_m3_run.asp.

²⁴ U.S. Commerce Department, U.S. Exports of Manufactured Goods by Country, 2016, accessed at <http://tse.export.gov/tse/TSEReports.aspx?DATA=NTD&39.1183579&-77.211762&>false>.

²⁵ Id., U.S. Imports of Manufactured Goods, 2016, accessed at <http://tse.export.gov/tse/TSEReports.aspx?DATA=NTD&39.1183579&-77.211762&>false>.

²⁶ NAM calculation based on WTO manufacturing data, 2015, accessed at https://www.wto.org/english/res_e/statis_e/statis_e.htm.

²⁷ U.S. Bureau of Economic Analysis 2015, accessed at https://bea.gov/iTable/index_MNC.cfm. The U.S. Bureau of Economic Analysis did not report data for Indonesia, Thailand or Vietnam either because the number was too low or because it reflects a single company.

A. Canada

Canada: Key Facts ²⁸				
GDP (2015)	GDP Per Capita (2015)	Population	U.S. Manufactured Goods Exports to Canada (2016)	U.S. Manufactured Goods Imports from Canada (2016)
\$1.6 trillion	\$44,310	36.5 million	\$236.5 billion	\$202.3 billion
Manufactured Goods Balance with Canada (2016)	U.S. Share of Canada's Manufactured Goods Imports (2015)	Average Tariff on U.S. Manufactured Goods Exports to Canada	Average Tariff on Global Manufactured Goods Exports to Canada	Percentage of U.S. Content in U.S. Imports from Canada
\$34.2 billion	51.0%	0%	2.2%	24.7%
Inward Manufacturing FDI to U.S. (Stocks, 2015)		U.S. Outbound Manufacturing FDI (Stocks, 2015)		Canada's Share of World Manufactured Goods Exports (2015)
\$52.5 billion		\$109.9 billion		2.1%

Source: U.S. Commerce Department, United Nations, World Bank, World Trade Organization

The U.S. trade and investment relationship with Canada is particularly strong and robust. Overall, Canada is the United States' second largest goods trading partner. Canada is the United States' top destination for manufactured goods exports and the third largest source of U.S. manufactured goods imports. Together, Canada and Mexico purchase more manufactured goods from the United States than the next ten foreign countries combined, and their economies are increasingly integrated with that of the United States.

In contrast to the overall deficit, the United States had a \$34.2 billion manufacturing trade

²⁸ Data for this and subsequent tables is sourced as follows. GDP - World Bank, 2015, accessed at <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD>; GDP Per Capita - World Bank, 2015, accessed at <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>; Population - World Bank, 2015, accessed at <http://data.worldbank.org/indicator/SP.POP.TOTL>; U.S. exports, imports and balance – U.S. Department of Commerce, 2016, accessed at <http://tse.export.gov/tse/TSEReports.aspx?DATA=NTD&39.1183579&-77.211762&false>; U.S. Share of Foreign Country Imports and Foreign Country Share of World Exports - NAM calculations based on United Nations Statistical Division Commodity Trade (UN COMTRADE) Data Base, 2015, accessed at <http://wits.worldbank.org/>; U.S. content – NBER Working Paper Series, Give Credit where Credit is Due: Tracing Value Added in Global Production Chains, accessed at <http://www.nber.org/papers/w16426.pdf>; Average Tariff – World Trade Organization, accessed at <http://stat.wto.org/TariffProfile/WSDBTariffPFHome.aspx?Language=E>; FDI Inward and Outward – U.S. Bureau of Economic Analysis, 2015, accessed at https://bea.gov/iTable/index_MNC.cfm.

surplus with Canada in 2016, and has increased its exports by \$88.9 billion since 2002. Indeed, the United States exports more manufactured goods exports to Canada than anywhere else, even though Canada's economy is one-eleventh the size of the United States' economy, and smaller than other markets such as China, India, and Japan that purchase far fewer U.S. exports. Notably, Canada imports more than half of all its manufactured goods imports from the United States.

Barriers between the United States and Canada are among the lowest in the world as a result of the North American Free Trade Agreement (NAFTA). Tariffs on manufactured goods have been eliminated on both sides of the border and the United States has a high share of Canada's manufactured goods import market, with 51 percent of the market, more than any other foreign supplier.

That said, the NAM welcomes the opportunity to modernize the 23-year old NAFTA. It was among the earliest of the modern FTAs, and stronger rules have been developed since to address better overseas barriers and raise standards. The NAM also looks forward to the opportunity to address existing barriers that impede greater U.S. manufacturing opportunities in the Canadian market. Among the distortions and barriers in Canada that the NAM has identified are:

- Inadequate protection of intellectual property rights, particularly under the “promise doctrine,” though which numerous U.S. patents have been improperly invalidated, and with ongoing problems with counterfeits and piracy.
- Regulatory, standards and testing differences that limit cross-border access by manufacturers, on which progress has been made through the U.S.-Canada Regulatory Cooperation Council.
- Ongoing customs and trade facilitation barriers, including a low \$25 *de minimis* level for clearance of small shipments, which impedes the ability of small and medium manufacturers to expedite shipments to Canada.
- Ongoing market distortions and barriers, such as with dairy trade that limits access of dairy manufacturers in the United States,
- Non-national security-based investment screening mechanisms, which can be used to limit U.S. investment into Canada.

