



U.S. GLOBAL  
VALUE CHAIN  
COALITION

# How to Talk About Trade

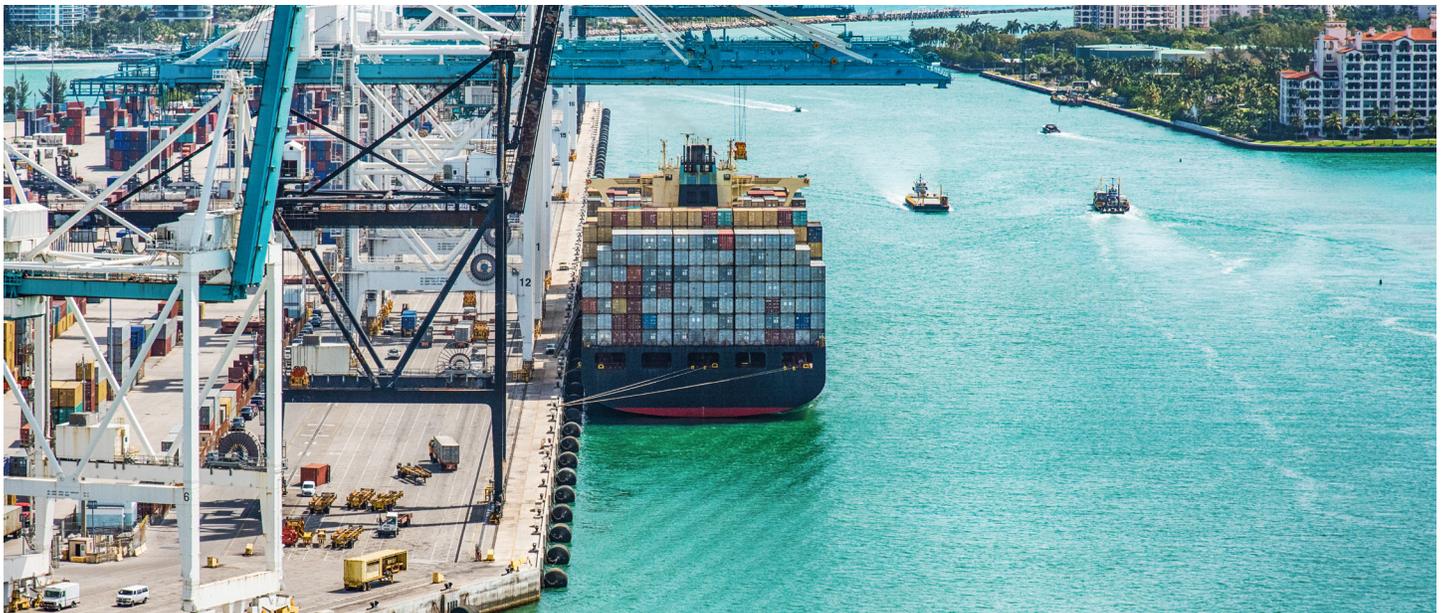
In the 116<sup>th</sup> Congress

## HOW TO TALK ABOUT TRADE

In today's global economy, countries and their workers each do what they do best. We all possess strengths and specialties that we have developed or that come from our nation's resources.

In the United States, our strengths are driven by ideas and innovation, creating highly skilled jobs in manufacturing and services. Americans and specialized workers from around the world work together – whether we see it or not – to produce goods and services that Americans need at prices they can afford.

Whether we are exporting or importing, we rely upon a global supply chain, or more accurately, a global value chain to support our jobs and our lifestyle. It's easy to see how exports create jobs so consumers in other countries buy our goods and services; but imports create jobs, too. In manufacturing, Americans contribute value in innovation, research, and design on the front end, and in marketing, transportation, logistics, and technology on the back end. In between, we rely on other countries and workers to supply inputs and final assembly. Whether goods are imported or exported, they contain incredible value “made in the U.S.A.”



