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Policy Matters Ohio Report Finds Trade-Related Job Loss Scars Ohio Government Data Attributes 45,734 Lost Jobs Directly to International Trade

Although trade advocates argued that the North American Free Trade Agreement (NAFTA) and other trade agreements would add jobs to the U.S. economy, 45,734 Ohio jobs lost between 1995 and October 2003 can be directly traced to international trade. A new Policy Matters Ohio analysis of data from the Trade Adjustment Assistance (TAA) program and the former North American Free Trade Agreement-Trade Adjustment Assistance (NAFTA-TAA) program finds that 75 of Ohio's 88 counties experienced job loss as a result of international trade over the last 8 years.

In the four years between November 1999 and November 2003, Ohio saw a net loss of 244,000 non-agricultural jobs, of which 191,000 were manufacturing jobs. *Trade and Job Loss in Ohio*, embargoed for Thursday, February 19th, finds that a significant portion of these jobs were eradicated because production was relocated to a foreign country or because of increased imports of foreign goods. These two factors are considered "trade-related."

"More than one in six of the manufacturing jobs lost in Ohio between 1999 and 2003 can be traced directly to international trade," said Jon Honeck, Ph.D, Policy Matters Ohio Research Analyst and the report author. "Trade agreements were supposed to bring more jobs to the U.S., but they've resulted in a net job loss, especially of high-paying manufacturing jobs."

The TAA and NAFTA-TAA program data pinpoint specific manufacturing facilities where jobs were lost due to trade. However, the program omits much trade-related job loss. Many workers are unaware of the program, very few service jobs are covered, and workers whose facilities were relocated to countries other than Mexico or Canada were not covered until recently. Furthermore, job losses at upstream or downstream suppliers – such as auto parts jobs lost when car production moves elsewhere – were not included until recently.

Because the program data omits so many trade-related job losses, *Trade and Job Loss in Ohio* also discusses estimates of trade-related job loss developed by the Economic Policy Institute (EPI). The EPI used an input-output economic model that considered exports as well as imports, estimated impacts throughout the economy, and

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projected what levels of manufacturing employment would have been if the trade deficit had remained at its 1994 level, when NAFTA was passed. According to this model, increases in the U.S. trade deficit from 1994 to 2000 removed more than 135,000 jobs and job opportunities from Ohio's economy, nearly 100,000 of which were from the high-paid manufacturing sector. Since that time, our trade deficit has soared higher each year, with the Commerce Department announcing last Friday a \$489 billion trade deficit, the highest imbalance in history.

The Policy Matters Ohio analysis of the TAA and NAFTA-TAA data also found:

- Three-fourths (76.1%) of the 45,734 trade-related job losses occurred in the 1999 to 2003 time period. The year with the highest total was 2002, during which 13,093 jobs were lost.
- Of the 45,734 lost jobs identified under the programs, 14,653 were directly due to NAFTA. Nearly two-thirds of the NAFTA-related job losses were caused by U.S. companies relocating production facilities to Mexico.
- According to TAA and NAFTA-TAA data, Cuyahoga County lost over 5,000 jobs due to international trade, more than any other county. Twelve other counties had more than 1,000 jobs lost due to international trade. In all, the two programs certified workers in 75 Ohio counties as having lost their jobs for trade-related reasons.
- The industrial sectors with the greatest numbers of trade-related job losses were electronics and electronic equipment, primary metals, and industrial machinery and equipment (SIC-based). These three sectors together accounted for 24,981 job losses, more than half the total identified by the trade adjustment programs from 1995 to 2003.

The report concludes that trade-related job loss is a significant factor in reducing manufacturing employment in Ohio. Policy Matters recommends re-examining trade agreements, improving our assistance of displaced workers, and taking steps to protect communities hit by devastating mass layoffs. "Perhaps it is too late to turn back the clock on trade agreements," Amy Hanauer, executive director of Policy Matters, said. "But it is not too late to be honest about the devastating effects they can have, and to make strong policy changes to protect workers and their communities."

Policy Matters Ohio is a non-profit, non-partisan policy research institute with offices in Cleveland and Columbus. This report can be downloaded at www.policymattersohio.org. The institute receives funding from the George Gund Foundation, the St. Ann Foundation, the Nord Family Foundation, the Stern Family Fund, Greater Cleveland Community Shares and other sources.

