

## APEC Helps Create Jobs

By Senator Will Espero

Manufacturing means jobs, and manufacturing is driven by sales of the products, which are determined by needs of the buyers and the product price. That's basic. What's not so obvious are factors that affect the price and ability of the product to be put on the market for sale. That's where APEC comes into play, and why the work of APEC is so critical to America's economic health and ability to create jobs for people in our homeland.

Founded in 1989 by Australian Prime Minister Bob Hawke, APEC's goals continue to be improving the economies of their member nations by reducing trade barriers. Throughout the last 22 years, the countries have negotiated practices and agreements to increase sales of goods across borders, so that trade is fairer and easier.

One of the key issues in these negotiations is the tax that importing countries put on the products we ship out to them for sale over there. Tariffs on products are a serious impediment to sales because these taxes can make products too pricy to be competitive in the other country's marketplace.

For example, if you bought a Hyundai or Kia, its low price was probably a factor you considered, and that was made possible because the U.S. taxes on those imports is low. On the other hand, South Korea now heavily taxes cars made in the U.S. that are exported into Korea for sale, so that American-made cars cost too much for Koreans to buy. The low sale of our cars in the Korean marketplace creates a large trade deficit. In 2006, only about 4,000 cars manufactured in the U.S. were sold in South Korea, while more than 800,000 Korean-made cars were sold in the U.S. The great imbalance is why the Office of the United States Trade Representative has worked hard to negotiate a free trade agreement with South Korea to eliminate those tariffs. Congress ratified the agreement on October 12, 2011, and it now awaits ratification by South Korea.

The sheer dollar amount of trade the APEC members do with our country is astonishing: more than \$2,000 billion. Yes, that's billion with a "b". That's what keeps people employed here – being able to send our goods out to other countries for sale overseas. The fundamental necessity of preserving and increasing jobs here in America is why cooperation with APEC is so critical for our own economic well-being.

The free trade agreements negotiated in furtherance of APEC goals are expected to increase our ability to sell our products in foreign markets. If South Korea ratifies the trade agreement, the removal of its tariffs on our automobiles in five years is expected to increase American car sales to them by about \$250 million per year and increase our exports of machinery and equipment by 33%. The increase in exports means tens of thousands of new American jobs. By one estimate this increase in manufacturing is expected to create more than 70,000 new manufacturing positions here in the states. That's something we need.

Right now our largest exports to these APEC member countries are machinery, electrical machinery, mineral fuel, and optic and medical instruments. Our other top exports include plastics, aircraft, vehicles, precious stones, and food.

Who are our largest trade partners?

Canada is our top trade partner and the U.S.-Canada relationship is the world's largest trading relationship. The 1987 Canadian-American Free Trade Agreement made this possible by eliminating tariffs on most goods. In 2010, both countries traded \$525 billion in goods (two-way).

China is our second largest goods trading partner. Unlike our more or less even trade balance with Canada, however, the U.S. imports more Chinese products than we sell to them, creating a goods trade deficit of \$273.1 billion in 2010. China was our third largest goods export market (\$91.9 billion) but our largest supplier of goods (\$365 billion).

Mexico, thanks to the North America Free Trade Agreement signed by President Clinton, is our third largest trade partner (\$393 billion two ways in 2010). Japan is our fourth largest export market and fourth largest supplier of goods \$209 billion in 2009).

Here's some facts about our APEC trading partnerships to help understand the great significance of APEC for our country's economic well-being.

Member Economy	Trade w/ US
Australia	Australia exports A\$9.242 million to the U.S. and imports A\$25.401 to U.S. Major imports to U.S.: beef, alcohol, medical instruments, and other meat. Major exports to Australia: are vehicles, civil engineering equipment and parts, medicine, and measuring and analyzing instruments.
Brunei	141 <sup>st</sup> largest goods export market in 2009 (\$100 million) and 140 <sup>th</sup> largest supplier of goods (\$42 million). Major exports to Brunei: aircraft, machinery, electric machinery, optic and medical instruments, and special other. Major imports from Brunei: knit apparel, woven apparel, special other, fish and seafood (shrimp and prawn), and plastic.
Canada	World's largest trading relationship: \$525 billion in goods trade 2010 (exports \$248 billion, imports \$276 billion). Top exports to Canada: vehicles; machinery; electrical machinery; mineral fuel, oil, natural gas; and plastic. Top imports from Canada: mineral fuel, oil, natural gas; vehicles; machinery; plastic; and electrical machinery.
Indonesia	3 <sup>rd</sup> main export market (US\$83.64 billion) and imports of US\$62.02 billion. Major imports from Indonesia are oil and gas.