Manufacturers in the United States strongly welcome opportunities to grow and expand the commercial relationship with Canada through opportunities to update and modernize NAFTA, expand commercial dialogues and ensure strong trade enforcement subject to international rules.

B. China

China: Key Facts				
GDP (2015)	GDP Per Capita (2015)	Population	U.S. Manufactured Goods Exports to China (2016)	U.S. Manufactured Goods Imports from China (2016)
\$10.9 trillion	\$14,430	1.4 billion	\$86.6 billion	\$453.8 billion
Manufactured Goods Balance with China (2016)	U.S. Share of China's Manufactured Goods Imports (2015)	Average Tariff on U.S. Manufactured Goods Exports to China	Average Tariff on Global Manufactured Goods Exports to China	Percentage of U.S. Content in U.S. Imports from China
-\$367.2 billion	11.2%	9.0%	9.0%	4.2%
Inward Manufacturing FDI to U.S. (Stocks, 2015)		U.S. Outbound Manufacturing FDI (Stocks, 2015)		China's Share of World Manufactured Goods Exports (2015)
\$3.2 billion		\$42.4 billion		18.1%

Sources: U.S. Commerce Department, United Nations, World Bank, World Trade Organization

For manufacturers, China stands as one of our largest economic partners, with nearly \$580 billion in trade and nearly \$45 billion in bilateral investment in 2016. Overall, China is the United States' largest goods trading partner, the largest source of U.S. manufactured goods imports and the third largest export market for U.S. manufactured goods. Manufacturers in the United States have seen a substantial increase in U.S. manufactured goods exports and sales to China since it joined the WTO (growing by \$676 billion between 2002 and 2016), particularly as China's economy has grown and it has opened its market through implementation of WTO rules.

China is also a major challenge for manufacturers large and small, imposing a range of market-distorting and trade-limiting barriers that impact manufacturers in the United States. The Chinese market remains one of the most frequently cited trouble spots for manufacturers in the United States – and challenges continue to rise. Among the wide range of market-distorting and damaging industrial policies and other measures negatively impacting manufacturers in the United States, including:

- Government-fueled massive overcapacity in an expanding group of sectors ranging from steel and aluminum to chemicals and concrete, fueled by decades of continued government policies to prop up inefficient companies and industries that have distorted global markets with negative impacts on many U.S. producers.

- Continued export subsidies and restraints designed to promote or restrict the export of priority products – particularly raw material inputs – in ways that benefit domestic companies, and have a negative impact on foreign manufacturers.
- Localization policies and actions designed to tilt the playing field to domestic producers particularly in technologically sophisticated manufacturing sectors such as information technology, automotive, biotechnology, and energy, medical technology, and environmental technologies, including under *Made in China 2025*.
- Challenges related to intellectual property, including weak enforcement that allows rampant counterfeiting and piracy, increasing use of IP in other policy areas (such as standards and competition policy) designed to benefit domestic companies, and growing cybersecurity and cyber-theft issues that challenge our modern, innovative manufacturing sector.
- Trade-distorting practices of state-owned and state-influenced enterprises continue to impact negatively many U.S. manufacturing sectors both in China and abroad.
- Pricing and reimbursement policies that fail to reflect costs of innovation.
- Technical barriers such as standards and technical regulations that limit the ability of manufacturers in a range of manufacturing sectors, such as information technology and medical devices, to compete effectively in China's growing market.
- Efficient border clearance is a major challenge due to the underdeveloped risk management regime and highly-regulated inspection and quarantine regime applicable to imported goods. China's internal transit procedures are also underdeveloped, lacking nationwide procedures for bonded transit between provinces.

The U.S.-China commercial relationship holds potential to spur the growth and expansion of manufacturing here at home, but the trading relationship must be fair and open, and must tackle persistent barriers. On this point, there is a lot of work left undone. Full enforcement of existing international and domestic trade rules and creation of new rules are needed to ensure a free and fair competitive landscape for manufacturers in the United States. The United States must engage China in frank dialogue and negotiations on trade and economic concerns through all available channels, including direct bilateral channels such as the U.S.-China Comprehensive Dialogue, regional channels such as APEC, and multilateral channels such as the G20.

C. European Union

European Union: Key Facts				
GDP (2015)	GDP Per Capita (2015)	Population	U.S. Manufactured Goods Exports to EU (2016)	U.S. Manufactured Goods Imports from EU (2016)
\$16.2 trillion	\$32,018	509.0 million	\$238.7 billion	\$378.9 billion
Manufactured Goods Balance with EU (2016)	U.S. Share of EU's Manufactured Goods Imports (2015)	Average Tariff on U.S. Manufactured Goods Exports to EU	Average Tariff on Global Manufactured Goods Exports to EU	Percentage of U.S. Content in U.S. Imports from EU
-\$140.2 billion	17.6%	4.2%	4.2%	2.1%
Inward Manufacturing FDI to U.S. (Stocks, 2015)		U.S. Outbound Manufacturing FDI (Stocks, 2015)		EU Share of World Exports of Manufactured Goods (2015)²⁹
\$835.7 billion		\$267.7 billion		17.0%

Sources: U.S. Commerce Department, United Nations, World Bank, World Trade Organization

The United States and EU have the world's largest commercial relationship, accounting for one-third of the world's total trade and nearly half of global economic output. Given their comparably sized economies and high standards of living, the United States and EU engage in substantial trade and investment. The United States has increased its manufacturing goods exports to the EU by \$238.7 billion between 2002 and 2016. At the same time, the EU exports more manufactured goods to the United States than we export to them, creating a \$140 billion trade deficit in 2016. The EU is also the biggest foreign investor in the United States, with nearly four times the accumulated foreign direct investment in manufacturing in 2016 that the United States has in the EU. EU investment in the United States supports more than one million U.S. jobs in manufacturing.

