Free at Last: The Case for a Free Trade Agreement

By Katherine Baker

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**SPECIAL CASE NOTES – BACKGROUND MATERIAL NOT READ INTO THE ROUND**

This case is about offering China a Free Trade Agreement, which is different from the Status Quo, since SQ is not working on an FTA with China right now. Understand that the SQ is working on something called the Bilateral Investment Treaty (BIT), which is NOT the same as an FTA. [The US/China BIT might be completed by the time this case is published – keep up to date on the research.] The BIT would set rules for investors in both countries, but would not change tariffs on imports or exports of goods. FTA handles goods, BIT handles investments. Example: If you’re a US citizen and want to build a factory in China, you would want the BIT. If you’re a US citizen who wants to import a boatload of Chinese-made shoes, you would want the FTA. Be sure you understand the difference.

This matters because some (not all) of the advocacy cards in this case talk about establishing a China/US Trade & Investment Agreement. This is essentially FTA+BIT all in one. Since the SQ is already working on the BIT, all we have to do to fulfill the advocacy of these cards is offer China an FTA. That’s the reason we mention the BIT in some of the evidence in this case, so that it’s clear that we’re doing what the advocacy recommends in the evidence.

Free at Last: The Case for a Free Trade Agreement

A US-China Free Trade Agreement would bring substantial benefits to both nations, but changes in current policy are needed to make it happen. Join us as we affirm that: The United States Federal Government should substantially reform its policies toward the People’s Republic of China

OBSERVATION 1. DEFINITIONS.

Substantial:

“large in amount, size, or number” (*Merriam Webster Online Dict. 2016* <http://www.merriam-webster.com/dictionary/substantial)>

Reform:

“to improve (someone or something) by removing or correcting faults, problems, etc.” (*Merriam Webster Online Dict. 2016* [*http://www.merriam-webster.com/dictionary/reform*](http://www.merriam-webster.com/dictionary/reform)*)*

Policy:

“a high-level overall plan embracing the general goals and acceptable procedures especially of a governmental body” (*Merriam Webster Online Dict. 2016* [*http://www.merriam-webster.com/dictionary/policy)*](http://www.merriam-webster.com/dictionary/policy))

OBSERVATION 2. The Voting CRITERION.

It’s simple: Comparative Advantage. We expect to earn an Affirmative ballot by proving that doing our plan will be significantly and comparatively better than Status Quo policies are doing right now.

OBSERVATION 3. INHERENCY, or the conditions of the Status Quo.

FACT 1. The Bilateral Investment Treaty (BIT) – is good but not enough.

The Status Quo is working on BIT negotiations, but we need a trade agreement too

Prof. Peter A. Petri, Prof. Michael Plummer and Fan Zhai, 2014 (Petri is the Carl J. Shapiro professor of international finance at Brandeis International Business School, a senior fellow at the East-West Center, and a visiting fellow at the Peterson Institute for International Economics. Plummer is professor of economics at the School of Advanced International Studies (SAIS), the Johns Hopkins University, and a senior fellow at the East-West Center. Zhai is managing director of the China Investment Corporation.) “The Effects of a China-US Free Trade and Investment Agreement” October 1, 2014 <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2513839>

Direct cooperation between China and the United States would be enormously productive in this context, not least because it would mitigate frictions that might otherwise arise. China-US cooperation could begin with issues where early agreements are possible—such as the investment treaty negotiations underway—and with mechanisms for dealing with others in the future. The vision of a comprehensive China-US trade and investment agreement (CHUSTIA) provides a compelling framework for these efforts.

FACT 2. Trade barriers without a Free Trade Agreement

The US and China have substantial trade barriers that could be removed if we had an FTA

Cai Songfeng, Zhang Yaxiong, Yuan Jianqin 2015. (Songfeng - Research Assistant at the Economic Forecast Department of the State Information Center, China. Yaxiong – Senior Research Fellow at the Economic Forecast Department of the State Information Center, China. Jianqin – works for the Economic Forecast Dept, State Information Center, China.) The Effects of China-US Free Trade Agreement (CHUSFTA) <https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0ahUKEwiDmIvDy6POAhXH2B4KHWA8BYwQFggcMAA&url=https%3A%2F%2Fwww.gtap.agecon.purdue.edu%2Fresources%2Fdownload%2F7437.pdf&usg=AFQjCNEwJRdnM4XUjlpno-sFgzmxBNHjlQ&sig2=qzXez4D-fb_Ca12jMvCxwQ>

Unlike traditional tariffs, non-tariff barriers (NTBs) mainly include price and quantity controls (import quotas, import licenses), technical standards, animal and plant quarantine and import monopoly. There are various types of NTBs and the influence is greater than that of tariff barriers. However, the quantification of NTBs remains a problem. This study uses the findings of the European consulting company Ecorys (2009). From the perspective of tariff equivalents of NTBs, the NTBs between the US and China are on high levels, as shown in Table 1. In terms of the simple arithmetic average, the tariff equivalent of NTBs on China’ imports from the US is 33% on average, while that on the US’ imports from China is 14%. As can be seen, the level of NTBs is much higher than the traditional tariff level, and therefore, it can be expected that the cut in NTBs will be the focus of CHUSFTA negotiations.

FACT 3. China Receptive

China would be receptive to a US-China FTA

Maurice R. Greenberg and C. Fred Bergsten, 2014 (Mr. Greenberg is chairman and CEO of C.V. Starr & Co., Inc. and former chairman and CEO of American International Group, Inc. Mr. Bergsten is senior fellow and director emeritus of the Peterson Institute for International Economics and former assistant secretary of the Treasury.) “The U.S. Needs a Free-Trade Deal With China” Dec. 18, 2014 <http://www.wsj.com/articles/maurice-greenberg-and-fred-bergsten-the-u-s-needs-a-free-trade-deal-with-china-1418946345>

Still, the U.S. needs to set its sights higher. In particular, there seems to be no compelling reason why the world’s two greatest economic powers shouldn’t start the process of establishing a comprehensive, bilateral free-trade agreement. We’ve argued in favor of such an agreement for years, and on many trips to China top leaders have told us that they would be receptive to such an initiative.

OBSERVATION 4. The PLAN

1. The US Secretary of State proposes and the Commerce Department begins negotiating a Free Trade Agreement with China
2. Congress and the President approve FTA the day after agreement is finalized.
3. Funding through existing budgets of existing agencies.
4. Enforcement through normal means, following the same procedures as existing FTAs with other countries.
5. Plan takes effect the day after an Affirmative ballot
6. All Affirmative speeches may clarify.

