

DONALD J. TRUMP



THE
**Buy American,
Hire American**
PRESIDENT

A REPORT BY THE WHITE HOUSE
OFFICE OF TRADE & MANUFACTURING POLICY
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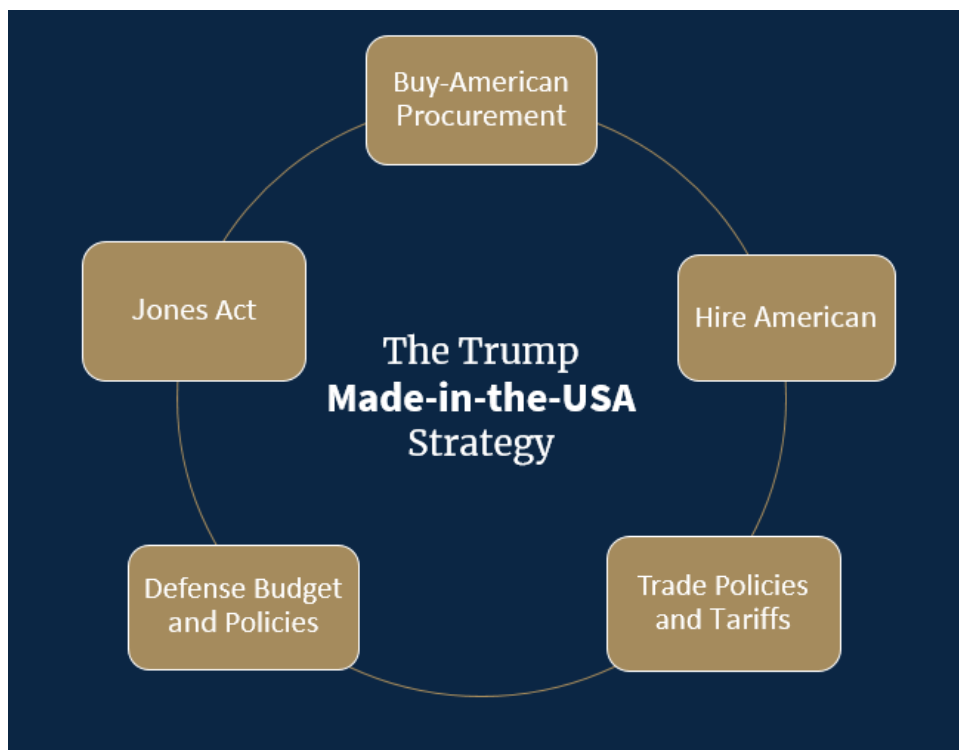
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Introduction

Since the inauguration of President Donald J. Trump on January 20th, 2017, the Office of Trade and Manufacturing Policy’s mission at the White House has been to help the greatest jobs president and trade negotiator in history rebuild America’s manufacturing base. Over the past four years, this administration has lived by one beautiful phrase – Made in the USA – and two simple rules – Buy American, Hire American.¹

In this report, we’ll take a tour of five critical dimensions of President Trump’s Made in the USA strategy. These dimensions include: Buy American government procurement, a wide range of Hire American actions, Trump trade negotiations and tariffs, the defense budget and foreign military sales, and support for one of the oldest pieces of Buy American legislation, the Jones Act.



Actions across these five Made-in-the-USA dimensions have helped create thousands² of new American jobs while increasing the wages and quality of life of blue-collar Americans.³

By strengthening our Nation’s defense industrial base, President Trump’s Made-in-the-USA strategy has also helped enhance our national security.⁴ As President Trump has said many times, “economic security IS national security.”⁵

Let’s begin our tour, then, with Buy American government procurement.

Buy American Procurement

Each year, the United States Government spends more than \$200 billion dollars of taxpayer funds⁶ on projects such as roads, bridges, and building construction. Congress has passed numerous bills to ensure that when the government spends money on such procurement, the products be made in whole or in part in the USA.⁷ However, numerous loopholes have existed in these laws.⁸

Upon taking office, President Trump set out to enforce, strengthen, and expand our Buy American procurement policies. To that end, he has signed at least 10 Buy American Executive Orders.

