

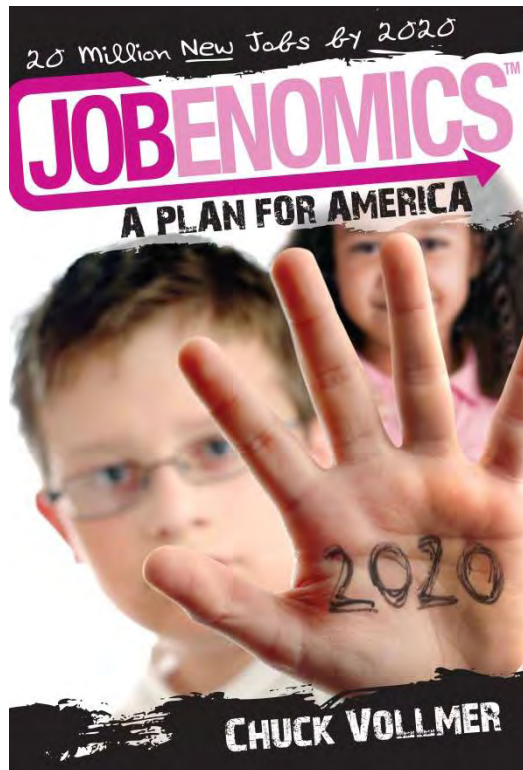
JOBENOMICS™



By: Chuck Vollmer
8 May 2019



Free Trade versus Reciprocal Trade



“After WWII, when the US had 50% of the world’s GDP, we had a moral obligation to be charitable and help rebuild Europe and Asia. Considering our nascent recovery from the economic crisis, shifting geopolitics, and the magnitude of U.S. debt, Americans can no longer afford to be economically naïve and have a reason to be cautious.” *Jobenomics 2010*



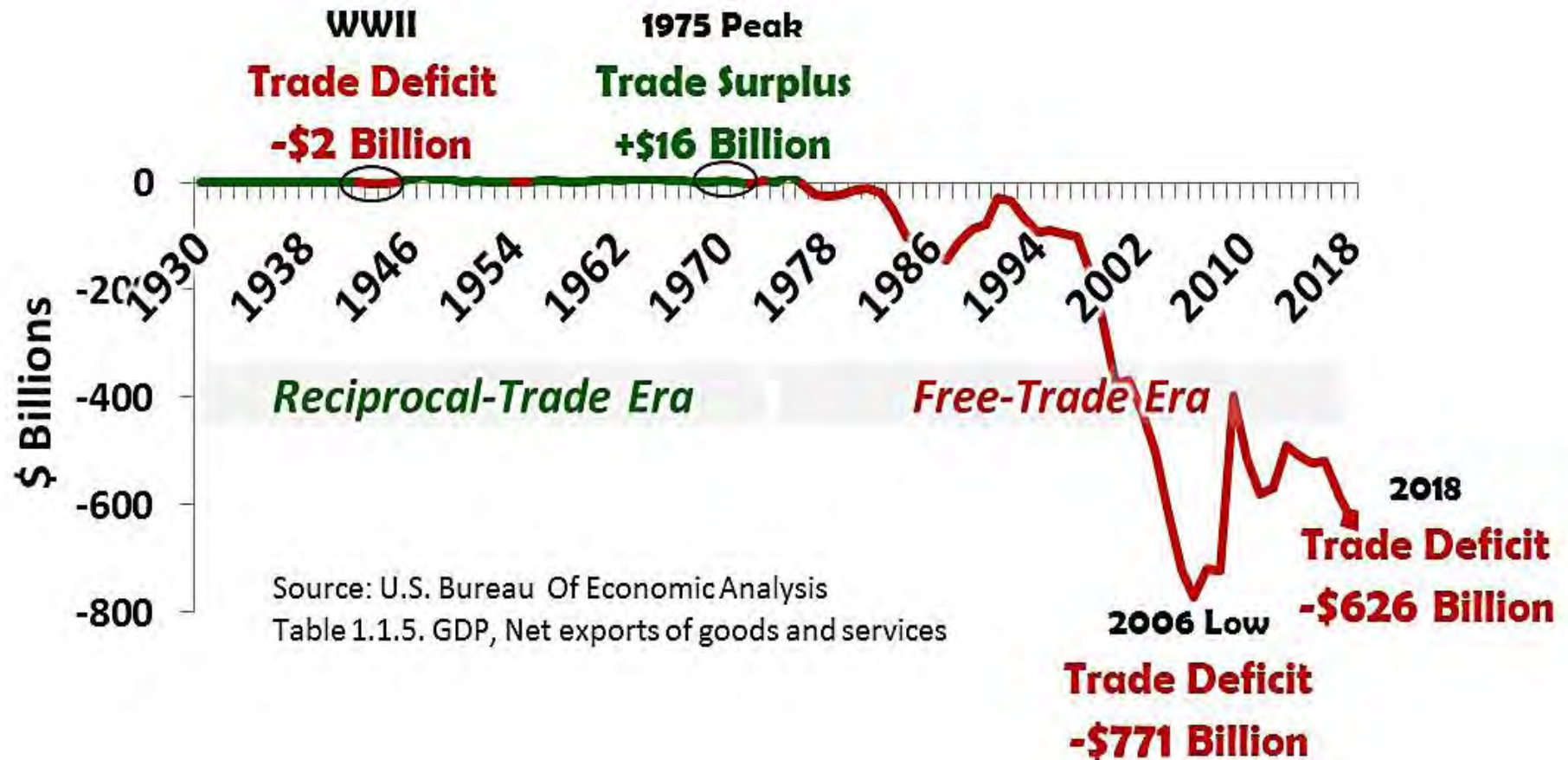
Reciprocity



“Jobenomics recommends a policy of **reciprocity** — a policy in commercial dealings between countries that is based on mutual giving and receiving. The relationship between the U.S. and countries like Canada, Britain, and Australia would be rooted in **free trade**. The relationship between countries overly protectionist would be based on reciprocal measures, until that country amended its arbitrary practices.” *Jobenomics 2010*

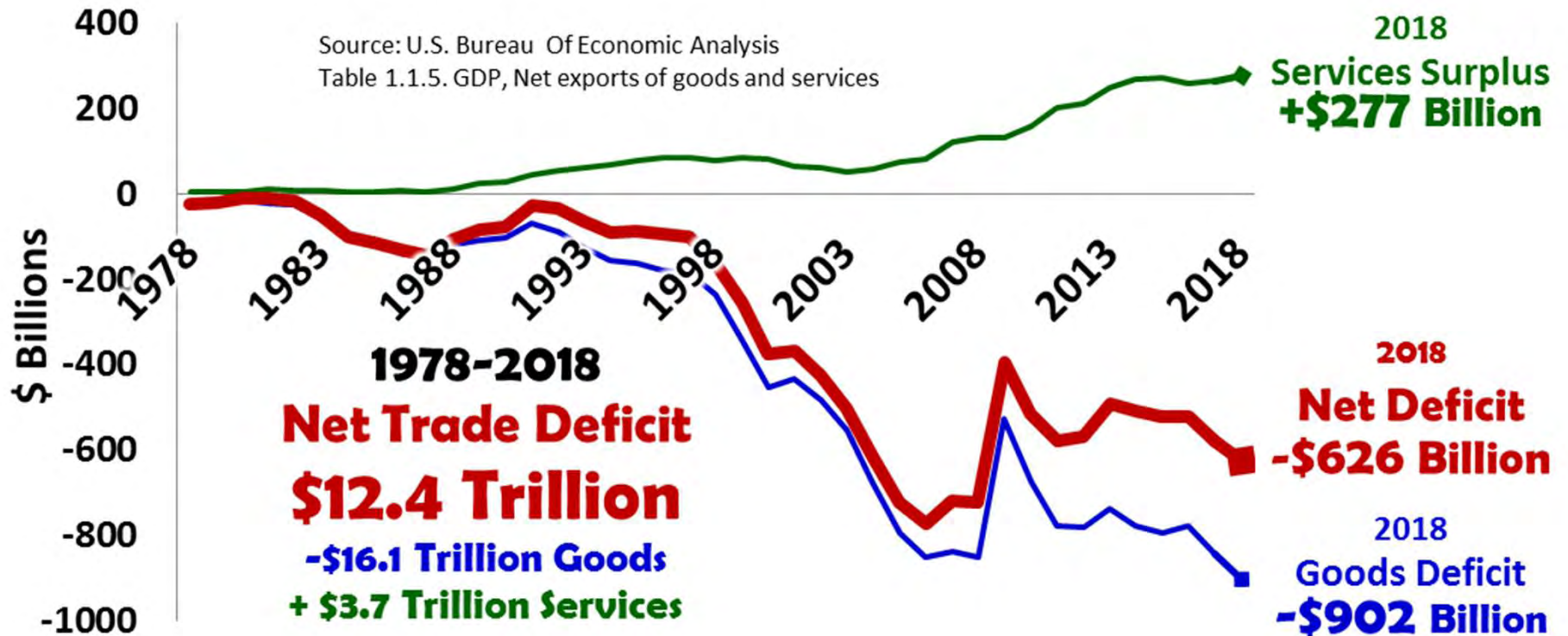


International Trade History





International Trade Since 1978





International Trade Since 2016

Source: U.S. Bureau of Economic Analysis
Exhibit 1. U.S. International Trade in Goods and Services
\$Billions

2016

Goods

Services

Total

Exports	Imports	Balance
\$1,457	\$2,208	-\$751
\$759	\$510	\$249
\$2,216	\$2,718	-\$502

2017

Goods

Services

Total

Exports	Imports	Balance
\$1,553	\$2,361	-\$807
\$798	\$542	\$255
\$2,351	\$2,903	-\$552

Change From
Prior Year

8%

2%

2018

Goods

Services

Total

Exports	Imports	Balance
\$1,672	\$2,563	-\$891
\$828	\$558	\$270
\$2,500	\$3,121	-\$621