OBSERVATION 5. The ADVANTAGES

ADVANTAGE 1. Improved US/China relations

1. The Problem: Failing to negotiate FTA hurts US/China relations.

Maurice R. Greenberg and C. Fred Bergsten 2014 (Greenberg is chairman and CEO of C.V. Starr & Co., Inc. and former chairman and CEO of American International Group, Inc. Bergsten is senior fellow and director emeritus of the Peterson Institute for International Economics and former Assistant Secretary of the Treasury.) “The U.S. Needs a Free-Trade Deal With China” Dec. 18, 2014 <http://www.wsj.com/articles/maurice-greenberg-and-fred-bergsten-the-u-s-needs-a-free-trade-deal-with-china-1418946345>

Right now there are a number of trade pacts both countries are pursuing in which the other is not participating—for example, the U.S.-led Trans-Pacific Partnership, or the Asia-only Regional Comprehensive Economic Partnership talks led by China. These negotiations—which may be increasingly seen as mutually competitive—have already led to misunderstanding and tension between China and the U.S. Bilateral negotiations for a trade pact between the two countries can help defuse tensions and enhance trust.

1. The Solution: Beginning FTA negotiations would improve US/China relations

Wei Jianguo, 2012 (Secretary-General of China Center for International Economic Exchanges; former Vice-minister of Commerce in China.) “China-US FTA Talks Should be Initiated” Mar 27, 2012 <http://www.chinausfocus.com/finance-economy/china-us-fta-talks-should-be-initiated/>

Despite the frictions and disputes, trade and investments between the world’s two largest economies, China and the U.S., have been increased continuously at a substantial rate over the past decades. In order to reduce unnecessary misunderstanding and promote healthier trade relationship between China and the U.S., perhaps it is time for the two countries to initiate talks on establishing the China-U.S. FTA.

1. The Impact: China-US relations are the most important in the world – key to solving all major global issues

Tom Watkins, 2015 (worked for over four decades to build economic, educational and cultural ties between the US and China; regular contributor to China-US Focus; advisor to Michigan’s Economic Development Corporation and Detroit Chinese Business Association) “U.S./China: The Most Important Bilateral Relationship in the World Today” Aug 21, 2015 <http://www.chinausfocus.com/foreign-policy/u-s-china-the-most-important-bilateral-relationship-in-the-world-today/>

Our U.S.-China relationship is the most important bilateral relationship in the world today. All major global issues intersect at the corner of Beijing and Washington, D.C., and there is much for the two world leaders to discuss – conversations best done on a foundation of mutual respect, seeking win-win strategies that enhance world peace and economic growth.

ADVANTAGE 2. US Economic growth

1. The Link: U.S. share of China’s market declining without FTA

Maurice R. Greenberg and C. Fred Bergsten, 2014 (Greenberg is chairman and CEO of C.V. Starr & Co., Inc. and former chairman and CEO of American International Group, Inc. Bergsten is senior fellow and director emeritus of the Peterson Institute for International Economics and former assistant secretary of the Treasury.) “The U.S. Needs a Free-Trade Deal With China” Dec. 18, 2014 <http://www.wsj.com/articles/maurice-greenberg-and-fred-bergsten-the-u-s-needs-a-free-trade-deal-with-china-1418946345>

It may take 10 years to achieve a bilateral free-trade agreement. But a number of countries across the Asia-Pacific region—including Australia, Japan, New Zealand, South Korea and members of the Association of Southeast Asian Nations (Asean)—have already implemented or launched negotiations on free-trade agreements with China. All the more reason not to wait any longer to begin. The U.S. share of China’s import market has declined in recent years, and our country risks further market-share losses to these countries and others.

1. The Impact: US economic growth. $100 billion per year and 1.7 million new jobs over 10 years

Maurice R. Greenberg and C. Fred Bergsten, 2014 (Greenberg is chairman and CEO of C.V. Starr & Co., Inc. and former chairman and CEO of American International Group, Inc. Bergsten is senior fellow and director emeritus of the Peterson Institute for International Economics and former Assistant Secretary of the Treasury.) “The U.S. Needs a Free-Trade Deal With China” Dec. 18, 2014 <http://www.wsj.com/articles/maurice-greenberg-and-fred-bergsten-the-u-s-needs-a-free-trade-deal-with-china-1418946345>

The Peterson Institute for International Economics’ recent study, “Bridging the Pacific,” concludes that such a trade agreement would be of great benefit for both countries. U.S. exports would increase by almost $400 billion a year, and U.S. national income would rise more than $100 billion annually. There would be 1.7 million export-related jobs added to the U.S. economy over 10 years, and American consumers meanwhile would benefit from lower prices and wider product choices.

ADVANTAGE 3. Global economic growth

The global economy would benefit from US-China FTA

Wei Jianguo, 2012 (Wei Jianguo is currently Secretary-General of China Center for International Economic Exchanges. He was also a former Vice-minister of Commerce in China.) “China-US FTA Talks Should be Initiated” Mar 27, 2012 <http://www.chinausfocus.com/finance-economy/china-us-fta-talks-should-be-initiated/>

Of course, China and the U.S. are not the only beneficiaries of the FTA. For the global economy, the negotiation of the FTA between China and the U.S. will be able to greatly facilitate and liberalize the global trade and investment, and send the world market a strong message of confidence.

2A EVIDENCE: Free Trade Agreement

2A EVIDENCE: FREE TRADE AGREEMENT

NEGATIVE PHILOSOPHY / OPENING QUOTES

Freer trade and resisting trade barriers should be our trade policy goals

Daniella Markheim 2007 (Senior Trade Policy Analyst in the Center for International Trade and Economics at The Heritage Foundation) 16 Apr 2007 Why Free Trade Works for America <http://www.heritage.org/research/reports/2007/04/why-free-trade-works-for-america>

Armed with the facts, Congress should bolster itself against "free Trade fatigue" and protectionist sentiment and revitalize the drive to promote economic growth and prosperity by eliminating international Trade barriers. Renewing the President's Trade promotion authority to facilitate the completion of new bilateral free trade agreements, reforming and reducing the scope of the U.S. farm bill to promote a successful conclusion to the WTO Doha Development Round, and generally guarding against populist, protectionist Trade policy changes would go far toward expanding economic opportunity in the U.S. and around the world.

INHERENCY

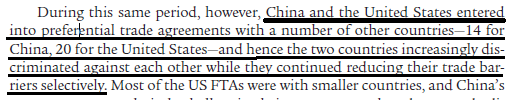
BIT negotiations almost finished

Shannon Tiezzi, 2016 (Shannon Tiezzi is Editor at The Diplomat. Her main focus is on China, and she writes on China’s foreign relations, domestic politics, and economy. Shannon previously served as a research associate at the U.S.-China Policy Foundation, where she hosted the weekly television show China Forum. She received her A.M. from Harvard University and her B.A. from The College of William and Mary. Shannon has also studied at Tsinghua University in Beijing.) “Are China and the US Close to Sealing an Investment Treaty?” March 24, 2016 <http://thediplomat.com/2016/03/are-china-and-the-us-close-to-sealing-an-investment-treaty/>

China and the United States are almost finished with negotiations over a key investment treaty, former Chinese Commerce Minister Chen Deming said on Wednesday. If successfully concluded, the bilateral investment treaty (BIT) could substantially increase Chinese and U.S. investments in each other’s markets.

