

To the Point

Talking Points for Manufacturers

April 2007

TRADE PROMOTION AUTHORITY

In 1974, special “fast track” procedures were enacted to facilitate the effective negotiation of trade agreements. These procedures expired in 1994, but the NAM and other groups were successfully able to get Congressional approval of Trade Promotion Authority (TPA) renewed in 2002. However, with the TPA again set to expire this year, the NAM is working hard for its extension. Since the TPA was put into law, the United States is using this authority aggressively and creatively to negotiate deals in the Doha round of the World Trade Organization negotiations and in bilateral trade negotiations.

- The NAM's highest trade issue priority is the extension of Trade Promotion Authority (TPA) -- also known as Fast Track -- so the Administration can negotiate the World Trade Organization (WTO) Doha Round and individual free trade agreements.
- Both the NAM's large and small manufacturers want this, and TPA actually benefits small exporters more than large companies.
- Under TPA the U.S. free trade agreements, including NAFTA, now account for close to half our manufactured goods exports -- but only \$30 billion out of our \$530 billion manufactured goods trade deficit.
- The deficit with our TPA free trade partners hasn't grown in five years, but the deficit with countries that have not agreed to have free trade agreements has soared.
- NAM members pay no duty when they sell to FTA partners, but pay an average of 14 percent to countries that don't have free trade agreements with us. That's how we win.
- Trade works for both business and labor. When we export manufactured good, American labor benefits enormously. Trade-intensive industries pay an average annual compensation of \$60,000 a year – almost 40% more than the least trade intensive industries. We need more of those jobs in the U.S.
- If Congress doesn't extend TPA that will be just like voting to ship U.S. jobs overseas. Our competitors will make the sales, and we will lose jobs.
- TPA is the way we can level the playing field and cut our trade deficit. That's why all NAM members other than those few who are protectionist strongly support it. We urge Congress to support it when it comes up later this year.

These talking points are designed for communications with members of Congress. Specific company examples will give these points greater emphasis. For more information on this issue visit our website at www.nam.org or call or e-mail the NAM's Doug Goudie at (202) 637-3078 or dgoudie@nam.org.