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Free trade finally getting due attention from Obama

Achieving the president's goal of doubling exports over the next five years will require action on three pending free-trade agreements.

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It has taken the loss of 4 million jobs in one year and a nationwide unemployment rate of 10% for President Obama to finally take a firm stand on the economic benefits of free trade.

Oh, all right, he didn't exactly throw down a gauntlet in his State of the Union address and declare that expanding trade and increasing exports are essential to the country's economic recovery and the creation of jobs. It was more of a lukewarm, milquetoast, noncommittal sentence or two in which the president mentioned something about "strengthening" trade. Still, the United States has fallen so far from its perch as a leader on free-trade issues that just hearing the president refer to "key partners like South Korea and Panama and Colombia" raised hopes that the trade agreements with those countries, now languishing in Congress due to strong union opposition, might be gaining presidential support.

More solid than his airy position on trade was Obama's ambitious goal of doubling exports over the next five years to create 2 million jobs. A new National Export Initiative will assist farmers and small businesses, and the president is setting up an "export promotion cabinet" to work on modernizing export control laws that have been untouched since 1979. A recent study conducted for the National Assn. of Manufacturers estimated that updating the controls could boost U.S. exports by \$56 billion annually over 10 years.

Of course, doubling annual exports to between \$2 trillion and \$3 trillion in such short order is a tall order, and it is almost impossible to see how the goal can be met without action on the three pending free-trade agreements. Ratification would add an estimated \$15 billion annually in exports, and the deal with South Korea is particularly important for California agriculture; exports of dairy, almonds, walnuts, pistachios and pomegranate juice could hit the \$1-billion mark in the next few years. Continued inaction, by contrast, would endanger several hundred thousand jobs, according to the U.S. Chamber of Commerce. Also, the president seemed to contradict himself by being both populist and pro-trade, urging taxation of companies that move jobs overseas -- that threat is a favorite, but those companies also account for 44% of the nation's exports. It's unclear how penalizing them will help meet the president's goal.

Still, Obama's positive tone is welcome. Exports and international trade may be arcane topics to Americans preoccupied with economic concerns nearer to home: keeping a job, finding a job, making car payments or avoiding foreclosure. But international trade is responsible for the financial stability of one in five Americans. Policies that open markets around the world to U.S. manufacturers and growers also make a hefty local investment.