NEGATIVE BRIEF: Free Trade Agreement with Taiwan

By Stefanie Klaves

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NEGATIVE BRIEF: Free Trade Agreement With Taiwan

SOLVENCY

1. Insignificant benefits

US-Taiwan FTA would not substantially benefit the US economy

Cheng-yi Lin and Denny Roy 2011. (Lin - Executive Director of the Center for Asia-Pacific Area Studies and Research Fellow in the Institute of European and American Studies at Academia Sinica in Taiwan. Roy - Senior Fellow in the Research Program at the East-West Center.)10 May 2011 The Future of United States, China, and Taiwan Relations ISBN-13: 978-0230112780 ISBN-10: 0230112781 <https://books.google.com/books?id=ZbvGAAAAQBAJ&pg=PA69&lpg=PA69&dq=The+Future+of+United+States,+China,+and+Taiwan+Relations&source=bl&ots=KhfcXDgKTX&sig=m7IonbAsYRxXqOJkJjbi9ewfg68&hl=en&sa=X&ved=0CD0Q6AEwBGoVChMI_uyiopTwxgIViTc-Ch0Yzw4t#v=onepage&q=The%20Future%20of%20United%20States%2C%20China%2C%20and%20Taiwan%20Relations&f=false>

However, there were many reasons why the United States has been reluctant to engage in FTA negotiation with Taiwan. First, some analysts argue that the likely contribution to the U.S. economy of a U.S.-Taiwan FTA would not be substantial, with benefits mainly accruing to the U.S. agriculture sector and specific industries. Therefore, Taiwan is not on the list of U.S. priorities regarding trade negotiations.

Direct economic benefits of US-Taiwan FTA are few

Dr. Vinod Aggarwal and Dr. Shujiro Urata 2006. (Aggarwal - Professor of Political Science, Affiliated Professor in [Haas School of Business](https://en.wikipedia.org/wiki/Haas_School_of_Business), directs Berkeley APEC Study Center; PhD in International Political Economy. Urata -PhD Economics; Prof. of International Economics, Waseda University) 2006 Bilateral Trade Agreements in the Asia-Pacific: Origins, Evolution, and Implications ISBN-13: 978-0415702096 ISBN-10: 0415702097 <https://books.google.com/books?id=lbp0kNhz0MwC&pg=PT238&lpg=PT238&dq=Bilateral+Trade+Agreements+in+the+Asia-Pacific:+Origins,+Evolution,+and+Implications&source=bl&ots=-A5iTMctVi&sig=tk6MFBv7IJxi5cutppK6fLTtqaE&hl=en&sa=X&ved=0CDYQ6AEwA2oVChMIrvaOtpTwxgIVwjY-Ch2cawYN#v=onepage&q=Bilateral%20Trade%20Agreements%20in%20the%20Asia-Pacific%3A%20Origins%2C%20Evolution%2C%20and%20Implications&f=false>

In order for a Taiwan-US FTA to become reality, Taiwan would have to address US concerns. In this view, direct economic benefits are few, except for additional positive dynamic effects on Taiwan in the areas of services, such as logistics, and in-bound foreign direction investment.

USITC Study: US-Taiwan FTA will have small economy-wide effects for both countries

Dr. Vinod Aggarwal and Dr. Shujiro Urata 2006. (Aggarwal - Professor of Political Science, Affiliated Professor in [Haas School of Business](https://en.wikipedia.org/wiki/Haas_School_of_Business), directs Berkeley APEC Study Center; PhD in International Political Economy. Urata -PhD Economics; Prof. of International Economics, Waseda University) 2006 Bilateral Trade Agreements in the Asia-Pacific: Origins, Evolution, and Implications ISBN-13: 978-0415702096 ISBN-10: 0415702097 <https://books.google.com/books?id=lbp0kNhz0MwC&pg=PT238&lpg=PT238&dq=Bilateral+Trade+Agreements+in+the+Asia-Pacific:+Origins,+Evolution,+and+Implications&source=bl&ots=-A5iTMctVi&sig=tk6MFBv7IJxi5cutppK6fLTtqaE&hl=en&sa=X&ved=0CDYQ6AEwA2oVChMIrvaOtpTwxgIVwjY-Ch2cawYN#v=onepage&q=Bilateral%20Trade%20Agreements%20in%20the%20Asia-Pacific%3A%20Origins%2C%20Evolution%2C%20and%20Implications&f=false>

Although the bulk of the bilateral trade between Taiwan and the US consists of manufactured products, the US is also a net exporter of agriculture products to Taiwan. In 2001, Taiwan was the fifth largest market for US agriculture products. An economic impact assessment (No. 332-438) conducted by the US International Trade Commission (USITC) in 2002 reveals that a Taiwan-US FTA would have positive economic impacts for the US, though it is estimated that both economies would likely experience relatively small economy-wide effects from an FTA. At the same time, an FTA is likely to increase the already substantial foreign direct investment from the US.