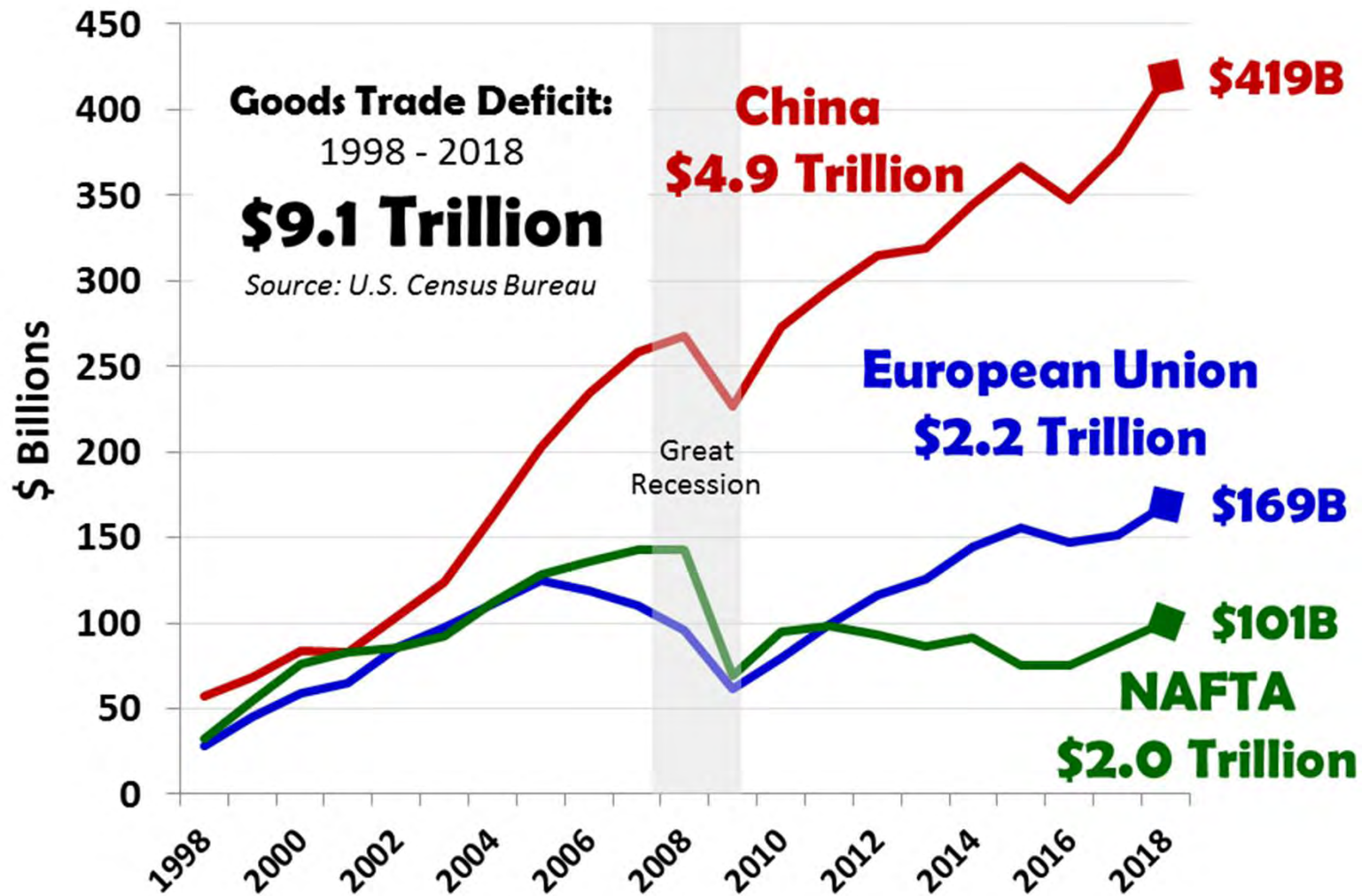
Change From
Prior Year

10%

6%



Goods Deficit With Major Trading Blocks





Goods Exports & Imports 2018

2018 Total Trade Flow In Goods = \$4.2 Trillion

■ Imports to USA = \$2.54 Trillion ■ U.S. Exports Overseas = \$1.66 Trillion

Source: U.S. Bureau of Economic Analysis





Services Exports & Imports 2018

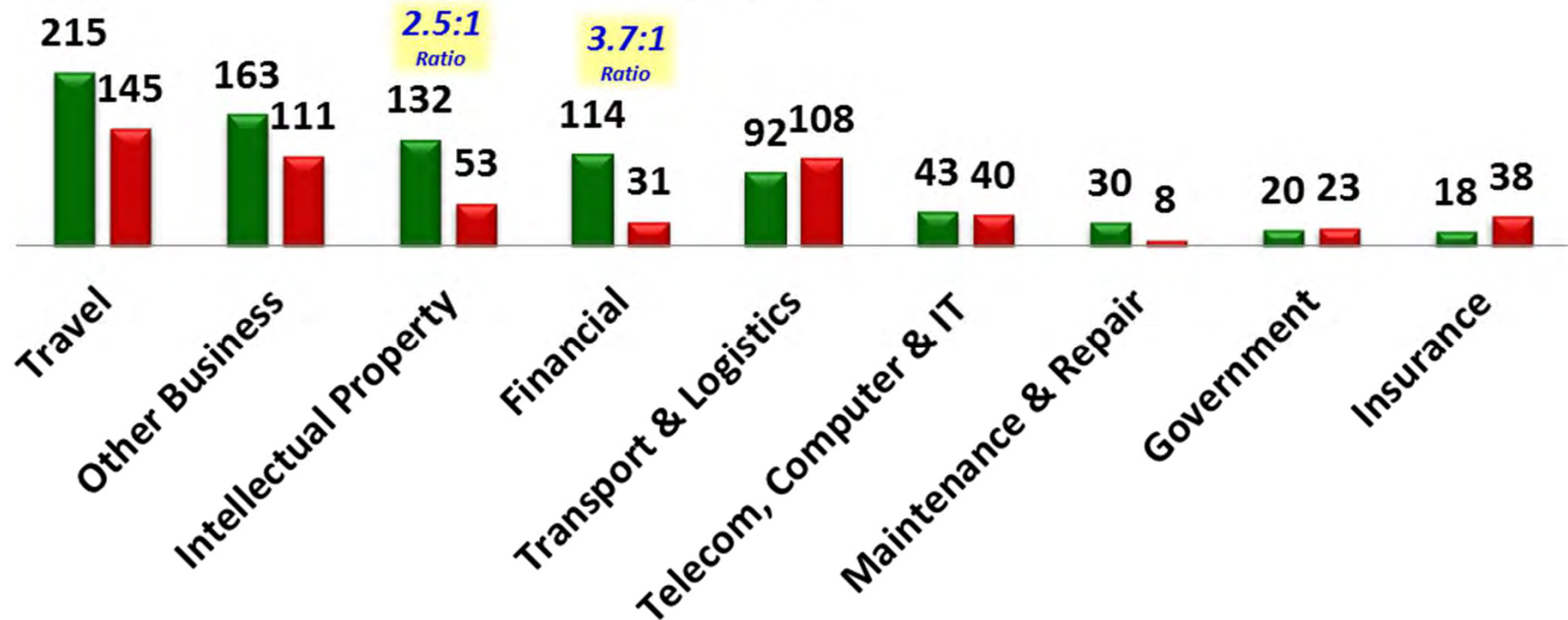
2018 Total Trade Flow In Services = \$1.4 Trillion

■ U.S. Exports Overseas = \$828 Billion

■ Imports to USA = \$558 Billion

Source: U.S. Bureau of Economic Analysis

\$Billions



Top 15 Goods **Surplus** Countries

2017	(\$B)
Hong Kong	\$32.6
Netherlands	\$23.7
United Arab Emirates	\$15.8
Belgium	\$14.9
Australia	\$14.5
Singapore	\$10.4
Brazil	\$7.8
Panama	\$5.9
Argentina	\$4.8
United Kingdom	\$3.2
Dominican Republic	\$3.1
Chile	\$3.1
Guatemala	\$2.9
Paraguay	\$2.6
Bahamas	\$2.5

\$147.8



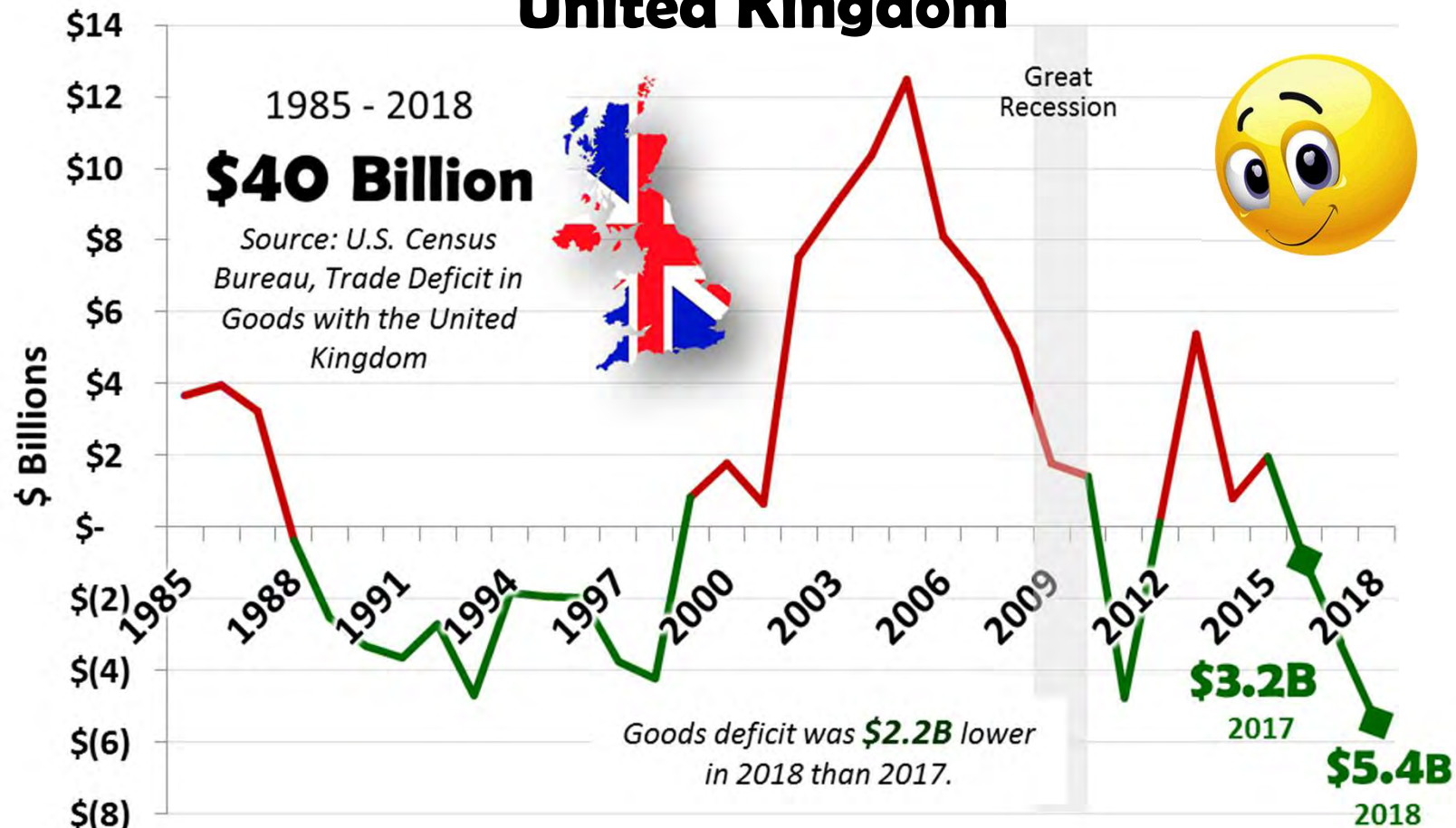
2018	(\$B)
Hong Kong	\$31.1
Netherlands	\$24.8
Australia	\$15.2
United Arab Emirates	\$14.5
Belgium	\$14.2
Brazil	\$8.3
Panama	\$6.4
Singapore	\$5.9
United Kingdom	\$5.4
Argentina	\$5.1
Chile	\$4.0
Dominican Republic	\$3.3
Qatar	\$2.9
Bahamas	\$2.7
Egypt	\$2.6

