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USA TRADE POLICY AGENDA PERSPECTIVES IN INTERNATIONAL TRADE

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Abstract

Research background: International trade means the exchange of goods or services along international borders. This type of trade allows for a greater competition and more competitive pricing in the market. Probably the most important single insight in all of international economics is that there are gains from trade - that is, when countries sell goods and services to each other, this exchange is almost always to their mutual benefit. Importing and exporting of goods is big business in today's global economy thus international trade is supposed to be beneficial for a particular economy even for the USA.

Purpose of the article: The question is arising if Americans shouldn't buy American goods whenever possible, to help create jobs in the United States. Paper deals with issues such as the U.S. international trade characteristics in terms of territorial and commodity structure, the U.S. export trade promotion strategy, the impact of trade on the US economy and international trade development as well as President's Obama strategy regarding the U.S. international trade strategy.

Methodology/methods: This study is analyzing the US trade policy agenda and discussing the impact of foreign trade on the U.S. economy and its current status in international economic relations. To accomplish this goal, methods such as analysis, comparison, synthesis and logical deduction are to be used; facts from scientific and professional publications, periodical and non-periodical press.

Findings & Value added: International trade of the United States is one of the world's most significant economic markets. The country is among the top three global importers and exporters. USA has trade relations with many other countries. Through efficiency, competition, and relationships the international trade can increase economic growth and allow for all countries to benefit from it.

Introduction

Many people are sceptical, however, about, the benefits of trading for goods that country could produce for itself. Shouldn't Americans buy American goods whenever possible, to help create jobs in the United States? The range of circumstances under which international trade is beneficial is much wider than most people can imagine. It is a common misconception that trade is harmful if there are large disparities between countries in productivity or wages.

Cihelková, et al. (2009) argues that international trade means the exchange of goods or services along international borders. This type of trade allows for a greater competition and more competitive pricing in the market. The competition results in more affordable products for the consumer. The exchange of goods also affects the economy of the world as dictated by supply and demand, making goods and services obtainable which may not otherwise be available to consumers globally.

According to Appleyard, et. al. (2006) trade policy defines standards, goals, rules and regulations that pertain to trade relations between countries. These policies are specific to each country and are formulated by its public officials. Their aim is to boost the nation's international trade. A country's trade policy includes taxes imposed on import and export, inspection regulations, and tariffs and quotas.

As Lipková (2011) states characteristics of international trade can be highlighted as follows. The first one is the Separation of Buyers and Producers. In inland trade producers and buyers are from the same country but in foreign trade they belong to different countries. The second one is Foreign Currency. Foreign trade involves payments in foreign currency. Different foreign currencies are involved while trading with other countries. Very important are Restrictions. Imports and exports involve a number of restrictions but by different countries. Tauser (2007) argues that normally, imports face many import duties and restrictions imposed by importing country. Similarly, various rules and regulations are to be followed while sending goods outside the country. Risk Element. The risk involved in foreign trade is much higher since the goods are taken to long distances and even cross the oceans. Another one is Law of Comparative Cost. A country will specialize in the production of those goods in which it has cost advantage (Psenkova & Gullerova, 2016). Such goods are exported to other countries. On the other hand, it will import those goods which have cost disadvantage or it has no specific advantage. Finally there is Governmental Control. Lipkova (1993) argues that in every country, government controls the foreign trade. It gives permission for imports and exports may influence the decision about the countries with which trade is to take place.

International trade permits everybody to have more access to the goods and services that are created or performed around the world. According to Obadi and Korcek (2016) international trade helps in many other ways such as benefits to consumers, international peace and better standard of living.

Method of the Research

The research task of this paper is focused on the analysis how the U.S. trade policy agenda is implemented into competitiveness enhancement of the U.S. economy, how important role the U.S. foreign trade plays within the current global economic turbulent processes to assure sustainable economic growth in the U.S. economy and to enhance the U.S. competitiveness within the world economy environment. The issue is also to find out the proper involvement of the U.S. economy in international environment along with the possible risks and benefits for the U.S. economy and other economies in international economics system.

By means of analysis, comparative analysis methods followed by logical deduction the main aim of this paper is to figure out how and in what way the U.S. trade within its policy agenda can affect the international economics system in terms of social and economic development.

To accomplish this goal, methods such as analysis, comparison, synthesis and logical deduction are to be used; facts from scientific and professional publications, periodical and non-periodical press as well as internet sides will be primarily used and examined. Subsequently the analysis will lead to synthesis and prognosis by means of abstraction method eliminating the less important factors in order to set general statements and opinions.

Findings and Discussion

Regarding the U.S. international trade characteristics United States trade policy has varied widely through various American historical and industrial periods. As a major developed nation, the U.S. has relied heavily on the import of raw materials and the export of finished goods. Because of the significance for American economy and industry, much weight has been placed on trade policy by elected officials and business leaders.

In terms of political economy the Constitution gives Congress express power over the imposition of tariffs and the regulation of international trade. As a result, Congress can enact laws including those that: establish tariff rates; implement trade agreements; provide remedies against unfairly traded imports; control exports of sensitive technology; and extend tariff preferences to imports from developing countries (Neumann, 2001). Over time, and under carefully prescribed circumstances, Congress has delegated some of its trade authority to the Executive Branch. Congress, however, has, in some cases, kept tight reins on the use of this authority by requiring that certain trade laws and programs be renewed; and by requiring the Executive Branch to issue reports to Congress to monitor the implementation of the trade laws and programs.