### WHAT DOES TRADE MEAN FOR MY COMMUNITY AND ME?

Trade means jobs, whether you grow agricultural products or make goods that we export, unload freight at our ports, or design the next hit product for the world's consumers. Chances are you know someone whose job relies on trade. Supporting trade policy means supporting these workers. Trade also means variety and affordability. Today's global economy and technology allow consumers to choose what they want at a price they can afford, no matter where they live.

### WHAT CAN I DO TO PROMOTE TRADE IN AMERICA?

- Support policies that:
  - Recognize the value American workers contribute in today's global economy.
  - Oppose taxes and limits on imports (tariffs and quotas) so we can keep goods affordable for American families on a budget.
  - Open and grow new markets by reducing trade barriers to increase opportunities for exporters.
  - Keep American workers, values, and economic strengths at the heart of global trade by remaining engaged and shaping trade agreements fit for today's economy.

## HOW DO TARIFFS IMPACT THE PRICES MY CONSTITUENTS PAY?

- Tariffs are taxes U.S. companies – not foreign governments or foreign companies – pay at the U.S. border. These taxes increase costs and ultimately drive up the final costs of goods.
- When tariffs go up, goods get more expensive for your constituents. When tariffs go down, your constituents get more value for every dollar they spend.

## HOW DO FREE TRADE AGREEMENTS PROMOTE AMERICAN VALUES ABROAD?



- Nations have always traded and always will trade. Trade agreements are an opportunity to put in place binding and enforceable rules that reflect our values.
- These rules - provided they are observed and enforced at home and abroad - ensure that American companies are treated fairly when doing business in foreign markets and back at home.
- Trade agreement rules can also ensure workers abroad are treated fairly and that the environment isn't exploited to gain an unfair advantage in trade.

## WHAT ARE THE BARRIERS TO FREE TRADE?

- A trade barrier is anything that discriminates in favor of one country's exports or imports. These barriers include import taxes (tariffs) that raise prices, or limits (quotas) that restrict the quantities of imported goods.
- Other trade barriers are harder to see. These include burdensome, unnecessary, or discriminatory testing, and standards or regulations applied to foreign goods in a way that is meant to keep them out of other markets or to raise costs.

# TRADE IN ACTION: Meet The American Workers In Today's Global Value Chain

## Edward the Fabric Engineer



Edward works as a principal fabric engineer for a major retailer in its Product Development Department, focusing on raw materials.

- **Background:** 10 years at company; degrees in textile engineering and chemistry; MBA
- **Role:**
  - Supervises a team of four engineers
  - Works with partners across the company to design and source new fabrics that reflect the company's performance, cost, style, and sustainability standards
  - Travels the world to better understand the latest manufacturing practices and raw materials sourcing, including growing cotton sustainably and leveraging new man-made fibers

## Alex the Software Developer



Alex is a software developer at a leading U.S. retailer.

- **Background:** Degree in computer science; three years of experience in related field
- **Role:**
  - Collaborates with project teams to develop solutions that meet business requirements
  - Creates, enhances, maintains, and troubleshoots applications
  - Designs, estimates, and executes development assignments
  - Participates in implementing delivery process improvements

## Margaret the Dock Worker



Margaret is a dock worker at one of the busiest ports in the United States.

- **Background:** Three years of on-the-job training; forklift training
- **Role:**
  - Prepares dock for safe arrivals of ships
  - Unloads all cargo coming in and inspects for damages
  - Works with a network of dockworkers, steamship agents, freight handlers, warehouse operators, terminal operators, bankers, lawyers, and more to support all activity at the port

## Sarah the Customs Broker



Sarah is a customs broker for a major shipping company.

- **Background:** 13 years of supply chain experience; deep knowledge of Customs laws
- **Role:**
  - Acts as intermediary between traders and Customs in clearance processes
  - Provides all necessary documentation related to cargo clearance
  - Maintains company compliance with Customs and other regulatory agencies, and ensures collection of appropriate duties and taxes
  - Works daily with Customs to ensure safe and compliant trade.