2. Taiwan uncompetitiveness

Competitiveness, rather than liberalization, is key for Taiwan’s markets

Want China Times 2013. (is the English news website of the Taiwan based China Times News Group.) 2013 Free markets will not save Taiwan if country remains uncompetitive <http://www.wantchinatimes.com/news-subclass-cnt.aspx?id=20130810000096&cid=1701>

Deregulation and a lack of effective oversight also brought on the global economic crisis from which the world is still struggling to emerge, as was the case with the Asian financial crisis of 1997 and the burst of the internet bubble in 2001. Taiwan's former economics minister Steve Chen, who also serves as secretary-general of the cross-strait entrepreneur summit, said competitiveness was the key, rather than liberalization. He added that there will be more crises under trade liberalization if industrial competitiveness remains weak.

Free markets will not be beneficial if Taiwan remains uncompetitive

Want China Times 2013. (English news website of the Taiwan based China Times News Group.) 2013 Free markets will not save Taiwan if country remains uncompetitive <http://www.wantchinatimes.com/news-subclass-cnt.aspx?id=20130810000096&cid=1701>

Many people think the difficulties Taiwan faces may be solved simply through market liberalization. However, experience tells us that liberalization can bring business opportunities for countries that are well prepared. But for those that are not ready, it brings disaster. Taiwan is seeking to sign a free trade agreement with the United States and the EU. These would be likely to be disastrous if Taiwan does not make good use of cross-strait resources to boost its competitiveness. Only competitiveness built through regional integration and free trade agreements will benefit Taiwan. However, many policymakers have not thought this through. They blame Taiwan's stagnant economy for not being liberalized enough. As long as Taiwan opens its markets, the economy will be revived. The United States, the European Union, South Korea and Japan — have all adopted protectionist measures some extent even though they are at the forefront of promoting free markets.

3. Political opposition within Taiwan. If Taiwan doesn’t ratify, the plan never happens

Taiwan’s ability to ratify negotiated agreements in doubt

John Liu 2014. (Greater China Managing editor for Bloomberg Business News and Beijing Bureau Chief for Bloomberg) 22 November 2014 Taiwan's ability to sign FTAs in doubt: US <http://www.chinapost.com.tw/taiwan/national/national-news/2014/11/22/422419/Taiwans-ability.htm>

Taiwan's efforts to establish free trade agreements (FTA) with other countries have stalled, with the international community beginning to doubt Taiwan's ability to ratify negotiated agreements following the public's strong opposition to the cross-strait service trade pact, according to a U.S.-China Economic and Security Review Commission statement in a recent report to the U.S. Congress. Besides Taiwan's retreat from the Cross-Strait Trade in Services Agreement, Beijing's opposition and efforts to restrict Taiwan's participation in most global organizations have also limited Taiwan's success in establishing FTAs with other countries, according to the report.

4. Unresolved Trade Issues block FTA negotiations

TIFA (Trade and Investment Framework Agreement) is the starting point for future FTA

Marika Armanovica 2013. (European Parliament - Director General of External Policies - International Trade & Asia) October 2013 Taiwan The Risk Of Marginalization <http://www.europarl.europa.eu/RegData/etudes/briefing_note/join/2013/522302/EXPO-INTA_SP(2013)522302_EN.pdf>

The trade dialogue between the two allies has experienced a certain fatigue in the recent years. In 1994, both sides initiated a framework for discussing bilateral trade relations – a Trade and Investment Framework Agreement (TIFA) – but this was suspended between 2008 and early 2013, largely due to a dispute about US beef products. TIFA has often been regarded as a starting point for a future FTA. However, given the US's current disinterest in bilateral trade agreements and what is perceived as Taiwanese protectionism, an FTA appears rather unlikely in the medium term.

Need to finish TIFA first: It’s the building block for any future US-Taiwan FTA

Cheng-yi Lin and Denny Roy 2011. (Executive Director of the Center for Asia-Pacific Area Studies (CAPAS) and Research Fellow in the Institute of European and American Studies at Academia Sinica in Taiwan. Denny Roy is a Senior Fellow in the Research Program at the East-West Center.)10 May 2011 The Future of United States, China, and Taiwan Relations ISBN-13: 978-0230112780 ISBN-10: 0230112781 <https://books.google.com/books?id=ZbvGAAAAQBAJ&pg=PA69&lpg=PA69&dq=The+Future+of+United+States,+China,+and+Taiwan+Relations&source=bl&ots=KhfcXDgKTX&sig=m7IonbAsYRxXqOJkJjbi9ewfg68&hl=en&sa=X&ved=0CD0Q6AEwBGoVChMI_uyiopTwxgIViTc-Ch0Yzw4t#v=onepage&q=The%20Future%20of%20United%20States%2C%20China%2C%20and%20Taiwan%20Relations&f=false>

Since 2002, despite persistent lobbying efforts from Taiwan to promote a U.S.-Taiwan Free Trade Agreement (FTA), the U.S. government remains insistent that Taiwan should focus on liberalizing its economy under the “Trade and Investment Framework Agreement” (TIFA). From the US perspective, TIFA offers a “building block” for a future U.S.-Taiwan FTA. Under TIFA, the United States suggests that the two sides complete negotiations on a bilateral government procurement agreement, a bilateral investment agreement, and an agreement to avoid double taxation, so as to pave the way for the FTA.

