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THE WHITE HOUSE
WASHINGTON

File Trade Notes

Access and competitive opportunity -
we concern

high wage and high productivity

95% of consumers
BEM = 40% of the
G.

Real choice -
→ produce here or produce there - where the consumers are
→ raise wall around us - or break down walls
around them

protectionism is lose/lose

trade is win/win

→ promote exports vs. discourage imports
tariff = tax

actions

small firms

OPIC
SBA
EXIM

NAFTA

exports ↑ by 17% in first year – 2x as fast as overall export g

1995 similar strength $\boxed{24\%}$

→ in 1995, exp to Mexico up 13% compared to pre NAFTA

2.5 million jobs

700,000 Mexico

291,000 ↑

tariff ↓ in Mexico with US

tariff ↑ in Mexico with ROW

70% to 73% market share ↑

NAFTA incl ability to address worker rights and enviro

Buchanan has helped Reps discover a real issue -
They had overlooked, even denied, derided
wage stagnation / income disparity

But while he has identified a real concern -
he does not understand the sources of the problem ~~and~~

and he has not proposed any real solutions

To listen to Buchanan -
one would believe that wage problem is result of
2 trade agreements GATT + NAFTA

- Problem has been with us for 20 yrs, long before
- No evidence that trade is the problem
- No evidence that other culprits
immigration / welfare state / big gov't.

Culprits
tech / ↓ in min wage / union power
education / inadequate I

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President Clinton recognizes that, as we enter the 21st century, America's economic well-being and prosperity will depend in large part on how competitive we are in the global economy. That is why he has developed the most dynamic, aggressive, and coherent international economic policy in recent history. The result: the United States has been ranked the most competitive nation in the world for two years in a row by the World Economic Forum.

President Clinton's trade policy has four key goals: to restore U.S. competitiveness; to stand up for American workers and companies against unfair competition; to create new, high-wage jobs by selling U.S. goods and services to new markets; and to build a stronger economy at home. This paper reviews highlights of the Clinton Administration's trade policy over the past three years.

RESTORING U.S. COMPETITIVENESS

The U.S. economy is more dependent on international trade than ever. In 1970, trade accounted for only 13 percent of U.S. GDP. In 1995, the value of trade exceeded $2 trillion, more than 30 percent of GDP. American exports have grown by 33 percent in three years, and we are once again the world's largest exporter, surpassing Germany.

The United States is also the most competitive nation in the world. A major international study by the World Economic Forum has placed the United States as the most economically competitive nation in the world for two years in a row. From semiconductors to autos to agriculture to services, the U.S. is in the lead, and on the move.

The United States has regained its position as the world's largest exporter -- surpassing Germany. Over the past three years, exports have grown 34 percent.

The U.S. automobile industry has overtaken Japan and has been ranked Number One for two years in a row -- for the first time since the 1970's.

U.S. aircraft industry dominates the world market -- supplying 65 percent of sales to Asia alone.

U.S. farmers and related industry created a trade surplus of approximately $20 billion in 1995 -- the largest surplus since 1982.

The United States has regained dominance of the semiconductor market: U.S. market share has risen from 37 percent in 1989 to 43 percent in 1994 -- surpassing Japan.

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STANDING UP FOR AMERICAN WORKERS AND COMPANIES AGAINST UNFAIR COMPETITION

American workers are the most skilled and productive in the world and American products are of the highest quality. Yet too frequently our businesses face unfair competition, and are therefore at a disadvantage that can cost them important international contracts and, as a result, American jobs. That is why President Clinton has worked to ensure that American workers and companies are treated fairly in the global marketplace.

Japan

President Clinton has worked aggressively to open markets, and has stood up to countries like Japan on behalf of American workers and businesses.

Traditionally, the U.S.-Japan trading relationship has been one of imbalance. Over the past 25 years, four million vehicles have been shipped from Japan to the United States, while only 400,000 U.S. vehicles have been sold to Japan. Today, U.S. automobile industry has greater access to the Japanese market -- for the first time.

Big Three exports of vehicles to Japan increased significantly in 1995 -- almost 50 percent. And the positive trend is continuing: in January 1996 alone, Chrysler, Ford and GM sales in Japan rose 36 percent over January 1995.

Since the June 1995 agreement on Autos and Auto Parts, the Japanese government has begun to deregulate the $60 billion auto replacement parts market. For more than 25 years, Tenneco was unable to gain access to the Japanese distribution system. Recently, however, Tenneco announced that Japan Energy Corporation, a major oil distributor, will distribute shock absorbers and other U.S. auto parts in over 1000 gas stations in Japan. Tenneco

Only three years ago, U.S. apples were banned from Japan. Exports of Washington state apples to Japan were worth approximately $15 million in 1995.

U.S. sales of medical equipment to Japan have increased about 20 percent since a medical technology agreement was signed in 1994.

NAFTA & GATT

NAFTA eliminates tariffs among the United States, Canada, and Mexico; in its first year alone, trade among the NAFTA partners grew by 17 percent, an increase of more than $50 billion. Tariffs reduced as a result of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) have similarly helped level the playing field. For example, agricultural subsidies have been slashed under GATT, allowing U.S. farmers access to the traditionally closed international agriculture market.

