



When Politics and Trade Collide

Free trade, and the impact it has on U.S. workers, has become a hot-button issue on the presidential campaign trail. Neal Asbury, the Small Business Administration's Exporter of the Year, explains why America has nothing to fear in the global market.

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Free trade has taken a lot of heat since the Democratic presidential primary, when both Barack Obama and Hilary Clinton vilified NAFTA, blaming the 14-year-old trade pact with Canada and Mexico on widespread job losses in the U.S. manufacturing sector. Obama, who has since clinched his party's presidential nomination, has pledged to renegotiate the deal to better protect American workers. That kind of talk makes Neal Asbury wince. Asbury, whose food-service equipment export firm helped launch China's second McDonald's, has managed global business interests for U.S. manufacturers for over a quarter century. He says what American workers need are more free trade deals, not fewer. The president of Weston, Fla.-based Greenfield Worldtrade, Asbury was recently named Small Business Exporter of the Year by the Small Business Administration. He spoke to Inc.com

about NAFTA, Obama's bid for the presidency, and why U.S. small businesses -- and their employees -- have nothing to fear in the global market.

You've called NAFTA one of the most important international trade agreements of the 20th century. What has it done for American businesses?

Free trade agreements, like NAFTA, work because they bring us much closer to the kind of trade that exists domestically between the 50 states. They are comprehensive and not only deal with eliminating tariffs on manufactured and agricultural products but open up service markets and government procurement.

They regulate labor rights, set safety standards, protect the environment, defend against intellectual piracy, and instill due process. In short, they level the playing field. They must be vigorously pursued. We need more trade agreements like NAFTA.

What do you make of Barack Obama's anti-free trade stance during the primaries? How do you expect the issue to play out in the general elections?

Sen. Obama is pandering to the blue-collar vote in key swing states that have mistakenly placed blame

for their economic insecurity on our trade agreements. Ironically, it is because of the lack of trade agreements with our key trading partners such as China, Japan, India, and Brazil that we are not growing our manufacturing sector jobs.

If Sen. Obama was truly concerned for the American worker and their families he would be presenting his vision to make American exporters more competitive. He would be fighting to take down barriers to U.S. exports that stubbornly exist throughout the world. He would be using Free Trade Agreements to improve labor rights, as a catalyst for real poverty alleviation at home and abroad, as an important tool for corruption eradication, as one of the most effective ways to implement meaningful environmental protections. Instead he seems to have given up on American ingenuity and our ability to compete. He does not grasp the power of trade and, unfortunately for all Americans, not likely to change his misguided message throughout the general election.

What do you tell American workers who are worried about losing their jobs to foreign competitors?

The simple truth is the United States is effectively a duty-free market. The average tariff on products entering the U.S. is less than 3 percent. This is peanuts to pay to participate in the world's most open and lucrative market. Contrary to what some may lead us to believe, the United States has very few protective tariffs on manufactured goods. If we did they would be squarely against World Trade Organization rules. If we were to turn the clock back to 1994, before NAFTA was implemented, the average cost of our imports from Mexico would increase by a mere 2 percent, whereas American products exported to Mexico would increase by more than 30 percent. This would make absolutely no difference in what we presently import, but it would have a dramatic impact on our exports. Mexico would simply source those products it currently imports from the United States from others, such as the European Union, where Mexico has in place a free trade agreement. As a result, thousands of American well-paying jobs created by our exports would be lost and in return we would not create a single job. We have already lost the jobs we are going to lose. It is now time to bring

them back through increased exports that only free trade agreements can achieve. The big winner in all agreements of this kind is American exporters, who will return the favor by hiring more American workers. Since NAFTA was implemented, the U.S. added 30 million new jobs. The problem is not NAFTA; it is that we do not have free-trade agreements with China, Japan, India, and others that make up most of our suffocating trade deficit.

How does the U.S. economy gain when American businesses succeed overseas? Aren't most of the benefits shared between the company and its foreign host?