\$146.4

Source: U.S. Census Bureau, Top Trading Partners

Excellent Reciprocal Trade Example

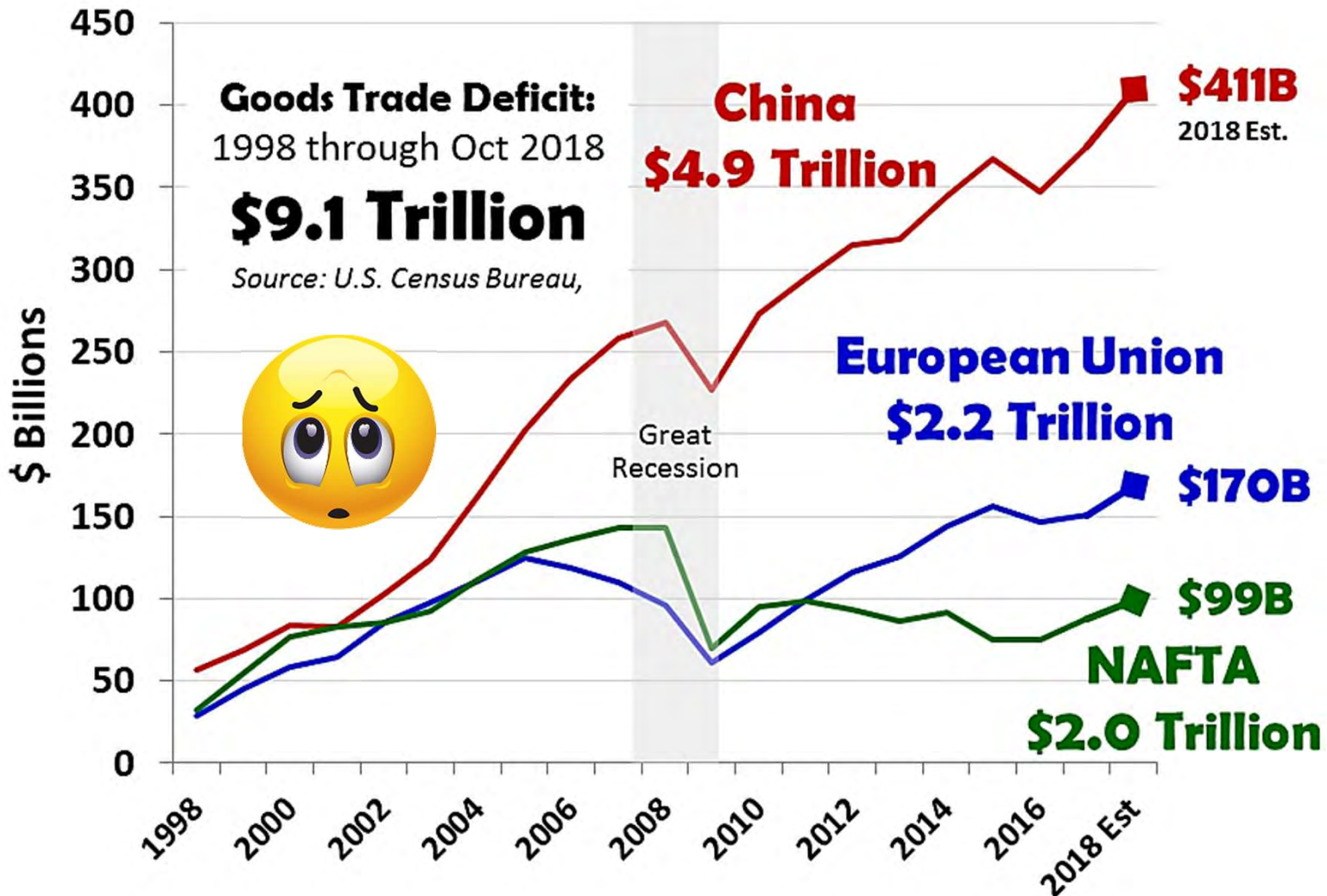
United Kingdom



U.S. and U.K. balance the ebbs and flows in trading goods.

Deficits With Major Trading Blocks

In Goods Over The Last 3-Decades



Top 15 Goods **Deficit** Countries

2017	(\$B)
China	-\$375.6
Mexico	-\$71.0
Japan	-\$68.9
Germany	-\$63.7
Vietnam	-\$38.4
Ireland	-\$38.1
Italy	-\$31.5
Malaysia	-\$24.4
Korea, South	-\$23.1
India	-\$22.9
Thailand	-\$20.2
Canada	-\$17.1
Taiwan	-\$16.7
France	-\$15.3
Switzerland	-\$14.3

-\$841.2



2018	(\$B)
China	-\$419.2
Mexico	-\$81.5
Germany	-\$68.3
Japan	-\$67.6
Ireland	-\$46.8
Vietnam	-\$39.5
Italy	-\$31.6
Malaysia	-\$26.5
India	-\$21.3
Canada	-\$19.8
Thailand	-\$19.3
Switzerland	-\$18.9
Korea, South	-\$17.9
France	-\$16.2
Taiwan	-\$15.5

-\$909.9

Source: U.S. Census Bureau, Top Trading Partners

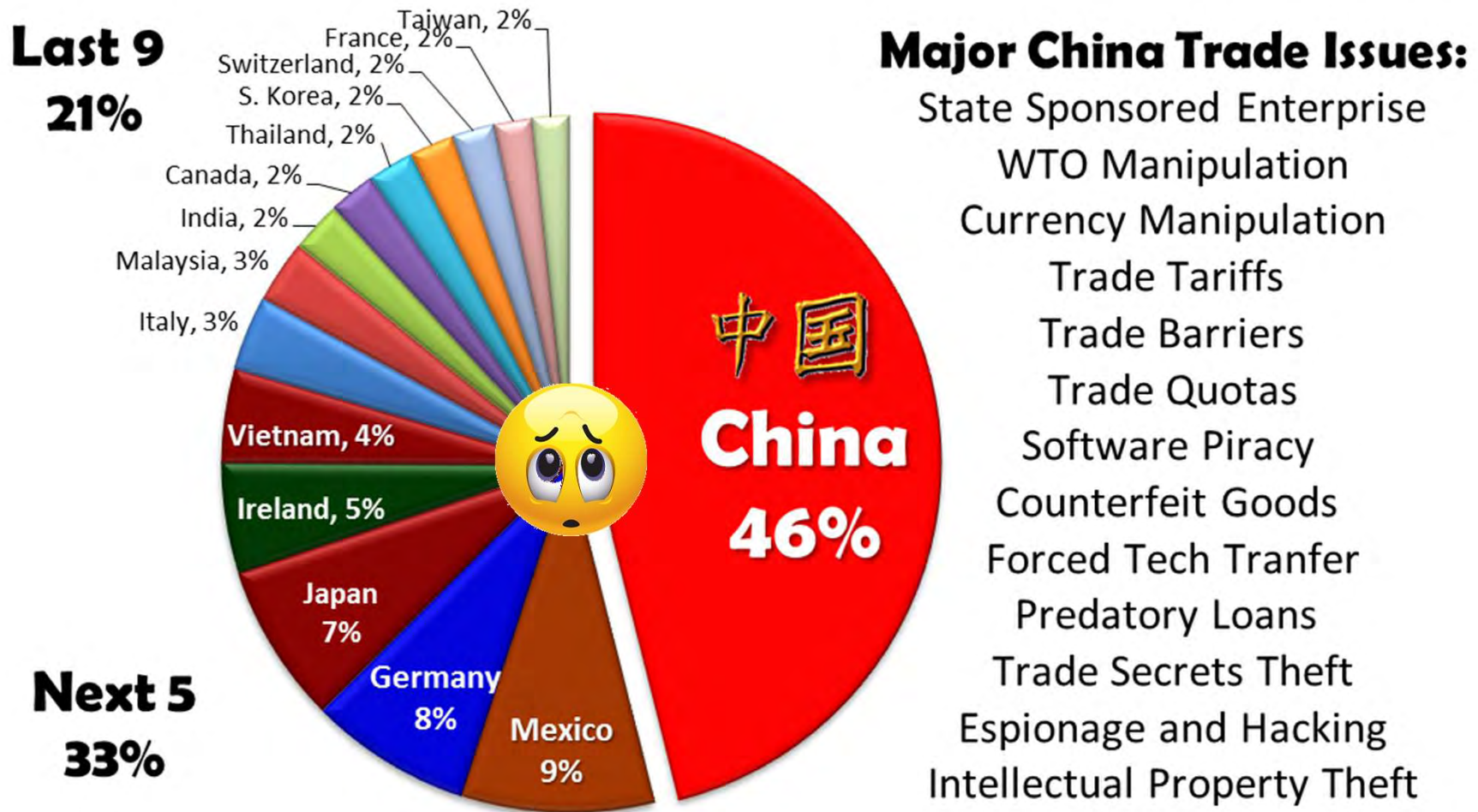


U.S.-China Cold War?



China Has Distorted “Free Trade” Principles

Percent of Top 15 Countries Relative To The U.S. \$910 Billion Goods Deficit In 2018





2017 USTR Report to Congress On China's WTO Compliance



“The U.S. **erred** in supporting China's entry into the WTO.”

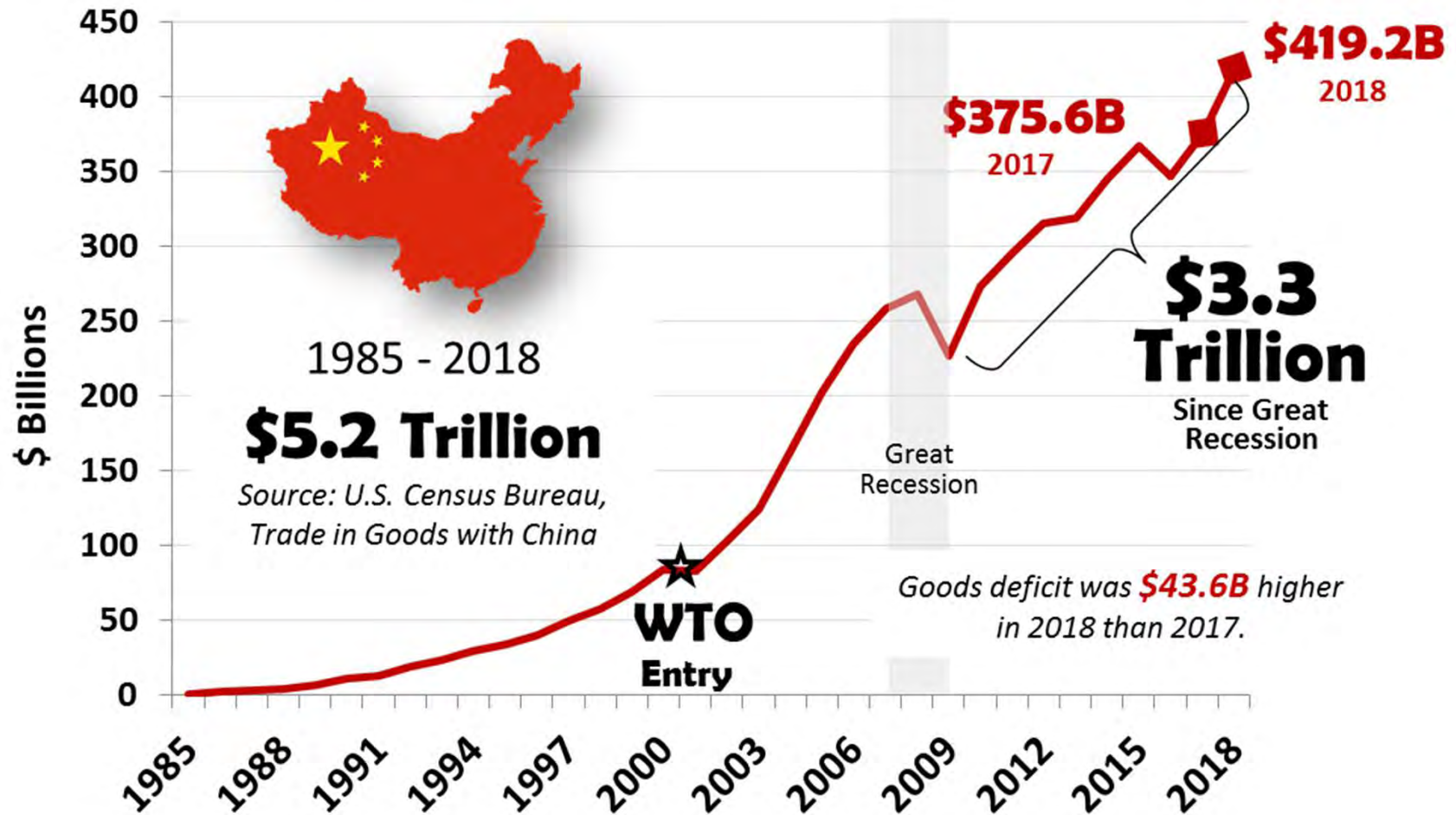
“WTO rules were not formulated with a state-led economy in mind.”

“Bilateral efforts largely have been unsuccessful – not because of failures by U.S. policymakers, but because Chinese policymakers were not interested in moving toward a true market economy.”

“It is now clear that the WTO rules are not sufficient to constrain China's market-distorting behavior.”


