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Discussion Board 1: Top United States Global Trading Partners

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BUSI 604-B14

Key Phrase

I have chosen to research the U.S.A's Top Global Trading Partners because of the recent attention brought to the subject by the President of the United States. I have always had a good understanding of the importance regarding global trade, but with recent controversy, the trading system as we know it may be completely changed on an international scale. I also teach Business at Mulberry High School (FL), which is very diverse in culture and race. I want to make sure that I provide my students with relevant and accurate information as they begin to enter the workforce in different areas.

Explanation of the Key Phrase

Since the early 1930's, the United States of America has steadily increased its global commerce year after year. The United States Census Bureau collected data that shows approximately 15 countries make up almost 75% of the American import/export business. Among those 15 countries, Canada, China, and Mexico are the three top international commerce partners. It is important to understand where products come from and how outsourcing plays a crucial role in our economy. The three reasons international trade is important to the United States are as follows: maximizing production and efficiency, increasing market audience, and receiving foreign investment (Satterlee, 2014).

Major Article Summary

In the article *China-US Trade: A Global Outlier*, Willem Thorbecke analyzes the outlines of the countries trade agreements. There has always been speculation around the trade deficit with China that politicians and government officials just can not seem to understand. What most people do not know is that between 2006 and 2014, the trade deficit with China actually increased by 45% while the trade deficit between the United States and all other countries decreased by 40% (Thorbecke, 2014, p.1). The main imports and exports that reflect these numbers are oil and gas, agricultural products, and mechanical/electrical products. According to the Office of the United States Trade Representative- Executive Office of the President, United States exports with China were \$169 billion, and imports totaled \$479 billion. These numbers reflect the differences in outsourcing, labor costs, advertising, and all of the driving forces that people seek to save money. Every day American companies are sending their products overseas because they can not afford production in the United States. Though working conditions and pay are significantly lower in Asia, companies seek the maximum value of the dollar.

In the second part of the article, Willem Thorbecke uses a Gravity Model to explain China's exports. He explains how the trade flows are directly correlated with the GDP (Gross Domestic Product), how trade costs are calculated, and even how a third country's participation will change the dynamic of the trade agreements financial structure. While digging through the roots of the article, Willem Thorbecke made a crucial statement in regards to monetary gaps between the United States and China, "This gap could reflect the role of global value chains, since China imports parts and components from other East Asian countries and exports final goods to the rest of the world" (p.1).

Discussion

The Chinese-United States trade deal surpasses any other global trade deal on an international scale. Though the United States has many other trade partners, the Chinese are the most popular amongst the American people. I remember growing up with toys that read “Made in China” and even owning an American flag that read “Made in China”. This week, I really wanted to focus my attention on a specific country that has a significant impact on everyday life. A common topic of discussion in the American culture is the deficit that is owed to China, which always intrigues me. We, as Americans, need to figure out ways to cut outsourcing and aim to even the playing field with the imports/exports. This was the first time that I engaged in deeper thought about the United States global trade partners and it really opened my mind up to question what is to come in the future.

All of the works that I found seem to go hand in hand with one another. As previously stated, I wanted to focus on the trade agreements with China as I began my research. Another interesting factor that caught my attention was that China and the United States have been in a legal battle for years with the laws of the World Trade Organization (WTO). I ponder how these two nations have been fighting legal battles for so long, but continue to act in billion dollar trade deals that create more deficit (Loridas, 2011). The other works cited make cases for the monetary statistics between the two countries and where the trade deals are going. I feel that neither country could function holistically without one another. With shortages of fruit, vegetation, food, and other resources from Asia, I understand that the United States can not function on its own domestic products.

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