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U.S. service exports to Canada were valued at more than $15 billion in 1995, up from nearly $10 billion in 1993 — a 33 percent increase over two years.

In 1994, agricultural exports to Canada and Mexico reached an all-time high of $4.5 billion, up 25 percent from the previous year.

U.S. agricultural exports overall reached a record $58 billion in 1995, up almost 30% from the previous year. Today, one out of every three acres that is farmed is exported.

In 1992, 12 U.S. corporations formed a business consortium -- AGC Affiliated -- to promote the development and international sales of mobile cogeneration units (MCUs), an innovative energy device that is used by industries ranging from textiles to automobiles. NAFTA cut Mexican tariffs on MCUs by 50 percent, leading to a twofold increase in sales for AGC to Mexico and a tenfold increase in employment in Tulsa, Oklahoma.

Export Promotion

For years, foreign companies have had the active support of their governments when competing for international contracts. President Clinton believes that U.S. firms are the best and most competitive in the world, yet they often face unfair competition from foreign firms. That is why President Clinton developed a National Export Strategy that aggressively supports U.S. companies doing business abroad. From providing high-level advocacy to appropriate financing and risk insurance, the Clinton Administration is committed to supporting U.S. firms abroad.

Since 1993, the Clinton Administration has helped U.S. companies win over $57 billion in foreign deals. These deals represent a U.S. export content of approximately $26 billion, which in turn has directly supported over 370,000 jobs.

The Export-Import Bank of the United States has agreed to match more than 30 instances where other countries have promised low-cost financing to obtain contracts -- just in the past two years.

The Clinton Administration has set up a national network of U.S. Export Assistant Centers (USEACs) that serve as one-stop-shops for small and medium size companies. Results have been impressive: in 1995, the Chicago USEAC helped at least 56 percent more companies enter new markets than in previous years, while the Baltimore USEAC assisted at least 60 percent more companies increase their exports.

CREATING HIGH-WAGE JOBS THROUGH AN UNPRECEDENTED EXPORT BOOM

The President's leadership on trade has contributed to an unprecedented export boom and, as a result, hundreds of thousands of high-quality, high-wage jobs have been created in the United States. Over the past three years, 1.6 million jobs were created as a direct result of increased exports. Today, at least 12 million American jobs depend on export trade.

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In 1994, almost a million Californians held jobs that depended on the export of manufactured goods. In Michigan, over 500,000 workers depended on manufacturing exports for their employment.

Exports to Canada and Mexico -- our NAFTA partners -- have created 310,000 American jobs -- all despite Mexico's financial crisis. Merchandise exports to Canada and Mexico currently support an estimated 2.5 million jobs.

The majority of export-related jobs have been created not by big corporations, but because of the explosive expansion of smaller firms doing business abroad. In fact, small companies produced an estimated 62 percent of the 3.3 million new jobs created in 1994 alone.

Small companies -- the heart and soul of the American economy -- employ more than half of the U.S. workforce, are responsible for about half of all U.S. GDP, and generate more than half of all sales in the U.S. Small and medium sized enterprises are exporting more and are a growing source of U.S. exports. These businesses were responsible for more than one-third of total merchandise exports in 1994 -- $150 billion -- which was a 150 percent increase over 1987.

Aquatics Unlimited, a small environmental technology company in Martinez, California, recently signed an agreement with the Indonesian government to provide dredging equipment. This deal is expected to be worth $10 million over the next five years, and has enabled Aquatics Unlimited to more than double its staff from 20 to 50 people.

Goulston Technologies, a small, North Carolina-based company employing approximately 150 people, manufactures lubricants for the fiber producer and textile industries. After the passage of NAFTA, tariffs on most of Goulston's products dropped from 15 percent to zero, giving Goulston a distinct advantage over non-NAFTA competitors. Not only have tariff reductions opened up new business opportunities for Goulston in Mexico, but have also created new employment opportunities in North Carolina. Since the passage of NAFTA, Goulston has hired 15 new employees.

President Clinton recognizes that small and medium sized companies are "the engine that will drive us into the 21st century."[2] That is why he designed a National Export Strategy that places special emphasis on small and medium-sized firms. The Clinton Administration has worked hard to provide much-needed information and capital to small firms seeking to expand abroad.

In 1995, the U.S. Small Business Administration and the Export Import Bank of the U.S. jointly guaranteed well over 300 export working capital guarantees to U.S. exporters, worth approximately $279 million -- a 33 percent increase over 1994.

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[2]President Bill Clinton, "National Export Strategy Report," 10/95

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The Overseas Private Investment Corporation created a $20 million small business fund that provides growth capital to international projects.

Eighty percent of business for Interworld Engineering, Inc., a five-employee industrial engineering firm in Greenville, Michigan, comes as a result of exporting. Interworld designed, produced and exported an automotive manufacturing line to be used in the largest-truck plant in China, backed by a $1.9 million Ex-Im Bank guaranteed working capital loan.

