Insight

# Trade & The U.S. Economy

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Is trade important to the U.S. economy?

Many have been asking this important question since Congress began considering trade-related legislation. Recently, the Senate approved four trade-related bills, and the House is set to consider those bills this month. With so much focus on trade, it's a good time to examine the economic benefits of trade, its role as pro-growth economic policy and how Trade Promotion Authority (TPA) or "fast track" is essential in order to reap the benefits of free trade.

Trade agreements have many economic benefits. Exports alone comprise 13 percent of U.S. GDP and support over 11 million jobs that pay approximately 18 percent more per year. Imports are important to both producers and consumers. Producers often use imported components to manufacture final goods in the U.S. Consumers benefit with access to fresh fruits and vegetables we cannot produce in the U.S. and a variety of low cost goods.

TPA is a cooperative tool that allows the executive branch to confidently negotiate with our trading partners while Congress retains the right to dictate the negotiating objectives and accept or reject any free trade agreement. Without TPA, the path forward on achieving the benefits of trade is much more difficult. TPA has a long history of bipartisan support, with every president since Nixon enjoying its advantages.

Trade in general is good for economic growth and prosperity, but its benefits will not be realized without passing TPA.