

— BELIEVE IN — AMERICA

Mitt Romney's Plan for Jobs and Economic Growth

“Encouraging trade does not mean entering into agreements that disadvantage the United States or being soft with trading partners who ignore our agreements. ... [T]he World Trade Organization litigation process has been singularly unreceptive to American interests. None of this is reason to embrace protectionism, but it is reason for tough bargaining and strict implementation.”

(Mitt Romney, No Apology)

Trade Policy

EXPANDED MARKETS

- Implement pending Free Trade Agreements
- Conclude Trans-Pacific Partnership and pursue additional agreements
- Create Reagan Economic Zone

CONFRONTING CHINA

- Increase enforcement of existing law
- Impose punitive measures if unfair trade practices continue

Open markets have helped make America powerful and prosperous. Indeed, they have been one of the keys to our economic success since the country was founded. Approximately 95 percent of the world's consumers live beyond our borders. Selling our world-class products and services to them is the next great frontier for economic growth. For every additional \$1 billion in U.S. exports, another 5,000 jobs are created in the United States. The fewer the barriers to cross-border commerce, the more economic growth we enjoy and the greater the number of American jobs brought into being.

Every president beginning with Ronald Reagan has recognized this and acted upon it. President Reagan signed America's first Free Trade Agreement (FTA), with Israel in 1985. George H. W. Bush and Bill Clinton both worked to negotiate and implement the North American Free Trade Agreement (NAFTA), which went into effect in 1994. George W. Bush successfully negotiated eleven FTAs, encompassing sixteen countries. He also had the vision to commence negotiations with a number of allies around the Pacific Rim to expand significantly the Trans-Pacific Partnership.

All told, these agreements have enabled people across the world to come together and build a better future. Economists estimate that the agreements have led to the creation of 5.4 million new American jobs and support a total of nearly 18 million jobs. Looking beyond just our FTA partners, our total exports support nearly 10 million American jobs. These are not just jobs; they're good jobs, paying significantly above average, and more than one-third are in manufacturing.

Of course, opening markets must be a two-way street. For America truly to benefit in global commerce, we need to ensure there is access for our entrepreneurs to sell their high-quality products and services. This means that agreements must protect intellectual property from those who would violate the rules of free enterprise. Too often, trade agreements do not adequately address these concerns. Even when they do, actual enforcement lags.

American workers and businesses have unparalleled strengths. If we open new markets to what they produce and ensure that they are treated fairly, we can foster an environment for rapid economic growth and job creation.

The Obama Approach: Asleep at the Wheel

In his 2010 State of the Union address, President Obama said: "We have to seek new markets aggressively, just as our competitors are. If America sits on the sidelines while other nations sign trade deals, we will lose the chance to create jobs on our shores." But while the President talks the talk, he has not walked the walk. Under his watch, America has in fact sat on the sidelines and, as a result, has lost the chance to create jobs.

Falling Behind

President Obama came into office with FTAs with Colombia, Panama, and South Korea on his desk signed and awaiting submission to Congress for implementation. He himself has extolled the benefits of these agreements, which he explained would add billions of dollars to our GDP and create tens of thousands of U.S. jobs. But unfortunately, a key constituency in the Democratic Party, labor unions, sees things rather differently and has been seeking to protect its narrow interests at the expense of the whole. They oppose these agreements and efforts to open global markets to our exports.

As a consequence, President Obama has stalled. To placate his union allies who are so crucial to his reelection bid, he has been holding the agreements hostage to an ill-considered piece of legislation called Trade Adjustment Assistance (TAA). TAA aims to provide job training, relocation allowances, and unemployment pay for workers who lose their jobs because of foreign trade. Labor unions love it because it amounts to a direct handout to their members. But it is entirely redundant. The federal government already offers other programs for laid-off workers. It is also entirely ineffective, as both government and academic studies have shown. Yet President Obama expanded the program in his stimulus package, went so far as to include *government* workers among those who might lose their jobs because of international trade, and now insists upon TAA's extension as the price to be paid for action that might actually aid in job creation.

In allowing the agreements he inherited from his predecessors to languish, President Obama is not only inflicting economic injury but also damaging America's broader national interest. Colombia, Panama, and South Korea are key allies in sensitive regions of the world. Treaties with them would help to solidify broader alliances and shape our security posture in Asia and Latin America. By delaying, he has shaken confidence in America's reliability as a partner and left those nations to look in other directions.

