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# POLICY MATTERS OHIO

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**For immediate release: January 18, 2007**

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**Read the report: <http://www.policymattersohio.org/InternationalTradeJobLossOhio2007.htm>**

## **Trade program reaches new peak, certifies 13,432 Ohio workers in 2006 53 counties see trade-related layoffs between August 2004 and December 2006**

International trade is responsible for a significant number of job losses in the Ohio manufacturing sector, according to *International Trade and Job Loss in Ohio 2007*, a new report by Policy Matters Ohio Research Analyst Dr. Jon Honeck. Using administrative data from the federal Trade Adjustment Assistance (TAA) program, the report pinpoints where certain trade-related job losses have occurred in Ohio. Although not all layoffs are captured in this data, the report establishes a minimum estimate of job losses due to import competition and moving production overseas.

Despite restrictive program rules and problems with U.S. Department of Labor investigations, the TAA program certified 13,432 Ohio workers in 2006, the highest annual total in the twelve years covered by the report. This is only the second time that the annual level of certifications surpassed 13,000. The U.S. Court of International Trade, in a scathing review of the TAA petition investigation process nationally, recently asserted that “the Labor Department’s failure to properly investigate petitions is routinely depriving thousands of U.S. workers of the TAA benefits to which they are legally entitled.”

Between August 2004 and December 2006, since Policy Matters’ last analysis:

- The TAA program certified petitions from 150 Ohio workplaces covering 18,977 Ohio workers.
- Over half of the job losses occurred because Ohio employers shifted production to foreign facilities or replaced Ohio-made products with foreign imports. Traditional import competition, in which companies lose market share to foreign-made products, accounted for 37 percent of the job losses.
- Ohio companies were most likely to shift production to Canada or Mexico. Shifts in production to these two countries combined led to 4,964 Ohio workers losing their jobs.
- The TAA program certified workers in 53 Ohio counties. Twenty-nine counties had two or more workplaces certified, led by Cuyahoga County with 12. More than 3,000 workers in Montgomery and Trumbull counties, and more than 1,000 in Franklin and Hamilton were certified.

Job losses have devastating effects on manufacturing workers. Workers displaced from manufacturing jobs have a difficult time finding new positions, especially at comparable pay. Just 65 percent of workers nationwide who lost a job between 2003 and 2005 were reemployed as of January 2006. Of those who found new jobs, more than one-third had to accept wages that were more than 20 percent below their previous pay levels.

The report also discusses why rising trade deficits depress industrial production, lowering the economy's growth rate. It notes that:

- The real output of Ohio's manufacturing sector in 2005 barely surpassed its 1998 pre-recession peak, despite a national economic expansion.
- If the U.S. trade deficit in goods (including petroleum) had remained stable since 2001, the U.S. economy would have grown 14.1 percent in real terms between 2001 and 2005, instead of its actual 11.7 percent growth. The difference in growth rates translated into a missing \$236.7 billion in inflation-adjusted U.S. GDP, roughly equivalent to the size of the economy of Washington state, the 14<sup>th</sup> largest state economy.

The report recommends that Congress improve the TAA program during the reauthorization process this year by fully funding the program, removing restrictive program rules, and ensuring a thorough and fair process for investigating initial petitions for TAA coverage.

“Supporters of our current trade laws too often portray policy options as a false choice between free trade and protectionism,” Honeck said. “Negotiating new trade agreements in the context of massive trade deficits flies in the face of reason,” he added. “The current framework appears to be inadequate to enforce labor and environmental standards, and threatens to undermine such standards where they exist. We need to rethink current trade policies. Ohio's workers deserve a better deal than they are getting.”