The Buy American, Hire American Executive Orders	
Executive Order	Policy Name
13788	Buy American and Hire American
13796	Addressing Trade Agreement Violations and Abuses
13806	Assessing/Strengthening the Manufacturing and Defense Industrial Base and Supply Chain Resiliency of the U.S.
13858	Strengthening Buy-American Preferences for Infrastructure Projects
13873	Securing the Information and Communications Technology and Services Supply Chain
13881	Maximizing Use of American-Made Goods, Products, and Materials
13920	Securing the United States Bulk-Power System
13921	Promoting American Seafood Competitiveness and Economic Growth
13922	Delegating Authority Under DPA to the U.S. International Development Finance Corporation to Respond to COVID-19 Outbreak
13944	Ensuring Essential Medicines, Medical Countermeasures, and Critical Inputs are made in the U.S.

For example, one such order signed on April 18th, 2017, makes it more difficult to grant waivers.⁹ A second, signed on January 31th, 2019 increases the amount of United States steel required from 50 percent to 95 percent¹⁰ – even as that order extends Buy American’s reach to cover federal financial assistance to the states and local governments.¹¹

Several of the President’s Buy American actions also target specific industries. If we have learned anything from the China Virus pandemic, it is that the United States is critically dependent on foreign countries, particularly Communist China, for our essential medicines as well as for medical supplies such as masks, and medical equipment like ventilators.

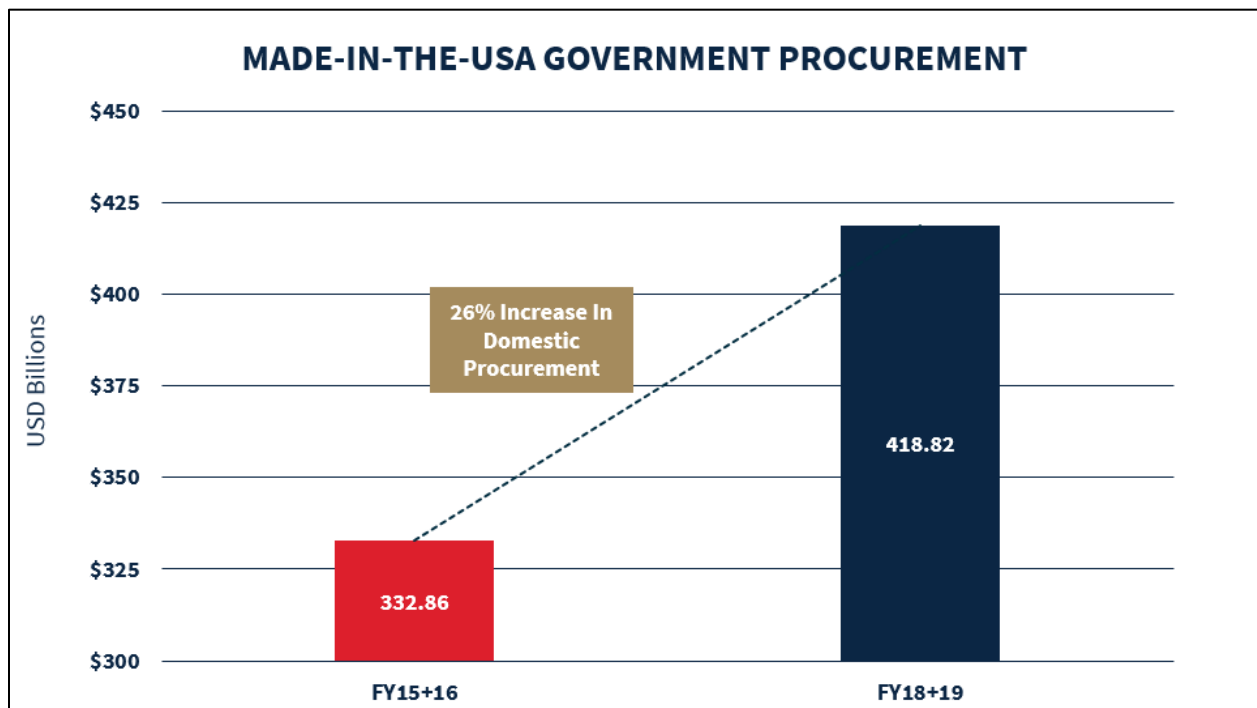
President Trump’s executive order of August 6th, 2020, acts to bring this production back onshore. It requires government agencies like the Department of Defense, the Department of Veterans Affairs (VA), and the Department of Health and Human Services to Buy American when it comes to our essential medicines and the medical countermeasures we need to fight crises like the China Virus pandemic.¹²

A May 1st, 2020, presidential order addresses a different set of offshoring risks. It prevents strategic opponents like Communist China from selling bulk power equipment to the U.S.¹³ Such equipment might be compromised by Chinese malware or corrupted components– thereby putting our national electricity grid at risk.