The United States has completed negotiations of a regional, Asia-Pacific trade agreement, known as the Trans-Pacific Partnership (TPP) Agreement and is in negotiations of the Transatlantic Trade and Investment Partnership (TTIP) with the European Union, with the objective of shaping a high-standard, broad-based regional pact. Balaz, (2014) argues that the Trans-Pacific Partnership (TPP) is one of the most ambitious free trade agreements ever signed. Lipkova, (1999) states that the TPP writes the rules for global trade—rules that will help increase Made-in-America exports, grow the American economy, support well-paying American jobs, and strengthen the American middle class.

As a new issue the future creation of US – EU Free Trade Agreement, called the Trans-Atlantic Trade and Investment Partnership (TTIP) is essential to be mentioned. During the first round of the trade and investment talks, which took place in Washington D.C. in July 2013; negotiating groups set out respective approaches and ambitions in some twenty areas covered by the TTIP. According to Lipkova (2013) the Transatlantic Trade and Investment Partnership (TTIP) is a trade agreement that is presently being negotiated between the European Union and the United States. It aims at removing trade barriers in a wide range of economic sectors to make it easier to buy and sell goods and services between the EU and the US. On top of cutting tariffs across all sectors, the EU and the US want to tackle barriers behind the customs border – such as differences in technical regulations, standards and approval procedures. Todaro (2000) underlines that these often cost unnecessary time and money for companies who want to sell their products on both markets. For example, when a car is approved as safe in the EU, it has to undergo a new approval procedure in the US even though the safety standards are similar (Jovanovic, 2014). The TTIP negotiations will also look at opening both markets for services, investment, and public procurement. They could also shape global rules on trade.

The important step towards the U.S. trade promotion agenda has been done by the President’s Obama U.S. international trade strategy. The main issues and their impact on the U.S. economy and foreign trade relations will be observed.

A 12-nation Pacific trade deal cements President Barack Obama's strategic pivot toward Asia and challenges China to accept U.S.-backed rules for doing business. A trading bloc stretching from Chile to Japan, with the United States at the economic center, bolsters Obama's effort to counter growing Chinese military and economic influence in the Pacific. More than that, the deal means the U.S. now has closer trading partners and closer friends in the region (Neumann, 2013b). That may force China to live up to the deal's standards or else be cut from some of the resulting economic growth. If ratified, the Trans-Pacific Partnership would be the largest pact governing international commerce in more than two decades, encompassing 40 percent of the world's economic output (Hnat, Stuchlikova, 2014). The deal would set new precedents for breaking down subtle, politically entrenched barriers to trade and would reinvigorate an expansion of global commerce. The trade pact would eliminate more than 18,000 taxes on U.S. products and includes enforceable labor and environmental standards (Fojtikova, Kovarova, 2014).

Balaz (2013) argues that international trade - both exports and imports supports 38.1 million American jobs. These trade related jobs are at large and small companies, on farms, in factories, and at the headquarters of globally engaged firms. The United States exports trillions of dollars in goods and services annually, including petroleum products, transportation equipment, farm products, travel services, and royalties from industrial processes. The vast majority of U.S. exporters are small and medium sized companies with less than 500 workers. Customers in 234 countries around the world buy American grown and manufactured goods and services. Top markets like Canada, Mexico and China buy hundreds of billions of dollars of U.S. products and services annually (Fojtikova, (2012). Imports lower prices and increase choices for United States companies and families. Lower raw material and input costs help U.S. companies stay competitive in global markets, while families can stretch paychecks further as trade agreements reduce the cost of products by eliminating costly barriers to trade. Free trade agreements (FTAs) have led to rapid export growth to partner countries. America’s FTA partners purchased 12.8 times more goods per capita from the United States than non FTA countries did in 2012. Foreign-owned companies invest in the United States and employ 5.3 million Americans (Trade and Development Agency, 2016).

Here are some of the enormous benefits of the international market place for the U.S economy. Successfully enhanced the U.S. trade promotion agenda means: jobs for local communities throughout the United States; more business opportunities for small and medium-size firms across America; increased manufacturing for potential all key industrial sectors from chemicals and computers to machinery and transportation; and finally it means more sales revenue to supplement the tax base of each state to fund community assets like roads and schools. As this discussion demonstrates, embracing international trade has bolstered the economic prosperity of companies from all 50 states. Nearly every state in the country exported at least a billion dollars' worth of goods to markets overseas. These exports create thousands of jobs as local export-oriented businesses work to meet customers' orders around the world.

Conclusion and further directions

The goal of international trade is trade goods and services between different countries. In this paper we have shown that international trade of the United States is one of the world's most significant economic markets. The country is among the top three global importers and exporters. USA has trade relations with many other countries. Through efficiency, competition, and relationships international trade can increase economic growth and allow for all countries to benefit from it.

We have arrived to the conclusion that the U.S. has experienced many different benefits and consequences because of international trade over its history. The question now is whether trade will harm U.S. workers and productivity in the new millennium. The world is progressing so rapidly and on so many dimensions that a mistake in our progress and growth would be detrimental to our survival. The U.S. must decide what to do about the standard of living and its position as a leader in the global economy. Whether the U.S. will erect walls of protection or heartily embrace trade as a prosperity factor will determine the future of U.S. workers and the U.S. economy. We have proved that trade is beneficial and necessary for U.S. survival, but until there is a definite analysis that completely disproves the opposing side of the argument, the debate will continue.

Finally we can summarize that openness to international trade encourages productivity gains and improved competitiveness. Doing business internationally has allowed U.S. businesses, including small and medium-size enterprises, to grow in markets outside of the United States and prosper globally.

Further research will be devoted to exploring the role of the US trade policy within the other EU common and coordinating policies such as Trade and Industry policies. Taking into account that questions of trade relations between the US and EU are among the most complicated ones, crucial emphasis should be also paid to researching peculiarities of new Trump foreign trade policy agenda and Strategy 2020 symbiosis and synergies regarding the future world economy development.

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