No FTA yet: US and China have been signing Trade Agreements with everyone else, but not each other

C. Fred Bergsten, Gary Clyde Hufbauer, Sean Miner, Carla A. Hills and Myron Brilliant,2014 (C. Fred Bergsten, Peterson Institute for International Economics (PIIE); Gary Clyde Hufbauer: PIIE, Sean Miner, PIIE; Carla A. Hills, Hills & Company; and Myron Brilliant, US Chamber of Commerce.) “Toward Free Trade and Investment between China and the United States” October 16, 2014 <https://piie.com/publications/chapters_preview/6918/01iie6918.pdf>



A/T “SQ will solve with TPP”: US gains in a China-US TIA greater than from TPP

Peter A. Petri, Michael Plummer, and Fan Zhai, 2014 (Petri is the Carl J. Shapiro professor of international finance at Brandeis International Business School, a senior fellow at the East-West Center, and a visiting fellow at the Peterson Institute for International Economics. Plummer is Eni professor of economics at the School of Advanced International Studies (SAIS), the Johns Hopkins University, and a senior fellow at the East-West Center. Zhai is managing director of the China Investment Corporation.) “The Effects of a China-US Free Trade and Investment Agreement” October 1, 2014 <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2513839>

The results of this study support Chinese and US interest in a CHUSTIA. China is estimated to gain $330 billion from the agreement alone and $454 billion from the TPP, RCEP, and CHUSTIA together. The United States would gain $130 billion from the CHUSTIA alone and $191 billion from all three. A CHUSTIA offers greater benefits for China than the RCEP, and greater benefits for the United States than the TPP. The three agreements are largely complementary, and their benefits approach those of regional free trade in the Asia-Pacific.

SOLVENCY / ADVOCACY

Huge impact and net benefits support a US/China FTA

Cai Songfeng, Zhang Yaxiong, Yuan Jianqin 2015. (Songfeng - Research Assistant at the Economic Forecast Department of the State Information Center, China. Yaxiong – Senior Research Fellow at the Economic Forecast Department of the State Information Center, China. Jianqin – works for the Economic Forecast Dept, State Information Center, China.) The Effects of China-US Free Trade Agreement (CHUSFTA) <https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0ahUKEwiDmIvDy6POAhXH2B4KHWA8BYwQFggcMAA&url=https%3A%2F%2Fwww.gtap.agecon.purdue.edu%2Fresources%2Fdownload%2F7437.pdf&usg=AFQjCNEwJRdnM4XUjlpno-sFgzmxBNHjlQ&sig2=qzXez4D-fb_Ca12jMvCxwQ>

China as the world’s largest developing country and the US as a superpower play an extremely important role in building global bilateral and multilateral free trade zones. Given the positions, the bilateral trade and economic relations and foreign trade and economic strategies of the two in the world economy, it will impose a huge economic impact on the two countries and even the world economy if a free trade agreement can be reached between the two countries. Therefore, the two countries propose the establishment of “CHUSFTA” strategic vision at the academic level. In this case, how to promote the construction of the CHUSFTA has become the most important issue. Past experience shows that the negotiation of a free trade zone is a process of reaching mutual understanding, mutual compromise and benefits sharing. This process requires considerable qualitative judgments on situations and trends, and it also, and more importantly, needs the quantitative analysis of the effectiveness of the policy. The quantitative analysis of gains and losses for both sides supports the progress of FTA

Big name experts advocating US-China FTA

[The author of the article doesn’t specifically advocate or oppose a US-China FTA, but he is reporting that many experts do advocate it]

Peter Coy, 2013 (economics editor for Bloomberg Businessweek) “The Powerful People Arguing for U.S.-China Free Trade” May 23, 2013 <http://www.bloomberg.com/news/articles/2013-05-23/the-powerful-people-arguing-for-u-dot-s-dot-china-free-trade>

Recommending that the U.S. and China work toward a free-trade deal is a bit like stepping into a prize fight and asking the boxers to settle their differences peacefully. But some powerful people on both sides of the Pacific Ocean are doing exactly that. A report by a blue-ribbon, binational panel assembled by the China-United States Exchange Foundation said this week that the countries “should begin early-stage discussions of the opportunities and challenges of an eventual bilateral free-trade agreement.” The foundation, although little known to the general public, carries enough weight that Henry Kissinger, the former secretary of state who was present at China’s opening to the world in the 1970s, showed up to launch the report at a packed event on May 21 at the Asia Society on New York’s Upper East Side. C.H. Tung, the foundation’s chairman, was the first chief executive of Hong Kong after it was absorbed by China in 1997. Members of its steering committee include, on the U.S. side, Kissinger; Bill Gates; former Commerce Secretary Carlos Gutierrez; Carlyle Group CEO David Rubinstein; PepsiCo CEO Indra Nooyi; PricewaterhouseCoopers Chairman Dennis Nally; former Chicago Mayor Richard Daley; and insurance executive Maurice Greenberg, who ran American International Group when it was the world’s biggest insurer. Chinese representatives included top executives from such companies as Haier, Industrial & Commercial Bank of China, Suntech Power, Sinopec, and SAIC Motor. The group chosen to write the report included a Nobel laureate, economist Michael Spence of New York University, and a range of other economists, executives, and government officials from the U.S., Hong Kong, and mainland China.

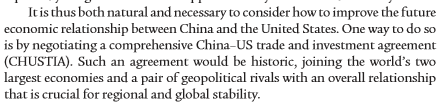
FTA promotes trade

Wei Jianguo, 2012 (Wei Jianguo is currently Secretary-General of China Center for International Economic Exchanges. He was also a former Vice-minister of Commerce in China.) “China-US FTA Talks Should be Initiated” Mar 27, 2012 <http://www.chinausfocus.com/finance-economy/china-us-fta-talks-should-be-initiated/>

In the future, the complementarities between the two nations will continue to exist and thus, establishing China-U.S. FTA will vigorously promote trade development between the two nations. According to a primary estimation, if China and the U.S. had established a FTA and hence had reduced their tariffs by 10%, their economic growth rates could have increased by 3.93% and 0.45% respectively in 2011. And this trend is likely to stay for quite a while. In terms of employment, both China and the U.S. could have boosted their employment rate to a great deal.