C.S. Johnson Company, a designer and manufacturer of concrete mixing equipment in Illinois, received an SBA loan that helped the company complete a large dam project in China. The company now expects sales overseas to increase over the next few years as they compete to supply other projects in Asia.

CONCLUSION: BUILDING A STRONGER ECONOMY AT HOME

President Clinton has a clear vision of America's economic future: one of economic growth and opportunity for all Americans. Since the outset of his Administration, President Clinton has viewed global change not as a threat, but as an enormous opportunity for American workers and businesses to take advantage of the new opportunities that the global economy offers.

95 percent of the world's consumers live outside the United States. China's population, already the largest in the world, grows by the size of one Canada every year. Emerging markets -- such as China, the nations of ASEAN, Mexico, Brazil, Poland -- are the fastest-growing and most dynamic markets in the world, accounting for 40 percent of total world economic growth. Regions of emerging markets -- particularly in southeast Asia and Latin America -- are becoming increasingly integrated economically.

U.S. leadership in trade is replacing old alliances based on fear with new ones based on mutual prosperity. With the fall of communism and the rise of free market capitalism, President Clinton has led the world in establishing important new multilateral structures for the post-Cold War era. From NAFTA to GATT to APEC to the Free Trade Area of the Americas, the President has developed an international economic infrastructure that serves to deepen democratic reforms, increase stability, and solidify a rules-based system under which American interests can flourish. In short, he has built an economic architecture for the future.

By strengthening our ties with our traditional trading partners and promoting new regional economic structures around the world, President Clinton has led the call for more cooperation and fairness in the global economy. He has established an international economic infrastructure that will help ensure economic and political stability throughout the world and into the 21st century; that serves the interests of U.S. workers and companies; and that has made the United States Number One once again.

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NAFTA: ASSESSING THE RECORD

January 30, 1996

NAFTA expands access for U.S. products in the markets of two of our top three trading partners, creates jobs, and raises standards of living. Mexico's current economic problems make NAFTA more important than ever in safeguarding U.S. jobs and income. Without NAFTA, the current trade situation with Mexico would be far worse for both the United States and Mexico.

NAFTA has been a success.

Since NAFTA began, U.S. exports to Mexico have risen, U.S. wages have increased, and exports to our NAFTA partners have created nearly 310,000 jobs, despite Mexico's financial crisis. In NAFTA's first year alone, trade among the NAFTA partners grew by 17 percent -- an increase in trade of more than $50 billion.

U.S. merchandise exports to Mexico and Canada grew by 16 percent in NAFTA's first year -- over twice as fast as U.S. exports to the rest of the world. And over the first ten months of 1995, our NAFTA exports grew nearly 24 percent over the same period for 1993. U.S. exports of autos, semiconductors, machine tools, and even apples surged as Mexican trade barriers came down.

NAFTA gives U.S. farmers preferred access to an enormous and rapidly growing market. In 1994, agricultural exports to Canada and Mexico reached a record $4.5 billion, up 25 percent from the previous year.

NAFTA means better jobs for American workers. Merchandise exports to Canada and Mexico currently support an estimated 2.5 million jobs. These export-related jobs pay 13 to 17 percent more than the average wage.

NAFTA's tariff cuts have expanded opportunities for U.S. exporters in Mexico. In 1992, 12 U.S. corporations formed a business consortium -- *AGC Affiliated* -- to promote the development and international sales of mobile cogeneration units (MCUs), an innovative energy device that is used by industries ranging from textiles to automobiles. NAFTA has cut Mexican tariffs on MCUs by 50 percent, leading to a twofold increase in sales for AGC to Mexico and a tenfold increase in employment in Tulsa, Oklahoma.

NAFTA's services provisions have also helped to fuel increased U.S. exports. U.S. services exports to Canada have grown by one third since before NAFTA was signed, to more than $15 billion.

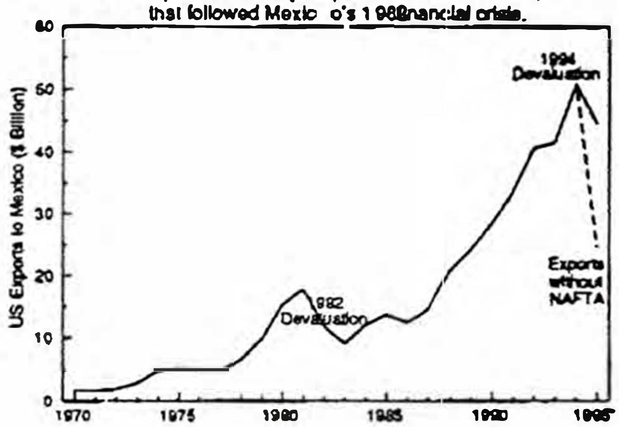
2.5 million
700,000

Without NAFTA, the impact of Mexico's financial crisis on U.S. jobs and income would be much worse.

NAFTA has helped to protect the over 700,000 American jobs that are supported by exports to Mexico.

The best test of an agreement is how it works in bad times. Because of NAFTA, U.S. exports have fared much better this year than after the last Mexican financial crisis in 1982. In 1982, the Mexicans imposed 100 percent duties on American products, a move that cut our exports to Mexico in half. It took 6 years to recover. If the same thing had happened this year, U.S. exporters would have lost $25 billion in sales and not recovered until the year 2000.

