

NEW DEMOCRATS' TRADE POLICY AGENDA

Growth, Prosperity, Leadership

What's at stake: As members of the New Democrat Coalition (NDC), we look to the new century as one of tremendous opportunity for both America and Americans. We, however, cannot take the continued success of the United States for granted. China, India, Brazil, and other competitors are rising fast as global economic powers. If America is going to continue to compete and remain the world's leading economic power, we must ensure we have a strong middle class here at home.

America must step forward in the face of these challenges. As the world's pre-eminent economic power, we can conquer the demands of the global economy and ensure success for both the country and the middle class.

What we believe: America needs a strong and proactive trade agenda to maintain our leadership in the global economy. By engaging globally, we can expand opportunities for American businesses and workers and bolster economic growth while also bolstering our national security.

We also believe in trade that is fair for America and Americans. Trade must level playing fields with our partners, ensure that America gets what it bargained for, promote American exports, and eliminate unfair barriers for Americans trying to sell their goods and services overseas.

What we support: The New Democrats support a proactive trade agenda through which America can achieve growth and prosperity and maintain its global economic leadership. We believe this agenda must:

- **Help U.S. workers and businesses compete and win through a proactive trade policy:** New Democrats support making American workers and businesses more competitive through better education, innovation, job training, healthcare, energy, and other policies. We must reform and reinvest in our education and skills-training institutions and programs so that American workers have the knowledge, skills, and flexibility they need to compete and win in a dynamic global economy. The expansion of the Trade Adjustment Assistance program, which focused on firms and communities, as well as continued efforts through the Department of Commerce's Economic Adjustment Assistance programs are important steps toward these critical goals.
- **Boost small businesses:** The domestic benefits of trade are vast. The total exports of goods and services accounts for approximately 30 percent of our gross domestic product, and, according to the Department of Commerce, every \$185,000 in new export value supports the creation of or sustains one new job here at home. Additionally, one in every five U.S. manufacturing jobs is dependent on exports. Although we have made great strides in promoting American goods and services abroad, 95% of customers live outside U.S. borders and much more can be done to target these potential buyers. For this reason, we support President Obama's call to double exports in the next five years. We must continue to identify and grow opportunities – particularly for small and medium-sized businesses – by opening new markets overseas, modernizing our export controls,

reducing tariff and non-tariff trade barriers for U.S. goods and services, and investing in the resources to help our small business owners navigate new overseas markets.

- **Spur innovation by protecting our ideas:** The New Democrats support efforts to advance American innovation and ingenuity. America's competitive advantages are increasingly in the fast-growing areas of services, technological innovation, and "ideas." We must understand this shift and work to capitalize on these advantages by protecting our most valuable exports. One way to measure this progress is through the number of patents generated by American filers. While the U.S. remains the largest recipient of patents in the world, we face growing competition from countries like Japan, South Korea, and China. The NDC is committed to promoting and protecting American ideas both at home and abroad. The U.S. must take comprehensive action to improve education in critical areas like science, technology, engineering, and mathematics, provide incentives to promote domestic research and development, reform our patent system to reduce the backlog of applications and provide flexibility to keep up with the pace of innovation, and aggressively seek to protect our intellectual property (IP) rights abroad. Intellectual property accounts for more than half of all U.S. exports, and its industries employ 18 million Americans. In China alone, U.S. companies lost almost \$300 million in 2008 to counterfeit and pirated goods. As part of bilateral and multilateral trade negotiations, we should work to assure that other countries bring their IP standards in line with America's high standards for IP protection.
- **Strengthen National Security:** New Democrats support harmonizing and expanding trade preference programs for developing countries and increasing targeted trade capacity-building assistance – particularly for the poorest developing countries. We understand that trade is good not only for our domestic economy, but it has the potential to benefit the developing world while promoting positive national security gains. Populations that struggle in poverty are more susceptible to destabilizing conflicts and are more likely to become recruiting grounds for terrorist organizations. For this reason, the 9/11 Commission recommended that a comprehensive U.S. strategy to counter terrorism include economic policies, such as lowering trade barriers with the poorest Arab nations to encourage development, establish more open societies and create opportunities for people that will improve the lives of their families. Trade policy holds enormous potential to generate economic growth in developing countries and lift people out of poverty. New Democrats also support modernizing our outdated system of export controls to enhance both national and economic security. The current export control system dates from the Cold War and is poorly suited to address terrorism and other 21st Century national security threats. At the same time, current controls impose outdated restrictions that cause American companies to lose billions of dollars in foreign business – often to competitors in NATO and other allied countries. Smart reforms to our export controls will strengthen our national security by enabling the U.S. to focus more intensively on protecting highly sensitive equipment that is essential to address current and emerging national security threats, and will promote our economic security by eliminating unnecessary barriers to U.S. exports and helping to ensure a strong U.S. industrial base.
- **Fight global protectionism:** In all efforts to achieve global economic recovery, the U.S. and our trading partners must resist raising protectionist and isolationist measures. New