TIFA talks work towards creating necessary conditions for a future free trade agreement

Taiwan Today 2012. (Reported by Meg Chang) 12 June 2012 CEPD minister reiterates importance of TIFA <http://taiwantoday.tw/ct.asp?xItem=192062&ctNode=421>

Clearing hurdles impeding talks under the Taiwan-U.S. Trade and Investment Framework Agreement is a top priority for the ROC government, according to the Council for Economic Planning and Development June 11. “The U.S. is Taiwan’s second largest export market, accounting for 12 percent of the island’s shipments,” CEPD Minister Yiin Chii-ming said. “It is imperative the two countries continue TIFA talks and work toward creating the necessary conditions for a free trade agreement.” Echoing Yiin’s remarks, Deputy Minister of Economic Affairs Francis Kuo-hsin Liang said restarting TIFA talks will assist Taiwan in its bid for inclusion in regional trade agreement

TIFA talks between US-Taiwan are still ongoing and currently delayed

Taipei Times 2015. 15 April 2015 Taiwan-US still discussing next round of TIFA talks <http://www.taipeitimes.com/News/taiwan/archives/2015/04/15/2003615976>

Taiwan and the US are still discussing when to hold the next round of talks under the bilateral Trade and Investment Framework Agreement (TIFA), a Ministry of Foreign Affairs official said yesterday. “We’re still discussing it with the US,” Department of North American Affairs Director-General Kelly Hsieh (謝武樵) told a regular news briefing. Hsieh was responding to questions on the timing of the major trade talks between Taiwan and the US, which have been held in March or April the past two years. Minister of Economic Affairs John Deng (鄧振中) previously said that it was unlikely that the next round of TIFA talks would be held this month, despite having said in February, during a visit to the US, that the talks would take place this month. Deng said the delay was because the US has focused its trade negotiation efforts on issues such as finishing negotiations on the proposed Trans-Pacific Partnership (TPP) trade bloc.

US-Taiwan negotiations hampered by disputes over imports, intellectual property rights, and investment regulations

John Liu 2014. (Greater China Managing editor for Bloomberg Business News and Beijing Bureau Chief for Bloomberg) 22 November 2014 Taiwan's ability to sign FTAs in doubt: US <http://www.chinapost.com.tw/taiwan/national/national-news/2014/11/22/422419/Taiwans-ability.htm>

The report also noted the relationship between Taipei and Washington has improved in the past year, with the resumption of the bilateral Trade and Investment Framework Agreement (TIFA) talks. However, disputes over pork imports, pharmaceutical intellectual property rights and private equity investment regulations have hampered negotiations between the U.S. and Taiwan.

Taiwan needs dramatic changes before concluding FTA with US

Business Recorder 2012. (Reported by Asad Naeem) 27 July 2012 US envoy urges Taiwan to open market amid beef row <http://www.brecorder.com/world/global-business-a-economy/64512-us-envoy-urges-taiwan-to-open-market-amid-beef-row-.html>

Washington's de facto ambassador to Taiwan on Wednesday urged the island to further open its market if it hopes to sign a trade deal with the US, amid a lingering dispute over American beef imports. The US beef issue "has become the symbolic embodiment of Taiwan's protected markets," said William A. Stanton, director of the American Institute in Taiwan (AIT). "For Taiwan to conclude a free trade agreement with the US it will need to undertake some dramatic changes, particularly in the area of opening markets to international competition," he said in a speech to the American Chamber of Commerce in Taipei.

Several hurdles need to be overcome to make Taiwan-US FTA a reality

Dr. Vinod Aggarwal and Dr. Shujiro Urata 2006. (Aggarwal - Professor of Political Science, Affiliated Professor in [Haas School of Business](https://en.wikipedia.org/wiki/Haas_School_of_Business), directs Berkeley APEC Study Center; PhD in International Political Economy. Urata -PhD Economics; Prof. of International Economics, Waseda University) 2006 Bilateral Trade Agreements in the Asia-Pacific: Origins, Evolution, and Implications ISBN-13: 978-0415702096 ISBN-10: 0415702097 <https://books.google.com/books?id=lbp0kNhz0MwC&pg=PT238&lpg=PT238&dq=Bilateral+Trade+Agreements+in+the+Asia-Pacific:+Origins,+Evolution,+and+Implications&source=bl&ots=-A5iTMctVi&sig=tk6MFBv7IJxi5cutppK6fLTtqaE&hl=en&sa=X&ved=0CDYQ6AEwA2oVChMIrvaOtpTwxgIVwjY-Ch2cawYN#v=onepage&q=Bilateral%20Trade%20Agreements%20in%20the%20Asia-Pacific%3A%20Origins%2C%20Evolution%2C%20and%20Implications&f=false>

Nonetheless, there are several hurdles that would have to be overcome if a Taiwan-US FTA is to become a reality. One US concern is that Taiwanese companies would continue to be tempted to transship products through one party of an FTA in order to secure preferential tariff treatment from another party. This issue has become particularly significant in today’s globalized economy, where firms, including Taiwanese companies, are increasingly using offshore production platforms. Secondly, the US feels that Taiwan maintains insufficient intellectual property rights protection. Although Taiwan effectively reduced intellectual property piracy in the early 1990s, the problem has now shifted to optical media, software, and video games. American intellectual property rights (IPR) owners are seriously concerned, and are unwilling to support a Taiwan-US FTA until enforcement intensifies and privacy declines.