Robert Lighthizer, U.S. Trade Representative, January 2018

U.S. Goods **Deficit** With China



2018 China Goods Trade Deficit Is Worse Ever

Source: U.S. Census Bureau, Trade in Goods with China 2018

Month	2017 (\$ Billions)	2018 (\$ Billions)	Increase
January	\$31,382	\$35,953	
February	\$23,069	\$29,262	
March	\$24,468	\$25,875	
April	\$27,660	\$27,962	
May	\$31,921	\$33,187	
June	\$32,572	\$33,484	
July	\$33,610	\$36,834	
August	\$34,989	\$38,570	
September	\$34,518	\$40,243	
October	\$35,204	\$43,103	
November	\$35,363	\$37,861	
December	\$30,821	\$36,831	
Total Deficit	\$375,576 Actual	\$419,162 Actual	\$43,586 Higher

Highest In History

2019 Trade Deficit (\$B): January \$34,470, February \$24,761

China/U.S. Trade In Goods & Services



China Imports to USA in 2017 = \$523.6 Billion

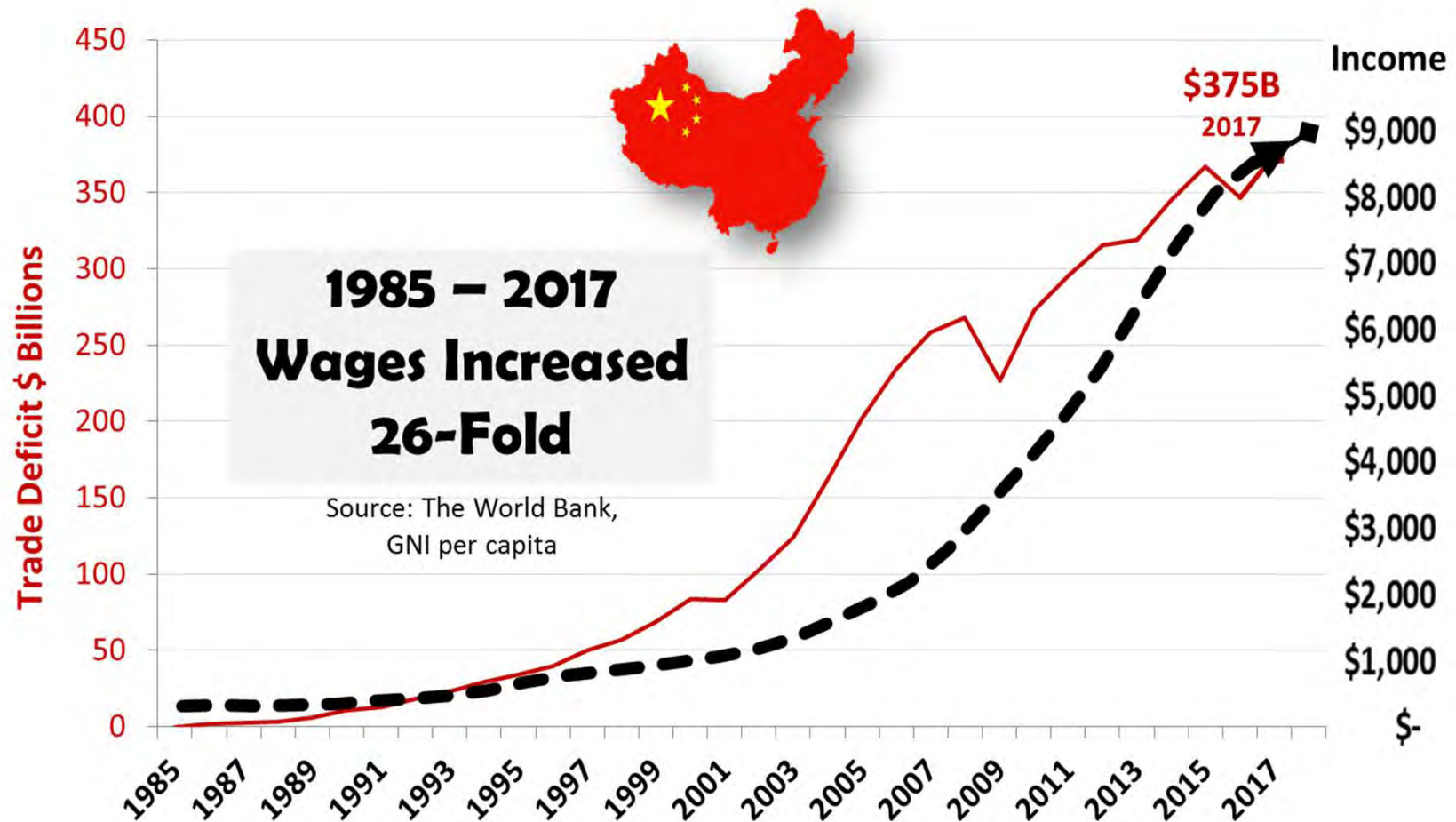


U.S Exports to China in 2017 = \$188.1 Billion



Source: U.S. Bureau of
Economic Analysis

China Per Capita Income





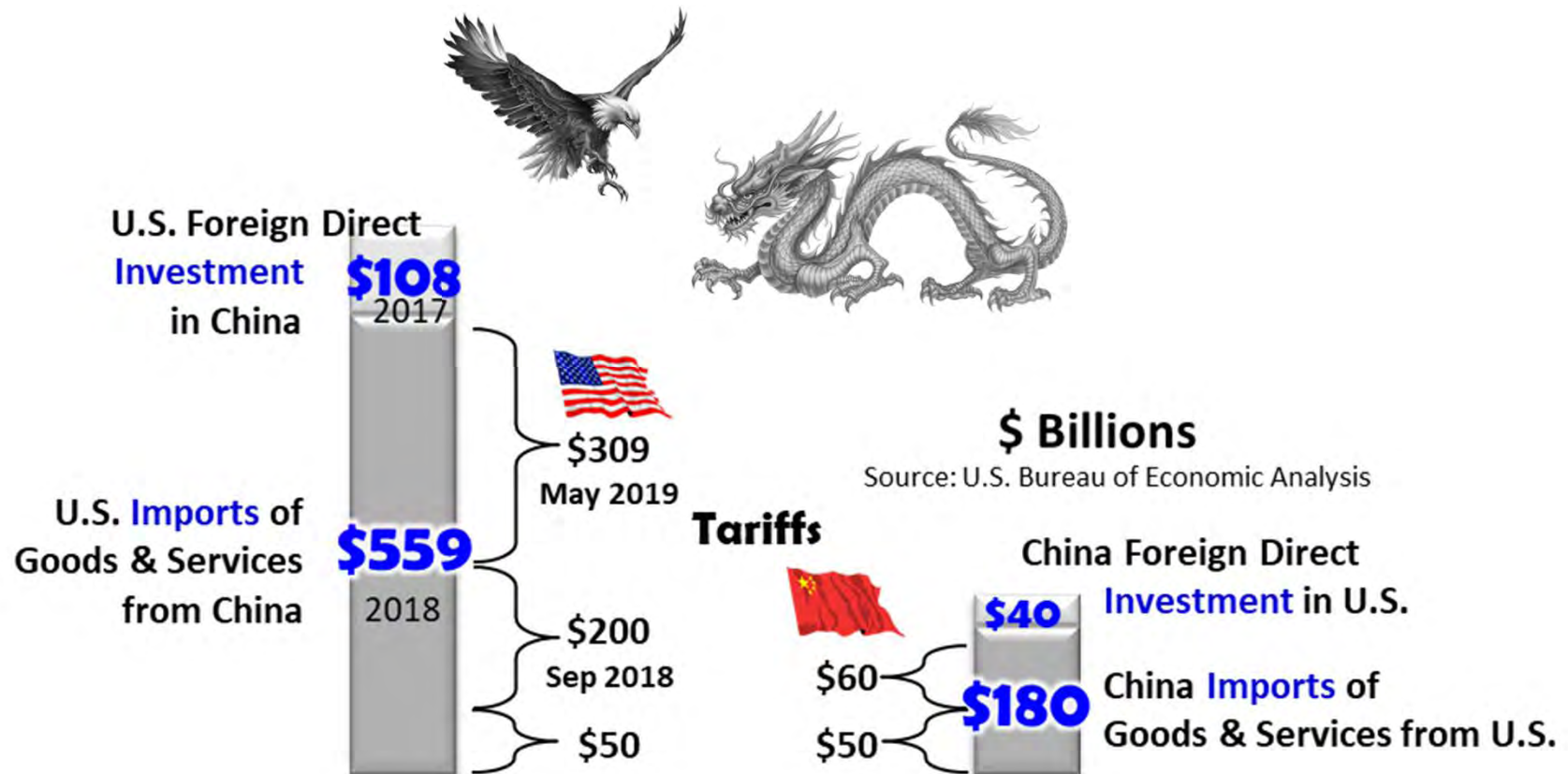
Average Annual Salary of Urban Chinese Worker & Full-Time Equivalents

	Average Annual Urban Salary		Annual Trade Deficit In	Full-Time Equivalent
	Yuan*	Dollars**	Goods***	Chinese Workers
2018	No Data	\$11,148	\$419,162,000,000	37,600,761
2017	74,318	\$11,148	\$375,576,400,000	33,690,932
2016	67,569	\$10,135	\$346,996,500,000	34,236,262
2015	62,029	\$9,304	\$367,328,300,000	39,479,201
2014	56,360	\$8,454	\$344,817,700,000	40,787,521
2013	51,483	\$7,722	\$318,683,800,000	41,267,189
2012	46,769	\$7,015	\$315,102,500,000	44,916,148
2011	41,799	\$6,270	\$295,249,700,000	47,090,393
2010	36,539	\$5,481	\$273,041,600,000	49,817,382
2009	32,244	\$4,837	\$226,877,200,000	46,908,407
2008	28,898	\$4,335	\$268,039,800,000	61,835,836
2007	24,721	\$3,708	\$258,506,000,000	69,712,930

Average FTEs 46,340,200

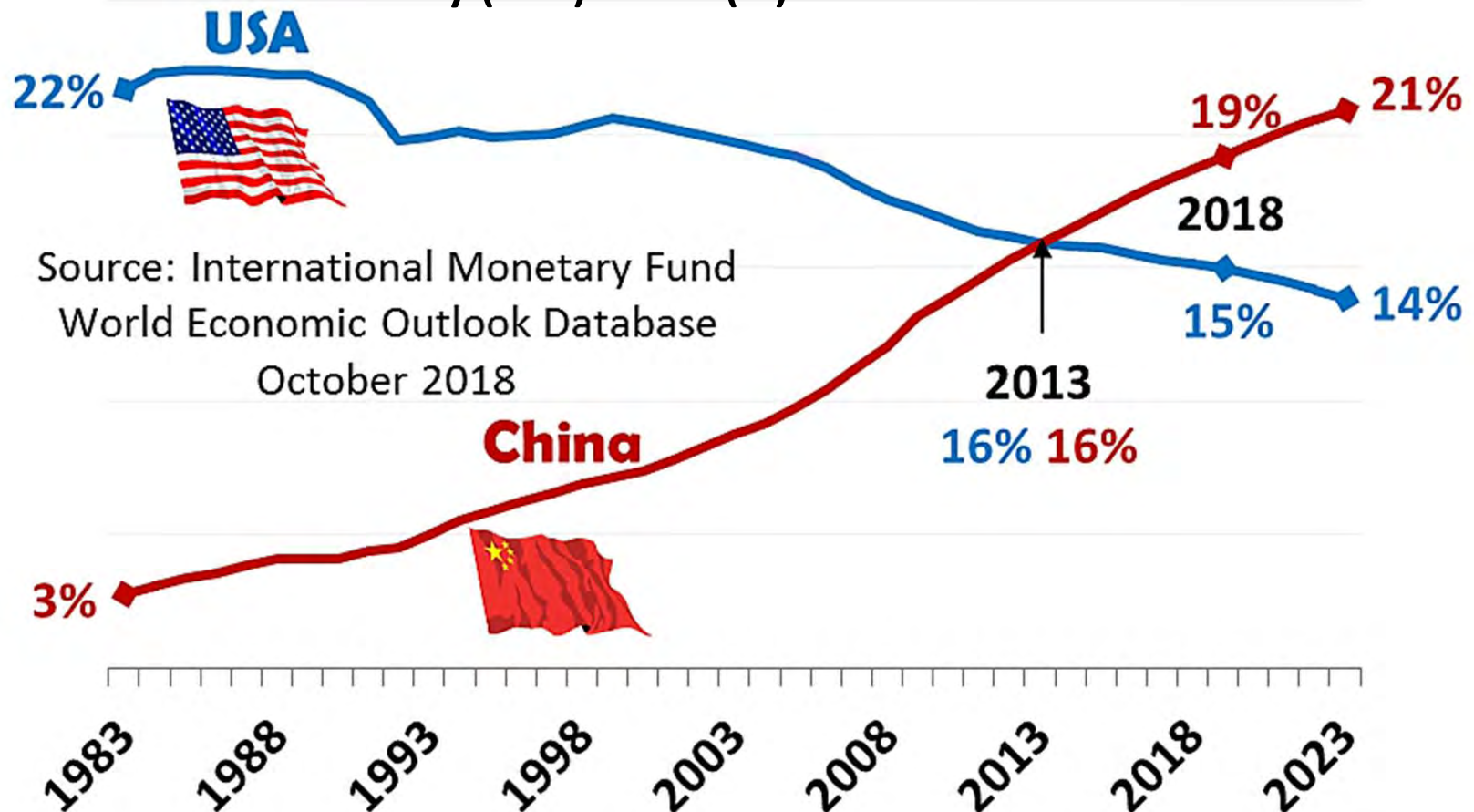
* Sources: Statista & Trading Economics **\$1 = 6.7 Yuan ***Source: U.S. Census Bureau

