

NMMA Supports International Trade Liberalization

BACKGROUND

President Bush, through the Office of the United States Trade Representative (USTR), has aggressively sought to establish a series of regional and bilateral free trade agreements (FTA) since his Administration secured trade promotion authority in 2002. Trade promotion authority allows the President to negotiate trade deals without those agreements being subject to change later by Congress, which now is allowed only an up or down vote on an FTA. Since 2001, the Bush Administration has secured Congressional approval of new free trade agreements with 12 countries, concluded FTA negotiations with Oman, Peru and Colombia, and initiated FTA negotiations under Trade Promotion Authority with 11 more. According to USTR, these 26 countries would constitute America's second largest export market and the world's third largest economy.

According to USTR, U.S. annual incomes are \$1 trillion higher due to increased trade liberalization since 1945, which is \$9,000 per year for the average American household. Exports support one in five U.S. manufacturing jobs, with jobs relating to exports paying on average 13-18 percent higher than other American jobs. Since the World Trade Organization (WTO) was created in 1995, manufacturing exports have increased 82 percent, and total U.S. exports were up 11 percent in 2005 and 13 percent in 2004.

The American recreational boating industry has benefited greatly from increasing trading opportunities. In 2005, the boat and engine export and import markets both increased by double digits, with boat and engine exports totaling \$2.2 billion and imports totaling \$2.6 billion. This led to a 43 percent reduction in the boat/engine trade deficit, falling \$457 million largely as a result of a favorable dollar policy in the United States. Recent export opportunities in Dubai, for example, demonstrate well how global trade liberalization can benefit American boat, engine and accessory manufacturers looking for new market opportunities.

ISSUE

- **Trade is good for Business.** Under the right conditions, free trade agreements eliminate tariffs and non-tariff trade barriers, open services markets, enhance labor and environmental protections, solidify relationships with allies, promote economic and political reforms in partnering nations, level the playing field for U.S. exporters, inject new import competition into U.S. markets, thus increasing choice and quality of product for American consumers, and generate global momentum for open markets and free trade worldwide. In short, free trade agreements are good for business. NMMA urges Congress during the 110th Congress to continue to pursue rather than curtail or significantly constrain opportunities to eliminate trade barriers for U.S. companies.
- **U.S. Must Participate in Trade Liberalization.** The proliferation of global free trade agreements without aggressive U.S. efforts to great bilateral and multilateral trade agreements would put U.S. exporters at a significant disadvantage. Because other nations pursue FTAs without the U.S., American exporting companies face higher tariffs when trying to enter those markets than do nations which have secured an FTA. NMMA therefore supports the free trade agreements which are currently in negotiation insofar as they secure strong fair-trade commitments from our trading partners and reduce tariff and non-tariff barriers for U.S. manufacturers and exporters.
- **Renew Trade Promotion Authority.** NMMA urges Congress to renew Presidential Trade Promotion Authority, which will expire in July of this year. Trade Promotion Authority, also known as fast-track, gives the President essential authority to negotiate in good faith agreements with American trading partners.
- **Secure Commitments from China.** NMMA believes the President and Congress must work cooperatively to secure commitments from China that it will adhere to its international obligations under WTO. China must discontinue its willful manipulation of the Yuan and allow its currency to float freely on the world market, more robustly enforce intellectual property rights laws and eliminate illegal counterfeiting, and eliminate its illegal export subsidies which run afoul of WTO rules.