At the same time, U.S. and EU trade and investment continues to face challenges, many of which the currently paused Transatlantic Trade and Investment Partnership (TTIP) negotiations were seeking to eliminate. Such barriers include the EU's:

- Regulatory, technical standards and testing procedures that act as barriers to U.S. exports and sales when they utilize nonscientific, quasi-scientific or even political factors; are not implemented through fully transparent procedures; lack technical

²⁹ For the EU, intra-EU trade is excluded from the calculation of the EU's share of global manufactured goods exports. The EU share of world manufactured goods exports increases to 37.5 percent if intra-EU trade is included.

justification and whose burdens of implementation are not proportionate to intended consumer or public welfare benefits. The EU also exports these approaches to third countries, impeding access by manufacturers in the United States not just to the EU member states, but other countries.

- Use of geographic indications to undermine the ability of the U.S. and other countries to protect existing trademarks in these products as well as to ensure fair treatment for those making products on terms already treated as generic.
- Treatment of cross-border data and information flows in ways that impede the ability of manufacturers to move data across borders for the efficient operation of their business.
- Pricing and reimbursement policies, which differ widely from member state to member state, that often fail to reflect fully the costs of innovation.

Manufacturers in the United States strongly welcome opportunities to grow and expand the commercial relationship with the EU, including through consideration of renewed trade agreement negotiations and improved work on issues such as regulatory cooperation, the expansion of commercial dialogues and strong trade enforcement subject to international rules that meaningfully address these issues.

D. India

India: Key Facts				
GDP (2015)	GDP Per Capita (2015)	Population	U.S. Manufactured Goods Exports to India (2016)	U.S. Manufactured Goods Imports from India (2016)
\$2.1 trillion	\$6,101	1.3 billion	\$18.8 billion	\$43.0 billion
Manufactured Goods Balance with India (2016)	U.S. Share of India's Manufactured Goods Imports (2015)	Average Tariff on U.S. Manufactured Goods Exports to India	Average Tariff on Global Manufactured Goods Exports to India	Percentage of U.S. Content in U.S. Imports from India
-\$24.2 billion	7.2%	10.1%	10.1%	1.5%
Inward Manufacturing FDI to U.S. (Stocks, 2015)		U.S. Outbound Manufacturing FDI (Stocks, 2015)		Indian Share of World Exports of Manufactured Goods (2015)
\$784 million		\$5.6 billion		1.6%

Sources: U.S. Commerce Department, United Nations, World Bank, World Trade Organization

The U.S.-India commercial relationship is a longstanding one, but much smaller and less dynamic than the size of the two economies and populations would otherwise suggest. Manufacturers in the United States have long sought closer economic ties with India, but have

been disappointed by India's lack of sustained progress to open its market, raise its standards and eliminate barriers to growth and access.

Over the last decade, the U.S-India commercial relationship has grown, although more substantially for India than the United States. The United States is India's second largest export market, while U.S. manufactured goods represent only 2.1 percent of India's import market. Given the significant barriers and distortions below, it is no coincidence that the United States exports fewer manufactured goods to India than to the United Arab Emirates, Singapore, or Belgium – all countries whose economies are less than one quarter of the size of India's and which have less than one percent of India's population. Overall, India is the United States' ninth largest trading partner and the United States increased manufactured goods exports to India by \$15.2 billion between 2002 and 2016.

While manufacturers in the United States have seen measured progress in recent years in areas such as investment liberalization and selected policy reforms, many core policy issues facing U.S. manufacturers have not changed. Manufacturers continue to be challenged by India's:

- Excessively high tariffs on imports of a range of manufactured products, including automobiles, motorcycles, textiles, distilled spirits, pharmaceuticals and rubber, and has hiked tariffs in critical sectors such as information technology and medical devices.
- Non-transparent, complex and highly cumbersome customs and border practices.
- Growing array of forced localization barriers that call for local production of everything from information technology and clean energy equipment, to medicines and medical devices.
- Weak intellectual property protection and enforcement, and efforts to expand limitations on intellectual property rights, that appears designed to benefit or promote domestic industries at the expense of innovative foreign manufacturers.
- Pricing and reimbursement policies that fail to reflect costs of innovation, including recent moves to sharply reduce prices in medical devices.
- Digital and cross-border data restrictions, including proposals to require that all communications between users in India stay in India and be stored locally on Indian servers.

Given the time and effort invested in the relationship, it is past time for the numerous U.S.-India commercial dialogues and other activities to produce positive and concrete policy changes to eliminate market-distorting localization and weak intellectual property protections and remove barriers to U.S. manufactured goods exports. Full enforcement of existing international and domestic trade rules and stronger rules are needed to ensure a free and fair competitive landscape for manufacturers in the United States.