And Executive Order 13921, signed May 7th, 2020, will be a boon to America’s long-ignored commercial fishermen¹⁴ by opening up new markets, removing unnecessary regulations, cracking down on the unfair trade practices of countries like China, and streamlining the aquaculture permitting process.

Perhaps the best way to gauge the success of the Trump Buy American efforts is to compare the amount of domestically procured manufactured goods in fiscal years 2015 and 2016 under the Obama-Biden administration to fiscal years 2018 and 2019 under the Trump-Pence administration.

Note here that Fiscal Year 2017 overlaps the two administrations so it is taken out of the comparison.



With this comparison, we see that domestic procurement rose from \$332 billion in the Obama-Biden years to \$419 billion in the Trump-Pence years, a 26 percent increase.¹⁵ Moreover, when looking at the dollar value of Buy American waivers,¹⁶ during the same period of time, this decreased by 8 percent.¹⁷

Hire American

President Trump is not just the Buy American President. He is the Hire American President.

Defense Against Cheap Foreign Labor and Visa Reforms

One key Hire American mission has been to hold corporations accountable when they abuse the visa process to replace American workers with cheap foreign labor.¹⁸ For example, through its U.S. Workers Initiative, the Justice Department has reached settlements with numerous companies that illegally prioritized temporary visa workers over Americans.¹⁹

At the same time, the U.S. Citizenship and Immigration Services has engaged in sweeping actions to improve fraud detection in employment-based visa programs.²⁰ More broadly, to protect American workers during the China Virus pandemic, President Trump issued a June 2020 proclamation that halts visas for foreign workers through the end of the year.²¹

The next month, President Trump's Department of Labor (DOL) entered into a Memorandum of Understanding with the United States Citizenship and Immigration Services. It allows the two departments to share immigrant and nonimmigrant petition records and data and marks the first time DOL will have access to suspected employer violations within the H-1B visa program. Such a Secretary of Labor-certified investigation tool has never been used in the H-1B program since Congress granted the authority in 2004.

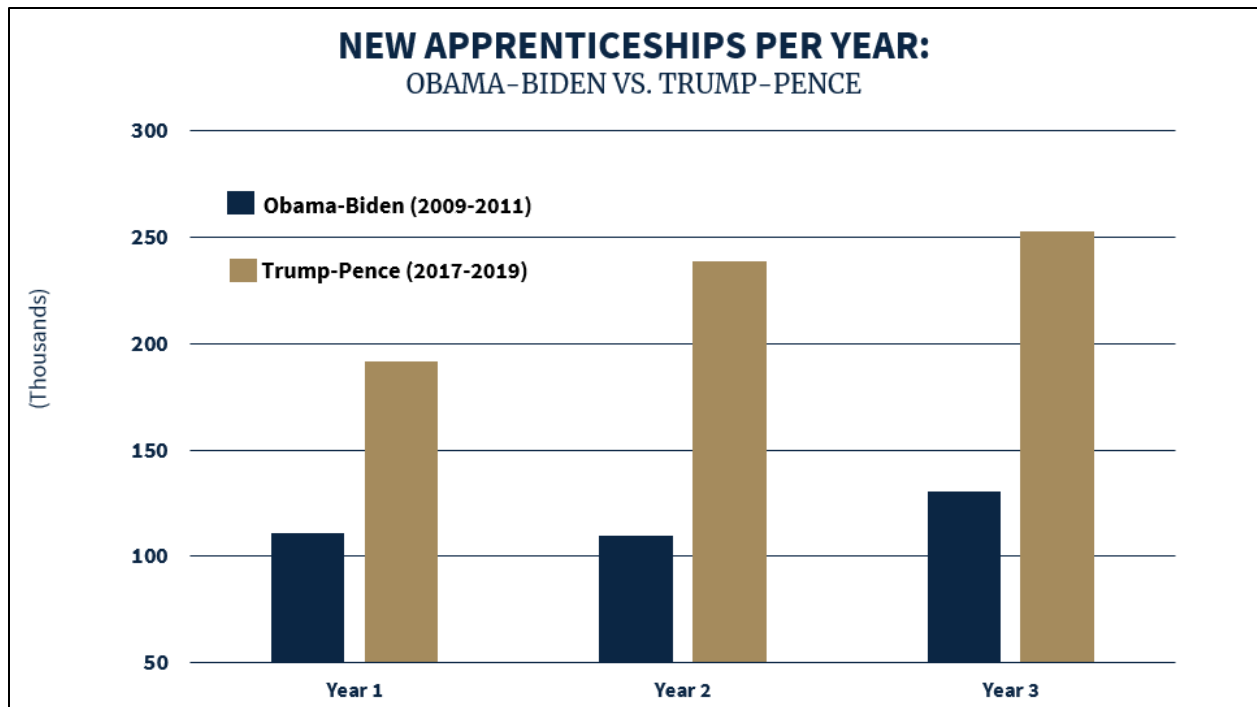
There is also the ignominious case of the Tennessee Valley Authority (TVA). After TVA announced the layoff of more than 200 American employees – and told them to prepare to train their foreign labor replacements²² – President Trump signed an Executive Order challenging that decision, and quickly fired TVA Chairman James Thompson and board member Richard Howorth.²³ TVA quickly rescinded its decision.

