Simon Lester and Logan Kolas: Hawley is wrong about a WTO withdrawal

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Missouri Republican Sen. Josh Hawley has introduced a resolution in Congress to withdraw the United States from the World Trade Organization. Like all institutions, the WTO has flaws, but withdrawal would be a mistake, for Americans in general and for Missourians in particular.

The WTO is an agreement among 164 governments on how they will conduct their trade policy. Under organization rules, governments agree, among other things, to limit the tariffs they will impose on imports, and they agree not to use domestic taxes and regulations to discriminate against foreign products. The rules of the WTO were largely crafted by the U.S. government and its allies, with U.S. interests in mind.

Many of Missouri's largest companies and employers rely on export sales, which support in-state jobs. Missouri exported $13.4 billion worth of goods in 2019, of which $12.2 billion, or 91.2%, were manufactured products. The WTO helps keep these foreign markets open, and if the United States were to withdraw, these sales could drop significantly. Under WTO rules, when Missouri farmers are exporting soybeans, corn or pork to Canada, Japan, China or the European Union, they have a much easier time competing in those markets.

In addition to exports, imports are also important. Among the state's top imports were motors, pistons and other vehicle parts used in the production of Missouri's valued automobile sector, such as the Ford and GM assembly plants. In a world of global supply chains — where imports of foreign products are not just consumed by American citizens but are also used by American businesses in their own production — America must distance itself from policies that make it more expensive to do business and that jeopardize Missouri's ability to compete on the world stage.

What would the world look like without the WTO? One needs to look no further than the ongoing trade wars to see that Missouri businesses have already gotten a taste of what it's like to go it alone on trade. One estimate from last year found that the trade wars have led to Missouri businesses paying an additional $454 million in tariffs (i.e. import taxes), while exports have been slapped with tariffs of $260 million in retaliation.

The collateral damage of the trade wars on Missouri soybean and other farmers has been well documented by those involved. But it isn't just farmers and auto companies taking the hit. The largest U.S. nail manufacturer, Missouri's Mid-Continent Nail, had been hard hit by tariffs and let over 200 workers go until winning a tariff exclusion from the Trump administration. And smaller companies are hurt too. Missouri-based Cloud's Meats saw its profits fall due to foreign retaliation — a scenario that becomes more likely to spread without the United States' leadership at the WTO. And Cap America of Fredericktown, Missouri, which sells custom-designed baseball caps, has also felt the pinch.

Leaving the WTO means forfeiting the benefits of an international trade agreement that acts as a check on foreign countries discriminating against Missouri's top exports. And it means risking nearly 85,000 Missouri jobs that rely on exports.

Given the disadvantages of withdrawing from the WTO, Sen. Hawley and others should work to improve it. Negotiating new liberalization at the WTO has been a challenge in recent years, and U.S. leadership is needed here. The Trump administration has raised questions about the transparency of some governments' reporting on their trade practices, as well as the special status that allows some poorer countries to take on fewer responsibilities. These are valid concerns, but withdrawal won't address them.

Instead of taking our ball and going home, the U.S. should stay in the WTO game and continue to shape the institution we helped create.

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