US-China Trade Deal improves economic relationship

C. Fred Bergsten, Gary Clyde Hufbauer, Sean Miner, Carla A. Hills and Myron Brilliant,2014 (C. Fred Bergsten, Peterson Institute for International Economics (PIIE); Gary Clyde Hufbauer: PIIE, Sean Miner, PIIE; Carla A. Hills, Hills & Company; and Myron Brilliant, US Chamber of Commerce.) “Toward Free Trade and Investment between China and the United States” October 16, 2014 <https://piie.com/publications/chapters_preview/6918/01iie6918.pdf>

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FTA’s strengthen political ties

Jeffrey J. Schott, 2016 (Jeffrey J. Schott, a former U.S. Treasury official, is a senior fellow at the Peterson Institute for International) “Are Trade Agreements Good for Americans?” March 17, 2016 <http://www.nytimes.com/roomfordebate/2016/03/17/are-trade-agreements-good-for-americans>

Trade pacts reinforce U.S. political and strategic interests beyond the gains in commercial ties. Recall that the first U.S. free trade pact was in 1985 with Israel, and it is a cornerstone of the U.S.-Israel relationship. The Trans-Pacific Partnership will similarly cement American ties with the Asia-Pacific region. It reassures our allies that the United States is a reliable partner that remains engaged in a region facing North Korean adventurism.

FTA makes most of US-China complementarities

Wei Jianguo, 2012 (Wei Jianguo is currently Secretary-General of China Center for International Economic Exchanges. He was also a former Vice-minister of Commerce in China.) “China-US FTA Talks Should be Initiated” Mar 27, 2012 <http://www.chinausfocus.com/finance-economy/china-us-fta-talks-should-be-initiated/>

In terms of economic benefits, establishing the China-U.S. FTA will give the two countries’ comparative advantages into full play and make the most of their complementarities. China and the U.S. have great complementarities in the aspects of economic development, resources and industrial structure, which have already brought significant benefits to them over the past years. Chinese market is becoming more and more important for the U.S. exports. During the past decade, the U.S. exports to China grew rapidly by 468%, while its exports to other countries only grew by 55%. Obviously, as the biggest importer of the U.S. goods and services, China has made remarkable contributions to the U.S. economy.

ADVANTAGES

Global Economy

China/US Trade & Investment Agreement [CHUSTIA] would create huge economic gains

**[Remember, SQ is already working on the “Investment Agreement” part of that process]**

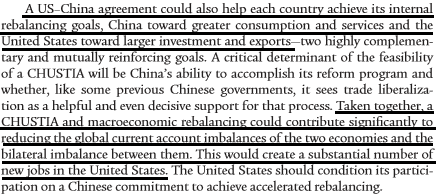
Peter A. Petri, Michael Plummer, and Fan Zhai, 2014 (Petri is the Carl J. Shapiro professor of international finance at Brandeis International Business School, a senior fellow at the East-West Center, and a visiting fellow at the Peterson Institute for International Economics. Plummer is Eni professor of economics at the School of Advanced International Studies (SAIS), the Johns Hopkins University, and a senior fellow at the East-West Center. Zhai is managing director of the China Investment Corporation.) “The Effects of a China-US Free Trade and Investment Agreement” October 1, 2014 <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2513839>

We estimate that a CHUSTIA would generate global income gains of $403 billion per year in 2025, compared to a projected world GDP of $103 trillion (these and other results cited in this chapter are expressed in 2007 US dollars). A CHUSTIA would generate greater gains for China than the RCEP agreement, and greater gains for the United States than a TPP without China. The results suggest that the agreement would be especially valuable for China because it has larger initial distortions, but it would increase trade, investment, and productivity in both countries. Productivity gains are also important in recent trade models and in the results reported in this study.

US Economy

Free trade deal with China would help create substantial number of US jobs

C. Fred Bergsten, Gary Clyde Hufbauer, Sean Miner, Carla A. Hills and Myron Brilliant,2014 (C. Fred Bergsten, Peterson Institute for International Economics (PIIE); Gary Clyde Hufbauer: PIIE, Sean Miner, PIIE; Carla A. Hills, Hills & Company; and Myron Brilliant, US Chamber of Commerce.) “Toward Free Trade and Investment between China and the United States” October 16, 2014 <https://piie.com/publications/chapters_preview/6918/01iie6918.pdf> (CHUSTIA = China-US Trade and Investment Agreement)



Increased trade benefits US consumers with lower prices and higher quality

Jeffrey J. Schott, 2016 (Jeffrey J. Schott, a former U.S. Treasury official, is a senior fellow at the Peterson Institute for International) “Are Trade Agreements Good for Americans?” March 17, 2016 <http://www.nytimes.com/roomfordebate/2016/03/17/are-trade-agreements-good-for-americans>

Trade benefits consumers in other ways — many of the products that are produced in the United States are cheaper and better because they have imported components and raw materials, improving their quality and lowering their cost. Trade thus boosts the competitiveness of products made at home, which, in turn, allows American producers to sell more abroad and employ more workers in the U.S.

FTA’s benefit Americans with little risk, because our trade barriers are already low

Jeffrey J. Schott, 2016 (Jeffrey J. Schott, a former U.S. Treasury official, is a senior fellow at the Peterson Institute for International) “Are Trade Agreements Good for Americans?” March 17, 2016 <http://www.nytimes.com/roomfordebate/2016/03/17/are-trade-agreements-good-for-americans>

For the United States, trade agreements open markets abroad without significant changes in current U.S. trade restrictions. That is because with few exceptions, U.S. trade barriers are already low and U.S. regulatory requirements protecting consumers, workers and the environment are high. Almost all our trading partners have higher barriers; trade negotiations are largely about how much and how fast they will change their practices, upgrade their regulatory standards toward U.S. norms and open their markets to new competition from the United States and other countries. From the U.S. perspective, the benefits are straightforward. We get more access abroad to sell our competitive farm products, manufactured items and services.

US-China relationship of huge economic importance

Peter A. Petri, Michael Plummer, and Fan Zhai, 2014 (Petri is the Carl J. Shapiro professor of international finance at Brandeis International Business School, a senior fellow at the East-West Center, and a visiting fellow at the Peterson Institute for International Economics. Plummer is Eni professor of economics at the School of Advanced International Studies (SAIS), the Johns Hopkins University, and a senior fellow at the East-West Center. Zhai is managing director of the China Investment Corporation.) “The Effects of a China-US Free Trade and Investment Agreement” October 1, 2014 <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2513839>

The scale of the China-US relationship and the barriers that restrain it lead us to expect significant benefits from liberalization. In 2010, China and the United States accounted for about one-third of world GDP, one-quarter of world exports, and one-fifth of world outward foreign direct investment (FDI). All of these shares are likely to rise over our projection period. By 2025, the two economies will be roughly similar in size. The bilateral economic relationship is therefore likely to become more consequential over time; it will appear to be perhaps twice as significant to US policy makers as it does now, and equally significant, at a high level, from a Chinese perspective.