Sadly, he has repeated this behavior with the Trans-Pacific Partnership (TPP), an agreement now under discussion that would facilitate trade among many nations of the Pacific Rim. Members would include some of our existing FTA partners, such as Australia and Chile, and important emerging economies such as Vietnam and Malaysia. These negotiations were initiated by President Bush, but upon taking office, President Obama immediately suspended them only to renew them again later on. Unsurprisingly, subsequent progress on this front has been slow.

While the United States has been standing still, our major trading competitors have been moving forward aggressively. Thus, since the last trade agreement signed by President Bush in 2007, the European Union has successfully signed agreements with nine countries and pursued negotiations with sixteen others. China, for its part, has signed agreements with four countries and pursued negotiations with fifteen others. In August 2011, Asian nations including South Korea and potential TPP partners announced their goal to create an economic bloc that would include China but not the United States.

The exclusive trade relationships they are establishing will put American products at a disadvantage. President Obama's failure to act means lost jobs tomorrow as well as today. To take just one example, while the U.S.-South Korea FTA sat on President Obama's desk, the European Union and South Korea reached their own agreement and implemented it on July 1 of this year. Within two weeks, trade volume between the two countries increased 174 percent. Now, American businesses find themselves at a disadvantage against European competitors in the Korean market.

Since the Last U.S. Trade Agreement Signed by President Bush in 2007...



Dropping Our Guard

President Obama has also singularly failed in handling commercial relations with China. He came into office with high hopes that displays of American goodwill toward Beijing would lead to better relations across all fronts. Predictably, the goodwill has not been reciprocated; China is driven by its own interests, not by appeals to its sentimentality. Having tried and failed with “engagement,” the Obama administration now behaves as if the United States has no leverage in dealing with a country that routinely steals our designs, patents, brands, know-how, and technology—collectively, our “intellectual property.” Entirely fake Apple Stores operate openly in Chinese cities. It is hard to be more brazen than that.

This is not all happenstance. Rather, it is the result of a deliberate policy by the Chinese government that seeks to build up its economy by piggybacking on Western technological success. On many occasions, Chinese companies have simply reverse-engineered American products, with no regard for the patents and other protections of intellectual property rights that are crucial to our own economic well-being. The Chinese government facilitates this behavior by forcing American companies to share proprietary technology as a condition of their doing business in China. A recent study by the U.S. Chamber of Commerce reports that international technology companies consider these practice to be “a blueprint for technology theft on a scale that the world has never seen before.”

China's unfair trade practices extend to the country's manipulation of its currency to reduce the price of its products relative to those of competing nations such as ours. While the extent and impact of the manipulation is widely debated, the practice provides an invisible subsidy to Chinese goods sold internationally and an invisible tariff on other nations attempting to sell in China. Despite making gestures to the contrary, China's government often excludes foreign goods from consideration for its government purchases. And it uses a variety of unfair practices—for instance, inventing regulations and standards that only Chinese companies can meet, and artificially lowering costs for Chinese companies—to tilt the playing field in its favor. Instead of responding forcefully, the Obama administration has acted like a supplicant. Having borrowed hundreds of billions of dollars from Beijing to pay for its agenda, it has placed America in a weak position at the very moment when we need to stand tall.

Mitt Romney's Plan: Open Markets on Terms That Work for America

Mitt Romney will have none of this. He starts from a position that free trade is essential to restoring robust economic growth and creating jobs. The productivity and ingenuity of the American workforce are unparalleled. When we are able to compete on a level playing field, we have proved we can win. We need to open new markets beyond our borders for American goods and services on terms that work for America.

OPENING NEW MARKETS

Complete Pending Agreements

Free Trade Agreements are one of the best routes to accomplishing our goals. The United States currently has FTAs with seventeen countries and (excluding our crude oil imports) we maintain a trade surplus with those economies. Building on this trading system is essential. President Obama's delay in submitting the Colombia, Panama, and South Korea agreements to Congress for implementation has already inflicted injury on our GDP and our job market. Mitt Romney will press for their immediate ratification and ensure that Congress has the opportunity to vote on them unencumbered by other issues, such as TAA, that require independent consideration.