E. Indonesia

Indonesia: Key Facts				
GDP (2015)	GDP Per Capita (2015)	Population	U.S. Manufactured Goods Exports to Indonesia (2016)	U.S. Manufactured Goods Imports from Indonesia (2016)
\$862 billion	\$11,058	263.5 million	\$3.9 billion	\$15.7 billion
Manufactured Goods Balance with Indonesia (2016)	U.S. Share of Indonesia's Manufactured Goods Imports (2015)	Average Tariff on U.S. Manufactured Goods Exports to Indonesia	Average Tariff on Global Manufactured Goods Exports to Indonesia	Percentage of U.S. Content in U.S. Imports from Indonesia
-\$11.7 billion	5.3%	6.7%	6.7%	3.5%
Inward Manufacturing FDI to U.S. (Stocks, 2015)		U.S. Outbound Manufacturing FDI (Stocks, 2015)		Indonesian Share of World Exports of Manufactures (2015)
N/A		\$134 million		0.8%

Sources: U.S. Commerce Department, United Nations, World Bank, World Trade Organization

The United States and Indonesia enjoy a relatively small commercial relationship, though one that has the potential to grow given the size of Indonesia's population and economy. Indonesia is the United States' 27th largest trade partner overall, with a relatively small investment relationship. The United States also increased its manufactured goods exports to Indonesia by \$2.1 billion between 2002 and 2016.

Manufacturers in the United States see greater potential for this relationship if Indonesia moves forward to adopt a more open, transparent economy that puts the protection of property and respect for rules at its core.

In particular, manufacturers in the United States face the following market-distortions and barriers in Indonesia:

- Very high tariffs on imports of a range of manufactured products.
- Non-transparent, complex and highly cumbersome customs and border practices.
- Localization barriers that require local production of a range of products.
- Weakening intellectual property protection and enforcement.
- Complex, non-transparent and expensive regulatory processes that limit access for foreign products.
- Digital and cross-border data restrictions.

Manufacturers welcome opportunities to improve the U.S.-Indonesian trade and investment relationship through improved dialogue (such as more regular engagement under the U.S.-Indonesia Trade & Investment Framework Agreement) and full enforcement of bilateral and multilateral trade obligations.

F. Japan

Japan: Key Facts				
GDP	GDP Per Capita	Population	U.S. Manufactured Goods Exports to Japan (2016)	U.S. Manufactured Goods Imports from Japan (2016)
\$4.1 trillion	\$37,322	126.7 million	\$52.4 billion	\$128.0 billion
Manufactured Goods Balance with Japan (2016)	U.S. Share of Japan's Manufactured Goods Imports (2015)	Average Tariff on U.S. Manufactured Goods Exports to Japan	Average Tariff on Global Manufactured Goods Exports to Japan	Percentage of U.S. Content in U.S. Imports from Japan
-\$75.7 billion	12.4%	2.5%	2.5%	2.0%
Inward Manufacturing FDI to U.S. (Stocks, 2015)		U.S. Outbound Manufacturing FDI (Stocks, 2015)		Japanese Share of World Manufactured Goods Exports (2015)
\$128.3 billion		\$22.6 billion		5.6%

Sources: U.S. Commerce Department, United Nations, World Bank, World Trade Organization

The United States and Japan have a substantial trade and investment relationship, with over \$250 billion in two-way trade in manufactured goods and accumulated cross-border investment in manufacturing of more than \$150 billion.

Japan is the United States' fourth largest export market for manufactured goods, the fourth largest source of U.S. manufactured goods exports and the United States' fourth largest goods trading partner overall.

Japan exports nearly four times as much to the United States in manufactured goods as it imports, but it also takes in substantial imports from the United States compared to other global suppliers, with 20.7 percent of Japan's imports coming from the United States.

Notably, Japan is also the second largest country source of inward manufacturing investment into the United States after the United Kingdom. Japan's accumulated investment stocks reached \$128 billion in 2015, supporting more than 395,000 manufacturing jobs according to

BEA data. Japanese investment in U.S. manufacturing has grown substantially over the past several decades, with major capital investments and investments in research and development.

While the United States and Japan share a robust commercial relationship, manufacturers in the United States also seek to address outstanding issues in the commercial relationship, including challenges posed by Japan's:

- Technical regulations, standards and testing procedures that remain unique and not well aligned with global norms, and that often do not use cost-benefit analyses or provide opportunities for interested stakeholders to participate in advisory groups on new policies and other measures.
- Pricing and reimbursement policies that fail to reflect costs of innovation.
- Implementation of Japan's Public Comment Procedure (PCP) by ministries and agencies that does not uniformly provide meaningful opportunity to comment on policies, regulations, standards, procedures and other measures as they are developed.
- Competition policy rules that could be improved through greater transparency, due process and others measures to strengthen their application.
- Limited foreign investment and market access for key manufacturing industries, which the WTO indicates "may be attributed, *inter alia*, to impediments to mergers and acquisitions, insufficient regulatory reform and financial transparency and flexibility," among other issues.³⁰

Manufacturers in the United States strongly welcome opportunities to grow and expand the commercial relationship with Japan, including through high-level engagement such as the U.S.-Japan Economic Dialogue, consideration of renewed trade negotiations, the expansion of commercial dialogues and strong trade enforcement subject to international rules.

30 World Trade Organization, **Trade Policy Review: Japan** (March 2013), accessed at http://www.wto.org/english/tratop_e/tpr_e/s276_sum_e.pdf.