Economic benefits for both countries

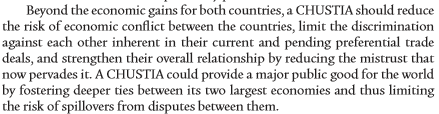
Peter A. Petri, Michael Plummer, and Fan Zhai, 2014 (Petri is the Carl J. Shapiro professor of international finance at Brandeis International Business School, a senior fellow at the East-West Center, and a visiting fellow at the Peterson Institute for International Economics. Plummer is Eni professor of economics at the School of Advanced International Studies (SAIS), the Johns Hopkins University, and a senior fellow at the East-West Center. Zhai is managing director of the China Investment Corporation.) “The Effects of a China-US Free Trade and Investment Agreement” October 1, 2014 <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2513839>

As the barriers facing China-US trade are still extensive, the benefits from reducing them turn out to be large. As figure 2.1 shows, significant gains would begin to appear in 2015, the assumed starting date of implementation. By 2025 China’s income gains would reach $330 billion per year (1.9 percent of GDP) and US gains would approach $130 billion per year (0.6 percent of GDP). These trade-related gains increase if we count the effects of liberalizing FDI by roughly 25 percent based on an average of estimates we report in other studies. Sharply cutting service barrier liberalization—modeled in CHUSTIA-LSL—would in turn reduce gains for China to $230 billion (1.3 percent of GDP) and for the United States to $109 billion (0.5 percent of GDP). Relatively large gains for China are not surprising because China’s higher initial barriers imply a larger potential for improving domestic productivity by reducing distortions. In addition, both countries would benefit from lowering barriers on each other’s products. Finally, China’s preferential access to US markets would enable it to capture US imports now coming from other countries

US/China Good Relations

US- China trade agreement would deepen ties and reduce conflicts

C. Fred Bergsten, Gary Clyde Hufbauer, Sean Miner, Carla A. Hills and Myron Brilliant,2014 (C. Fred Bergsten, Peterson Institute for International Economics (PIIE); Gary Clyde Hufbauer: PIIE, Sean Miner, PIIE; Carla A. Hills, Hills & Company; and Myron Brilliant, US Chamber of Commerce.) “Toward Free Trade and Investment between China and the United States” October 16, 2014 <https://piie.com/publications/chapters_preview/6918/01iie6918.pdf> (CHUSTIA stands for China-US Trade and Investment Agreement)

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We need to start FTA now to ensure a good relationship

Maurice R. Greenberg and C. Fred Bergsten, 2014 (Mr. Greenberg is chairman and CEO of C.V. Starr & Co., Inc. and former chairman and CEO of American International Group, Inc. Mr. Bergsten is senior fellow and director emeritus of the Peterson Institute for International Economics and former assistant secretary of the Treasury.) “The U.S. Needs a Free-Trade Deal With China” Dec. 18, 2014 <http://www.wsj.com/articles/maurice-greenberg-and-fred-bergsten-the-u-s-needs-a-free-trade-deal-with-china-1418946345>

The relationship between China and the U.S. is unarguably the most important in the world today. To ensure that it remain so, the U.S. needs to act now to secure a free-trade pact between the two countries.

DISADVANTAGE RESPONSES

“China’s poor standards” – Response: China better prepared for US FTA

Wei Jianguo, 2012 (Secretary-General of China Center for International Economic Exchanges. He was also a former Vice-minister of Commerce in China.) “China-US FTA Talks Should be Initiated” Mar 27, 2012 <http://www.chinausfocus.com/finance-economy/china-us-fta-talks-should-be-initiated/>

Comparing with ten years ago, China is now relatively better prepared to initiate talks with the U.S. to establish FTA. Accelerating the implementation of the FTA strategy is an important part of its further opening-up policy. Furthermore, it is one of the strategic tasks of the 12th Five-Year Plan. Until the end of 2010, China had already signed FTA, CEPA, or ECPA with ASEAN, New Zealand, Singapore and some other countries. As can be seen, launching the FTA with the U.S. is in line with China’s strategy of FTA expansion.

Problems with free trade exaggerated

Peter A. Petri, Michael Plummer, and Fan Zhai, 2014 (Petri is the Carl J. Shapiro professor of international finance at Brandeis International Business School, a senior fellow at the East-West Center, and a visiting fellow at the Peterson Institute for International Economics. Plummer is Eni professor of economics at the School of Advanced International Studies (SAIS), the Johns Hopkins University, and a senior fellow at the East-West Center. Zhai is managing director of the China Investment Corporation.) “The Effects of a China-US Free Trade and Investment Agreement” October 1, 2014 <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2513839>

Modest adverse effects on third parties may seem surprising given the emphasis in the traditional literature on the beggar-thy-neighbor motivation of bilateral or regional trade agreements. However, the results are consistent with more recent empirical work that focuses on the trade-creating and productivity-improving effects of FTAs. On average, tariff barriers have fallen considerably across the Asia-Pacific region, reducing the potential for transfers of government revenue in the tariff-imposing country to firms abroad. Also, modern trade theory recognizes that liberalization can improve productivity in partner economies, and so tends to generate benefits well in excess of transfer gains. Gravity model results reported by Hufbauer and Schott found little trade diversion from an array of potential trade agreements in the Asia-Pacific region. Moreover the adverse effects of trade agreements on employment in partner countries are commonly exaggerated, while the gains are often underappreciated, as shown by recent analysis of NAFTA. Chapter 3 reports a similar analysis of potential US employment effects and income gains from closer US trade relations with China.

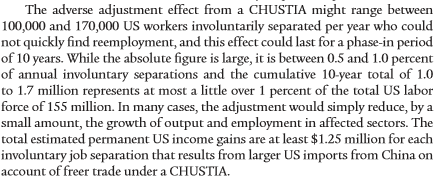
“FTA’s hurt Americans” – Response: Even if some are hurt, the net benefits favor trade agreements – more are benefited than harmed

Jeffrey J. Schott, 2016 (former U.S. Treasury official, is a senior fellow at the Peterson Institute for International) “Are Trade Agreements Good for Americans?” March 17, 2016 <http://www.nytimes.com/roomfordebate/2016/03/17/are-trade-agreements-good-for-americans>

To say that trade agreements are good for America doesn’t mean that they benefit all Americans. Some firms can take advantage of the new opportunities and others suffer from increased competition. Yes, trade deals can displace some workers from their current jobs, but they also create many new jobs in areas where America has a competitive advantage such as business services and high-tech industries. Compared to overall U.S. job creation and dislocation each month, affected largely by technological advances and changes in consumer demand, the impact due to trade agreements is exceedingly small, but positive because, on balance, trade pacts create better and higher paying jobs than the ones displaced. Workers in manufacturing firms that export generally earn wages 12 to 18 percent higher than their counterparts in firms that only serve the domestic market.