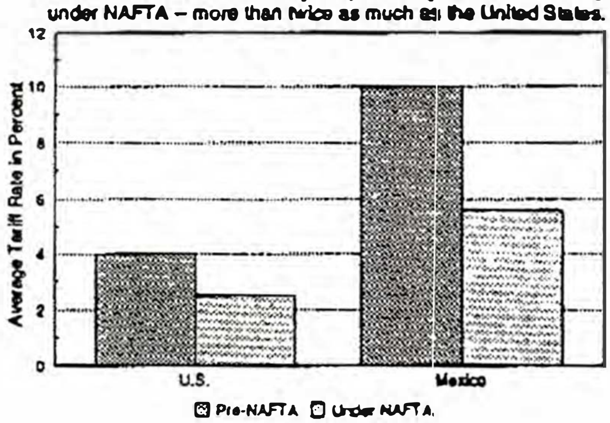
NAFTA prevented the precipitous decline in US exports that followed Mexico's 1982 financial crisis.



Instead of retreating into protectionism, Mexico is honoring its NAFTA commitments: it actually cut its tariffs on U.S. products in January 1995 in accordance with NAFTA provisions, and maintained existing NAFTA tariff cuts. In contrast, Mexico raised tariffs on some goods from non-NAFTA partners by 15 percentage points.

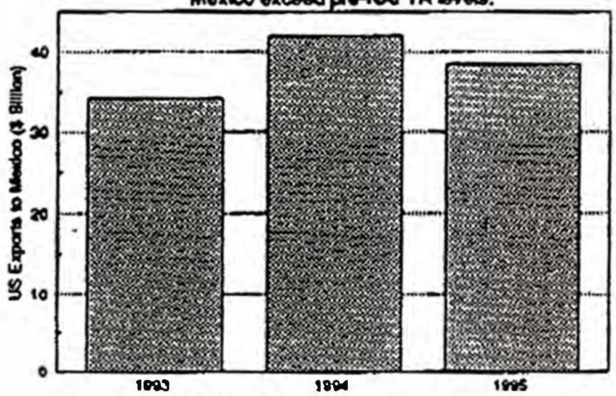
Rey

Mexico has reduced its tariffs by 4.4 percentage points on average under NAFTA – more than twice as much as the United States.



That is why U.S. exports have grown as a share of the Mexican market -- from 70 percent in 1994 to 73 percent in 1995, according to Mexican government statistics -- while the export share of other countries has fallen. That is also why, despite the recession in Mexico, U.S. merchandise exports to Mexico in the first ten months of this year were 13 percent greater than in the first ten months of 1993, before NAFTA was adopted.

Despite Mexico's recession, US exports to Mexico exceed pre-NAFTA levels.



Data are for January through October.

Take the example of *Goulston Technologies* in North Carolina. Under NAFTA, tariffs on Goulston's lubricant products have fallen from 15 percent to zero. Far from losing sales during Mexico's recession, Goulston has gained *more* business because it now enjoys lower tariffs on its exports to Mexico relative to its foreign competitors. Increased business has led to an 8 percent increase in employment in this North Carolina-based company of 215 since NAFTA took effect.

The California-based *Panamax* company has seen its exports of surge protectors to Mexico increase *tenfold* over the last three years. The company's president, Henry Moody, reports that he expects NAFTA-generated sales alone to require an extra shift of production workers -- or 15 to 18 new U.S. jobs.

Despite the crisis, Mexico is going beyond its NAFTA obligations by liberalizing financial services and embarking on a round of further privatization in the transportation, telecommunications, and petrochemicals markets. This will create new opportunities for U.S. businesses and workers.

Independent forecasters predict a resumption of growth in Mexico as early as next year, which should restore strong export growth.

Because of Mexico's market reforms and the measures it has adopted under NAFTA, Mexico's improved economic fundamentals promise a faster recovery than in 1982. Private analysts forecast GDP growth of 2 to 3 percent next year. Since the U.S. supplies over two-thirds of Mexico's imports, the resumption of Mexican growth will translate into additional higher-paying export jobs for Americans.

Through NAFTA, U.S. interests in protecting workers' rights and cleaning up the environment in North America are addressed in an open and constructive manner. Without NAFTA, there would be no mechanism for addressing these issues.

NAFTA is the first comprehensive trade agreement to include provisions on labor and environmental issues related to trade. These provisions ensure that expanded trade fully supports the improvement of labor and environmental conditions and the enforcement of national labor and environmental laws.

As a result of the NAFTA labor agreement, the Ministers of Labor of the three NAFTA countries have had two council meetings in which they discussed a broad range of issues, including union registration, health and safety, and wage and compensation issues. In addition, 5 submissions related to the enforcement of labor law in Mexico and the United States have been reviewed. This review process provides an important mechanism for Mexican and American workers to raise concerns about labor law enforcement.