G. Korea

Korea: Key Facts				
GDP	GDP Per Capita	Population	U.S. Manufactured Goods Exports to Korea (2016)	U.S. Manufactured Goods Imports from Korea (2016)
\$1.4 trillion	\$34,549	51.5 million	\$35.7 billion	\$68.3 billion
Manufactured Goods Balance with Korea (2016)	U.S. Share of Korea's Manufactured Goods Imports (2015)	Average Tariff on U.S. Manufactured Goods Exports to Korea	Average Tariff on Global Manufactured Goods Exports to Korea	Percentage of U.S. Content in U.S. Imports from Korea
-\$32.6 billion	12.2%	<1.0%	6.8%	5.4%
Inward Manufacturing FDI to U.S. (Stocks, 2015)		U.S. Outbound Manufacturing FDI (Stocks, 2015)		Korea's Share of World Manufactured Goods Exports (2015)
\$5.9 billion		\$14.2 billion		4.1%

Sources: U.S. Commerce Department, United Nations, World Bank, World Trade Organization

The United States and Korea share a robust trade and investment relationship, with over \$100 billion in two-way trade in manufactured goods and accumulated cross-border investment in manufacturing of more than \$20 billion. Korea is the United States' overall fifth-largest trading partner – a significant factor given that the Korean economy is smaller than many countries that trade less with the United States. Notably, the United States increased manufactured goods exports to Korea by \$15.6 billion between 2002 and 2016.

Barriers between the United States and Korea are relatively low as a result of the Korea-U.S. Free Trade Agreement (KORUS FTA) that is still being implemented. Most tariffs on manufactured goods have been eliminated by both the United States and Korea, although some sensitive products (including U.S. tariffs) are being phased out more slowly. Yet, foreign competitors that do not benefit from an FTA pay a much higher 6.8 percent tariff. Trade barriers have also been reduced and higher standards have been set on a range of issues that are important to grow the competitiveness of manufacturers in the United States.

That said, the NAM continues to identify areas where full implementation of the KORUS FTA has lagged. Among the issues requiring additional work to improve the U.S.-Korea commercial relationship are Korea's:

- Continued problems with the lack of transparency and predictability, as well as concerns over regulatory practices that are imposing standards and regulations that

disproportionately limit access for imports of passenger vehicles and motorcycles from the United States.

- Customs processes that continue to impose lengthy and costly processes on manufactured goods imports from the United States.
- Pricing and reimbursement policies that fail to reflect costs of innovation.
- Lack of strong rules to ensure cross-border data flows and open digital trade that are critical to small manufacturers that rely on cloud computing and manufacturers of all sizes that are increasingly creating and utilizing digital platforms.

Manufacturers in the United States strongly welcome opportunities to grow and expand the commercial relationship with Korea, including by strong work to ensure full implementation of the KORUS FTA, expand productive commercial dialogues to promote concrete progress and ensure strong trade enforcement subject to international rules.

H. Malaysia

Malaysia: Key Facts				
GDP (2015)	GDP Per Capita (2015)	Population	U.S. Manufactured Goods Exports to Malaysia (2016)	U.S. Manufactured Goods Imports from Malaysia (2016)
\$296 billion	\$36,950	32 million	\$11.2 billion	\$35.9 billion
Manufactured Goods Balance with Malaysia (2016)	U.S. Share of Malaysia's Manufactured Goods Imports (2015)	Average Tariff on U.S. Manufactured Goods Exports to Malaysia	Average Tariff on Global Manufactured Goods Exports to Malaysia	Percentage of U.S. Content in U.S. Imports from Malaysia
-\$24.7 billion	9.5%	5.5%	5.5%	7.5%
Inward Manufacturing FDI to U.S. (Stocks, 2015)		U.S. Outbound Manufacturing FDI (Stocks, 2015)		Malaysian Share of World Manufactured Goods Exports (2015)
\$301 million		\$4.3 billion		1.7%

Sources: U.S. Commerce Department, United Nations, World Bank, World Trade Organization

The United States and Malaysia share a growing commercial relationship. While Malaysia is currently the United States' 18th largest trading partner, that relationship has grown five-fold over the last two decades. Malaysia's own market is relatively small, both in terms of GDP and population. Notably, nearly half of the U.S. trade deficit with Malaysia – \$11 trillion in 2016 – is accounted for by petroleum and energy products.

U.S. manufactured goods exports have declined as a share of Malaysia's import market, with U.S. manufactured goods supplying just 9.5 percent of Malaysia's total manufactured goods imports in 2015, a decrease from 18 percent in 1997. At the same time, China, which has an FTA with Malaysia, has been increasing market share and supplied 23 percent of Malaysia's import market in 2015, compared to just two percent in 1997. The United States also increased its manufactured goods exports to Malaysia by \$1.3 billion between 2002 and 2016.

Manufacturers in the United States also seek to address outstanding issues in the commercial relationship, including Malaysia's:

- Customs and tariff barriers to trade, including non-transparent rulings and procedures on all customs entries, import-approval permitting process, as well as limits on procedures for expedited shipments.
- Lack of full transparency of the drafting and implementation of laws and regulations.
- Significant barriers to investment that impede the ability of manufacturers to sell to Malaysian consumers.
- Market-distorting practices related to automobile and other production.
- Utilization of export restraints that distort fair commerce.
- Lack of fully robust intellectual property protections and enforcement.
- Differential export taxes on value-added agricultural products and other goods, which act as an export subsidy, creating competitive advantages for local downstream processors of the taxed product, at the expense of U.S. exports and sales.