Expanding Apprenticeships and Federal Government Reform

A second key Hire American mission has been the expansion of apprenticeships, which allow hard-working Americans to receive salaries as they learn pertinent skills. Since President Trump signed a June 2017 Executive Order and made available \$183 million in additional funding for apprenticeships, the Department of Labor has registered nearly 816,000 people entering apprenticeship programs.²⁴

In July of 2018, President Trump also established the National Council for the American Worker to create a national strategy for worker training and retraining across high-demand industries.²⁵ That same month, the Office of Economic Initiatives created the Pledge to American Workers. To date, more than 440 companies and organizations have signed the Pledge. This effort will help create more than 16 million new education and training opportunities for American students and workers.²⁶

President Trump has also sought to reform the outdated hiring practices of the Federal Government – the largest employer in America. Through a June 2020 Executive Order, President Trump has replaced an arbitrary, one-size-fits-all, degree-based hiring process of the Federal Government with more skills-based hiring.²⁷ The result: a deeper pool of talented individuals to best serve our Nation.



Veterans Transition to the Civilian Workforce

President Trump has also gone to great lengths to help our military veterans seamlessly transition to the civilian labor force.

On May 5th, 2017, President Trump signed the “Hire VETS Act.” It requires the Secretary of Labor to establish a program that recognizes, and thereby incentivizes, employer efforts to recruit, employ, and retain veterans. In the second official year of the program, the Department of Labor is preparing to award 675 employers this Fall who have proven their commitment to veteran employment.

On November 27th, 2017, President Trump signed the “Veteran Apprenticeship and Labor Opportunity Reform (VALOR) Act.” It streamlined the multi-state registration process for employers who offer apprenticeship programs to veterans certified by the VA. Veterans and employers can now more easily benefit from the use of G.I. Bill benefits while veterans pursue an apprenticeship.

On May 9th, 2018, President Trump also signed an Executive Order directing Federal agencies to remove barriers to employment of military spouses and “actively advertise and solicit applications from military spouses for posted and other agency positions.”

On August 13th 2018, President Trump signed the National Defense Authorization Act for Fiscal Year 2019. It required significant alterations to the Transition Assistance Program to improve employment outcomes for service members transitioning into the civilian workforce.

On March 4th, 2019, President Trump signed an Executive Order that is now helping our sea veterans, in services ranging from the Coast Guard and Marines to the Army and Navy, move swiftly into the merchant marine.²⁸ This merchant mariner order provides financial assistance to cover costly fees associated with merchant mariner credentialing and licensing. It also enables veterans to apply their education and experience on military ships toward the mariner credentialing curriculum, thereby removing costly barriers to entry that can range as high as \$25,000.

On February 11th, 2020, President Trump signed the “Supporting Veterans in STEM Careers Act.” It will make veterans eligible to participate in National Science Foundation programs, extending scholarship, fellowship, and grants programs to help veterans leverage their military experience and abilities in STEM fields.

These types of executive actions highlight the Administration’s commitment to our military veterans in ways that enhance both our economic and national security.