In the past two years, the United States and Mexico have made enormous progress in protecting our environment and our public health -- thanks to efforts set in motion by NAFTA's environmental agreement. Our nations are cooperating to build a stronger infrastructure to protect public health and the environment. The institutions established by NAFTA are working with affected state and local governments and the public to develop solutions to environmental problems such as unsafe drinking water and inadequate municipal waste disposal and sewage treatment affecting border communities in Texas, New Mexico, California, and Arizona.

NAFTA makes both economic and environmental sense. For example, Mexico's much-strengthened pollution controls have resulted in an increased need for U.S. technology and expertise. Last May, Mexican officials joined with executives from the California company, *U.S. Filter*, to inaugurate a 13.8 million-gallons-per-day wastewater treatment plant for the Mexican city of Cuernevaca. Construction of the plant was spurred by a combination of stepped-up enforcement of Mexican water pollution control regulations and liberalized foreign investment rules under NAFTA. This project supports 50 jobs back home in the United States.

NAFTA makes an essential investment in our future by promoting vital U.S. interests in Mexico and throughout the hemisphere.

America has a vital stake in a sound democratic government and an open and prosperous economic system in Mexico. The shared 2000-mile border dictates that we will inevitably be affected by developments in our large, populous neighbor to the south. Our challenge is to help shape change in Mexico in ways that benefit both Mexicans and Americans. By raising growth and living standards south of the border, NAFTA will help to reduce immigration pressures and improve cooperation on a wide range of other issues, such as counternarcotics.

The United States and Mexico have a historic relationship. We cooperate on issues ranging from law enforcement to the environment and from trade to education. The United States and Mexico have a common interest in ensuring stability and economic prosperity throughout the hemisphere.

The continued success of our commercial and political relationship with Mexico is pivotal for the success of our relationships with countries further south. NAFTA helps to assure that the forces of economic liberalization and market opening prevail into the next century throughout the hemisphere. The emergence of rapidly growing, market-oriented economies in Mexico and further south will make an important contribution in ensuring a fully employed, high-wage, and prosperous economy at home. The rapidly growing middle class population of Latin America generates demand for the types of goods and services the United States makes best.

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KEEPING AMERICA FIRST

President Clinton believes in the strength of the American economy and the character and productivity of the American worker.

President Clinton will not give into the pessimists who say that America can't win against foreign competition. He believes that America is the greatest nation in the world and should compete, not retreat. President Clinton will not give away our future to those who want to return to the past.

America is back. The United States has never been better prepared for a new century as it is today. Our military might is matched by no one; our democratic institutions an inspiration to billions; our economy the envy of the industrialized world.

Not only have we regained our role as the most competitive nation in the world, but are consistently beating the Japanese and Germans in overall exports, especially in sectors critical to increasing high-wage jobs here at home, like automobiles, semiconductors, and medical equipment.

- *The United States has been ranked Number One on competitiveness for two years in a row -- up from Number Five in 1992;*
- *The U.S. has regained its position as the world's largest exporter -- surpassing Germany;*
- *The U.S. is the world's Number One producer of automobiles for the first time since the 1970's -- overtaking Japan;*
- *And we have regained our dominance of the semiconductor industry: U.S. market share has risen from 37 percent in 1989 to 43 percent in 1994 -- surpassing Japan.*

President Clinton's vision of a strong U.S. economy and expanded opportunity for all Americans is paying off for American workers, American businesses, American farmers, and the American economy. By enhancing U.S. competitiveness through increased exports, the President has kept America Number One -- and U.S. workers have benefitted.

- *More than 1.6 million new high-quality jobs have been created through exports;*
- *One out of every ten American workers depend on exports for their jobs;*
- *Export-related jobs pay an average of 15 percent better than other jobs;*
- *Exports accounted for one-third of overall U.S. economic growth;*

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- *Agricultural exports are projected to reach an all-time high of $50 billion. One out of every three acres that is farmed in the U.S. is exported.*

Ninety-five percent of the world's consumers live outside of the United States. If we cede those markets to the Germans and Japanese, U.S. jobs will be lost, U.S. wages will drop, American workers will suffer and the United States will no longer be Number One. The Clinton Administration will not sell America short by running scared, by retreating and throwing up barriers to opportunity and a better life.

That is why this administration has stood up for American workers against unfair competition.

- *The Clinton Administration stood up to the Japanese and opened 15 market sectors in Japan, ranging from telecommunications to autos to rice. U.S. exports to those sectors have grown by more than 80 percent.*

- *More foreign markets have opened, with hundreds of millions of new consumers, to U.S. goods and services in the past three years that in any previous administration. NAFTA and GATT, in particular, reduce tariffs and level the playing field against unfair competition;*

- *The Clinton Administration stood up for American safety by postponing an provision of NAFTA that would allow U.S. and Mexican trucks to move freely across the border after determining that Mexican trucks were not up to safety standards.*

We are ready to compete, not retreat, in the new economic and political world order that we have worked so hard as a nation to establish.

The Clinton Administration has worked from day one to institute economic policies that will benefit all Americans for decades to come. President Clinton's vision has been built on an America that is fully engaged in the world and Americans that are fully prepared to take advantage of the economic opportunities that are part of the new economy.