Manufacturers in the United States strongly welcome opportunities to grow and expand the commercial relationship with Malaysia, including through trade negotiations, the expansion of productive commercial dialogues and strong trade enforcement subject to international rules.

I. Mexico

Mexico: Key Facts				
GDP (2015)	GDP Per Capita (2015)	Population	U.S. Manufactured Goods Exports to Mexico (2016)	U.S. Manufactured Goods Imports from Mexico(2016)
\$1.1 trillion	\$17,269	122.3 million	\$209.2 billion	\$264.2 billion
Manufactured Goods Balance with Mexico (2016)	U.S. Share of Mexico's Manufactured Goods Imports (2015)	Average Tariff on U.S. Manufactured Goods Exports to Mexico	Average Tariff on Global Manufactured Goods Exports to Mexico	Percentage of U.S. Content in U.S. Imports from Mexico
-\$55.1 billion	43.0%	0%	5.7%	39.8%
Inward Manufacturing FDI to U.S. (Stocks, 2015)		U.S. Outbound Manufacturing FDI (Stocks, 2015)		Mexican Share of World Manufactured Goods Exports (2015)
\$3.8 billion		\$31.8 billion		2.8%

Sources: U.S. Commerce Department, United Nations, World Bank, World Trade Organization

The U.S. trade and investment relationship with Mexico is particularly strong and robust. Mexico is the United States' third-largest overall goods trading partner, its second-largest destination for manufactured goods exports and the second-largest source of U.S. manufactured goods imports. The United States increased manufactured goods exports to Mexico by more than any other country since 2002 (by \$120.9 billion between 2002 and 2016). Together, Mexico and Canada purchase more manufactured goods from the United States than the next ten foreign countries combined, and their economies are increasingly integrated with that of the United States.

The overall relationship is relatively balanced, particularly given the high degree of input trade crossing the border and the high value-added of manufactured goods imports from Mexico. Even more notable is the fact that Mexico purchases nearly more manufactured goods than any other country but Canada, even though Mexico's economy is less than one-twelfth of the United States' economy and has a per capita GDP that is one-third of the United States' per capita GDP.

Barriers between the United States and Mexico are among the lowest in the world as a result of the North American Free Trade Agreement (NAFTA). Tariffs on manufactured goods have been eliminated on both sides of the border and the United States has a high share of Mexico's manufactured goods import market, with 43 percent of the market, more than any other foreign supplier.

That said, the NAM welcomes the opportunity to modernize the 23-year old NAFTA. As noted in commentary on Canada, It was among the earliest of the modern FTAs, and stronger rules have been developed to address better overseas barriers and raise standards. The NAM also looks forward to the opportunity to address existing barriers that impede greater U.S. manufacturing opportunities in the Mexican market. Among the distortions and barriers that the NAM has identified include Mexico's:

- Customs and trade facilitation barriers, including a low \$50 *de minimis* level for small shipments, non-automatic import licenses and other barriers to border processing.
- Failure to join the Information Technology Agreement or its expansion.
- Technical barriers to trade, including duplicative regulatory and certification requirements in sectors such as information technology and medical devices and limitations on full market access for conformity assessment that has a negative impact on manufacturers.
- Investment restrictions, including in energy, telecommunications and other sectors.

Manufacturers in the United States strongly welcome opportunities to grow and expand the commercial relationship with Mexico, through opportunities to update and modernize NAFTA, expand commercial dialogues and ensure strong trade enforcement subject to international rules.

J. Switzerland

Switzerland: Key Facts				
GDP (2015)	GDP Per Capita (2015)	Population	U.S. Manufactured Goods Exports to Switzerland (2016)	U.S. Manufactured Goods Imports from Switzerland (2016)
\$665 billion	\$61,086	8.4 million	\$18.4 billion	\$31.7 billion
Manufactured Goods Balance with Switzerland (2016)	U.S. Share of Switzerland's Manufactured Goods Imports (2015)	Average Tariff on U.S. Manufactured Goods Exports to Switzerland	Average Tariff on Global Manufactured Goods Exports to Switzerland	Percentage of U.S. Content in U.S. Imports from Switzerland³¹
-\$13.3 billion	8.6%	1.8%	1.8%	3.0%
Inward Manufacturing FDI to U.S. (Stocks, 2015)		U.S. Outbound Manufacturing FDI (Stocks, 2015)		Swiss Share of World Manufactured Goods Exports (2015)
\$117.5 billion		\$34.0 billion		2.0%

Sources: U.S. Commerce Department, United Nations, World Bank, World Trade Organization

The United States and Switzerland enjoy a robust commercial relationship. Switzerland is the United States' 12th largest goods trading partner overall, despite the fact that its population and GDP are small fractions of the United States (just under 3 percent and 4 percent respectively). The United States also increased its manufactured goods exports to Switzerland by \$22.6 billion between 2002 and 2016. The investment relationship is similarly outsized, with more than \$150 billion in foreign direct investment between the two countries.

Nonetheless, manufacturers in the United States also seek to address outstanding issues in the commercial relationship, including Switzerland's:

- Technical requirements for certain manufactured products – including automobiles – that limit market entry for exported products.
- Significant restrictions in agriculture, including processed foods, including strict sanitary and phytosanitary (SPS) measures, price controls, high tariffs and import restrictions.
- Treatment of cross-border data and information flows in ways that impede the ability of manufacturers to move data across borders for the efficient operation of their business.

