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OPINION

Five Myths About Imports

During World Trade Week, you'd think exports were all that mattered to the U.S. economy.

By LAURA BAUGHMAN

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On Monday, President Obama issued a proclamation marking the start of World Trade Week. The proclamation used some form of the word "export" eight times. How many times were imports mentioned? Zero.

That's typical of World Trade Week, a May tradition since 1935. Americans commonly think of exports as good but view imports as generally harmful. When a factory closes because it couldn't compete with imports, you hear about it. But when American jobs are created thanks to imports, or consumers benefit from the lower prices made possible by imports, you don't. Consider some common myths.

- *Imports come primarily from low-wage countries like China.* Yes, China is the largest supplier of imports to the U.S. But nearly half of non-oil imports to America come from other high-wage, developed countries. According to U.S. government data, nine of the top 20 of these import suppliers are high-wage trading partners like Canada, where the hourly manufacturing pay in 2012 averaged \$36.59, even higher than the U.S.'s \$35.34 average that year. Other countries on the list include Japan (\$35.34), Germany (\$45.79), the U.K. (\$31.23), France (\$39.81), Italy (\$34.18), Ireland (\$38.17) and Switzerland (\$57.70).
- *Imports cost jobs.* Some workers are put out of work when their employers cannot compete with lower-cost imports. But here is the other side: Many workers owe their jobs to imports. Truckers and numerous other transportation workers move imports around the country. Warehouse workers store imported inventories for wholesalers and retailers.

Millions of other jobs are tied to imports, though in less obvious ways. Import-related jobs support workers at the local lunch spot or the shopping mall where they buy clothes. Workers with manufacturers, wholesalers and retailers place orders with U.S. and foreign suppliers for products ranging from paper boxes to computers and cash registers that help companies sell their products. The greater economic efficiencies that result from lower-cost imports boost U.S. productivity. This stimulates job-sustaining activity across the economy.

Data compiled by the Trade Partnership, the consultancy I founded in 1991, show that even after subtracting job losses, more than 16 million Americans owe their jobs to imports.

- *Imports hurt U.S. manufacturing.* It would be more accurate to say that imports fuel American manufacturing. More than 60% of U.S. imports are raw materials, components and machinery that are

used to make goods or grow crops, according to U.S. Census Bureau data analyzed by the Trade Partnership. American manufacturers use these imported inputs when locally produced substitutes are either not available or too expensive. Imported inputs thus keep American manufacturing competitive, both locally and globally.

Similarly, U.S. manufacturers are part of global supply chains. The manufacturers export raw materials, parts, components and machinery that are used to make goods abroad that are then imported back into this country. In other words, imports create markets for U.S. exports.

- *Floods of imports hurt the U.S. economy.* News reports about the latest trade data mostly focus on the "red ink" of the U.S. trade deficit and the alleged drag that this deficit exerts on economic growth. But when imports grow, so does the economy. When the economy slows, so does the growth in imports. This only makes sense: When the economy is growing, consumers buy more, including imported products. When the economy is bad and employment prospects shaky, we cut back, putting off big purchases, both imported and U.S.-made.
- *The U.S. economy is wide open to imports.* On average, U.S. tariffs are a relatively low 1.4%, while American workers and companies face trade barriers in countless countries. Many claim unfairness and suggest issuing retaliatory tariffs to even things out.

But the U.S. economy isn't entirely welcoming to imports. More than 1,000 product categories, including footwear and apparel, face U.S. duties of 10% or higher. The U.S. also imposes quotas on dairy products, sugar, sugar-containing products, ethanol, cotton, beef, canned tuna and tobacco. Imports above the quota are subject to prohibitively high tariffs. These trade barriers raise the price of many goods that hit middle- and low-income people hard.

Imports don't threaten the American economy. Trade experts and government officials this week shouldn't be shy about promoting them.

Ms. Baughman is president of the Trade Partnership.

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