Pursue New Agreements with Trade Promotion Authority

American presidents should be invested with Trade Promotion Authority that gives them the power to conclude trade agreements and submit them for up-or-down votes in Congress. Otherwise, even the most carefully negotiated trade agreement can become laden with so much congressional meddling on behalf of special interests that the other parties to the agreement refuse to sign on. Trade Promotion Authority lapsed toward the end of President Bush's second term. Tellingly, with trade a low priority for him, President Obama has not sought its renewal. As president, Mitt Romney will ask Congress to restore that authority.

A president invested with Trade Promotion Authority could explore the possibility of agreements with dynamic emerging economies such as Brazil and India. Though such agreements would be a significant challenge to negotiate and conclude, the economic benefits would be substantial. Similarly, an agreement with the European Union would be an enormously complex challenge, but a united Europe is a natural partner for such a venture, and the benefits would be large: perhaps approaching \$200 billion in GDP growth for the United States and Europe combined. Even incremental expansion of the European-American trading relationship would yield tremendous economic dividends.

The Trans-Pacific Partnership also remains critically important. Such an agreement would open U.S. access to the rapidly expanding Malaysian and Vietnamese markets, provide a dramatic geopolitical and economic bulwark against China, and serve as both a foundation from which to promote the opening of markets throughout Asia and a template for future multilateral agreements. If the Obama administration stalls the TPP in the run-up to the 2012 election, a Romney administration will move to complete negotiations at the earliest possible date.

Create Reagan Economic Zone

But we can hardly rest there, for there is an opportunity to pursue a game-changing multilateral agreement among like-minded nations genuinely committed to the principles of open markets. As president, Mitt Romney will pursue the formation of a “Reagan Economic Zone.” This zone would codify the principles of free trade at the international level and place the issues now hindering trade in services and intellectual property, crucial to American prosperity and that of other developed nations, at the center of the discussion.

Such a partnership would be extraordinarily attractive to most developed nations, and to those developing nations that have embraced free enterprise and open markets. With membership open to any nation willing to abide by the rules, two primary U.S. objectives would be fulfilled. First, as the most open and innovative economies came together, the dynamism of the resulting economic zone would serve as a powerful magnet, drawing in an expanding circle of countries willing to abide by the rules in exchange for greater access to one another's markets. At the same time, it would also serve as a mechanism for confronting nations that violated

trade rules while free-riding on the international system. Creating a large open market, and excluding countries that failed to respect the rule of law, would prevent cheaters from prospering and provide a major incentive for them to reform.

CONFRONTING CHINA

China presents a broad set of problems that cry out urgently for solutions. It is time to end the Obama administration's acquiescence to the one-way arrangements the Chinese have come to enjoy. We need a fresh and fearless approach to that trade relationship. Our first priority must be to put on the table all unilateral actions within our power to ensure that the Chinese adhere to existing agreements. Anyone with business experience knows that you can succeed in a negotiation only if you are willing to walk away. If we want the Chinese to play by the rules, we must be willing to say “no more” to a relationship that too often benefits them and harms us.

