Congress of the United States
House of Representatives
Washington, DC 20515

March 19, 2014

The Honorable Michael Froman
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508

Dear Ambassador Froman,

You have repeatedly stated to Members of Congress that the United States has a trade surplus with its 20 Free Trade Agreement (FTA) partners. This claim was repeated most recently yesterday in an unclassified briefing with Members of Congress.

According to the official U.S. government trade data provided by the U.S. International Trade Commission (U.S.I.T.C.), the U.S. had a $177.5 billion goods trade deficit with its FTA partners in 2014. This figure is the sum of the 20 U.S. FTA partners' 2014 U.S. goods trade balance.[1] The aggregate U.S. goods trade deficit with its FTA partners has increased by about $144 billion, or 427 percent, since the FTAs were implemented. Using the Administration's net exports-to-jobs ratio for goods, the FTA goods trade deficit surge implies the loss of about 780,000 U.S. jobs.

We thought that perhaps the discrepancy between the U.S.I.T.C. trade data and your claim was that you were including service sector trade. However, when services trade data are included for the most recent year that data are available, the U.S. still has a trade deficit with its FTA partners. In 2013, we had a $105 billion combined goods and services trade deficit with our 20 U.S. FTA partners.

We have written to you before about the wide gulf between your claims to Members of Congress and the actual U.S.I.T.C. trade data, which are the basis for statutorily required U.S. government studies projecting FTA outcomes. In July last year, several of us wrote to you demanding that you stop providing Congress with trade data that artificially inflate U.S. export figures by including "foreign exports" – goods made elsewhere that pass through the U.S. without alteration before being re-exported abroad. For instance, the raw Census Bureau data USTR uses would count a good produced in China that arrives in the Port of Long

[1]USITC Interactive Tariff and Trade Database, accessed February 11, 2015 http://dataweb.usitc.gov/.

Beach and sits in a warehouse before being trucked, without alteration, to Mexico as a U.S. export to Mexico when calculating the U.S.-Mexico trade balance.

By counting foreign exports as "U.S. exports," the USTR artificially eliminates two-thirds of the FTA goods trade deficit. Although, even using the distorted data, we have a goods trade deficit with our FTA partners. For Members of Congress and the Administration to engage in an open and honest dialogue about the proposed Trans-Pacific Partnership and the Administration's request for fast track trade promotion authority, we need to have accurate trade data about past FTA outcomes.

When USTR purposefully chooses to provide trade data that artificially inflates the actual value of our exports, both Members of Congress and the public are misled about the aggregate trade deficit with our FTA partner nations. Please produce in writing, by Monday March 23rd, an explanation for why you have chosen not to use the U.S.I.T.C. trade data that removes foreign exports in communications with Members of Congress and the public.

Sincerely,

Rosa L. DeLauro

Keith Ellison

Jerrold Nadler

Peter DeFazio

Alan Grayson

Tim Ryan

Marcy Kaptur