To that end, the President has focused on making sure that our workers get the best training and education they need to compete and win; that U.S. businesses have a fair advantage in the global marketplace; and that we have a national export strategy that creates new, high-paying jobs for American workers as we boost our sales to new markets with hundreds of millions of new consumers.

The Clinton Administration will continue to fight for America's interests overseas in order to expand job opportunities and increase the quality of life for every American worker here at home. A policy that requires anything less of America and its citizens -- a policy of isolation and retreat -- will diminish our standard of living, threaten our economic security, and stifle economic opportunity for generations to come.

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draft 2/20

Keeping America First:
A Response to Protectionism

**The Assertion:** _**Protectionists want to put "America First."**_

**The Truth:** _**President Clinton wants to keep America First.**_ The United States is the most competitive nation in the world, and the world's only economic superpower. We are already Number One; President Clinton wants to keep it that way.

> _The United States has been ranked Number One in competitiveness for two years in a row -- up from Number Five in 1992._
>
> _The United States leads the world in almost every technology critical to economic prosperity and job creation. For example, the U.S. has regained dominance of the semiconductor market: U.S. market share has risen from 37 percent in 1989 to 43 percent in 1994 -- surpassing Japan._
>
> _The United States is the world's Number One producer of automobiles for the first time in almost two decades -- overtaking Japan._

**The Assertion:** _**Foreigners -- at home and abroad -- are taking American jobs.**_ Some people say that we are giving away American jobs to foreign workers: increased immigration results in fewer jobs for Americans here at home and heightened international trade exports American jobs to third world nations where labor is appallingly cheap. To support this assertion, some cite the fact that Fortune 500 firms used to employ 22 percent of American workers, and now they employ approximately 10 percent.

**The Truth #1:** _Exports create jobs._ Ninety-five percent of the world's consumers live outside the United States. If we close our doors to foreign trade, we limit our businesses and farmers to a domestic market of 260 million consumers, only five percent of the world's population. In contrast, if we engage in fair trade, our firms and farmers will have access to 95 percent of the world's consumers, will expand their businesses, and will create jobs.

> _1.6 million high-quality, high-wage jobs have been created over the past three years as a direct result of increased exports._
>
> _Today, one out of ten American jobs depend on export trade._
>
> _Export-related jobs pay an average wage of 15 percent better than other jobs._

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***The Truth #2:* Small and medium-sized businesses are expanding rapidly.** While Fortune 500 companies may have downsized in recent years, small and medium sized companies are expanding rapidly. Furthermore, small and medium sized enterprises depend a great deal on trade; they are exporting more and are a growing source of U.S. exports.

> *Small firms are responsible for about half of all U.S. GDP, and generate more than half of all sales in the U.S.*

> *More than half of the U.S. workforce is employed by smaller companies.*

> *Small businesses produced an estimated 62 percent of the 3.3 million new jobs created in 1994.*

> *Small and medium sized businesses were responsible for more than one-third of total merchandise exports in 1994 -- $150 billion -- which was a 150 percent increase over 1987.*

***The Truth #3:* President Clinton has made change benefit the American people.**
President Clinton saw how the world was changing, and in 1993 he set out to harness that change for the benefit of the American worker. It is true that some sectors of the economy fare better than others in the new global economy. That is why President Clinton has made education and training a centerpiece of his overall economic agenda: to help American workers and companies equip themselves with the skills and technology for the 21st century.

> *In the early 1900's, thousands of buggy-whip workers lost their jobs because of the introduction of the automobile. Yet far more high-wage jobs were created by the auto industry than were lost in the buggy-whip industry.*

***The Assertion:* Cheap labor abroad means jobs are exported and U.S. wages fall.**

***The Truth:* Cheap labor is not a substitute for technology and productivity.** U.S. wages have grown steadily over the past three years, and export-related jobs in the U.S. pay approximately 15 percent better than the average wage.

Furthermore, wages are a small part of the cost of doing business. Other factors -- such as quality infrastructure (especially telecommunications, energy, and transportation), technology, business services, skilled and productive workforce, and environmental quality -- are significantly more important when deciding where to open an office or build a factory.

The United States is the world's technological leader; American workers are the most skilled and productive in the world; and American products and services are of the highest quality. American companies therefore have a competitive advantage when they locate their factories in the U.S.

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When NAFTA talks were underway, BMW decided to open a plant in South Carolina rather than Mexico, citing a highly skilled workforce, better infrastructure, and a hospitable business climate as more important than low wages.

***The Assertion:* Farmers suffer due to international trade agreements.**

***The Truth:* Foreign agricultural subsidies have been slashed, and agricultural exports are booming.** The Clinton Administration has opened foreign markets for U.S. farmers. For example, NAFTA gives U.S. farmers preferred access to an enormous, and rapidly growing, market. And, under the GATT, farm subsidies that have traditionally given our competitors an unfair advantage, were slashed.

Agricultural exports are projected to reach an all-time high of $50 billion.

Today, one out of every three acres that is farmed in the U.S. is exported.

U.S. farmers and related industry created a trade surplus of approximately $20 billion in 1995 -- the largest surplus since 1982.