Imports, Investment & Tariffs



China's Economic Expansionism

Gross Domestic Product Based On Purchasing-Power-Parity (PPP) Share (%) Of World Total



Territorial Expansionism

One Belt One Road Program



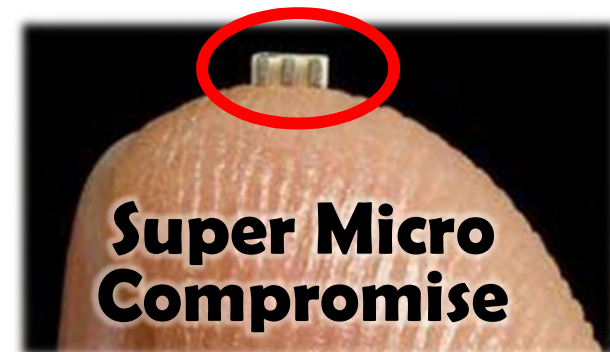
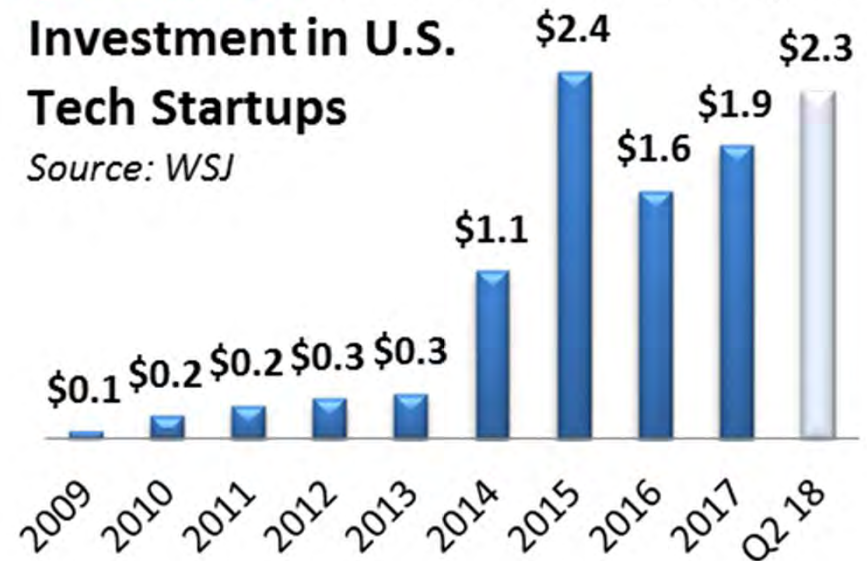
Source:
McKinsey
Company

Technological Expansionism

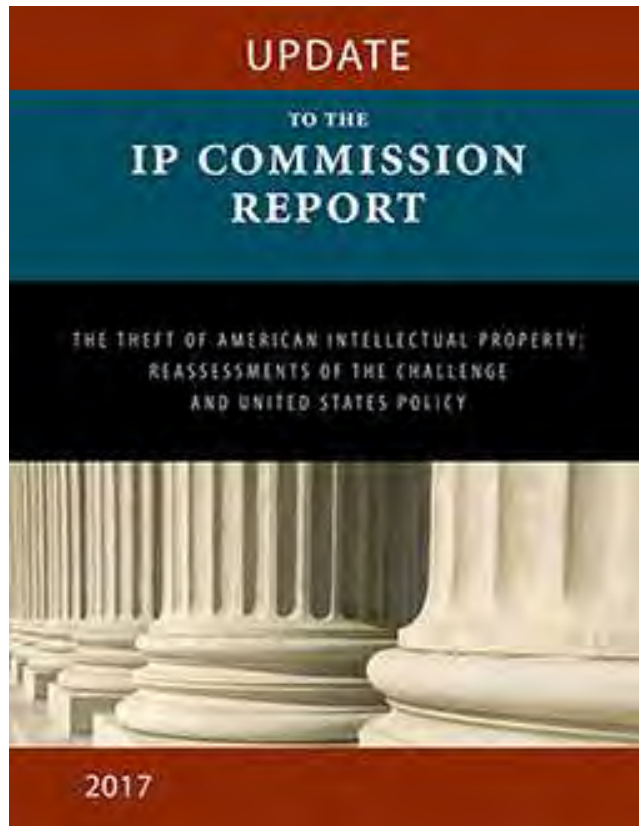
- Acquiring, investing, and joint venturing in U.S. tech companies and startups
- Exchange of U.S. proprietary material for China market access
- Massive government investment advanced tech (AI, quantum computing, biotech, fintech)
- Espionage, hacking and hardware tampering

\$11 Billion Chinese Venture Capital Investment in U.S. Tech Startups

Source: WSJ



Intellectual Property (IP) Theft

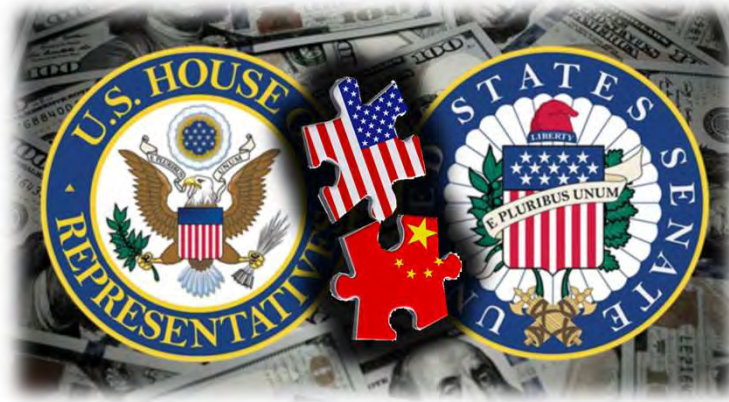


- Co-Chairs: Jon Huntsman, Adm. Dennis Blair
- IP theft (cyber, counterfeits, software piracy and trade secrets theft) costs the American economy as much as \$600 billion a year.
- China responsible for 50% of total IP and 87% of imported counterfeit goods to the USA.

China responsible for 50% of U.S. IP theft.



Foreign Investment Risk Review Modernization Act (FIRRMA)



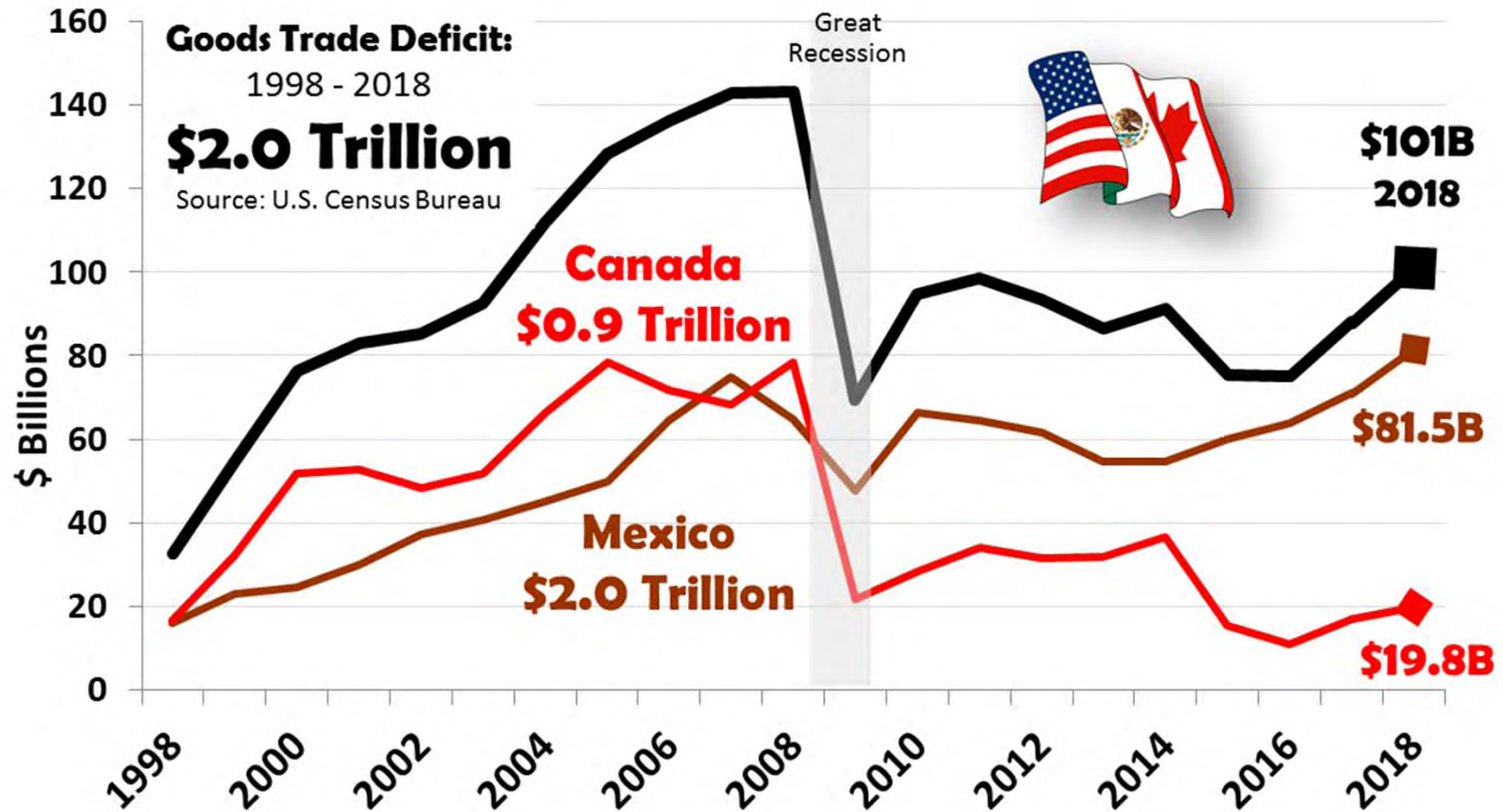
FIRRMA expands the jurisdiction of the Committee on Foreign Investment of the U.S. (CFIUS) beyond its current focus on inbound foreign investment to include outbound foreign investment, particularly when joint ventures result in U.S. companies sharing national security-sensitive technology with their foreign partners, with emphasis on China.