Improve Enforcement at the Border

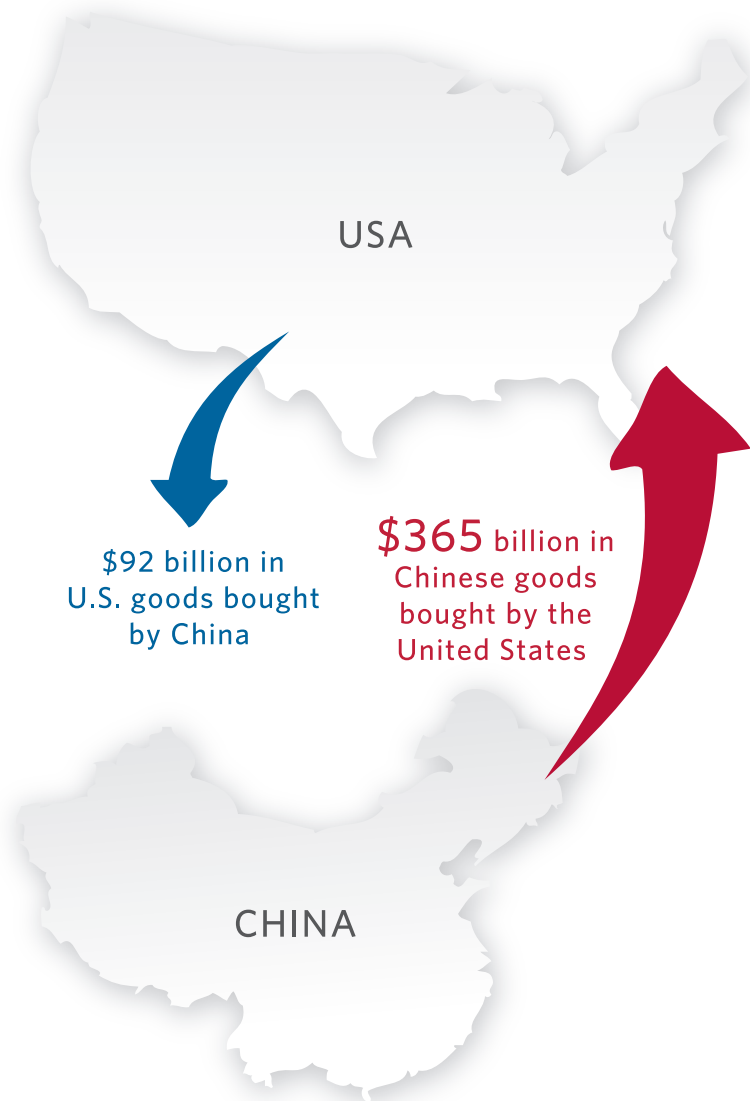
There are some measures entirely within our control. We can do a far better job of keeping counterfeit goods out of our country and enforcing the intellectual property protections that we already have in place. In some locations this may simply entail increasing the frequency of inspections or ramping up fines and punishments.

We also must resolutely counter efforts by unscrupulous exporters in China and elsewhere to evade the remedial measures we already impose in response to their unfair trade practices. Chinese exporters, for instance, sometimes ship their products to third-party countries and fraudulently declare the products as originating there to avoid remedies that have been imposed on unfairly traded goods. Such practices need to be brought to a swift end. As president, Mitt Romney will allocate the necessary resources to investigating the actual point of origin for suspect products arriving on our shores and impose harsher penalties on those who would circumvent our laws. The return on the increased investment in enforcement would be immediate and substantial.

Protect and Pursue Legal Rights

Far too many transgressions are never challenged for fear of disrupting trade relationships, a problem that pertains to commerce with not only China but also with other countries. As with any treaty, trade agreements are not worth the paper

A One-Sided Relationship



they are printed on unless the signatories adhere to them. We thus need to act more resolutely at the World Trade Organization (WTO) to ensure we are getting the benefits of the bargains struck in our trade agreements.

American corporations should not be left in a position in which they are afraid to pursue their interests to the full extent of the law. The Office of the United States Trade Representative (USTR) in a Romney administration will be tasked with pursuing all significant claims of unfair trade practices. It will also take a far more active role in encouraging private firms that have been victimized to raise claims both in U.S. courts and at the WTO. If the USTR can be their advocate in and out of court, American companies and the country as a whole will be in a stronger position.

Impose Targeted Tariffs or Economic Sanctions

Mitt Romney believes we need to consider the use of targeted unilateral and multilateral sanctions. For instance, if the United States identifies a Chinese firm or industry that is relying on unfair practices or misappropriated American technology for its competitive advantage, we should be in a position to impose punitive measures in response. If China makes it a priority to strong-arm Western corporations in industries with particularly valuable technologies, we should join with our allies to ensure that it does not obtain the technology transfers it seeks.

Designate China a Currency Manipulator and Impose Countervailing Duties

Current U.S. law requires that the Department of the Treasury release a biannual review in which it identifies any countries that are manipulating their currency to gain an unfair advantage. The Department of Commerce also has the power to find that Chinese currency policy constitutes an unfair subsidy to Chinese exporters, and to assess countervailing duties on Chinese products. The Obama administration has declined to take either action, effectively accepting China's problematic practices. That acceptance has to end. If China fails to move quickly to bring its currency to fair value, the Department of the Treasury in a Romney administration will designate China a currency manipulator and the Department of Commerce will impose countervailing duties.

