

The Engine That Pulled Us Out of Recession

By Penny Pritzker
And Jim McNerney

“Businesses here have awakened to the fact that their next order could come from anywhere. Exporting is a major reason why Kansas City companies—from transportation equipment to chemicals—are creating jobs once again.”

Kansas City Mayor Sly James made that statement last year, after his town recovered from the recession in part by selling goods and agricultural products to overseas markets. The story is similar in Houston, New York, Detroit, Los Angeles and New Orleans—all cities that saw a large increase in exports between 2009 and 2013.

From large enterprises and multinational corporations to small startups and local manufacturers, an increasing number of businesses are realizing that their customer base is no longer around the corner, but around the world. They understand that 95% of the world's customers live outside the U.S., and to succeed in the 21st century, they must find a way to reach consumers in ever-expanding markets.

Overall American exports have hit record highs for the past five

years. The Commerce Department reports that 26 states achieved record levels of merchandise exports in 2014. Eight additional states such as Missouri and Alaska saw their merchandise exports increase over 2013 levels. These strong state performances helped U.S. exports reach \$2.34 trillion in 2014, up more than \$760 billion since 2009.

One-third of overall U.S. economic growth since 2009 came from goods and services sold abroad.

Businesses that sell to foreign markets put more people to work in high-quality jobs, offering more Americans the chance to earn a decent wage. A March 2014 Commerce Department report showed that goods and services exports in 2014 supported 11.7 million jobs in the U.S. In addition, according to a 2010 Commerce paper, jobs in export-intensive industries pay up to 18% more than jobs not related to exports.

The National Export Initiative, the President's Export Council

and the Commerce Department have worked with the private sector to help businesses reach customers overseas; to ensure small- and medium-size enterprises understand the importance of exporting; to open new markets to U.S. goods and services; to reform the export-control process; and to overcome barriers to entry.

As a result, Commerce Department data show that exports have accounted for about one-third of overall U.S. economic growth since 2009. This is a step in the right direction, but the work is not finished.

The Obama administration has an ambitious agenda to help U.S. businesses gain access to more markets with fewer barriers, including countries such as Japan and Malaysia. This includes the passage of trade-promotion legislation, and the completion and implementation of new trade agreements. For example, the Trans-Pacific Partnership, which the U.S. is negotiating with 11 other nations, includes countries representing nearly 40% of global GDP (including the U.S.) and will give American businesses more opportunities to serve the world's fastest-growing region.

Such agreements will help ensure that U.S. businesses can

compete on a level playing field. And they will help us raise labor and environmental standards.

Without new U.S. trade agreements, other nations will fill the void, leaving U.S. businesses and workers at a disadvantage. Trade-promotion legislation is essential to getting trade agreements done. So is reauthorizing the U.S. Export-Import Bank, which helps customers secure the financing they sometimes need to buy U.S. products. Congress must pass a multiyear reauthorization of the bank or risk conceding international market share and jobs to competitors in Asia, Europe and elsewhere.

The U.S. economy ended 2014 on the uptick, and exports added to the momentum. But America now must continue to lead by putting in place high-standard trade agreements, alongside continued investment in the most innovative businesses and productive workers in the world. It is up to the government and private business to seize that opportunity.

Ms. Pritzker is secretary of commerce. Mr. McNerney is the chairman and CEO of Boeing Co. and the chairman of the President's Export Council.