# THE ROLE OF TRADE IN THE US ECONOMY



## DID YOU KNOW?

95% of all consumers live outside the United States

Trade powers the U.S. economy. Through trade, we access markets around the world.

Through trade-based jobs, we support U.S. workers and the communities where they live.



## DID YOU KNOW?

41 million American jobs depend on trade



## DID YOU KNOW?

Each day, Americans consume more than \$8 billion worth of goods and services produced all around the world

Through trade, we deliver quality and affordable goods and services to U.S. consumers.

## THE ROLE OF TARIFFS IN TRADE POLICY

### What are tariffs?

Tariffs are taxes charged on goods imported from outside the United States. The average applied U.S. tariff rate across all products is 1.61 percent, according to the World Bank, and although most developed economies prioritize keeping tariffs low, items like apparel and footwear can face tariffs as high as 32 and 67 percent, respectively. When trading partners unfairly subsidize their exports or break trade rules, the United States uses trade enforcement mechanisms, such as tariffs, to ensure the playing field is leveled for American industries. These tariffs are intended to be applied based on objective economic analysis and on a temporary basis, but such mechanisms should be used extremely rarely, if at all. Any time the U.S. imposes tariffs it raises costs for U.S. producers and consumers. It's no wonder that countries with the lowest tariffs and open markets have been the quickest to grow, innovate, and prosper.

### Why has the United States been increasing tariffs?

#### Section 201 Tariffs

Background	Where are we now?	Impact
Under Section 201 of the Trade Act of 1974, the President is authorized to take action when the International Trade Commission (ITC) finds an increase of imports is causing substantial harm to domestic producers.	In February 2018, President Trump imposed additional tariffs on imported washing machines and solar panels.	With big-ticket, "need, not want" items like washing machines, there is little room for flexibility when it comes to what companies and consumers are willing and able to pay. Raising tariffs on these items all but ensures customers will see an increase at the checkout counter.

#### Section 232 Tariffs

Background	Where are we now?	Impact
Under Section 232 of the Trade Expansion Act of 1962, the President is authorized to restrict the importation of goods or materials from other countries, through tariffs or other means, should it raise a national security concern.	In March 2018, President Trump imposed additional tariffs on steel and aluminum imports, citing a Department of Commerce investigation that found U.S. dependence on foreign steel and aluminum raises national security concerns. The President later issued exemptions to these tariffs for several countries, including Argentina, Australia, Brazil, Mexico, and South Korea.	Section 232 steel and aluminum tariffs have presented severe challenges for American businesses, increasing costs and causing disruption to the U.S. manufacturing industry. These tariffs have also caused strife among major U.S. allies, such as Canada and the European Union.

#### Section 301 Tariffs

Background	Where are we now?	Impact
Under Section 301 of the Trade Act of 1974, the President is authorized to take retaliatory action, including the imposition of tariffs, when a foreign government is found to have violated an international trade agreement in a way that negatively impacts U.S. commerce.	In 2018, President Trump imposed tariffs on \$250 billion worth of goods imported from China with the goal of curbing China's bad practices regarding U.S. technology and intellectual property. While China is the main target of these tariffs, U.S. businesses and consumers are left paying the bill.	U.S. businesses and consumer advocacy groups have been very vocal about the negative impact Section 301 tariffs have on the American economy. Tariffs on goods imported from China disrupt the complex global supply chains built over generations and ultimately leave companies no choice but to raise the price of items American households use daily.

## ABOUT



# U.S. GLOBAL VALUE CHAIN COALITION

### MISSION:

The U.S. Global Value Chain (USGVC) Coalition is on a mission to educate policymakers and the public about the American jobs and the domestic economic growth our companies generate through trade and their value chains.

### WHAT WE DO:

We advocate, educate, conduct research, and engage on policies that support American workers and their families through U.S. global value chains.

## MEMBERS





To learn more, go to [usglobalvaluechain.com](http://usglobalvaluechain.com)  
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