Impact: Further talks necessary to address several issues

Sandler, Travis & Rosenberg Trade Report 2014. (provides the latest information on U.S. trade laws, regulations, policies and procedures as well as bilateral, regional and international trade negotiations and agreements.) 9 April 2014 U.S. Wants More Progress with Taiwan on IPR, Investment, Agriculture <http://www.strtrade.com/news-publications-US-Taiwan-TIFA-IPR-investment-pork-040914.html>

The eighth meeting of the bilateral Trade and Investment Framework Agreement Council included discussions on a range of agricultural trade issues, and a press release from the Office of the U.S. Trade Representative said the two sides “agreed on the importance of making meaningful progress on these issues in order to deepen their overall trade ties.” Press sources indicated that among these issues is Taiwan’s ban on imports of U.S. pork containing the additive ractopamine. Taiwan lifted a similar ban on U.S. beef in 2012, a step that prompted the U.S. to resume TIFA talks after a five-year hiatus. The U.S. is continuing to push Taiwan to ease the pork ban as well, but Taiwanese officials reportedly said they have no intention of doing so. According to USTR, the two sides agreed to continue fully utilizing their working groups on investment and technical barriers to trade and to build on recent positive steps taken by Taiwan to clarify investment criteria, lift data localization requirements in the financial sector, and revise standards and multi-pack labeling requirements. The U.S. welcomed steps Taiwan took in 2013 to improve trade secrets protection and address pharmaceutical issues, and Taiwanese authorities outlined plans to strengthen enforcement of intellectual property rights. Both sides recognized the need for further engagement over the next year on IPR protection in areas such as online piracy, pharmaceuticals and medical devices.

5. Wouldn’t help Taiwan negotiate with other countries

”US Precedent Will Lead To Other FTAs” - Response: Quite uncertain

Dr. [Nicholas R. Lardy](http://www.piie.com/staff/author_bio.cfm?author_id=24) and [Daniel H. Rosen](http://www.piie.com/staff/author_bio.cfm?author_id=18) 2004. (Lardy - Anthony M. Solomon Senior Fellow at the Peterson Institute for International Economics; PhD in Economics. Rosen - Visiting Fellow at the [Peterson Institute for International Economics](https://en.wikipedia.org/wiki/Peterson_Institute_for_International_Economics); Member of the [Council on Foreign Relations](https://en.wikipedia.org/wiki/Council_on_Foreign_Relations) and Board Member of the [National Committee on United States-China Relations](https://en.wikipedia.org/wiki/NCUSCR)) December 2004Prospects for a US-Taiwan Free Trade Agreement <http://www.piie.com/publications/chapters_preview/383/1iie3675.pdf>

The prospect of a US-Taiwan FTA thus has considerable significance not only for its potential to increase bilateral trade, but also because it might facilitate Taiwan’s participation in intra-Asian trade liberalization. Some believe that an FTA between the United States and Taiwan would make it more politically feasible for Japan to negotiate such an agreement with Taiwan, which in turn could pave the way for Taiwan’s participation in other bilateral and regional trade liberalization incentives. However, this prospective benefit from a US-Taiwan FTA is quite uncertain. Given China’s rapidly increasing importance as an export market for all of Asia, it could well turn out that no Asian countries would be willing to risk incurring China’s wrath by pursuing an FTA with Taiwan, even if the United States had already set the precedent.

DISADVANTAGES

1. Taiwan Dumping.

Note: “Dumping” means selling goods abroad for less than it cost to make them (possibly thanks to a government subsidy. If the Taiwan government gives their exporters free money, they then export to the US and undercut the market price. US manufacturers then go out of business. The FTA would block the US from doing anything about it, like imposing a tariff to level the playing field.)

Link: US Commerce Department found that Taiwan solar imports were sold for less than cost to make

William Pentland 2015. (Managing Partner at Brookside Strategies, LLC, an energy and utility management consulting firm based in Darien, Connecticut.. He attended journalism school at Columbia University and earned a JD at Stanford Law School.) 22 January 2015 Trade Duties On Solar Imports From China And Taiwan Clear Final Hurdle <http://www.forbes.com/sites/williampentland/2015/01/22/trade-duties-on-solar-imports-from-china-and-taiwan-clear-final-hurdle/>

In December, the [U.S. Department of Commerce](http://enforcement.trade.gov/download/factsheets/factsheet-multiple-certain-crystalline-silicon-photovoltaic-products-ad-cvd-final-121614.pdf) found that solar manufacturers from China and Taiwan were selling imports for less than what they cost to make, which is commonly known as dumping. Imposing trade duties on solar imports are calibrated to mitigate the impact of dumper and other improper practices. The Commerce Department calculates what it calls a “dumping margin” to determine how much import prices were below costs. The dumping margin for solar imports ranged between about 27% and 165% for Chinese manufacturers and ranged between about 11% and 28% for Taiwanese manufacturers, according to the Commerce Department. Based on its finding in December, the Commerce Department said it would impose anti-dumping duty rates of 52% and anti-subsidy rates of 39% on most imports of solar panels made in China and anti-dumping rates of 20% on most imports of solar cells made in Taiwan, regardless of where they are assembled into panels. The caveat was that the Commerce Department would only impose the trade duties if the ITC determined that the material harm had occurred. The ITC did just that yesterday.

