

Test Your U.S. Trade IQ By

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"Get your facts first, then you can distort them as you please." - Mark Twain

Thank you Mark Twain for that reminder of a great American debating tradition.

If only the current public debate over international trade would follow this time-worn tradition! Trade, however, has been cast in a negative light in recent public debates. The rhetoric surrounding trade is, regrettably, void of facts. This is disconcerting, as trade represents a large and important portion of the U.S. economy. It supports U.S. jobs and offers some of the most promising growth opportunities for U.S. companies as they expand their markets overseas.

The absence of facts from the debate is discouraging as accurate trade data are easily accessible and verifiable. One of the best sources for trade statistics may be found at the U.S. Census Foreign Trade website. (<http://www.census.gov/foreign-trade/data/index.html>) The site provides quickly accessible import and export data.

As a member of the trading community, I thought I knew my facts about trade. I am ashamed to admit I was not as informed as I imagined myself to be. Despite the easy accessibility of the data, I hadn't taken advantage of them myself. So I challenged myself to a little quiz, and I failed. That failure lead me to do my homework.

And so I challenge you. What do you really know about U.S. trade? Do you know your facts? Take the test below and challenge yourself. The questions are not easy but the answers are readily available to you.

Test Your U.S. Trade IQ

1. The single largest export country for U.S. goods in 2015 was:
 - a. Canada
 - b. China
 - c. Germany
 - d. Mexico

2. The #1 U.S. trading partner (exports plus imports) in the world in 2015 was:
 - a. Brazil
 - b. Canada
 - c. China
 - d. Germany
 - e. Mexico

3. A major presidential candidate has stated that the trade deficit with China is half a trillion dollars annually. In reality the trade deficit with China in 2015 was: (Trade deficit = exports minus imports)
 - a. -\$1 Trillion
 - b. -\$633 Billion
 - c. -\$366 Billion
 - d. -\$136 Billion

4. Total U.S. trade in goods and services (imports + exports + services) in calendar year 2015 was about:

- a. \$10 Trillion
 - b. \$7.5 Trillion
 - c. \$5 Trillion
 - d. 2.5 Trillion
5. U.S. Gross Domestic Product in 2015 was about:
- a. \$8 Trillion
 - b. \$18 Trillion
 - c. \$81 Trillion
 - d. \$118 Trillion
6. With which of the following countries does the United States NOT have a free trade agreement?
- a. Australia
 - b. Bahrain
 - c. Peru
 - d. China
 - e. Guatemala
7. How much revenue did U.S. Customs and Border Protection collect in the form of duties and user fees in 2015?
- a. \$378 Billion
 - b. \$37.8 Billion
 - c. \$3.78 Billion
 - d. \$378 Million
8. What was the value of all imports into the U.S. in 2015?
- a. \$1.5 Trillion
 - b. \$2.25 Trillion
 - c. \$3.75 Trillion
 - d. \$4.5 Trillion
9. Which of the following countries is not within the top ten of U.S. trading partners in 2015? (Exports plus imports only.)
- a. Taiwan
 - b. South Korea
 - c. France
 - d. Saudi Arabia
10. In 1930 the United States instituted the protectionist Smoot-Hawley Tariff Act. What was the average duty rate imposed on goods at that time?
- a. 10%
 - b. 15%
 - c. 35%
 - d. 50%
 - e. 75%
11. The implementation of the Smoot-Hawley Tariff Act successfully curbed U.S. imports by about 65% over the ensuing three years. It also precipitated a corresponding fall in U.S. exports of about:
- a. 45 %
 - b. 55%
 - c. 65%
 - d. 85%

12. The Trans-Pacific Partnership Agreement (TPP) is a free trade agreement negotiated with twelve Pacific Rim nations including the United States. Which of the following countries is not a member of the TPP?

- a. Canada
- b. Japan
- c. Peru
- d. South Korea

Test Your U.S. Trade IQ - Part 2
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Answer Key

- 1. a. Canada
- 2. c. China
- 3. c. \$366 Billion
- 4. c. \$5 Trillion
- 5. b. \$18 Trillion
- 6. d. China
- 7. b. \$37.8 Billion
- 8. b. \$2.25 Trillion
- 9. d. Saudi Arabia
- 10. d. 50%
- 11. c. 65%
- 12. d. South Korea

Explanation:

Many of the following statistics are taken from the Census Bureau Foreign Trade Division reports available at: <http://www.census.gov/foreign-trade/statistics/highlights/index.html>
Other sources are listed below.

- 1. The number one export market for U.S. goods in 2015 remained Canada at \$280.3 billion, followed by Mexico at \$236.4 billion and China \$116.2 billion. Exports to Germany were \$49.9 billion.
- 2. Total trade in goods (exports plus imports) between U.S. and China was \$598.1 billion. Canada remains a close second at \$575.5 billion and Mexico is third with \$531.1 billion.
- 3. The trade deficit with China is a hefty \$366 billion, far short, however, of the half trillion reported from the stump.
- 4. Total U.S. trade in goods and services (imports + exports + services) in calendar year 2015 was about \$5 trillion. <http://www.census.gov/foreign-trade/statistics/historical/gands.pdf>
- 5. According to the Bureau of Economic Analysis U.S. Gross Domestic Product in 2015 was about \$18 Trillion in 2015. (BEA reported \$17,947.0) Relative to GDP, trade now is about

28% of the economy.

http://www.bea.gov/newsreleases/national/gdp/2016/pdf/gdp4q15_3rd.pdf

6. The United States does not have a free trade agreement with China. Despite this fact, the discussion of free trade agreements is frequently conflated with China. The U.S. maintains normalized trade relations with China. Goods imported from China are subject to the standard duties within the U.S. Harmonized Tariff Schedule. These are also known as column 1 general duties.

7. According to its FY 2015 Summary of Performance and Financial Information report, CBP collected about \$37.8 billion in duties and user fees. Compared with the total imports in the following answer, the United States assesses a nominal duty rate of 1.64% on all goods.
<https://www.cbp.gov/sites/default/files/assets/documents/2016-May/summary-performance-financial-info-2015.pdf>

8. U.S. imports totaled about \$2.25 Trillion in 2015.

9. Although a substantial trading partner with the U.S., Saudi Arabia does not fall within the top ten trading partners.

10. The Smoot-Hawley Tariff Act of 1930 imposed an average duty of 50% on imports.

11. Exports fell at the same rate as imports also by about 65% causing further harm to an already devastated 1930s economy. Trade at the time was only a small part of the economy. Today trade is nearing 30% of the U.S. economy. Imagine the impact if, as promoted by some politicians, we were again to impose such dramatic protectionist measures

12. South Korea is not one of the original twelve countries to negotiate the Trans-Pacific Partnership Agreement (TPP). The TPP, however, contains an accession clause that would permit any member of the Asia Pacific Economic Cooperation (APEC), which includes South Korea, to accede to the agreement. Upon implementation, parties to the TPP will have an opportunity to consider accession applications from APEC members and other countries.

How did you do? The questions were tough, but they were not impossible. Of course, my motives are clear. Not only have you learned a few facts, you have also learned how to assemble your own and to draw your own conclusions. I challenge you to share your experience and new-found knowledge about trade with friends, family and colleagues. Hold policy leaders accountable when they misrepresent the facts and praise them when they get their facts right. With your help we can elevate the current arguments to a more rigorous and informed public policy debate.

It may be a naïve idea, but I still believe that a rigorous and informed debate leads to better policy results.