***The Assertion:* NAFTA is a sham -- and the Mexican financial crisis proved that.**

The Truth: U.S. exports to Mexico in the year since the peso crisis remain at higher levels than before the implementation of NAFTA. Exports are up; U.S. jobs are being created; U.S. wages are up; and U.S. market share is almost 75 percent.

What is more, NAFTA has protected exports and jobs. During Mexico's last crisis in 1982, U.S. exports dropped by half due to the imposition of new barriers to trade by Mexico's government -- 100 percent tariffs. Following that crisis, exports to Mexico took six years to recover.

Since NAFTA went into effect, U.S. exports to Mexico have risen, U.S. wages have increased, and exports to our NAFTA partners have created approximately 310,000 high-wage jobs in the U.S.

In just two years, NAFTA has proven that in good times, as in 1994, it enables significant export growth and in bad times, as in 1995, it protects the over 700,000 American workers who depend on our exports to Mexico for their jobs.

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The Assertion: ***Foreign markets are closed to U.S. goods.***

The Truth: ***The Clinton Administration has done more to stand up against unfair foreign competition than any other administration in history.*** President Clinton has worked aggressively to open markets, and has stood up to countries like Japan on behalf of American workers and businesses.

> *Since 1993, the Clinton Administration has helped U.S. companies win over $57 billion in foreign deals. These deals represent a U.S. export content of approximately $26 billion, which in turn has directly supported over 370,000 jobs.*
>
> *Big Three exports of vehicles to Japan increased significantly between January to November 1995 -- 49 percent over 1994. In January 1995 alone, Big Three sales were up 36 percent over January 1995.*
>
> *Only three years ago, U.S. apples were banned from Japan. Exports of Washington state apples to Japan were worth approximately $15 million in 1995.*
>
> *In its first year alone, trade among the NAFTA partners grew by 17 percent, an increase of more than $50 billion. U.S. service exports to Canada alone were valued at more than*
> *$15 billion in 1995, up from nearly $10 billion in 1993 -- a 33 percent increase over two years.*
>
> *The Clinton Administration has established an enforcement office that will monitor trade agreements and ensure that our trading partners are playing by the rules.*

The Assertion: ***Trade deals help Wall Street and hurt average Americans.*** Protectionists assert that free trade policies are designed to help big business and Wall Street.

The Truth: ***The Clinton Administration's economic agenda helps average Americans.*** President Clinton's overall economic strategy seeks to increase U.S. jobs and wages, and create economic opportunity, prosperity, and growth. International economic policy, including trade, is one component of this strategy.

Under the President's economic leadership, nearly 7.8 million jobs have been created, one and a half million of them due to increased exports; home ownership is at a 15 year high; almost 2 million new businesses have been created -- an all-time high; and the combined rate of inflation and unemployment is the lowest in 27 years. Real wages have grown, and unemployment has been below 6 percent for 15 straight months.

> *It was during a period of high tariffs and protectionist trade policies in which Wall Street moguls benefitted the most. During the late 1800's, most of the United States'*

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economic growth was concentrated in the hands of a few wealthy men -- the "Robber Barons" -- who held monopolies on the railroads and banks, and, with the help of government subsidies and graft, frauded the U.S. government out of millions of dollars. Prices during this period were artificially high, wages abominably low, and competition was all but prohibited. The rich got richer -- at the expense of the American workers.

***The Assertion:* Countries that have practiced protectionist trade policies have enjoyed sustained economic growth.**

***The Truth:* Protectionism stifles economic growth.** In recent years, the United States -- the most open economy in the world -- has reclaimed its role as the most competitive nation, surpassing Japan -- one of the most closed and protectionist economies in the world. Other nations, such as Chile and Brazil, also suffered under protectionist policies.

The U.S. has surpassed Japan as the world's Number One producer of automobiles.

The U.S. dominates the world's semiconductor industry: U.S. market share has risen from 37 percent in 1989 to 43 percent in 1994 -- overtaking Japan.

Japanese services industries are trailing due to high regulation; U.S. services are booming.

***The Assertion:* Trade agreements like NAFTA and GATT cede U.S. sovereignty.** Economic nationalists try to depict multilateral trade agreements as ceding American sovereignty to a world government. GATT, in particular, allows a powerful, multinational bureaucracy to control U.S. trade law.

***The Truth:* WTO rules and regulations do not supersede U.S. laws.** In signing onto the WTO, the U.S. did not cede its sovereignty, and in fact reserved the right to use its trade laws. The World Trade Organization is not an international governing unit. It is simply an agreement among nations to lower tariffs and trade barriers.

Despite the WTO, the U.S. government has stood up to the Japanese against unfair trade practices: in June 1995, USTR threatened to use Section 301 sanctions against Japan if it did not open its automobile market to American industry. The U.S. and Japan signed an auto agreement late that month that has opened the Japanese auto market to American products.

The fact of the matter is that the United States has the most open economy in the world. Therefore, the WTO dispute settlement system should benefit us the majority of the

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time. It is those countries with closed markets and protectionist policies who will have to answer to the WTO and open their doors to foreign goods and services.