Insist on Reciprocal Government Procurement

China is not a member of the WTO's Government Procurement Agreement (GPA). However, it has declared its intent to join. The GPA forbids member nations from discriminating against one another's products and services in the course of government procurement. The Chinese government, by itself one of the world's largest consumers, has failed to make good on its commitment to accede to the GPA, and continues to strongly favor domestic Chinese providers. There is no reason for the United States to tolerate this state of affairs. Until China joins and abides by the GPA, a Romney administration will respond in kind by ending U.S. government procurement of Chinese goods and services.



The United States does not have to accept forever the practices that have led to a huge and seemingly perpetual trade deficit with China. We have opened our economy to China, and China must be persuaded to extend the same privilege to us. China's export-driven economy desperately needs access to our markets and innovations, and we have the leverage to demand that it competes on fair terms in return and provides similar access to its market for U.S. exporters. A Romney administration will work with Congress and our international partners to alter China's behavior. The Reagan Economic Zone will be a key instrument in that effort, offering China an attractive reward for better behavior as an alternative to aggressive responses to continued intransigence.

The time has to come to lay out a series of steps that China must take to become a responsible member of the global economy. And the time has also come to lay out the consequences that would accompany its failure to make rapid progress toward that end. Despite what the Obama administration appears to believe, the United States is working from a position of strength. Mitt Romney understands that fundamental point and all that follows from it. He will seek to right our trade relationship with China and strengthen our commercial ties with the rest of the world. Nothing less than economic recovery is at stake.

Governor Dave Heineman on Trade Policy



Trade is one of the great sources of American prosperity and offers the potential for tremendous job creation. But trading partnerships, and opportunities for our businesses and their workers in overseas markets, do not simply spring forth untended from the earth. They require careful attention and support from businesses and government. With proper nurturing, our trade relationships will flourish and produce bountiful yields. With neglect, they will lie fallow.

One might wonder: What does the governor of Nebraska know about international trade? That question belies a common misconception about the nature of our export economy. Agricultural products are one of America's top exports—topping \$100 billion per year. International demand for crops and beef from Nebraska farms and ranches is a crucial driver of our economic well-being.

So I view the promotion of our trading relationships as integral to my job. In 2007, I led a prosperous trade mission to Asia that resulted in the significant strengthening of the relationship between my state's producers and key overseas consumers. In August of this year, my lieutenant governor and my agriculture director each led similar trips. And in September of this year we will be hosting our second "Reverse Trade Mission," in which we invite key business and government leaders from around the world to come to our state to learn about our products and services. The first such event, in 2008, attracted more than 130 businesses from countries as far-ranging as Brazil, Japan, South Africa, and Spain.

The goal of such activities is to do the hard work of actually turning the theory of an open market into the reality of freely flowing goods and services. Government leadership is necessary to overcome barriers in everything from regulations and infrastructure to language. Foreign customers have to be made aware of what America has to offer and how to go about acquiring it.

President Obama has, entirely appropriately, come under heavy criticism for his failures to advance the most prominent elements of the American trade agenda. He has allowed trade agreements already signed by President Bush to languish. He froze negotiations initiated by President Bush, then started them again, but has made little progress. He has pursued no important new initiatives of his own.

But the damage from his lack of leadership on this issue runs far deeper. He has failed to adopt the aggressively pro-trade posture that America needs from its president. Only by talking the talk and walking the walk day after day, country after country, industry after industry, will our businesses truly receive the access to foreign markets that they require.

The blocking-and-tackling required to open markets must take place at the business level, the industry level, the state level, and the federal level. There are many things that the private sector can do, and that state and local governments can do. But at the end of the day, there is no substitute for the influence of presidential leadership in developing our international relationships. Mitt Romney is the right man to provide that leadership.

Mitt's 25 years of private-sector experience have given him a valuable understanding of the complexities inherent in actually entering new markets and building relationships with foreign customers. As president, he would put that knowledge to work—building an administration capable of strengthening needed ties and lending his own leadership when necessary. The result would be expanded opportunities for American businesses and workers in markets around the world. It is ultimately the responsibility of the private sector to take advantage of these opportunities and convert promising relationships into concrete deals, but presidential leadership can help till the soil.

Dave Heineman is the governor of Nebraska.





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