Trade Policy and Tariffs

Let’s turn now to a third dimension of President Trump’s Made in the USA strategy, that of trade policy and tariffs. On January 20th, 2017, the Trump-Pence administration inherited a broken global trade system in which overseas competitors and predatory foreign governments stole our technology, unfairly subsidized national champions, and dumped their products into our markets.

Politicians like President Bill Clinton²⁹ and then Senator Joe Biden³⁰ helped break the global trading system by voting for two of the worst trade deals in American history: the North American Free Trade Agreement (NAFTA) in 1994³¹ and China’s 2001 entry into the World Trade Organization.³² Over the course of the Bush-Cheney and Obama-Biden administrations, America would lose over 70,000 factories and millions of manufacturing jobs to the NAFTA and China trade shocks.³³

States like North Carolina, with their textile and furniture industries, got hit first and hard.³⁴ Soon, the NAFTA and China shocks would ripple across the manufacturing heartland of America – from Minnesota, Wisconsin, and Michigan to Ohio, Pennsylvania, and beyond.³⁵ In 2016, Candidate Trump promised to fix this broken system,³⁶ and his cumulative actions on trade represent one of his most important achievements in restoring and reshoring Made-in-the-USA manufacturing.

Renegotiating Trade Deals

On the trade policy front, President Trump has successfully renegotiated NAFTA, put into place a Phase 1 agreement with China, successfully renegotiated a horrific 2011 South Korean deal, signed a Japan deal, and withdrew from the Trans-Pacific Partnership (TPP). Let’s look at these actions one at a time.

From NAFTA to the USMCA

During the NAFTA debate, propagandists from the globalist-oriented Peterson Institute quite wrongly predicted that NAFTA would create 170,000 U.S. jobs³⁷ and that our trade balance with Mexico would remain in surplus well into the 2000s.³⁸ Instead, America’s trade deficit with Mexico ballooned,³⁹ as hundreds of thousands of American manufacturing jobs literally went South, thereby suppressing the wage growth of blue-collar Americans⁴⁰ in highly affected industries.⁴¹

During the 2008 presidential campaign, the Obama-Biden ticket promised to renegotiate NAFTA. Yet, a mere three months into its first term, the Obama-Biden administration announced it would break that promise.⁴²

In June of 2016,⁴³ Candidate Trump promised to renegotiate NAFTA—and kept that promise with passage of the United States Mexico Canada Agreement (USMCA) in record time.⁴⁴

USMCA, which entered into full force on July 1st, 2020,⁴⁵ will be a boon to American manufacturing, particularly the auto industry. It increases the North American content required for autos and auto parts, along with steel and aluminum, to 75 percent.⁴⁶

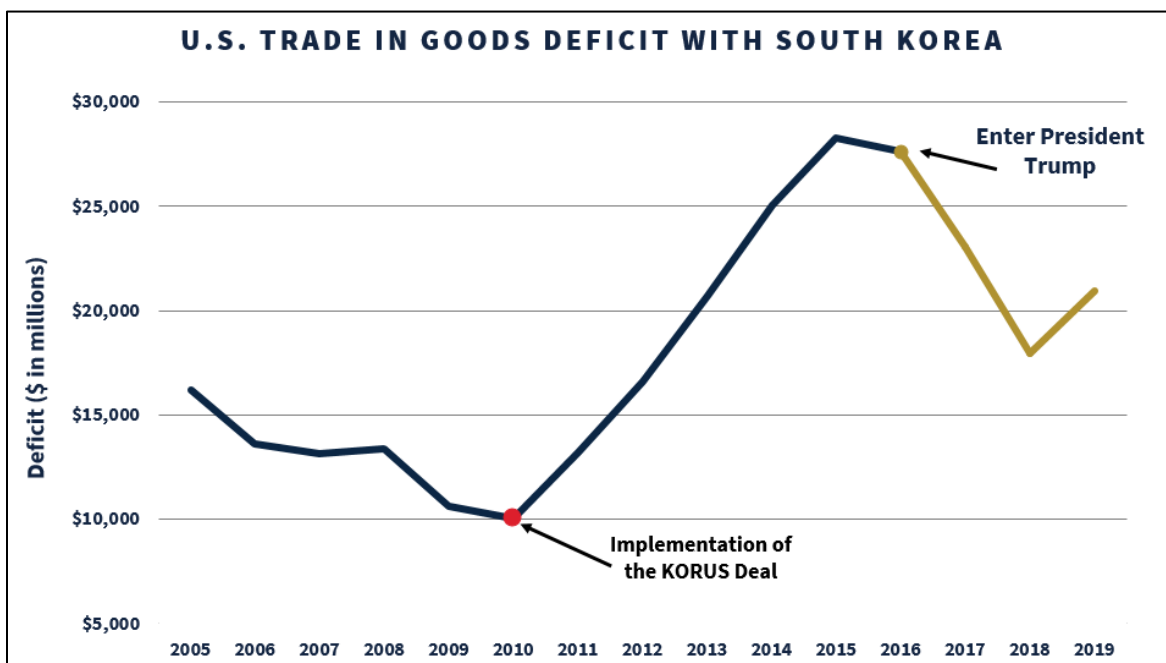
Under these new USMCA rules, at least three-quarters of autos and trucks qualifying for tariff benefits will be made in North America – and much of this production will be made in the USA because of tough labor and environmental provisions imposed on Mexico.^{47,48}

