The United States is the largest trading nation in the world.
- The U.S. is the #1 exporter of goods and services (12.0% of world exports).
- In fact, during the first eleven quarters of the Bush presidency, the U.S. exported roughly as much (in real terms) as it did during the Eisenhower, Kennedy, Johnson, Nixon, and Ford administrations combined.

Exports are an important source of economic growth for the U.S.
- Between 1990 and 2000, exports accounted for nearly one quarter of U.S. economic growth. Since the end of the recession (Q4 of 2001), exports have accounted for smaller 9% of overall growth.
- Our exports were equivalent to 9.2% of GDP in the first half of 2003, below its recent peak of 11.2% in 1997, but well above its share of 5.4% in 1970
- U.S. goods exports grew 2.8% in the first eight months of 2003 from their year-ago level. In 2003, year-to-date:
  a. Exports to China grew 20.7%, declined 0.5% to Japan, and declined 0.1% to other Asian Pacific countries.
  b. Exports to Canada grew 4.2% and declined 2.3% to Mexico.
  c. Exports grew 4% to the European Union
  d. Exports declined 0.4% to South and Central America

U.S. small businesses rely on access to foreign markets.
- Small business creates 3 of every 4 jobs and generates roughly half of U.S. private GDP.
- In 2001, 238,000 U.S. firms exported goods – more than double the number in 1992.
- 97% of these are small or medium sized enterprises (SMEs) (less 500 employees).

Over time, export-oriented industries have been the biggest creators of jobs.
- Employment in U.S. exporting firms grows 15-40 percent faster than in other firms.
- Exporting firms are 9 percent less likely to fail.
- For every billion dollars of exports, 15,000 jobs are created.
Jobs supported by exports pay 13-16 percent more than the national average.

- **Wages depend on productivity.** As markets open up, we expand exports from our most productive industries. Trade helps shift the growth in new job opportunities toward more productive, higher paying jobs supported by U.S. goods exports.
- This applies to high and low-skilled workers and both large and small firms.
- U.S. labor **productivity is 40% higher in plants that export.**

**Growing imports may mean higher employment growth**

- Recent economic literature has explored implications of integrated global production – where firms locate in multiple countries and production processes are distributed among affiliates.
- Suggests that with global production, imports and domestic production may increase together.
- The CEA analyzed the relationship between imports and employment in the U.S. manufacturing sector and found, both across and within industries over time, that **higher import penetration was associated with higher, not lower, employment growth.**
  a. While this is not a conventional finding in the literature, it is more consistent with the global production story than with the more conventional trade model.