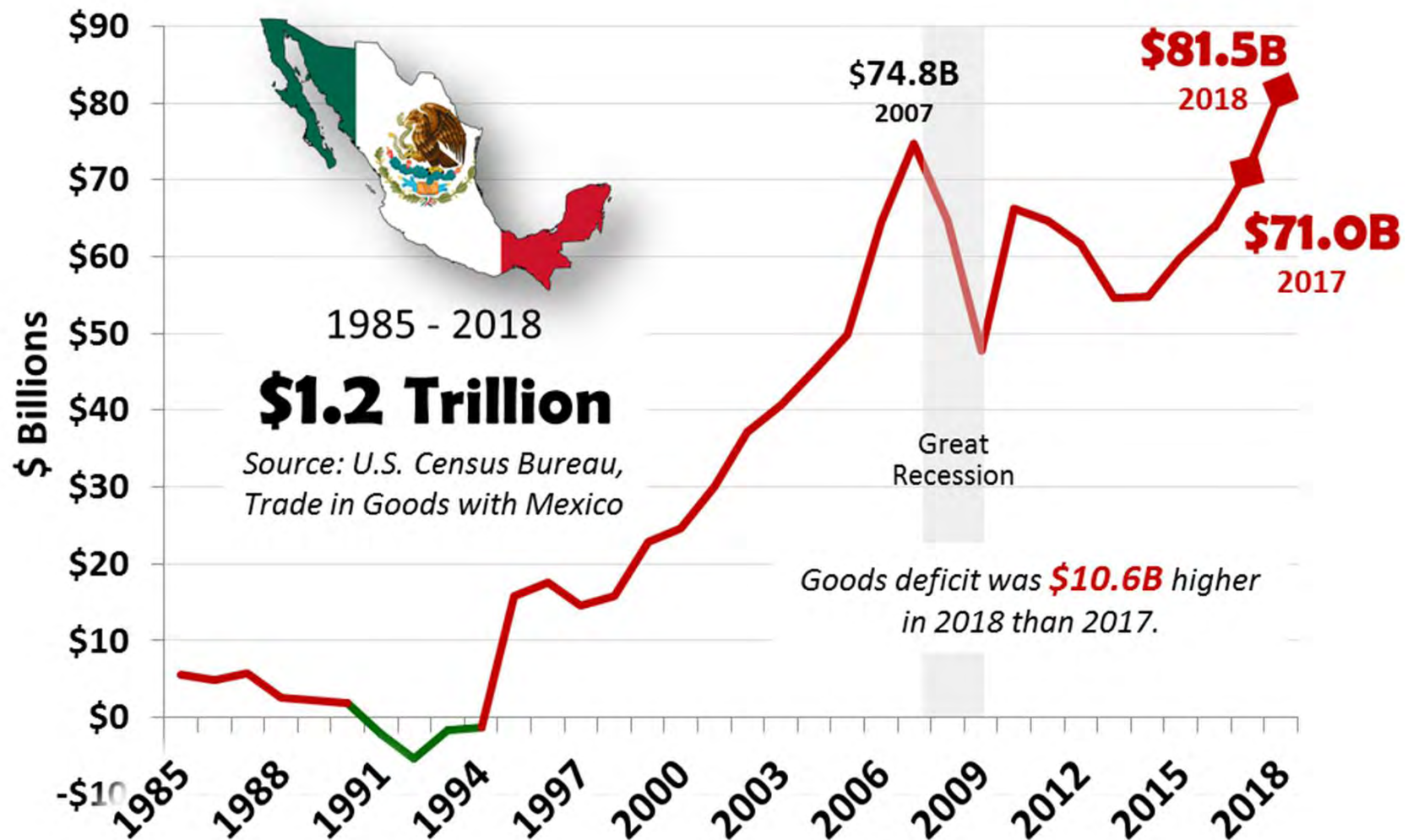
Other Major Trading Partners



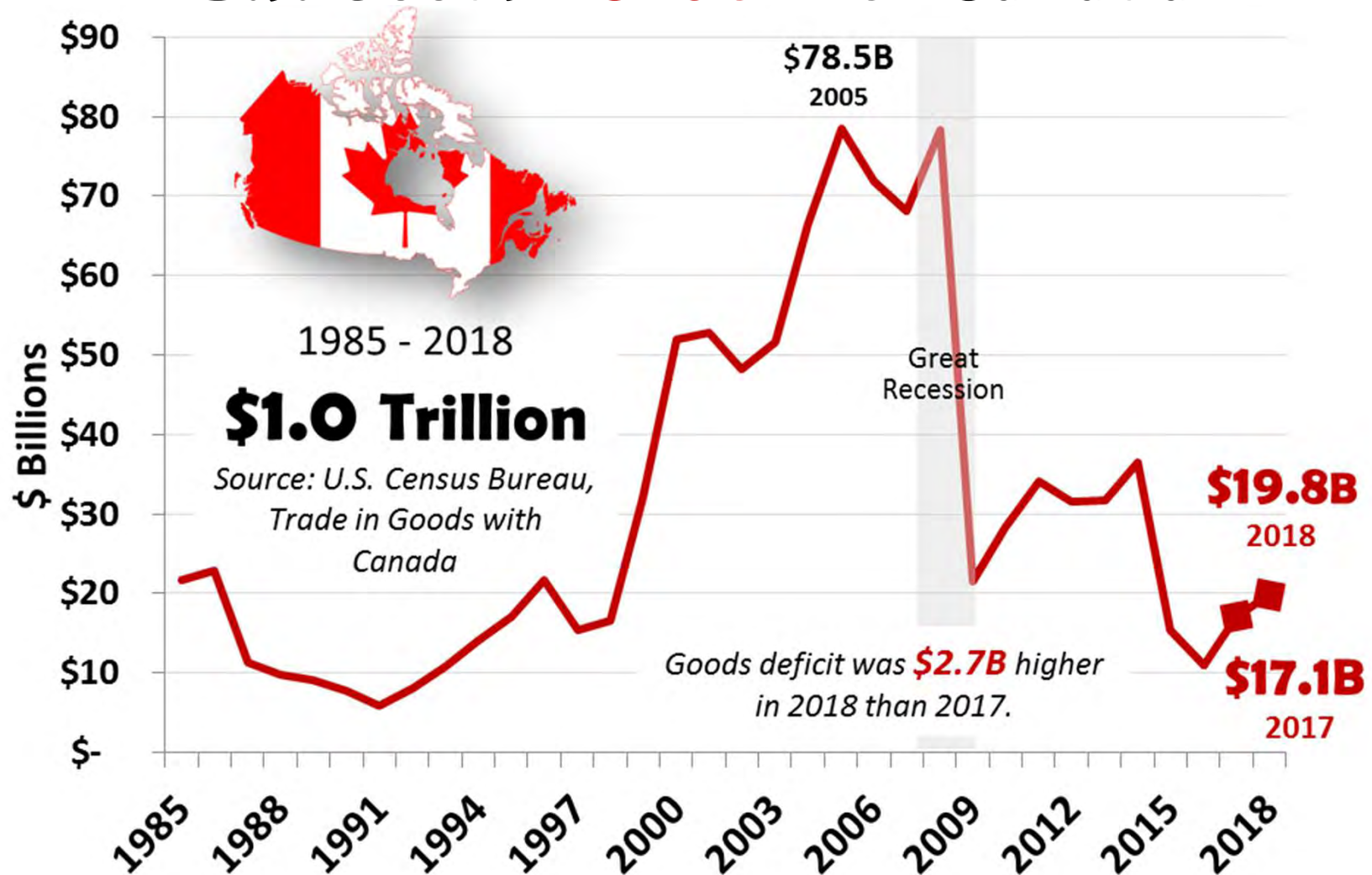
U.S. Goods Deficit With NAFTA



U.S. Goods **Deficit** With Mexico



U.S. Goods Deficit With Canada



U.S. Mexico Canada Agreement (USMCA)

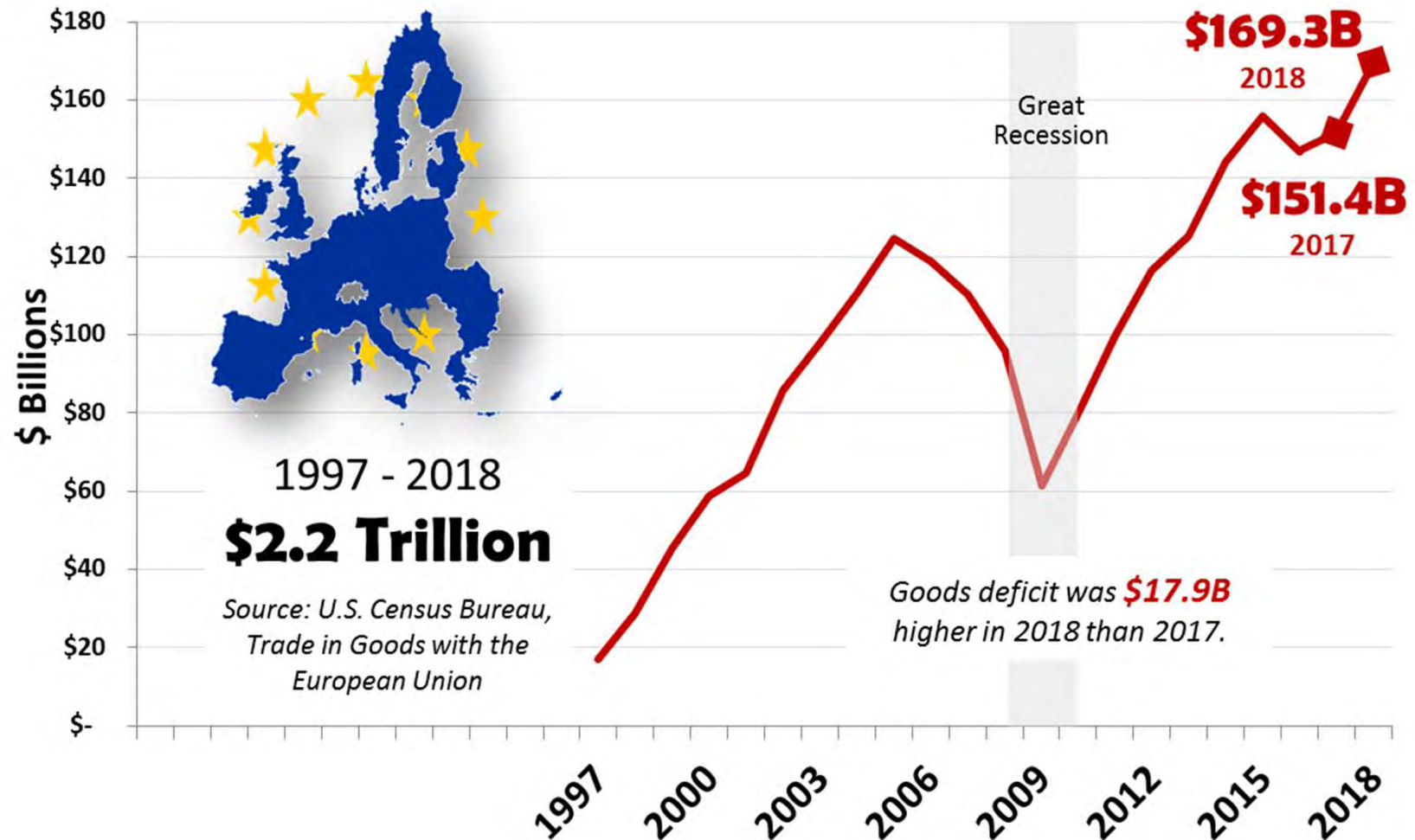
Source: Office of the United States Trade Representative