Link: US imposed steep tariffs on Taiwan for dumping practices

Reuters News 2014. (is an international news agency headquartered in Canary Wharf, London, England, United Kingdom and a division of Thomson Reuters.) 17 December 2014 Solar flares: U.S. slaps new tariffs on China, Taiwan imports <http://www.reuters.com/article/2014/12/17/usa-china-solar-idUSL1N0U02MM20141217>

The United States on Tuesday confirmed steep import duties on solar products from China and Taiwan, in a decision that could inflame trade tensions between the two countries. Anti-dumping duties for Chinese goods were set as high as 165.04% as the U.S. arm of German solar manufacturer SolarWorld AG [SRWRF -1.97%](http://fortune.com/company/srwrf/) seeks to close a loophole that let Chinese producers sidestep duties imposed in 2012. Taiwan producers face anti-dumping duties as high as 27.55%, according to the final Commerce decision, which SolarWorld said raised average duties for Chinese producers but cut them for Taiwan. Producers in China face separate anti-subsidy duties. “These remedies come just in time to enable the domestic industry to return to conditions of fair trade,” said SolarWorld Industries America President Mukesh Dulani.

Impact: Dumping kills US jobs. Example: Long term costs of dumped steel outweigh benefits of short term cuts

Greg Mastel and Andrew Szamosszegi 1999. (Mastel is former chief international trade advisor and economist for the U.S. Senate Finance Committee. Mr. Szamosszegi was a researcher at the Economic Strategy Institute; masters degree in Pacific International Affairs and a A.B. from Harvard) Feb 1999 Leveling the Playing Field: Antidumping and the U.S. Steel Industry <https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&ved=0CCUQFjABahUKEwiyw47LkezGAhWFkw0KHUtwAKw&url=http%3A%2F%2Fwww.ibrarian.net%2Fnavon%2Fpaper%2FLeveling_the_Playing_Field_.pdf%3Fpaperid%3D5120164&ei=Ty-uVfLfEYWnNsvggeAK&usg=AFQjCNE3ykKeIUCKtfcasu1MfdQ1_BZRXw&sig2=6aDVimGpETdOuay0aZoEmQ>

The long term costs to producers and workers of failing to counter the dumped and subsidized steel in the U.S. market substantially outweigh the transient consumer benefits arising from short term price cuts. Without an assurance that action can and will be taken against trade distorting and illegal commercial practices, investment in and production of steel and many other manufactured products in the United States will become an unattractive proposition. Over time, the losses to the U.S. economy in terms of lost production, investment, and high-wage jobs, mount to painful levels.

Impact: Unfair for domestic producers to compete with countries dumping practices

David Seeger 2015. (holds a bachelor's degree in business administration from Michigan State University and an MBA from Loyola University of Chicago. He is President of JMC Steel Group) 9 April 2015 Are Free Trade Agreements Fair to Domestic Manufacturing Companies? <http://www.jmcsteelgroup.com/jmc-perspective/manufacturing/are-free-trade-agreements-fair-to-domestic-manufacturing-companies>

One of the important questions we must ask ourselves about free trade agreements is whether they’re fair to U.S. companies, and specifically domestic manufacturing companies. As a sector, manufacturing has felt the residual effects of NAFTA and KORUS, among other trade agreements. Not only have we had to suffer through job displacement and layoffs, we’ve also had to compete with countries “dumping” their products and selling goods at prices far below market value. In fact, the countries inundating the U.S. with imported products often sell them at a price far below the cost to make them. Let’s take the recent [OCTG trade case](http://www.reuters.com/article/2014/08/22/us-usa-trade-steel-idUSKBN0GM1HD20140822) against South Korea, Turkey, India, Taiwan, Ukraine and Vietnam, for example. In 2013, U.S. steel companies banded together to lodge a complaint against the above countries for the flood of imported steel pipes used in the energy sector. A booming time for energy, these countries took advantage by importing and dumping steel pipe at a price we couldn’t compete with. Imports doubled in 2013, according to the [American Iron and Steel Institute](https://www.steel.org/), accounting for almost two-thirds of the domestic market.

2. Taiwan Currency Manipulation

Link: Taiwan is among the most significant currency manipulators

Prof. Robert Scott 2013. (Law Professor at [Columbia Law School](https://en.wikipedia.org/wiki/Columbia_Law_School);[S.J.D.](https://en.wikipedia.org/wiki/S.J.D.) from [Univ of Michigan](https://en.wikipedia.org/wiki/University_of_Michigan); nationally renowned and oft-cited teacher and scholar in the fields of contracts, commercial law, and bankruptcy) 11 February 2013 The president can end currency manipulation with the stroke of a pen, halving the U.S. trade deficit and creating millions of jobs <http://www.epi.org/blog/president-currency-manipulation-stroke-pen/>

China, Denmark, Hong Kong, Korea, Malaysia, Singapore, Switzerland, and Taiwan are the most significant currency manipulators, and Japan is also a threat as it has recently announced its intent to intervene. In the case of China, the largest and most important manipulator, the president has the authority to end China’s currency manipulation with the stroke of a pen under the Emergency Economic Powers Act ([Bergsten and Gagnon 2012, 18](http://www.iie.com/publications/pb/pb12-25.pdf)).