³¹ Percentage for all European Free Trade Association members: Iceland, Liechtenstein, Norway and Switzerland.

Manufacturers in the United States strongly welcome opportunities to grow and expand the commercial relationship with Switzerland, including through consideration of renewed trade negotiations, the expansion of commercial dialogues and strong trade enforcement for relevant trade concerns.

K. Taiwan

Taiwan: Key Facts				
GDP (2015)	GDP Per Capita (2015)	Population	U.S. Manufactured Goods Exports to Taiwan (2016)	U.S. Manufactured Goods Imports from Taiwan (2016)
\$519 billion	\$46,833	23.5 million	\$22.8 billion	\$37.5 billion
Manufactured Goods Balance with Taiwan (2016)	U.S. Share of Taiwan's Manufactured Goods Imports (2015)	Average Tariff on U.S. Manufactured Goods Exports to Taiwan	Average Tariff on Global Manufactured Goods Exports to Taiwan	Percentage of U.S. Content in U.S. Imports from Taiwan
-\$14.7 billion	7.7%	4.8%	4.8%	5.5%
Inward Manufacturing FDI to U.S. (Stocks, 2015)		U.S. Outbound Manufacturing FDI (Stocks, 2015)		Taiwan's Share of World Manufactured Goods Exports (2015)
\$2.9 billion		\$5.5 billion		3.1%

Sources: U.S. Commerce Department, United Nations, World Bank, World Trade Organization

The United States and Taiwan share a robust trade and investment relationship. With an economy of less than 3 percent that of the U.S. economy, Taiwan is a strong purchaser of U.S. manufactured goods exports and is the United States' ten largest trading partner overall despite its small economy. Notably, the United States increased its manufactured goods exports to Taiwan by \$6.6 billion between 2002 and 2016.

Manufacturers also seek to address outstanding issues in the U.S.-Taiwanese commercial relationship, including action to address Taiwan's:

- Regulatory and technical standards that place greater burdens and limit access to a wide range of food and other manufactured goods products from the United States.
- Weak intellectual property protection that could stem counterfeiting and strengthen enforcement.

Manufacturers in the United States strongly welcome opportunities to grow and expand the commercial relationship with Taiwan, including through trade negotiations, the expansion of productive commercial dialogues and strong trade enforcement subject to international rules.

L. Thailand

Thailand: Key Facts				
GDP (2015)	GDP Per Capita (2015)	Population	U.S. Manufactured Goods Exports to Thailand (2016)	U.S. Manufactured Goods Imports from Thailand (2016)
\$395 billion	\$16,340	68.3 million	\$9.3 billion	\$27.7 billion
Manufactured Goods Balance with Thailand (2016)	U.S. Share of Thailand's Manufactured Goods Imports (2015)	Average Tariff on U.S. Manufactured Goods Exports to Thailand	Average Tariff on Global Manufactured Goods Exports to Thailand	Percentage of U.S. Content in U.S. Imports from Thailand
-\$18.4 billion	7.7%	7.7%	7.7%	4.4%
Inward Manufacturing FDI to U.S. (Stocks, 2015)		U.S. Outbound Manufacturing FDI (Stocks, 2015)		Thai Share of World Manufactured Goods Exports (2015)
N/A		\$7.5 billion		1.5%

Sources: U.S. Commerce Department, United Nations, World Bank, World Trade Organization

Thailand is the United States' 21st largest trading partner overall and the 25th largest purchaser of U.S. manufactured good exports. The United States increased its manufactured goods exports to Thailand by \$5.1 billion between 2002 and 2016.

Manufacturers also seek to address outstanding issues in the U.S.-Thai commercial relationship, including through actions to address Thailand's:

- Customs and tariff regime to eliminate barriers and increase transparency.
- Regulatory, technical standards, testing and other limits on manufactured goods.
- Burdensome and unwarranted labeling restrictions, including application of plain packaging and new bans on labeling, branding, education, promotion and advertising related to formula, milk and other products for children up to three years of age.
- Weak intellectual property protection and enforcement, with delays of nearly ten years to obtain a patent or more than 14 years for life-sciences patents.

Manufacturers in the United States seek new opportunities to grow and expand the commercial relationship with Thailand, including through trade negotiations, the expansion of productive commercial dialogues and strong trade enforcement subject to international rules.

M. Vietnam

Vietnam: Key Facts				
GDP (2015)	GDP Per Capita (2015)	Population	U.S. Manufactured Goods Exports to Vietnam (2016)	U.S. Manufactured Goods Imports from Vietnam (2016)
\$194 billion	\$6,035	92.7 million	\$7.9 billion	\$39.2 billion
Manufactured Goods Balance with Vietnam (2016)	U.S. Share of Vietnam's Manufactured Goods Imports (2015)	Average Tariff on U.S. Manufactured Goods Exports to Vietnam	Average Tariff on Global Manufactured Goods Exports to Vietnam	Percentage of U.S. Content in U.S. Imports from Vietnam
-\$32.6 billion	4.4%	8.4%	8.4%	2.8%
Inward Manufacturing FDI to U.S. (Stocks, 2015)		U.S. Outbound Manufacturing FDI (Stocks, 2015)		Vietnam's Share of World Manufactured Goods Exports (2015)
N/A		N/A		1.4%

Sources: U.S. Commerce Department, United Nations, World Bank, World Trade Organization

The United States and Vietnam share a significant commercial relationship. Vietnam is the United States' 16th largest trading partner overall and the 29th largest export market for U.S. manufactured goods.