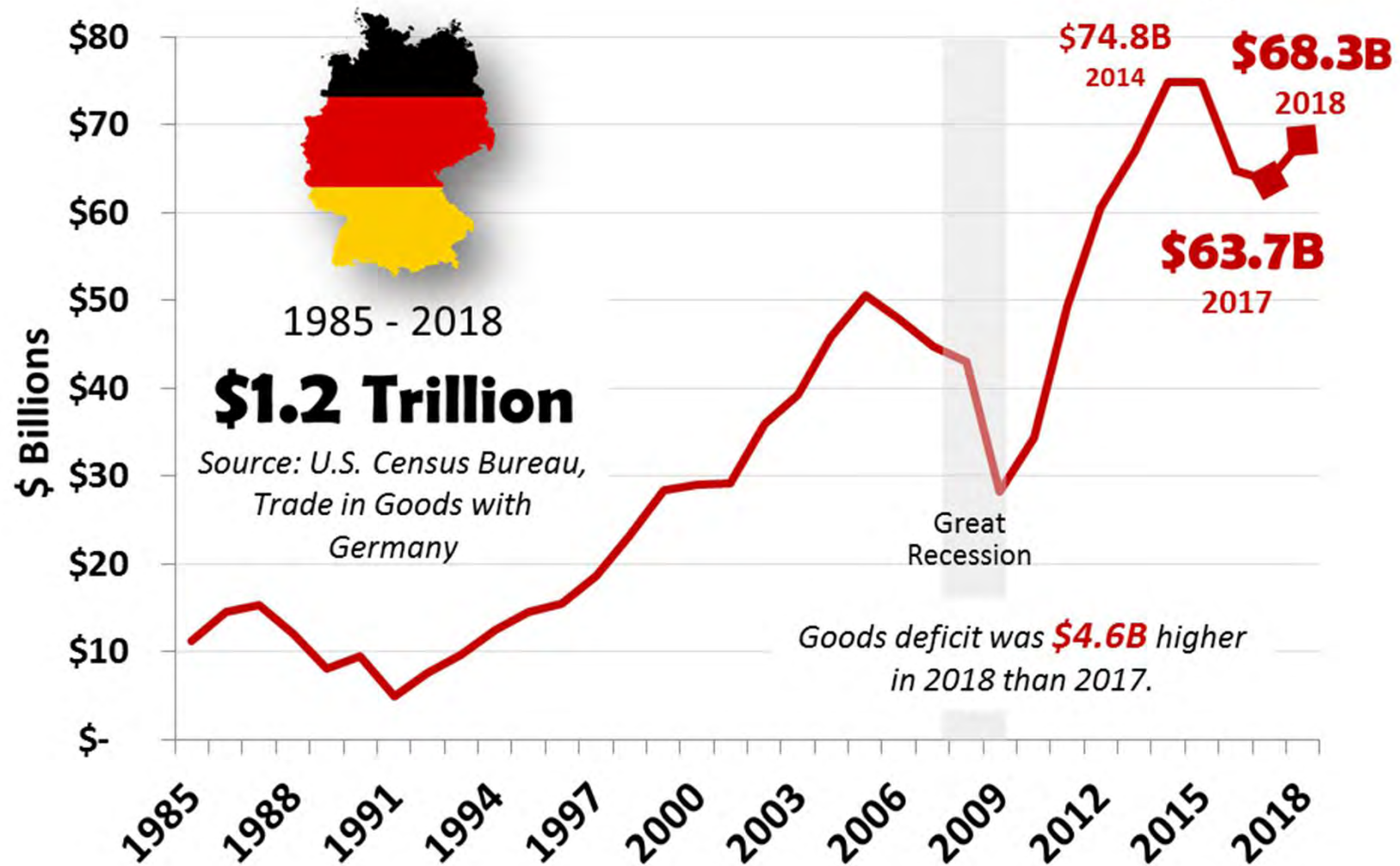
- Improved rules of origin for automobiles, trucks, other products, and disciplines on currency manipulation.
- Modernized and strengthened North America food and agriculture.
- New protections for intellectual property, and services trade opportunities.
- New chapters covering Digital Trade, Anticorruption, Good Regulatory Practices, and Small and Medium Sized Enterprises.

USMCA signed but not yet ratified by the U.S. Congress.

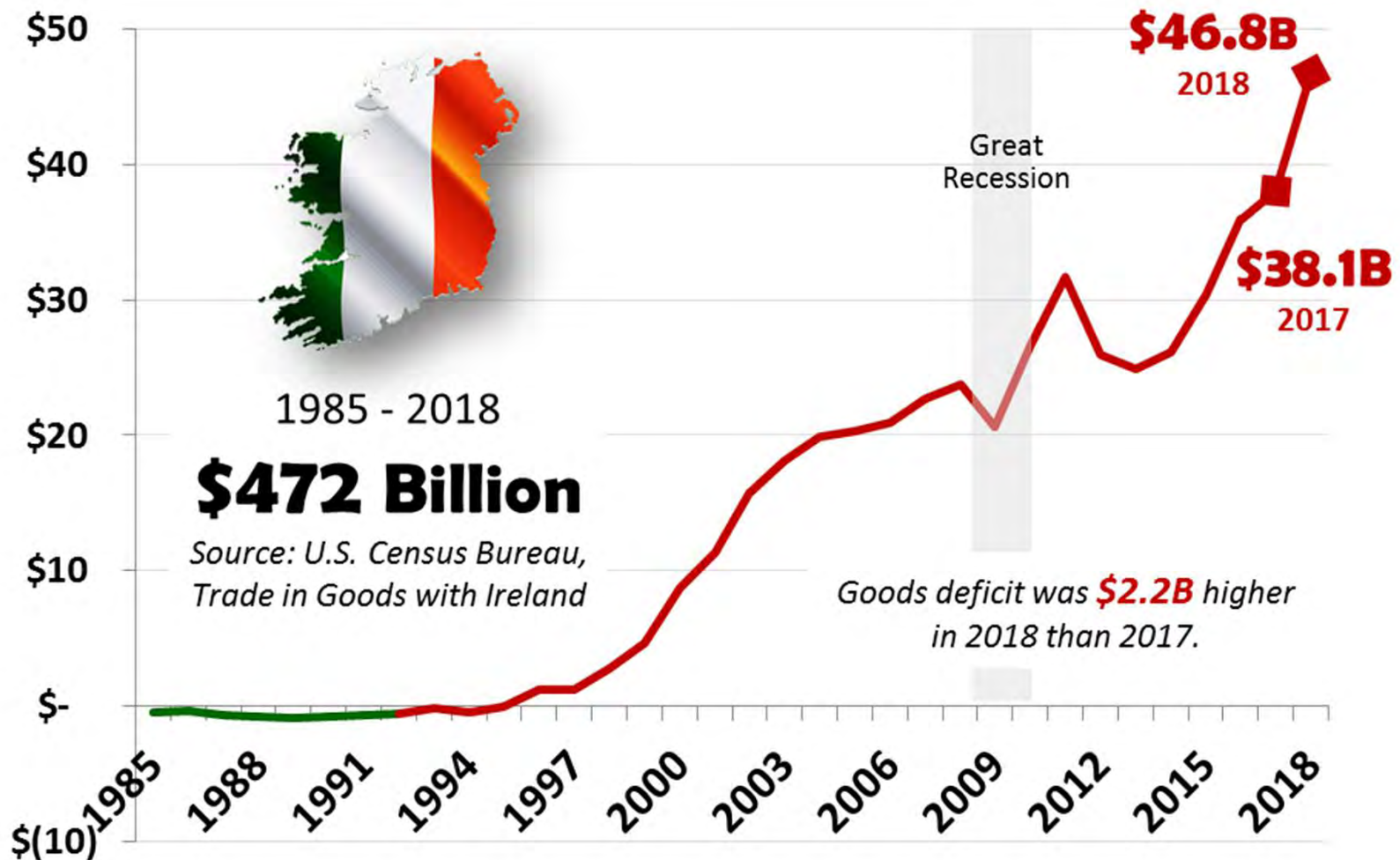
U.S. Goods **Deficit** With The European Union



U.S. Goods **Deficit** With Germany



U.S. Goods **Deficit** With Ireland



U.S. European Union Commitment

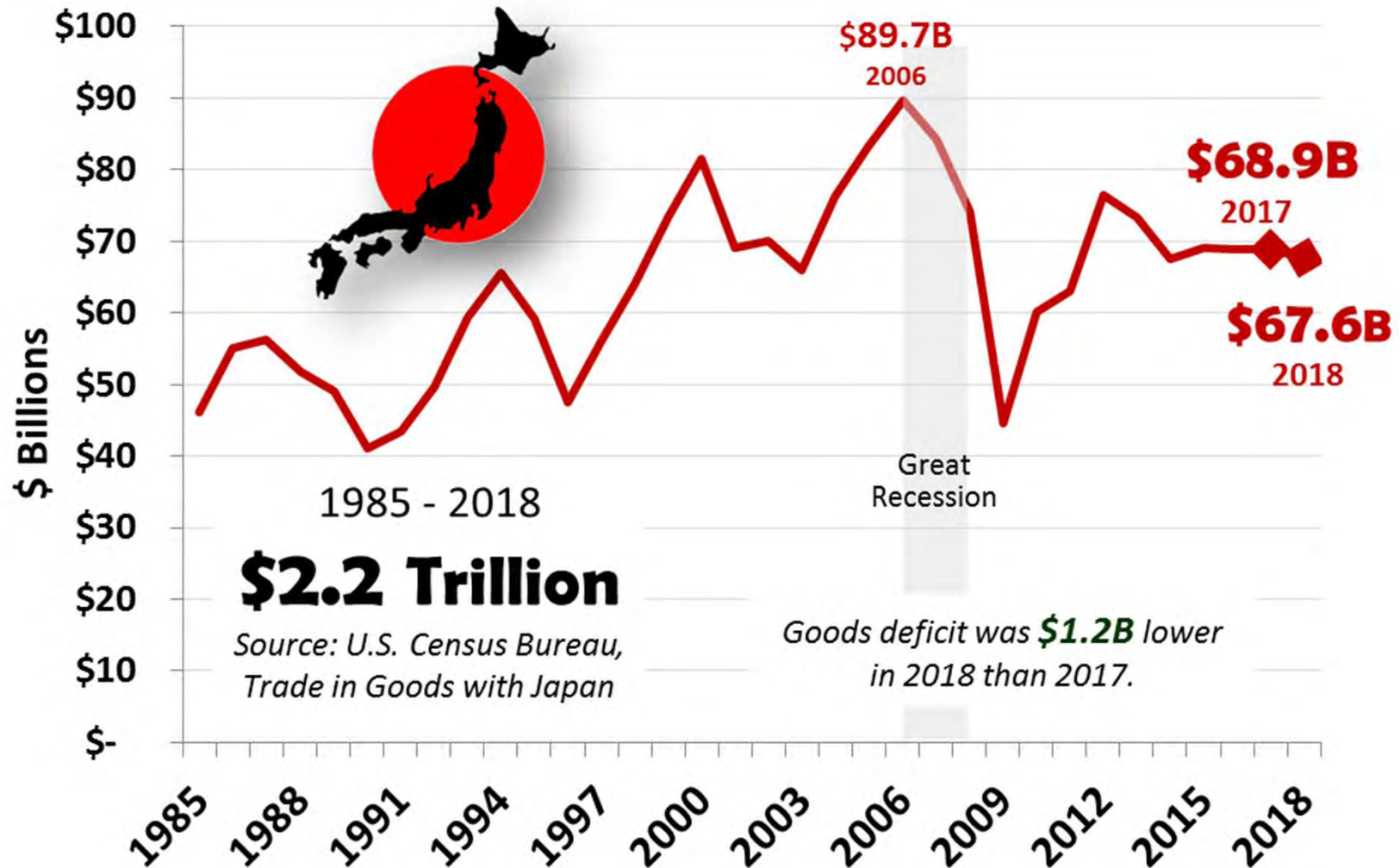
Source: European Commission Statement following President Juncker's visit to the White House