Link: Taiwan is among the most active currency manipulators

Renee Haltom 2013. (Editorial Content Manager at Federal Reserve Bank of Richmond) 2013 Sizing up currency manipulation <https://www.richmondfed.org/~/media/richmondfedorg/publications/research/econ_focus/2013/q2/pdf/cover_story.pdf>

The effects on U.S. jobs might start to look bigger if China’s currency policy encourages its competitors to follow suit. “By keeping its own currency undervalued, China has also deterred a number of other Asian countries from letting their currencies rise very much (if at all) against the dollar for fear of losing competitive position against China,” economist C. Fred Bergsten of the Peterson Institute said in congressional testimony. Bergsten and Gagnon estimated that currency manipulation by more than 20 countries — with South Korea, Hong Kong, Malaysia, Singapore, and Taiwan among the most active — has added between $200 billion and $500 billion to the U.S. trade deficit each year.

Trade cannot be free unless currency manipulation is addressed

Official Website of Congressmen Curt Clawson 2015 (United States Representative for Florida's 19th congressional district since 2014. He has an MBA from Harvard Univ.) 12 June 2015 Clawson on TPA: “Free Trade Isn’t Fair Trade When Currency Manipulation is not Addressed!” <http://clawson.house.gov/news/documentsingle.aspx?DocumentID=398362>

“For too long, central banks of our trading partners have manipulated their currency to gain market advantage.  This practice can happen in seconds in the international trading market.  There is no such thing as free trade unless currency manipulation is addressed.  Time and again, throughout my life and my career in the automotive industry, I have seen the faces of those displaced by this practice.  Currency manipulation has dried up many small town and urban neighborhood economies in this country, and has put our skilled plant workers in the unemployment line or has forced them into lower-paying jobs.

Currency manipulation makes it difficult for US exporters to compete and costs US workers millions of jobs

Representative Sandy Levin 2015. (Sandy Levin is the Ranking Member of the House Ways and Means Committee. He received a bachelor's degree from the [University of Chicago](https://en.wikipedia.org/wiki/University_of_Chicago), a [Master's degree](https://en.wikipedia.org/wiki/Master%27s_degree) in international relations from [Columbia University](https://en.wikipedia.org/wiki/Columbia_University), and a law degree from [Harvard Law School](https://en.wikipedia.org/wiki/Harvard_Law_School)) 6 February 2015 The Need to Address Currency Manipulation in TPP, and Why U.S. Monetary Policy Is Not at Risk <http://www.huffingtonpost.com/rep-sander-/the-need-to-address-curre_b_6631514.html>

Over the past decade, currency manipulation by foreign governments has resulted in an increase in unfairly traded imports into the United States and has made it more difficult for U.S. exporters to compete in foreign markets. The practice has cost U.S. workers between one million and five million jobs -- and is responsible for as much as half of excess unemployment in the United States. It has contributed to stagnant wages and to inequality in the United States. And it contributed to the global financial crisis.

Currency manipulation is the single most important cause of growing trade deficits

Prof. Robert Scott 2013. (Law Professor at [Columbia Law School](https://en.wikipedia.org/wiki/Columbia_Law_School);[S.J.D.](https://en.wikipedia.org/wiki/S.J.D.) from [Univ of Michigan](https://en.wikipedia.org/wiki/University_of_Michigan); nationally renowned and oft-cited teacher and scholar in the fields of contracts, commercial law, and bankruptcy) 11 February 2013 The president can end currency manipulation with the stroke of a pen, halving the U.S. trade deficit and creating millions of jobs <http://www.epi.org/blog/president-currency-manipulation-stroke-pen/>

Currency manipulation, which distorts trade flows by artificially lowering the cost of imports to the U.S. and raising the cost of U.S. exports, is the single most important cause of these growing trade deficits. Halting global currency manipulation by making it illegal for China and other currency manipulators to purchase U.S. Treasury bills and other government assets is the best way to reduce the U.S. trade deficit, create jobs, and rebuild the economy.

Currency manipulation skews the benefits of free trade

Judy Shelton 2015. (She is an economist with expertise in global finance and monetary issues. She is Co-Director of the Sound Money Project at Atlas Network. Author of Fixing the Dollar Now: Why US Money Lost Its Integrity and How We Can Restore It (2011), The Coming Soviet Crash (1989),  Money Meltdown (1994) and “A Guide to Sound Money” (2010), her international economics articles have been published by The Wall Street Journal, New York Times, Washington Post, Financial Times, Nihon Keizai Shimbun and El Economista. Dr. Shelton holds a Ph.D. in business administration from the University of Utah.) 15 June 2015 The Currency of Commerce <http://www.weeklystandard.com/articles/currency-commerce_965009.html>

Many lawmakers were caught off-guard when the issue of “currency manipulation” rose to the top of concerns over proceeding toward a major trade agreement that will govern America’s relationship with a region encompassing almost 800 million people and roughly 40 percent of the world economy. China, the world’s second-largest economy, is excluded from the envisioned Trans-Pacific Partnership for now. But the fact that China might join at some future date is fueling an increasingly rancorous debate over the question: Should governments be allowed to manipulate the value of their currencies in foreign exchange markets to achieve a trade advantage?The answer is no. When currencies misrepresent the true value of goods and services, it skews the benefits of free trade and undermines the principles of free-market competition.