A/T “Jobs lost”: A little over 1%, and huge income gains outweigh

C. Fred Bergsten, Gary Clyde Hufbauer, Sean Miner, Carla A. Hills and Myron Brilliant,2014 (C. Fred Bergsten, Peterson Institute for International Economics (PIIE); Gary Clyde Hufbauer: PIIE, Sean Miner, PIIE; Carla A. Hills, Hills & Company; and Myron Brilliant, US Chamber of Commerce.) “Toward Free Trade and Investment between China and the United States” October 16, 2014 <https://piie.com/publications/chapters_preview/6918/01iie6918.pdf> (CHUSTIA stands for China-US Trade and Investment Agreement)



A/T “Jobs lost”: Low wage jobs exchanged for high-wage jobs

Peter A. Petri, Michael Plummer, and Fan Zhai, 2014 (Petri is the Carl J. Shapiro professor of international finance at Brandeis International Business School, a senior fellow at the East-West Center, and a visiting fellow at the Peterson Institute for International Economics. Plummer is Eni professor of economics at the School of Advanced International Studies (SAIS), the Johns Hopkins University, and a senior fellow at the East-West Center. Zhai is managing director of the China Investment Corporation.) “The Effects of a China-US Free Trade and Investment Agreement” October 1, 2014 <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2513839>

As noted above, we do not project changes in the level of employment under different trade agreements. Trade-induced shifts in the composition of jobs could improve the quality of employment: Trade increases the employment share of exporting firms, and research shows that these firms are unusually productive and offer relatively high wages. However, trade policy leads to systematic changes in the composition of employment that could generate significant adjustment burdens. This is especially likely if the changes occur quickly, in inflexible labor markets, in a period of pervasive unemployment, or without sufficient resources for adjustment.

“Free Trade hurts wage quality” - Response: Losses in wage quality during the 2000s not a result of increased trade

Peter A. Petri, Michael Plummer, and Fan Zhai, 2014 (Petri is the Carl J. Shapiro professor of international finance at Brandeis International Business School, a senior fellow at the East-West Center, and a visiting fellow at the Peterson Institute for International Economics. Plummer is Eni professor of economics at the School of Advanced International Studies (SAIS), the Johns Hopkins University, and a senior fellow at the East-West Center. Zhai is managing director of the China Investment Corporation.) “The Effects of a China-US Free Trade and Investment Agreement” October 1, 2014 <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2513839>

Large manufacturing job losses in the 2000s did not lead to overall unemployment; US unemployment rates fell to a low of 4.6 percent during the decade. However, an apparent reduction in the quality of jobs—sometimes portrayed as a shift from manufacturing to fast food restaurants—may have contributed to disappointing wage trends. To understand this connection, it is important to recognize that the 2000s were unusual from a macroeconomic perspective, in that the United States dramatically increased its trade deficits during this period. In effect the United States shifted jobs from import-competing sectors not to export jobs, but to jobs in services to meet domestic demand. As average wages in service industries are lower than those in manufacturing, these compositional changes most likely contributed to wage stagnation. There is no reason to expect such results, however, from a balanced expansion of exports and imports, as would likely occur with a new trade agreement. Export industries, especially exported service industries, pay substantially higher wages than other sectors of the economy. A shift from import-competing jobs to export-based jobs should therefore have wage-boosting effects.

“FTA’s increase the trade deficit” – Response: Trade deficits aren’t a bad thing

Jeffrey J. Schott, 2016 (Jeffrey J. Schott, a former U.S. Treasury official, is a senior fellow at the Peterson Institute for International) “Are Trade Agreements Good for Americans?” March 17, 2016 <http://www.nytimes.com/roomfordebate/2016/03/17/are-trade-agreements-good-for-americans>

The basic fallacy in Rob’s analysis is the assumption that trade deficits increase overall U.S. unemployment. Over the last 25 years, we have implemented a large array of trade agreements. During that period, the U.S. trade deficit has fluctuated generally in line with U.S. economic performance. The deficit grows when times are good and shrinks when the economy slows.

“China bad practices” – Response: China improving

Maurice R. Greenberg and C. Fred Bergsten, 2014 (Mr. Greenberg is chairman and CEO of C.V. Starr & Co., Inc. and former chairman and CEO of American International Group, Inc. Mr. Bergsten is senior fellow and director emeritus of the Peterson Institute for International Economics and former assistant secretary of the Treasury.) “The U.S. Needs a Free-Trade Deal With China” Dec. 18, 2014 <http://www.wsj.com/articles/maurice-greenberg-and-fred-bergsten-the-u-s-needs-a-free-trade-deal-with-china-1418946345>

There has been some progress. During the November Asia-Pacific Economic Cooperation (APEC) conference in Beijing, the U.S. and China concluded new agreements on climate control, IT tariffs and military cooperation. And both countries continue to be engaged in issue-specific discussions, such as cybersecurity.

GENERIC “FREE TRADE IS GOOD” EVIDENCE

More Jobs

Freer trade bolsters the US economy – hundreds of thousands of jobs depend on trade

Daniella Markheim 2007 (Senior Trade Policy Analyst in the Center for International Trade and Economics at The Heritage Foundation) 16 Apr 2007 Why Free Trade Works for America <http://www.heritage.org/research/reports/2007/04/why-free-trade-works-for-america> (erroneous lower-case “j” in the next to last sentence was in the original)

The gains from freer Trade are substantial. Today, the $12 trillion U.S. economy is bolstered by free Trade, a pillar of America's vitality. In 2005, U.S. exports to the rest of the world totaled $1.2 trillion and supported one in five U.S. manufacturing jobs. jobs directly linked to the export of goods pay 13 percent to 18 percent more than other U.S. jobs. Moreover, agricultural exports hit a record high in 2005 and now account for 926,000 jobs.

Trade barriers appear to save jobs, but come at the expense of jobs lost in other industries

Prof. Nina Pavcnik 2009 (economics, Dartmouth Univ.) 5 Nov 2009 Benefits and costs of free trade for less developed countries <http://www.booksandideas.net/Benefits-and-costs-of-free-trade.html>

Higher taxes on imports will shield employment losses in industries that compete with imports. But other countries might retaliate by imposing their own trade barriers. This will lower exports and lead to lower revenues and job loss in the exporting industries. Saved jobs in import-competing industries would then come at the loss of jobs in exporting industries.