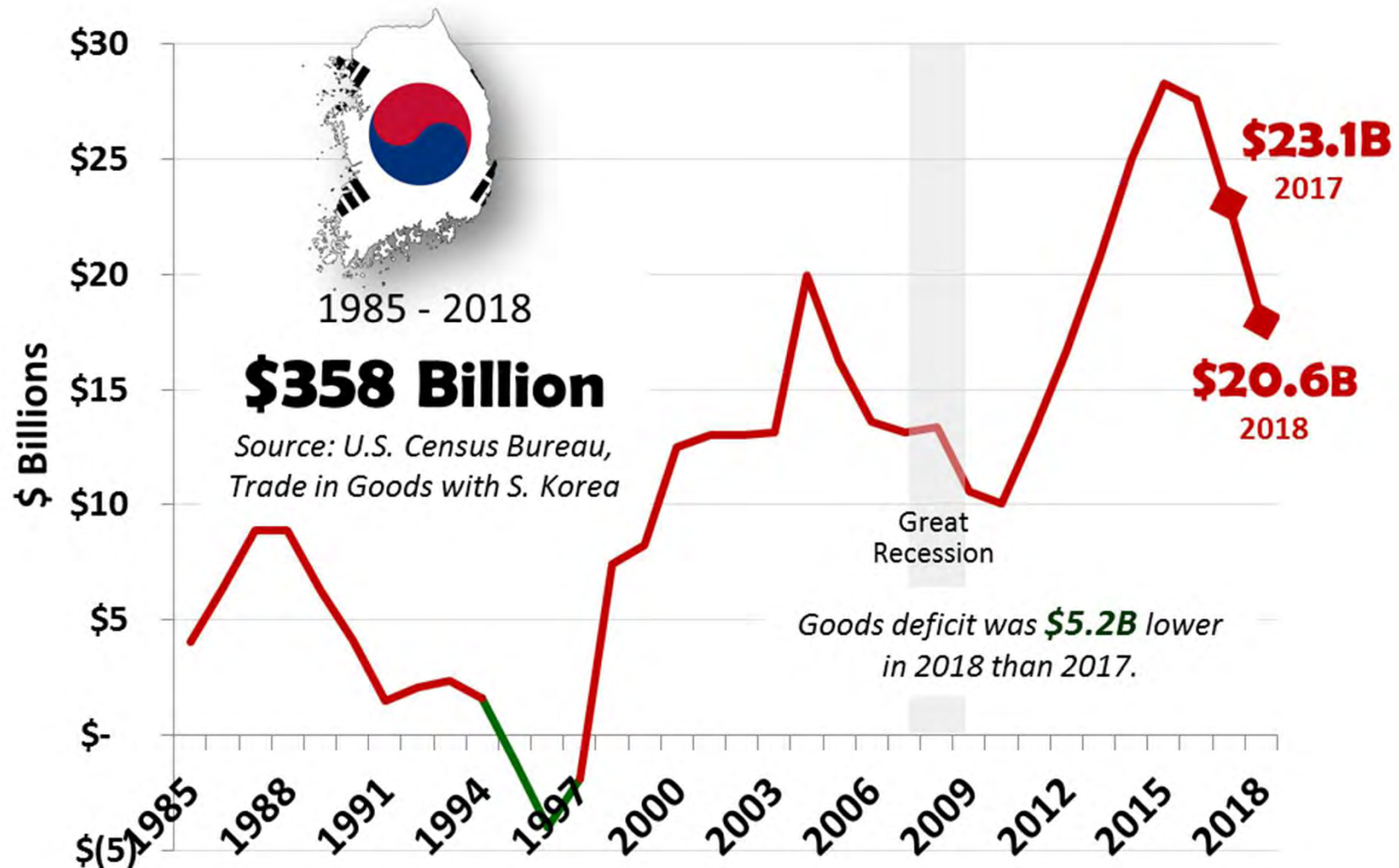
- Work together toward zero tariffs, zero nontariff barriers, and zero subsidies on non-auto industrial goods, and reduce barriers and increase trade in services.
- Strengthen strategic energy cooperation.
- Launch a close dialogue on standards in order to ease trade, reduce bureaucratic obstacles, and slash costs.
- Protect American and European companies better from unfair global trade practices and reform the World Trade Organization.

Executive Working Group set up to carry US/EU joint agenda forward.

U.S. Goods **Deficit** With Japan



U.S. Goods **Deficit** With South Korea



Pacific Rim Bilateral Trade Negotiations

Source: Office of the United States Trade Representative & European Commission



- On Sep 2018, President Trump and Prime Minister Abe announced that the United States and Japan would begin negotiations for a “reciprocal” U.S.-Japan Trade Agreement.



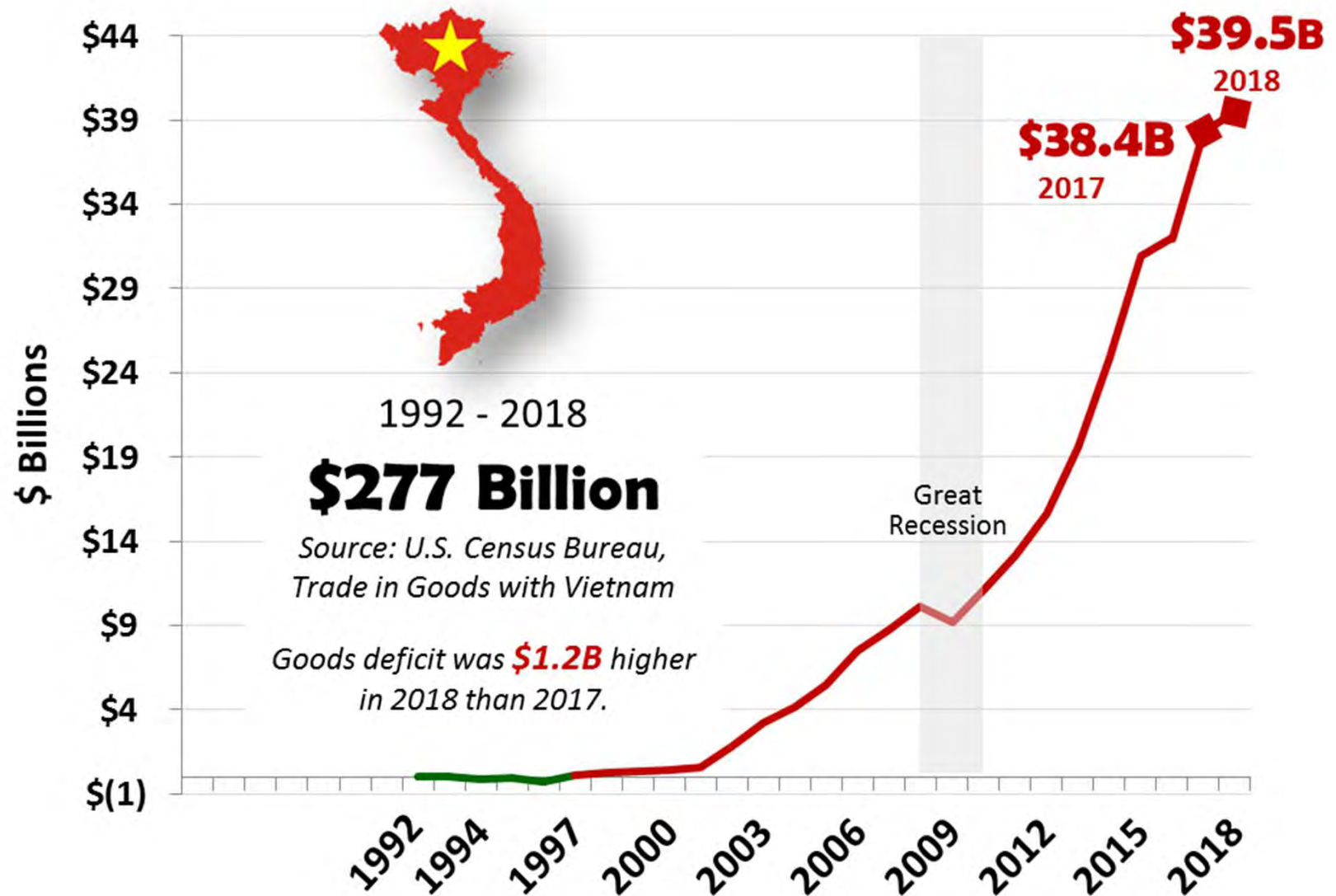
- Through negotiations to improve the 2012 United States – Korea Free Trade Agreement, in 2018 the United States secured changes that will reduce the trade deficit with S. Korea.



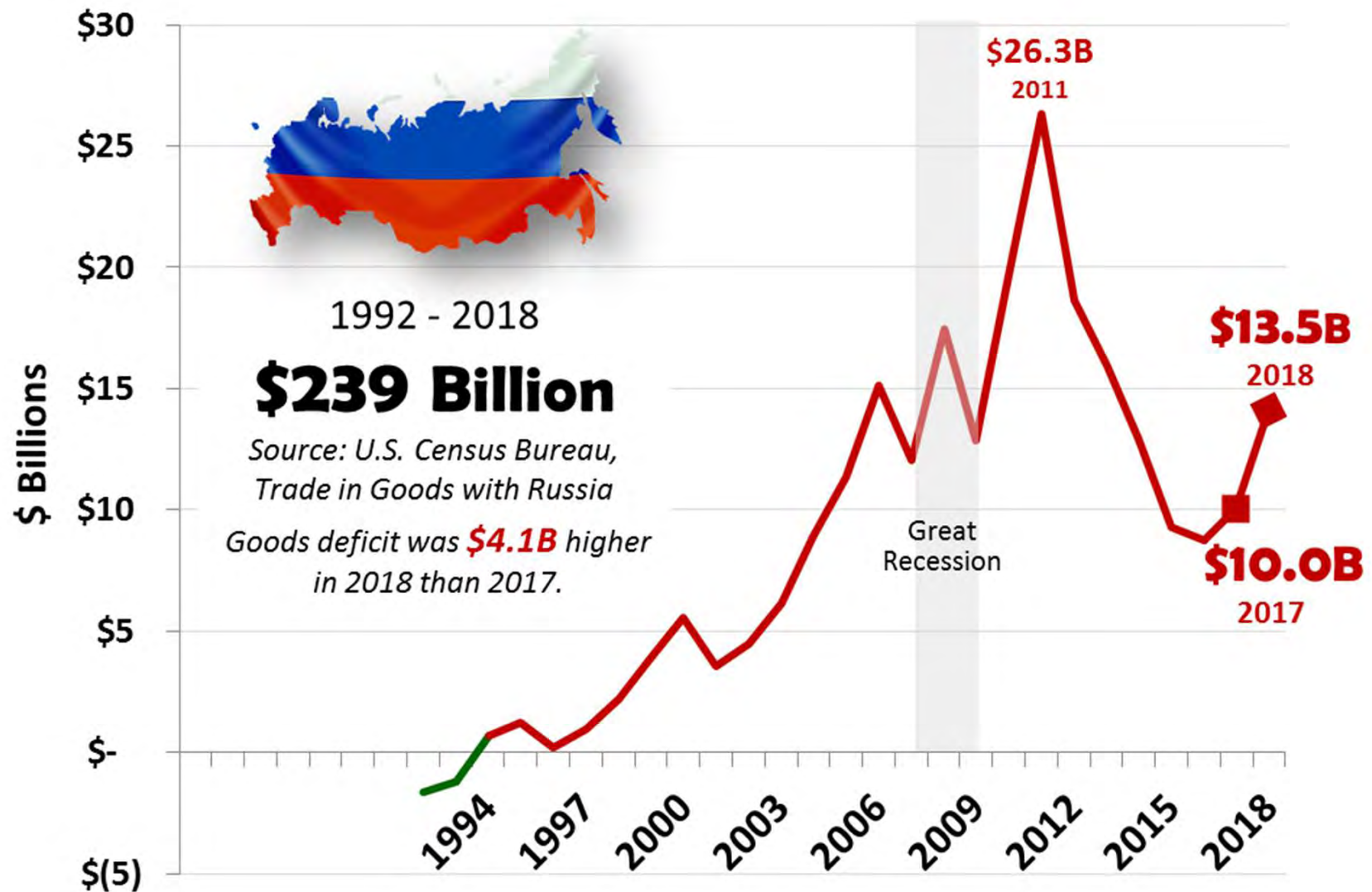
- The EU-Vietnam trade agreement will eliminate over 99% of all tariffs, and partly remove the rest through limited zero-duty quotas, known as Tariff Rate Quotas (TRQs).

The US/EU focus is on balanced bilateral trade agreements.

U.S. Goods **Deficit** With Vietnam



U.S. Goods **Deficit** With Russia



Contact Information

Chuck Vollmer
Jobenomics Founder & President
cvollmer@Jobenomics.com
www.Jobenomics.com