



Rebuilding the Global Economy

A series outlining policy priorities and solutions

MEMORANDUM ON

PROMOTING TRADE TO MAXIMIZE AMERICAN PROSPERITY AND INCLUSION

To: The US Under Secretary of Commerce for International Trade

From: Mary E. Lovely

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Background: International trade contributes to American prosperity, resilience, social inclusion, and sustainability. The Under Secretary of Commerce for International Trade has the tools to shape policies that promote exports, guard against unfair or predatory practices by trading partners, foster economic inclusion, protect against climate change, and harness the power of international exchange and cooperation to maximize the many economic and social benefits of trade. Concentrating on exports, for example, would allow the nation's most productive companies and farms to expand. These companies, in turn, drive opportunities for local producers.

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PRIORITY 1: Focusing on the Asia-Pacific and Mexico while ending trade wars

Given the policies of the last four years, the Under Secretary has two immediate and impactful ways to promote a healthier US economy. First, the Under Secretary has the unique opportunity to reclaim the United States' place in the Pacific region, by promoting US reentry into the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the successor to the TPP, from which President Donald Trump withdrew in 2017. Regional agreements lower trade barriers for members, to the disadvantage of those outside the agreements. The United States should be inside this high-quality agreement, which creates high labor, environmental, and data standards throughout the region while opening markets for American producers. Similarly, the United States should seek to strengthen its partnership with Mexico, as strong North American supply lines promote US competitiveness with East Asian products.

Second, the Under Secretary should champion an end to tariffs implemented since 2017, as these have depressed US manufacturing job growth and placed US farms at the mercy of government payouts to compensate for lost sales overseas. Ample evidence from the last three years demonstrates that protection preserves a few jobs in favored sectors but kills far more by raising the cost of production for downstream users. Tariffs imposed unilaterally, and outside internationally accepted norms, lead to retaliation by other countries, the loss of export markets, and more job loss. The appropriate action is simple: remove tariffs that serve no further purpose. For China, the Under Secretary should clarify the objectives of US

policy, measure Chinese progress to date on protections for intellectual property, and assess the prospect for Chinese market opening in exchange for tariff reductions.

PRIORITY 2: Seeking open borders for medical supplies

The COVID-19 pandemic painfully illustrates the need for trade to contribute to American resilience. Resilience does not come from producing domestically everything that might possibly be needed, but rather from a considered mix of preparedness, which would include some stockpiling, along with the creation of diversified and trusted international partnerships. COVID-19 has taught us some hard lessons in the dangers of disrupted availability of medical supplies and medicines.

In this context, information is power. Getting adequate supplies where they are most needed requires timely and accurate information on stocks and prices. As PIIE Reginald Jones Senior Fellow [Chad P. Bown](#) has noted, an international market information system exists for food stocks (which likely prevented export controls on food supplies) but does not exist for medical supplies and medicines. The Under Secretary should work with foreign partners to create and maintain such an international market information system.

In addition, trade provides resilience only if borders remain open during times of crisis. Rather than being overly dependent on one supplier, [new analysis by Simon Evenett](#) shows that remarkably few nations have concentrated sourcing patterns for medical supplies. This diversification mitigates risk because it is rare for all suppliers to be similarly affected by a disaster—if access is provided when needed. The Under Secretary should promote a plurilateral agreement with trusted trade partners that ensures mutual aid and maintenance of open borders in times of public health crises.

PRIORITY 3: Using trade to promote inclusion

Trade can promote social inclusion. Changes in the global economy cause disruption and dislocation in the United States, straining the social fabric. Yet, it is impossible to fully insulate American workers from these changes while ensuring a vital and growing economy. While labor, tax, and education policies seek to improve conditions for American workers, trade policy can also play a useful role. First, the Under Secretary must ensure that laws protecting US workers from unfair trade are fully enforced. But the United States must go farther. Only by working with allies, notably the European Union and Japan, can the United States tackle the problems caused by predatory state subsidies, overcapacity, and intellectual property theft.

The Under Secretary should also work within the administration to extend export opportunities to more workers in more regions. The pandemic offers ample evidence that economy activity can flourish outside American cities and coasts. By promoting robust rural broadband provision and actively seeking opportunities for services exports from remote locations, the Under Secretary can open new opportunities for more American workers.

PRIORITY 4: Reducing the carbon footprint

Lastly, trade must contribute to sustainable growth. Already, American companies are creating new products and services for a low-carbon future. Strong domestic demand for green products is the best way to ensure US producers achieve sufficient scale to be globally competitive. The Under Secretary must help keep foreign markets open to US green producers by articulating the risks of broad “Buy America” provisions—which invite other

countries to lock US products out of their government procurements. He or she should also raise awareness of the cost of failing to enact policies to mitigate climate change—which will lead directly to adoption of border taxes by major US trading partners.

The Under Secretary also has the tools to convene American logistics experts to identify the most promising avenues for reducing the carbon footprint of international trade, including new transport modes, streamlined border procedures, and improved labeling.

The Under Secretary should be an important voice within the next administration—promoting policies that harness international exchange for the benefit of the American people.

ACTIONABLE TO-DO LIST:

- Champion an end to US tariffs implemented since 2017.
- Clarify the objectives of US policy toward China, measure Chinese progress to date on protections for intellectual property, and assess the prospect for Chinese market opening in exchange for tariff reductions.
- Promote US reentry into the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).
- Work with foreign partners to create and maintain an international market information system for medical supplies and medicines, similar to the one that exists for food stocks.
- Promote a plurilateral agreement with trusted trade partners that ensures mutual aid and maintenance of open borders in times of public health crises.
- Work with US allies, notably the European Union and Japan, to tackle the problems caused by predatory state subsidies, overcapacity, and intellectual property theft.
- Work within the administration to extend export opportunities to more American workers in more regions across the country.
- Help keep foreign markets open to US green producers by articulating the risks of broad “Buy America” provisions.
- Raise awareness of the cost of failing to enact policies to mitigate climate change.
- Convene American logistics experts to identify the most promising avenues for reducing the carbon footprint of international trade, including new transport modes, streamlined border procedures, and improved labeling.