Freer trade has helped add 16 million jobs in the US

Business Roundtable 2007. (BRT is an association of chief executive officers of leading U.S. companies) “Understanding Trade” 25 Jan 2007 <http://businessroundtable.org/resources/understanding-trade>

Trade Liberalization Is Good for the U.S. Economy, U.S. Workers and U.S. Consumers  
**Trade liberalization creates jobs, fosters economic growth in the United States, and improves consumer choice and the standard of living of American families.** Exports accounted for about 25 percent of U.S. economic growth in the 1990s and 15 percent in the last decade. In the last 10 years, freer trade has helped raise U.S. gross domestic product by nearly 40 percent and has helped add 16 million jobs.

Business Competitiveness

Free trade forces US businesses to become more competitive and cut costs

Prof. Arnold Harberger and D. Sean Shurtleff 2008 (*Harberger is a professor of economics at the University of California, Los Angeles. Shurtleff is a policy analyst with the National Center for Policy Analysis*) 11 Sept 2008 Economic Benefits of the U.S.-Colombia Free Trade Agreement <http://www.ncpa.org/pub/ba632>

In areas where the partner country competes with U.S. producers, an FTA will likely operate to stimulate real cost reduction for domestic producers, which increases economic efficiency. This works because it shocks lazy firms into a serious search for ways to reduce real costs. When they are protected by ample tariff and nontariff barriers, firms tend to pursue a comfortable way of life. Competition from the world marketplace can shock owners and managers, making them work harder to reduce real costs than they would under the umbrella of protection. FTAs involve some cumbersome regulations, such as country of origin rules (requiring proof that the goods were made in the exporting country, rather than simply being imported from a third country and then exported to the United States). However, by opening an economy to competition, an FTA does part of the job of a general program of economic liberalization. It encourages new competition, even if it does not bring all the new competition that would be stimulated by free trade with all countries.

Freer trade reduces business costs by reducing the price of imported inputs into their manufacturing processes

Prof. Nina Pavcnik 2009 (economics, Dartmouth Univ.) 5 Nov 2009 Benefits and costs of free trade for less developed countries <http://www.booksandideas.net/Benefits-and-costs-of-free-trade.html>

Another factor that is often not emphasized in public debate on trade liberalization is that domestic firms can, and do, benefit from lower tariffs through access to cheaper, more sophisticated, and new types of intermediate inputs from abroad. Let’s take example of India’s large-scale trade reform in 1991. The decline in tariffs contributed to more than doubling of imports of goods that can be used as inputs into production. Interestingly two-thirds of this growth in imported inputs occurred in products that India did not import before, including products within machinery and computers. As a result, lower trade barriers not only made prices of existing imports cheaper, but also enabled Indian firms to access new types of inputs. Research has shown that access to cheaper and previously unavailable products improved productivity of Indian firms.

Free trade increases US manufacturing exports

Prof. Arnold Harberger and D. Sean Shurtleff 2008 (*Harberger is a professor of economics at the University of California, Los Angeles. Shurtleff is a policy analyst with the National Center for Policy Analysis*) 11 Sept 2008 Economic Benefits of the U.S.-Colombia Free Trade Agreement <http://www.ncpa.org/pub/ba632>

A free trade agreement commits two or more countries to reduce mutual trade barriers — tariffs, quotas and so forth. Such agreements give both countries' products an advantage in each other's markets relative to imports from other countries. Since 2001, the United States has ratified nine free trade agreements (FTAs), for a total of 11 encompassing 17 countries . Due, in part, to freer trade from FTAs, U.S. exports have grown an average of 11.1 percent annually since 2000, and trade with FTA partners now accounts for almost 43 percent of total exports [see Figure I]. In fact, the United States now has a surplus in manufactured goods with the trade-pact countries, meaning they import more manufactured U.S. goods than Americans purchase from them.

Liberalized trade is key to success for small and medium-sized business enterprises (SMEs)

Business Roundtable 2007. (BRT is an association of chief executive officers of leading U.S. companies) “Understanding Trade” 25 Jan 2007 <http://businessroundtable.org/resources/understanding-trade>

Increased market access benefits U.S. small and medium-sized business enterprises (SMEs). As international trade has liberalized, SMEs have increased exports markedly. Increased market access for SMEs is critical to continued SME success and to the overall health of the domestic economy. From 1992 to 2004, the number of small businesses that exported grew more than 100 percent. SMEs comprise 97 percent of all exporters, yet fewer than 1 percent of small businesses export. Of the SMEs that do export, nearly two-thirds of them sell into only one foreign market. Expanding market access through free trade is essential for SMEs. Unlike big multinational companies that can afford to establish foreign affiliates to avoid trade barriers, exports are often the only way for SMEs to sell into these markets.

Economic Growth / Higher Living Standards

Nations with more open trade are richer than those that are less open

Marian L. Tupy 2006 (assistant director of the Project on Global Economic Liberty specializing in the study of Europe and sub-Saharan Africa at the Cato Institute) 3 Jan 2006 Free Trade Benefits All <http://www.cato.org/publications/commentary/free-trade-benefits-all>

Evidence supports the idea nations more open to trade tend to be richer than those that are less open. Columbia University economist Arvind Panagariya wrote in a paper “Miracles and Debacles: Do Free-Trade Skeptics Have a Case?”: “On the poverty front, there is overwhelming evidence that trade openness is a more trustworthy friend of the poor than protectionism. Few countries have grown rapidly without a simultaneous rapid expansion of trade. In turn, rapid growth has almost always led to reduction in poverty.”

Freer trade boosts economic growth and reduces poverty

Andrew S. Natsios 2005 (Administrator, U.S. Agency for International Development, part of the US State Department) “The Impact of Trade Liberalization on Poverty” <https://www.wilsoncenter.org/sites/default/files/ImpactofTrade_low.pdf>

Opening up to world markets offers developing countries tremendous advantages, including access to growth-enhancing technologies, larger markets for the goods they can produce efficiently, and lower consumer prices for goods produced more efficiently elsewhere. In some cases, those imports include the staple foods that poor people depend on for survival. International trade and investment help raise developing country workers’ productivity, the key to higher incomes and economic welfare. Recent research strongly confirms that freer trade boosts economic growth, the primary source of poverty reduction.

