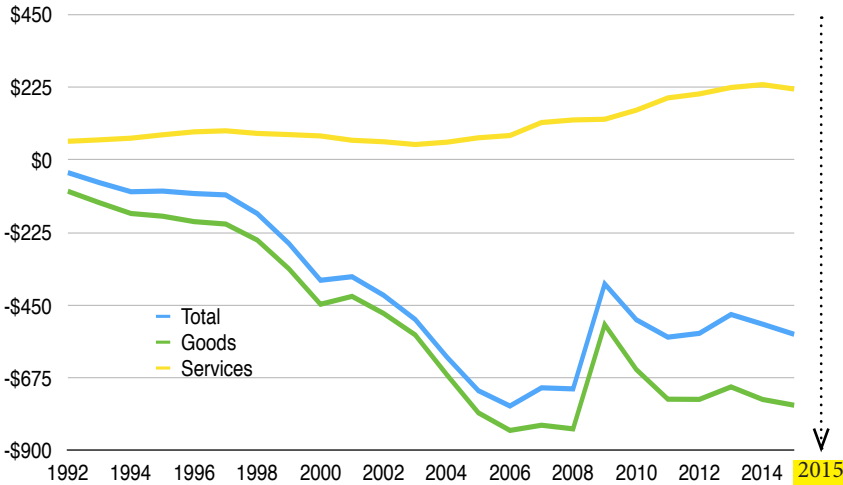




Balanced Trade: Fighting the New Mercantilism

The National Interest = Balanced Trade...NOT GROSS EXPORTS

US Trade Balance - Billions USD



Shrinking our Economy

The U.S. trade deficit caused our GDP to be 3% less in 2015 than it would have been with balanced trade. The U.S. bought \$759B more goods than it sold. Our goods trade deficit with China hit an all time high of over \$369 billion.

The trade deficit reduced U.S. GDP by 2.5 to 5.5% each year in the last 10 years.

USTR Misleading Claims

Federal policy leaders often mislead the public on US trade performance by discussing gross exports instead of net trade. And “export supported jobs” rather than net job creation/destruction.

Net Exports create

- Millions of jobs
- Strong GDP growth
- Surges in tax revenue
- Increased manufacturing base
- Solid national security

Persistent trade deficits are a mercantilist result. Free trade, as the antidote to mercantilism, should produce balance.

Our manufacturing and ag supply chains are the economic power! Jobs, innovation, value add, wealth creation, tax revenue.

America consumes more than it produces. We need to reverse the dynamic and produce more of what we consume.

More Exports Alone Don't Cut It

We increase exports nearly every year. But because imports increase more, our trade performance is among the worst in the world. Don't be fooled by reports of “increased exports.”

Neutralize Foreign Mercantilism

China, Germany, Japan and others pursue net exports through strategic mercantilism, not free trade. Currency manipulation, value added taxes, state influenced enterprises and other tactics are used. If other countries were moving to free trade, our trade deficit would be trending towards balance.

The US is pursuing dumb trade instead of free trade.

REMEDY

Congress should establish a national goal to balance trade over a reasonable period of time

Means:

- Direct trade negotiators to pursue trade deficit reduction as a primary negotiating objective.
- Review past agreements for compliance with this objective. Renegotiate those that fail the test.
- Utilize tax, fiscal and monetary policies to achieve the goal.
- Aggressively and systematically attack and neutralize foreign mercantilism.

$$\text{GDP} = \text{C} + \text{I} + \text{G} + \text{NE}$$

Consumption

Investment

Government Procurement

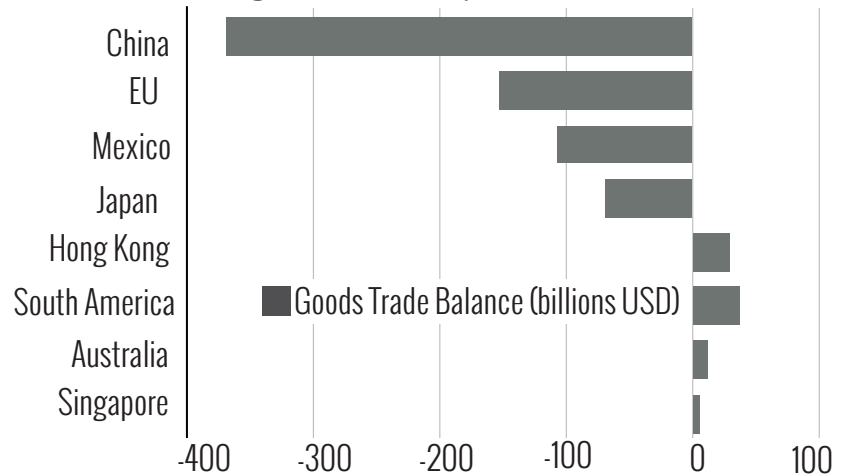
Net Exports: Exports - Imports

	2015 in billions	Share
GDP	17,947	
Consumption	12,272	68%
Investment	3,021	17%
Government Spending	3,183	18%
Net Trade	-529	-3%

2015 GDP increased 2.5% over 2014.
But net trade decreased GDP from
its balanced trade potential

Increased WTO participation and
more trade agreements have not
helped us balance trade. Instead
trade deficits have worsened.

Largest US Trade Surplus/Deficit Partners



Current Acct Balance as Share of GDP
by Country 2014