The U.S. economy gains when American exporters succeed overseas. It is not that American exporters are uncompetitive; it is the world trading system is corrupt and skewed against them. Our exports dollar-for-dollar employ five times more people than our imports and pay 17 percent more wages. Creating an environment where American exporters are allowed to compete on a level playing field that includes not only the elimination of tariffs but agreements that instill labor rights, due process, environmental protections, intellectual property protections, product standards and approvals, and corruption eradication will result in booming American exports.

We have never known a world where American exporters were given equal access on a level playing. I fervently believe if such a world did exist American exporters would put millions of our citizens to work and our trade deficit would soon be history.

What's your reaction to critics who accuse U.S. businesses overseas of profiting from the lax labor and environmental policies of foreign governments, particularly in places like China?

This is a major problem. It is precisely this disregard for labor rights and environmental protections that create unfair advantages for China and others. The root cause is not American businesses, but the governments that allow this to happen. This is why we must immediately insist on a free trade agreement with China. If I were in a position of power, this would be my number one agenda item. China's unrelenting destruction of its environment has created potentially devastating consequences for us all. Labor rights are a most fundamen-

tal human right that we must insist upon from all our trading partners. The most effective way to bring about meaningful change is to regulate labor rights and environmental protections through verifiable and enforceable trade agreements. Harmonious trade relations with the United States are one of the most important objectives of any foreign government. We have the ability to change things for the better if we are willing to stand up for what is right.

What are the benefits for a smaller business of going global? What challenges do they face?

Dollar for dollar, exports pay 17 percent more wages and employ five times more people than our imports. They provide jobs and opportunities for millions of American families to pursue their dreams. New overseas markets allow small companies to compete with larger companies in markets hungry for U.S. products and services. In many instances there is less competition and greater opportunities to become a market leader.

Going global allows you to spread your risk, increase your opportunities and learn things that can help you more efficiently compete in the domestic U.S. market. It is absolutely essential for a small business to survive and thrive. Ironically, many of the challenges U.S. exporters face are brought about by the U.S. itself. The Foreign Corrupt Practices Act of 1977 is a law that our European and Japanese competitors do not have to contend with. Our tax code discriminates against American exporters and ex-patriots that are front-line troops. We are very much behind Europe and China in concluding important trade agreements that level the playing field. The world trading system is corrupt and skewed against American exporters and we have an \$800 billion deficit to prove it.

Unfortunately, we still have no comprehensive plan or trade vision to deal with it. It is estimated American companies are cheated out of \$250 billion annually in intellectual property theft in China alone.

What role does the government play in helping smaller businesses expand overseas? Over 70 percent of American exports are done by small and medium-sized enterprises. Each dollar that American taxpayers have invested in the Small Business

Administration's export finance program has yielded over \$500 in export sales. This is probably the single most successful export promotion program, dollar for dollar, in the entire U.S. government. Both the Export Import Bank and SBA programs need to be made more accessible with increased borrowing limits and fewer restrictions. These programs are the life-blood of American exporters.

Our U.S. Export Assistance Centers throughout the United States and our Foreign Commercial Services Offices at our embassies overseas must be provided resources needed to promote and defend our exporters.

Our competitors have armies of lawyers and trade specialists working feverishly to clear away barriers targeted against their exports. The U.S. Department of Commerce, which is responsible for enforcing our trade agreements and promoting American exports, is woefully understaffed. Gross violations impacting thousands of jobs go unchallenged allowing foreign governments to trample American interests with not even the slightest resistance.

What are the current global hot spots for American small businesses? Where are the emerging or overlooked markets? Opportunities for American exporters are plentiful. The Arabian Peninsula is exploding with new construction. Contrary to what many believe, American business is very welcome and our products are in great demand. The Southeast Asian countries of Indonesia, Malaysia, the Philippines, Singapore, and Thailand have always been receptive markets to American exporters. They are currently experiencing a time of relative stability and good growth. Vietnam is starting to emerge as an interesting market as the Vietcong Generals in leadership positions are dying off and finally turning over power to a generation not impacted by the war.