Japan	4 <sup>th</sup> largest good trading partner with \$181 billion (two way); 4 <sup>th</sup> largest goods export market (\$92 billion) and 4 <sup>th</sup> largest supplier of goods (\$177 billion). Top exports to Japan were optic and medical instruments, machinery, aircraft, electrical machinery, and cereals. Top imports were vehicles, machinery, electrical machinery, optic and medical instruments, and organic chemicals.
Republic of Korea	7 <sup>th</sup> largest goods trading partner (\$88 billion, two ways). Top exports to Korea: machinery, electrical machinery, optic and medical instruments, aircraft, and organic chemicals. Top imports from Korea: electrical machinery, machinery, vehicles, mineral fuel and oil, rubber.
Malaysia	US is Malaysia's third largest trade partner and it is our 18 <sup>th</sup> largest trade partner (\$33 billion two-way). Malaysia is one of world's largest exporters of semiconductor devices, electrical goods, solar panels, and information & communication technology products. Top exports to Malaysia: electrical machinery, machinery, aircraft, optic and medical instruments, and iron and steel. Top imports from Malaysia: electrical machinery, machinery, optic and medical instruments, rubber, fats and oils.
New Zealand	56 <sup>th</sup> largest goods partner (\$5.6 billion two ways). Top exports to New Zealand: aircraft, machinery, special other, optic and medical instruments, and vehicles. Top imports from New Zealand: meat; dairy, eggs, and honey; wine; food additives; machinery.
Philippines	33 <sup>rd</sup> largest goods trading partner (\$15 billion two-ways). Top exports: electrical machinery, machinery, cereals, optic and medical instruments, and food waste and animal feed.
Singapore	FTA since 1/1/2004, 1 <sup>st</sup> with Asian country. 13 <sup>th</sup> largest trading partner (\$37 billion two-ways). Top exports: machinery, electrical machinery, aircraft, mineral fuel and oil, and optic and medical instruments. Top imports: machinery, electrical machinery, organic chemicals, pharmaceutical products, and special other.
Thailand	24 <sup>th</sup> largest trading partner (\$31.7 billion two ways). Top exports to Thailand: electrical machinery, machinery, optic and medical instruments, plastic, and precious stones. Top imports: electrical machinery, machinery, rubber, prepared meat and fish (shrimp and tuna), and precious stones.
Taiwan	9 <sup>th</sup> largest goods trade partner (\$62 billion two ways). Top exports to Taiwan: machinery, electrical machinery, aircraft, optic and medical instruments, aircraft and spacecraft, and iron and steel.
Hong Kong	25 <sup>th</sup> largest goods trading partner (\$30.9 billion two ways). Top exports to Hong

Kong: electrical machinery, diamonds and jewelry, machinery, optic and medical instruments, and aircraft. Top imports from Hong Kong: electrical machinery, special other, precious stones, machinery, and toys and sports equipment.

People's  
Republic of  
China

2d largest goods trading partner with \$457 billion (two ways). In 2010, China was our 3<sup>rd</sup> largest goods export market in 2010 (\$91.9 billion) and largest supplier of goods imports (\$365 billion). Top exports were electrical machinery, machinery, miscellaneous grain/seed/fruit, aircraft, and optic and medical instruments. Top imports were electrical machinery, machinery, toys and sports equipment, furniture and bedding, and footwear. **The US goods trade deficit was \$273.1 billion in 2010.**

Mexico

3<sup>rd</sup> largest trading partner (\$393 billion two ways). Top exports to Mexico: electrical machinery, machinery, vehicles, mineral fuel and oil, and plastic. Top imports from Mexico: electrical machinery, vehicles, machinery, mineral fuel and oil, and optic and medical instruments.

Chile

31<sup>st</sup> largest goods trading partner (\$17.9 billion two ways). Top exports to Chile were machinery, mineral fuel, vehicles, electrical machinery, and plastics. Top imports from Chile were copper, fruit and nuts, fish and seafood, wood, and wine.

Peru

42d largest goods trading partner (\$11.8 billion two ways). Top exports to Peru were machinery, mineral fuel, electrical machinery, plastic, and vehicles. Top imports from Peru were mineral fuel, copper, knit apparel, precious stones, and tin.

Russia

24<sup>th</sup> largest goods trading partner (\$31.7 billion two ways). Top exports to Russia were machinery, meat, vehicles, electrical machinery, and optic and medical instruments. Top imports from Russia were mineral fuel, iron and steel, enriched uranium, nickel and articles thereof, and precious stones.

Vietnam

30<sup>th</sup> largest goods trading partner (\$18.6 billion two ways). Top exports to Vietnam were machinery, vehicles, food waste/animal feed, iron and steel products, and cotton/yarn/fabric. Top imports from Vietnam were knit apparel, woven apparel, furniture and bedding, footwear, and electrical machinery.