Democrats recognize that imposing protectionist measures hampers the ability of U.S. manufacturers to compete and threatens U.S. jobs. That is why we support open procurement policies that recognize the integrated nature of global supply chains. For example, many domestic manufacturers employ thousands of U.S. workers in final production facilities, but need to use foreign inputs to meet their supply demands. Foreign-owned companies also employ millions of American workers at their U.S. facilities. While New Dems do not favor erecting trade barriers, that philosophy is a two way street. Our trading partners must be willing to do the same to have a level playing field. New Democrats are working to avoid the escalation of global protectionism that will threaten the competitiveness of U.S. manufacturers and invite retaliation by our trading partners against American products and American services.

- **Include a plan to close the deal on pending trade initiatives:** New Democrats are committed to moving forward on pending trade initiatives to open markets to U.S. goods, including bilateral agreements with South Korea, Colombia, and Panama, and multilateral action in Doha and the Trans-Pacific Partnership. An essential part of a proactive trade agenda is pursuing passage of completed trade agreements with our allies and trade partners. In 2008 and 2009, American manufacturers experienced a trade surplus of \$47 billion for their goods with the 17 countries with whom the U.S. has free trade agreements in place. In contrast, our manufacturers experienced a trade deficit of \$823 billion for their goods with the 214 countries with whom we do not have free trade agreements in place. New Democrats believe that trade agreements can be important tools in breaking down trade barriers for U.S. goods and services. Other nations have not hesitated to move forward aggressively on their own trade-barrier reducing treaties. In the meantime, U.S. farmers, ranchers, manufacturers, and service providers will continue to face significant trade barriers and will be forced to adjust to rules that put us at a competitive disadvantage. New Democrats are working deliberately and constructively toward passage of these pending and future agreements.
- **Ensure strong, enforceable workers' rights and environmental protections:** Trade can advance national energy and environmental goals as well as our core values of political and social accountability. New Democrats are actively engaged in efforts to ensure strong, enforceable workers' rights, environmental protections, and other safeguards are included in all our trade agreements.
- **Enforce our rules-based trading system:** The New Democrats support efforts to make clear that we expect our trading partners to abide by their commitments, and if not, the U.S. will fully enforce the rules in place so American interests are protected. Our international agreements must also be flexible enough to keep pace with our ever advancing innovations.
- **Renew negotiating authority:** Presidential negotiating authority is instrumental in order to facilitate good-faith negotiations with our trading partners and open up new markets for American exports. Progress on multilateral negotiations at the World Trade Organization (WTO), in particular, hinge upon this authority. Should the Administration request this authority, the NDC looks forward to working with the Administration to

implement a method for expedited legislative consideration of trade negotiating authority.

About the New Democrat Coalition

The New Democrat Coalition is a Coalition of 69 members of the U.S. House of Representatives who are dedicated to the prosperity and security of American families and business. Founded in 1997, the NDC provides Members of Congress with the opportunity to advance a common sense policy agenda focused on empowering the U.S. to grow economically and maintain a vibrant job market, preserving the U.S. standing as the world's leader in innovation and technological advancement, and strengthening our economic and national security. For more information, visit the New Dems website at <http://ndc.crowley.house.gov>.

New Democrat Trade Task Force Members:

Congressman Adam Smith (Co-Chair)

Congressman Jim Moran (Co-Chair)

Congressman Joe Crowley, Congressman Ron Kind, Congresswoman Melissa Bean, Congresswoman Allyson Schwartz, Congressman Artur Davis, Congressman Bob Etheridge, Congresswoman Suzanne Kosmas, Congressman Rick Larsen, Congressman Gregory Meeks, Congressman Harry Mitchell, , Congressman Jared Polis, Congressman Vic Snyder