The Assertion: ***The WTO is toothless.*** If WTO participants can ignore WTO rules and regulations, isn't the WTO powerless to enforce its trade laws?

The Truth: ***The WTO serves U.S. interests well.*** The WTO was established to institutionalize agreements reached in the Uruguay Round of the GATT, and to ensure that these agreements were followed.

> *According to OECD estimates, lower tariffs in the new GATT rules will add $1 trillion to the U.S. economy and create two million new jobs in the next decade.*
>
> *Without an international trade group that monitors the fairness of the trading system, trade blocs would emerge and trade wars would be likely.*

The Assertion: *Export-Import Bank loans have helped factories leave the United States.*

The Truth: ***The Export-Import Bank of the United States is prohibited by law to lend money to any project that will result in a loss of American jobs.*** By law, the Export-Import Bank is prohibited from loaning money to projects that result in loss of American jobs. As a result, the Export-Import bank finances only capital goods and equipment -- not factories.

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Please review.

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Clinton Administration Trade Accomplishments
At-A-Glance

Stood Up for American Workers and Companies against Unfair Competition

- o *The Clinton Administration stood up to the Japanese and opened markets for U.S. goods and services -- and the results are impressive. Total U.S. exports to Japan reached $60 billion in 1995, supporting nearly one million American jobs -- a 21 percent increase since 1992. Since 1993, 167,000 U.S. jobs have been created as a result of our exports to Japan, and our trade deficit with Japan is at a 12-year low.*

- o *The Clinton Administration has reached 20 agreements with Japan since 1993, covering 15 market sectors: autos and auto parts, medical technology, flat glass, insurance, financial services, telecommunications, supercomputers, construction, cellular phones, chemicals, rice, paper, apples, wood, and intellectual property rights.*

- o *According to the Council of Economic Advisors, U.S. exports in those sectors covered by these 20 market-opening agreements, have grown an average of 80 percent -- and 2.5 times as fast as other U.S. exports to Japan since 1993. For example:*

  - -- *U.S. exports of medical instruments to Japan have grown over 50 percent, reaching over $1 billion in 1995 -- twice the growth of U.S. medical exports to the European Union;*

  - -- *U.S. exports of chemicals to Japan have grown over 80 percent -- six times as fast as chemical exports to the EU -- reaching almost $3 billion in 1995;*

  - -- *U.S. exports of copper to Japan have grown over 150 percent, reaching approximately $500 million in 1995;*

  - -- *U.S. exports of apples to Japan -- which were once banned -- reached almost $15 million in 1995;*

  - -- *U.S. sales of film and television programs to Japan reached $9 billion in 1994, a six-fold increase over 1980.*

- o *As a result of the 1995 U.S.-Japan Auto Agreement, Big Three exports of American vehicles to Japan increased significantly in 1995 -- almost 50 percent. And the trend is continuing: in January 1996, Big Three sales to Japan rose 36 percent over January 1995, according to the American Automobile Manufacturers Association.*

- o *U.S. manufacturing firms increased their share of the Japanese market over the past three years -- up 20 percent in 1995 over 1992. Overall manufacturing exports reached an all-time record of $485 billion in 1995*

- o *NAFTA opens markets, cuts tariffs, increases U.S. exports, and create high-wage jobs for American workers. Exports to Mexico and Canada grew by 17 percent in NAFTA's first year alone; 73 cents of every dollar that Mexicans spend on imported goods go to buy U.S. goods; and 290,000 U.S. jobs have been created due to NAFTA.* 291,000 − 55,000

currently support 2.5 million jobs

holding 86 on #'s until Wednesday

Created 1.6 Million High-Wage Jobs through an Unprecedented Export-Boom

o Exports have grown 34 percent since President Clinton took office. In 1995 alone, exports were up more than 15 percent.

o Exports accounted for one-third of overall U.S. economic growth since the beginning of the Clinton Administration.

o 1.6 million high-quality, high-wage jobs have been created as a direct result of increased exports. One out of every ten American workers depends on exports for their jobs.

o Export-related jobs pay an average of 15 percent better than other jobs.

o One in five manufacturing jobs is supported by U.S. exports. Almost 300,000 manufacturing jobs have been created just in the past three years. Auto jobs have increased by 89,000 during the Clinton Administration, after declining during the previous four years. And construction jobs are up 785,000 since January 1993.

o Agricultural exports reached an all-time high of $58 billion in 1995, up almost 30 percent over 1994. Produce from one out of every three acres that is farmed in the U.S. is exported.

Put America First by Restoring U.S. Competitiveness

o The United States has been ranked Number One on competitiveness for two years in a row -- up from Number Five in 1992.

o The United States has regained its position as the world's largest exporter -- surpassing Germany.

o The United States is the world's Number One producer of automobiles for the first time since the 1970's -- overtaking Japan.

o U.S. aircraft industry dominates the world market -- supplying 65 percent of sales to Asia alone.

o U.S. farmers created a trade surplus of approximately $20 billion in 1995 -- the largest surplus since 1982.

o The United States has regained dominance of the world semiconductor market: U.S. market share has risen to 43 percent in 1994 -- surpassing Japan.