Free trade: A resolution for the U.S. economy: Pass Trade Promotion Authority

By Peter Cleveland Special to the Mercury News San Jose Mercury News
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Congress has a historic opportunity to signal to the world that the country is open for business by passing Trade Promotion Authority, a bill introduced last week in Congress. The legislation creates a new template for future free trade agreements and requires the White House to fulfill specific congressional guidance when negotiating the agreements. It also provides an expedited timeline for congressional consideration so that these critical agreements can be implemented quickly.

In short, this bill paves the way for American companies to sell more goods and services and create more jobs for American workers. It sounds logical, but it is surprising how many skeptics still question the value of requiring countries abroad to dismantle their trade barriers so that U.S. companies can better access the 96 percent of the world's population outside our borders.

New trade agreements will create opportunities for American business in every sector of our economy. From digital services to agriculture, they are a crucial engine of U.S. economic growth.

The United States is negotiating two major trade agreements now: one with 11 Asia-Pacific countries in the Trans-Pacific Partnership and the other with the European Union under the Transatlantic Trade and Investment Partnership. Combined, these agreements account for 65 percent of the world's goods and services trade and potentially 69 percent of U.S. exports. The Trade Promotion Authority bill will expedite these agreements.

The technology sector is a prime example of why trade agreements need to be modernized. Trade is no longer limited to things packed into a shipping container, but rather now reflects more intangible economic commodities, such as data and Internet services in the cloud, which are growing rapidly in even the poorest of countries.

This legislation is significant for the tech industry because it requires all U.S. free trade agreements to strengthen rules on digital trade and obliges our trading partners to let data flow freely. It also creates stronger intellectual property standards for digital trade and emerging technologies and prohibits countries from mandating that companies reveal sensitive details about the composition of their technology.

With the majority of Intel's customers located outside U.S. borders, we need greater market access for continued growth. Over three-quarters of our revenue is generated outside the United States, while three-quarters of our advanced manufacturing and R&D is inside the U.S. Our ability to sell internationally creates high-tech, high-wage jobs here, in states such as Arizona, California, Colorado, New Mexico, Oregon and Texas.

We would not tell a child selling lemonade that she could only sell cups to people living in her own neighborhood, when people passing through are excellent customers and would help her grow sales. Limiting the business of this enterprising child would not be acceptable, and is not any different from the United States letting other trading partners strike deals with each other while we take our time contemplating the benefits of free trade.

In the last decade, U.S. jobs supported by trade have grown from 14 million to 38 million, and export-supported jobs pay an average of 13 percent to 18 percent more than the U.S. average wage. With trade now supporting 1 in 5 U.S. jobs, imagine the benefit of additional free-trade agreements. We are simply leaving opportunity on the table.

As the American economy inches toward recovery, Congress should not let other trading partners sign trade deals with each other while we continue to talk about the benefits of free trade and American companies are locked out of much of the global marketplace.

Peter Cleveland is vice president of global public policy at Intel. He wrote this for this newspaper.