“Lots of other factors needed for economic growth” – Response: We can still determine that reducing trade barriers does promote economic growth

Conference Report of the Woodrow Wilson International Center for Scholars of the Conference on Trade Liberalization and Poverty 2005. “The Impact of Trade Liberalization on Poverty” April 2005 <https://www.wilsoncenter.org/sites/default/files/ImpactofTrade_low.pdf> (brackets added)

In contrast to the clear evidence on the positive impact of growth on poverty, it has been much more difficult to reach strong conclusions about the impact of trade liberalization on growth. In part, this reflects the difficulty of measuring the restrictiveness of overall trade policy, especially when countries use quotas, bans, and other quantitative restrictions as well as tariffs. In addition, the direction of causality is hard to establish: is openness to trade causing growth, or do growing economies simply become more open? Finally, trade liberalization is often introduced as part of a broader package of policy changes, making it hard to disentangle the growth impact of trade liberalization from that of other policy changes. Because of these and other difficulties, the impact of trade liberalization has been subject to vigorous and continuing debate. However, [Senior Poverty Economist, World Bank Group, Indonesia] Dr. [Neil] McCulloch concluded that on average, reducing trade barriers does promote economic growth.

Even though there can be problems, the net benefits to the economy favor freer trade

Prof. Nina Pavcnik 2009 (economics, Dartmouth Univ.) 5 Nov 2009 Benefits and costs of free trade for less developed countries <http://www.booksandideas.net/Benefits-and-costs-of-free-trade.html>

The experiences of developing countries that have over the past 30 years abandoned protectionism in favor of freer trade point to the benefits from practicing freer trade. While not everybody gains from trade reforms and there are adjustment costs, countries with freer trade tend to have higher standard of living and grow faster. These experiences teach us that the return to protectionism is not the best way to compensate those hurt by the current crisis. More likely, protectionism would make the crisis worse.

Consumers Benefit

Consumers benefit from liberalized trade – they get lower prices

Organization for Economic Cooperation and Development, copyright 2015. (OECD is an international organization of 34 countries) “Trade liberalization” <https://www.oecd.org/tad/tradeliberalisation.htm>

Who benefits from trade liberalisation? Consumers ultimately benefit because liberalised trade can help to lower prices and broaden the range of quality goods and services available. Companies can benefit because liberalised trade diversifies risks and channels resources to where returns are highest. When accompanied by appropriate domestic policies, trade openness also facilitates competition, investment and increases in productivity.

Trade liberalization benefits consumers through lower prices and doesn’t increase US trade deficits

Business Roundtable 2007. (BRT is an association of chief executive officers of leading U.S. companies) “Understanding Trade” 25 Jan 2007 <http://businessroundtable.org/resources/understanding-trade>

MYTH: Trade liberalization increases U.S. trade deficits. TRUTH: The United States had trade deficits before the WTO existed and would have them if there were no WTO. The merchandise trade deficit generally grows when the economy grows and shrinks when the economy shrinks. The trade deficit is a result of American prosperity. The strength of the U.S. economy means U.S. consumers are able to purchase a wide variety of goods and services, including imports. Imports help keep inflation low by ensuring that U.S. consumers have access to a variety of competitively priced goods and that producers have access to low-cost inputs.

Historical Examples of Success

NAFTA and WTO gave the average American family between $1000 - $1300 / year in economic benefit

Business Roundtable 2007. (BRT is an association of chief executive officers of leading U.S. companies) “Understanding Trade” 25 Jan 2007 <http://businessroundtable.org/resources/understanding-trade>

The benefits of liberalized trade are apparent from our past trade agreements. The North American Free Trade Agreement (NAFTA) and the World Trade Organization (WTO) agreements increased U.S. gross domestic product (GDP) by $40 billion to $60 billion a year. When that is combined with lower prices on imported products, the average American family gained $1,000 to $1,300 a year from these two agreements.

NAFTA created good jobs and higher wages in the manufacturing sector in the US

Business Roundtable 2007. (BRT is an association of chief executive officers of leading U.S. companies) “Understanding Trade” 25 Jan 2007 <http://businessroundtable.org/resources/understanding-trade>

Contrary to the predictions of a “giant sucking sound,” NAFTA has created good jobs in the United States. In the first eight years of NAFTA, the number of U.S. jobs supported by merchandise exports to Mexico and Canada grew from 914,000 to 2.9 million. Between 1993 and 2006, U.S. employment grew by 22 million. Real hourly compensation in the U.S. manufacturing sector increased by 14.4 percent in the 10 years following NAFTA implementation, as compared to 6.5 percent in the 10 years prior to NAFTA.

Latin America FTAs boosted US exports to the region

US State Department, Under Secretary for Economic Growth, Energy and the Environment 2014. (article is undated, but references data in the past occurring in 2013, so the article was written in 2014 or later)” Benefits of U.S. Free Trade Agreements” <http://www.state.gov/e/eb/tpp/bta/fta/c26474.htm> (CAFTA = Central American Free Trade Agreement)

Dominican Republic: Since the Dominican Republic implemented CAFTA-DR in March 2007, the U.S. trade surplus with the Dominican Republic has increased 254%. In 2013, the United States exported $7.1 billion in goods and imported $4.2 billion in products from the Dominican Republic.  
El Salvador: Since implementing CAFTA-DR in March 2006, the bilateral trade relationship between the United States and El Salvador has blossomed. From 2005 to 2013, U.S. exports to El Salvador grew to $3.2 billion, an increase of 76%. Also in 2013, the United States imported $2.4 billion in merchandise from El Salvador.  
Guatemala: Since Guatemala implemented CAFTA-DR in July 2006, U.S. exports have increased by 95% to $5.5 billion in 2013. The United States also imported $4.1 billion in goods from Guatemala that year.  
Honduras: Since Honduras joined CAFTA-DR in April 2006, U.S. exports have increased by 65%. In 2013, U.S. businesses exported $5.3 billion in goods to Honduras. Americans also imported $4.5 billion in goods from the country.  
Nicaragua: Since Nicaragua joined CAFTA-DR in April 2006, U.S. exports to Nicaragua have increased by 69%. In 2013, the United States exported $1.06 billion to Nicaragua and imported $2.8 billion in goods from Nicaragua.

Free trade agreements boosted US exports to Australia and Bahrain

US State Department, Under Secretary for Economic Growth, Energy and the Environment 2014. (article is undated, but references data in the past occurring in 2013, so the article was written in 2014 or later)” Benefits of U.S. Free Trade Agreements” <http://www.state.gov/e/eb/tpp/bta/fta/c26474.htm>

Since the agreement went into force in January 2005, the U.S.-Australia Free Trade Agreement has stimulated a 104% increase in the U.S. trade surplus with Australia. In 2013, the United States exported $26.1 billion in goods and imported $9.2 billion in Australian products. [USTR Australia FTA Page](http://ustr.gov/Trade_Agreements/Bilateral/Australia_FTA/Section_Index.html)   
Bahrain  
Since its implementation in August 2006, the U.S.-Bahrain Free Trade Agreement has increased export opportunities for American business. Between 2005 and 2013, U.S. exports to Bahrain grew by 190% to $1 billion while imports from Bahrain increased by 47.2% to $635.6 million.

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