Impact: Currency manipulation costs US millions of jobs

Rep. Curt Clawson and Prof. Peter Morici 2015. (Curt Clawson represents Florida’s 19th Congressional District; sits on the Foreign Affairs and the Homeland Security committees. Morici is an economist and business professor at Univ of Maryland) 18 July 2015 Currency manipulation hurts free trade <http://www.news-press.com/story/opinion/contributors/2015/07/18/paul-volcker-curt-lawson-obama-peter-morici/30321961/>

Preventing currency manipulation should be a key goal in any future free trade agreement. As ex-Fed Chairman Paul Volcker has said: “Trade is more affected by ten minutes of movements in exchange rates than by ten years of trade negotiations.” Without free trade in currencies, free trade in goods is simply impossible. When foreign nations intervene in markets to artificially undervalue their currencies, they create lower prices for their exports and higher prices for U.S. goods imported to those countries — placing our nation’s businesses and workers at a competitive disadvantage. This practice, more than any other subsidy, has unfairly hollowed out our manufacturing base and cost us millions of good-paying jobs.

Impact: Free trade may be intended for good, but currency manipulation harms the US

Dr. Art Laffer 2015. (B.A. in Economics from Yale University;M.B.A. and Ph.D. in Economics from Stanford University. ) 9 March 2015 Trade Agreements Should Include A Method To Identify Currency Manipulators <http://dailycaller.com/2015/03/09/trade-agreements-should-include-a-method-to-identify-currency-manipulators/>

President Barack Obama and leaders from both parties in Congress agree on the need for expanded international trade. Our leaders recognize that international trade that is conducted on an open, level playing field provides a win-win outcome, growing the U.S. economy and thus creating jobs, while providing similar benefits for our trading partners. Free markets and free trade through effectively addressing tariff and non-tariff barriers will allow America’s companies and citizens to work, produce, invest, and prosper. However, when countries such as Japan directly intervene in currency markets to devalue their domestic currency, their exports become cheaper relative to ours, leading to potential job loss and decreases in U.S. exports. As such, while Congress considers (TPA) and negotiations continue on the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) agreements, including a method to identify potential currency manipulators is more important now than ever before. The negative impacts of direct currency intervention are well documented. According to the Peterson Institute for International Economics, in recent years, more than 20 nations have utilized policies that keep “the currencies of the interveners substantially undervalued, thus boosting their international competitiveness and trade surpluses.” The Peterson Institute further estimates that “the United States has lost one to five million jobs due to currency manipulation.”

3. Hurts China Relations

Taiwan official admits that opposition from China must be considered before deciding to negotiate an FTA

China Trade Extra 2006.(sister online news service to the world-renowned Inside US Trade newsletter and World Trade Online. The service contains latest news, reference shelf, special news section, and special report sections) 26 July 2006 TAIWAN OFFICIAL SAYS TAIWAN READY FOR FTA TALKS WITH U.S. <http://www.ustaiwanfta.com/2006_07_01_archives.html> (brackets in original)

Taiwan’s Deputy Finance Minister Kevin [sic] Chen told reporters on July 25 that Taiwan is now prepared to negotiate a free trade agreement with the U.S., although he also conceded that the possibility of opposition from China is a legitimate foreign policy factor that will also be considered before a decision is reached to launch the talks. Speaking at the American Enterprise Institute, Chen admitted that it would be “too narrow” to decide to launch an FTA with Taiwan on purely economic terms.

China has threatened nations that have considered FTAs with Taiwan

Claude Barfield 2006. (is a resident scholar and director of science and technology policy studies at American Enterprise Institute. He is a former consultant to the office of the U.S. Trade Representative, researches international trade policy, the World Trade Organization (WTO), intellectual property, and science and technology policy) 24 October 2006 Time Right For A US-Taiwan FTA? <https://www.aei.org/publication/time-right-for-a-us-taiwan-fta/>

On the downside, Beijing adamantly and forcefully opposes nations signing FTAs with Taiwan, arguing that this will in effect give Taiwan the status of an independent nation and violate what it considers the international rule of “one China.” In pursuit of the goal of isolating Taiwan diplomatically, Beijing has directly threatened nations that have considered FTAs with Taiwan, warning them that they “would bring political trouble to themselves” if they proceeded with such an action.

Impact: China- US relationship is the most important in the world

Council on Foreign Relations 2007. ( is a United States nonprofit, 4900 member organization, publisher, and think tank specializing in U.S. foreign policy and international affairs) April 2007 U.S.-China Relations: An Affirmative Agenda, A Responsible Course <http://www.cfr.org/china/us-china-relations/p12985>

No relationship will be as important to the twenty-first century as the one between the United States, the world’s great power, and China, the world’s rising power. China’s development is directly transforming the lives of one-fifth of the world’s population, and is otherwise influencing billions more. China’s rapid economic growth, expanding regional and global influence, continued military modernization, and uneven human rights record are also shifting the geopolitical terrain and contributing to uncertainty about China’s future course. After thirty-five years of “engagement,” the United States and China have a relationship that was truly unimaginable two generations ago. At the same time, there are some Americans who believe that China’s strategic interests are incompatible with those of the United States. The Council on Foreign Relations established an Independent Task Force to take stock of the changes under way in China today and to evaluate what these changes mean for China and for the U.S.-China relationship.