U.S. manufactured goods supply just 4.4 percent of Vietnam's total manufactured goods imports in 2015. At the same time, China, which has an FTA with Vietnam, has been increasing market share, supplying 33 percent of Vietnam's import market in 2015, compared to just 9 percent in 2000. The United States increased its manufactured goods exports to Vietnam by \$7.4 billion between 2002 and 2016.

Manufacturers also seek to address outstanding issues in the U.S.-Vietnamese commercial relationship, including through action to address Vietnam's:

- Digital trade and server localization and cross-border data flow restrictions that limit the ability of small manufacturers to rely on cloud computer and manufacturers of all sizes that are increasingly creating and utilizing digital platforms.

- Regulatory and technical standards' approaches, particularly in light of provisions in the EU-Vietnam FTA that may impede fair access for manufactured products manufactured in the United States.
- Investment and related restrictions that impede the ability of manufacturers to grow access and sales in Vietnam.

Manufacturers in the United States strongly welcome opportunities to grow and expand the commercial relationship with Vietnam, including through trade agreements, the expansion of productive commercial dialogues and strong trade enforcement subject to international rules.

III. Conclusion

As the administration considers next steps, the NAM urges that it prioritize work to address existing distortions and barriers to improve U.S. competitiveness globally through (1) the negotiation of advanced trade agreements that open markets and set strong rules; (2) the modernization of U.S. trade tools to boost U.S. global competitiveness, from improving export financing options to eliminating self-inflicted barriers that impede U.S. manufacturing, exports and U.S. participation in partnerships overseas that spur efficient and competitiveness of U.S. manufacturing; and (3) the implementation of more rapid and robust trade enforcement consistent with the international rules system to ensure that trade agreement commitments are honored, our innovative technologies are not stolen and U.S. trade rules are effectively enforced. Where trade agreement rules are not keeping up with new challenges and distortions, manufacturers urge U.S. leadership and efforts to develop new internationally agreed-upon rules and frameworks to raise standards and promote a more open and competitive market-driven global economy. The NAM opposes government policies that unfairly limit the availability or raise the cost of necessary manufacturing inputs.

The NAM welcomes the administration's focus on improving global trade relationships and looks forward to working closely with both the Office of the U.S. Trade Representative and the U.S. Department of Commerce to address concrete market-distortions and trade barriers identified in bilateral and global trading relationships as part of a broad agenda to improve U.S. manufacturing competitiveness globally in order to grow manufacturing and good-paying jobs in the United States.



**Summary of Testimony Linda Dempsey, Vice President, International Economic Affairs,
National Association of Manufacturers
For Hearing on
Administration Report on Significant Trade Deficits
(Docket DOC 2017-0003)
May 10, 2017**

The growth of U.S. manufactured goods production and exports over the past 25 years supports rewarding and meaningful careers and supports communities throughout all 50 states. While manufacturers in the United States produce more than ever before, manufacturing production is also transforming as it adapts to a changing world at home and abroad. Just as U.S. manufacturing and trade have grown, so too has world manufacturing production and trade in manufactured goods. Manufacturers in the United States have seen a quadrupling of exports since the 1990s, supporting growth in many U.S. manufacturing industries. Imports have also expanded substantially, but with multiple impacts on the U.S. manufacturing sector, as some imports are fueled by market distortions and unfair competition overseas, while other imports are important to help improve the competitiveness of U.S. manufacturing production.

The trade deficit arises as a result of several factors, including overall domestic economic conditions and standards of living; domestic consumption and purchasing compared with savings rates; and the price of goods in the market, which is, in turn, impacted by exchange rates, domestic structural issues (e.g., taxation, regulation) and openness to international trade. For the United States, trade deficits are largely correlated with the growth of the U.S. economy, meaning trade deficits expand as the U.S. economy grows and, conversely, trade deficits fall during periods of recession or economic weakness. Conversely, when the U.S. economy has been growing, more workers are employed and unemployment has decreased, while the trade deficit increased.

The NAM looks at numerous factors in evaluating the strength and weaknesses of U.S. trading relationships with particular markets, including the existence and implementation of trade agreements, the relative size of the trading relationship to the size of the foreign economy, the growth of exports over time, the U.S. share of the country's worldwide imports, foreign direct investment, U.S. content in imports into the United States and overall tariff rates. These factors and others inform the NAM's examination of each of the 12 countries and the European Union being reviewed.

As the administration considers next steps, the NAM urges that it prioritize work to address existing distortions and barriers to improve U.S. competitiveness globally through (1) the negotiation of advanced trade agreements that open markets and set strong rules; (2) the modernization of U.S. trade tools to boost U.S. global competitiveness, from improving export financing options to eliminating self-inflicted barriers that impede U.S. manufacturing, exports and U.S. participation in partnerships overseas that spur efficient and competitiveness of U.S. manufacturing; and (3) the implementation of more rapid and robust trade enforcement consistent with the international rules system to ensure that trade agreement commitments are honored, our innovative technologies are not stolen and U.S. trade rules are effectively

enforced. Where trade agreement rules are not keeping up with new challenges and distortions, manufacturers urge U.S. leadership and efforts to develop new internationally agreed-upon rules and frameworks to raise standards and promote a more open and competitive market-driven global economy. The NAM opposes government policies that unfairly limit the availability or raise the cost of necessary manufacturing inputs.