Impact: The most important foreign policy goal is US-China cooperation. We need China to solve every major global challenge

US-China Smart Power Commission 2009(chaired by former US Defense Secretary William Cohen and Maurice R. Greenberg), March 2009, "Smart Power in US-China Relations," CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES <http://csis.org/files/media/csis/pubs/090309_mcgiffert_uschinasmartpower_web.pdf>

The evolution of Sino-US relations over the next months, years, and decades has the potential to have a greater impact on global security and prosperity than any other bilateral or multilateral arrangement. In this sense, many analysts consider the US-China diplomatic relationship to be the most influential in the world. Without question, strong and stable US alliances provide the foundation for the protection and promotion of US and global interests. Yet within that broad framework, the trajectory of US-China relations will determine the success, or failure, of efforts to address the toughest global challenges: global financial stability, energy security and climate change, nonproliferation, and terrorism, among other pressing issues. Shepherding that trajectory in the most constructive direction possible must therefore be a priority for Washington and Beijing. Virtually no major global challenge can be met without US-China cooperation.

4. FTAs Kill US Jobs

Example: US-Korea FTA cost 60,000 American jobs

Robert Patterson 2015. (adjunct professor of government at Patrick Henry College) 28 March 2015 Robert W. Patterson: U.S. loses millions of job through trade <http://www.providencejournal.com/article/20150328/OPINION/150329282/13831?rssfeed=true>

In his 2010 State of the Union address, President Barack Obama promised to double exports over five years to "support" 2 million jobs in America. A year later, he claimed the new U.S.-Korea Free Trade Agreement would "support" 70,000 jobs at home. And today, his Commerce Department boasts that U.S. exports "support" 11.3 million jobs. As the fictional Inigo Montoya famously said on screen, "I don't think that word means what you think it means." That's because total U.S. exports have increased only 48 percent since 2009, while a 60 percent jump in our trade deficit with South Korea has triggered, according to one estimate, the loss of nearly 60,000 American jobs.

Despite promises, US-Korea FTA caused thousands of lost jobs

Public Citizen 2015. (national, nonprofit consumer advocacy organization) 13 March 2015 Unhappy Third Birthday For Korea Free Trade Agreement Drags Down Obama Push For Fast Track Trade Authority <http://www.commondreams.org/newswire/2015/03/13/unhappy-third-birthday-korea-free-trade-agreement-drags-down-obama-push-fast>

Three years after implementation of the U.S.-Korea Free Trade Agreement (FTA), government data reveal that the administration’s promises that the pact would expand U.S. exports and create American jobs proved to be the opposite of the pact’s actual outcomes. The post-Korea FTA decline in U.S. exports to Korea and a new flood of imports from Korea have resulted in a major surge in the U.S. trade deficit with Korea that equates to nearly 85,000 lost U.S. jobs. The abysmal FTA record deals a fresh blow to the administration’s controversial bid to Fast Track the Trans-Pacific Partnership (TPP), for which the Korea FTA served as the U.S. template.

NAFTA eliminated between 525,000 and 766,000 American jobs

Ian Fletcher 2011. (Senior Economist of the Coalition for a Prosperous America. He was previously Research Fellow at the U.S. Business and Industry Council) 20 March 2011More Free Trade Agreements? When NAFTA Failed? <http://www.huffingtonpost.com/ian-fletcher/more-free-trade-agreement_b_838196.html>

Eccentric billionaire and 1992 presidential candidate H. Ross Perot was roundly mocked for predicting a "giant sucking sound" of jobs going to Mexico if NAFTA passed. But he has been vindicated. The Department of Labor has estimated that NAFTA cost America 525,000 jobs between 1994 and 2002. According to the more aggressive Economic Policy Institute: NAFTA has eliminated some 766,000 job opportunities--primarily for non-college-educated workers in manufacturing. Contrary to what the American promoters of NAFTA promised U.S. workers, the agreement did not result in an increased trade surplus with Mexico, but the reverse. As manufacturing jobs disappeared, workers were down-scaled to lower-paying, less-secure services jobs. Within manufacturing, the threat of employers to move production to Mexico proved a powerful weapon for undercutting workers' bargaining power.

Impact: Insanity is doing the same thing over and over again and expecting different results. FTAs kill jobs every time, so let’s stop passing them.

Sen. Bernie Sanders 2015. (Senator from Vermont; BA in political science from Univ of Chicago.) 29 April 2015 So Called ‘Free Trade’ Policies Hurt US Workers Every Time We Pass Them <http://www.theguardian.com/commentisfree/2015/apr/29/so-called-free-trade-policies-hurt-us-workers-every-time-we-pass-them>

Albert Einstein said that the definition of insanity is doing the same thing over and over again and expecting a different result. As the middle class continues to decline and the gap between the very rich and everyone else grows wider, we should keep that in mind as Congress debates the Trans-Pacific Partnership (TPP), the largest trade agreement in American history. Trade deals like the North American Free Trade Agreement (Nafta), the Central American Free Trade Agreement (Cafta) and the granting of Permanent Normal Trade Relations to China have been abysmal failures: they allowed corporations to shut down operations in the US and move work to low-wage countries where people are forced to work for pennies an hour; and they are one of the reasons that we have lost almost 60,000 factories in our country and millions of good-paying jobs since 2001.