The result is forecasted to be 76,000 new jobs in the automotive sector⁴⁹ alone over the next five years, and between 176,000 and 589,000 new American jobs overall.^{50,51}

Fixing a Flawed KORUS

In 2011, the Obama-Biden administration inked yet another horrific trade agreement, this one with South Korea. Known as KORUS, the negotiations with South Korea were spearheaded by then Secretary of State Hillary Clinton.⁵²

At the time, President Obama predicted the deal would increase U.S. exports to South Korea by \$10 to \$11 billion, and create 70,000 additional U.S. jobs.⁵³ Instead, Korean exports to the U.S. surged, American exports to South Korea remained stagnant, and the U.S. trade deficit with South Korea grew by more than 110 percent, from \$13 billion in 2011 to \$28 billion by 2017.⁵⁴ Contrary to the Obama prediction, KORUS would wind up *costing* the U.S. economy some 80,000 jobs, while hitting the U.S. auto sector particularly hard.⁵⁵ In 2016, Candidate Trump promised to renegotiate this bad South Korean deal;⁵⁶ and on September 24th, 2018, he kept that promise.



The revised deal includes steps to open up the South Korean market to increased American exports, most notably for automobiles.⁵⁷ Importantly, the agreement also allows the United States to continue imposing a 25 percent tariff on South Korean light trucks and pickups until 2041⁵⁸ – a tariff that was previously set to expire in 2021.⁵⁹

If that tariff had been lifted, the result would have been devastating to one of the most profitable and robust segments of our auto production.⁶⁰

The U.S.-Japan Trade Deal and the Trans-Pacific Partnership

Now what about the U.S.-Japan Trade Agreement signed on October 7th, 2019? It opens up \$7 billion in additional agricultural sales to Japan by eliminating or lowering tariffs on over 90 percent of the food and agricultural products exported to Japan.⁶¹

A key feature of this deal is that it neutralizes the damage to American farmers that might otherwise have been caused by Japan's participation in the deeply flawed TPP.⁶² Here, it may truly be said that sometimes the best trade deal is the one you never sign to begin with.

In 2016, Candidate Trump promised to withdraw from TPP negotiations.⁶³ This bad deal for America was widely marketed by the globalist elites as a strategic counterweight to Communist China's influence in Asia.⁶⁴ However, President Trump very clearly understood that the TPP would have required the U.S. to turn over much of its auto and auto parts sectors to Japan and Vietnam, among other nations, in exchange for undefined and uncertain alleged strategic benefits in the region.⁶⁵

That proposed sacrifice of America's auto industry on the altar of national security was a deal breaker. As President Trump has said: "Any nation that trades away its prosperity for security will end up losing both."⁶⁶

By withdrawing from TPP on his first business day in office,⁶⁷ President Trump both kept another campaign promise, and averted what would have been a terrible economic tragedy.

The Trump Tariffs

Let's turn now to one of the most critical elements of President Trump's Made-in-the-USA strategy—the use of tariffs to defend American workers from the unfair trading practices of foreign competitors.

And let's start with steel and aluminum tariffs.

Steel and Aluminum Tariffs

Steel and aluminum together represent the backbone of our bridges, buildings, and public infrastructure.

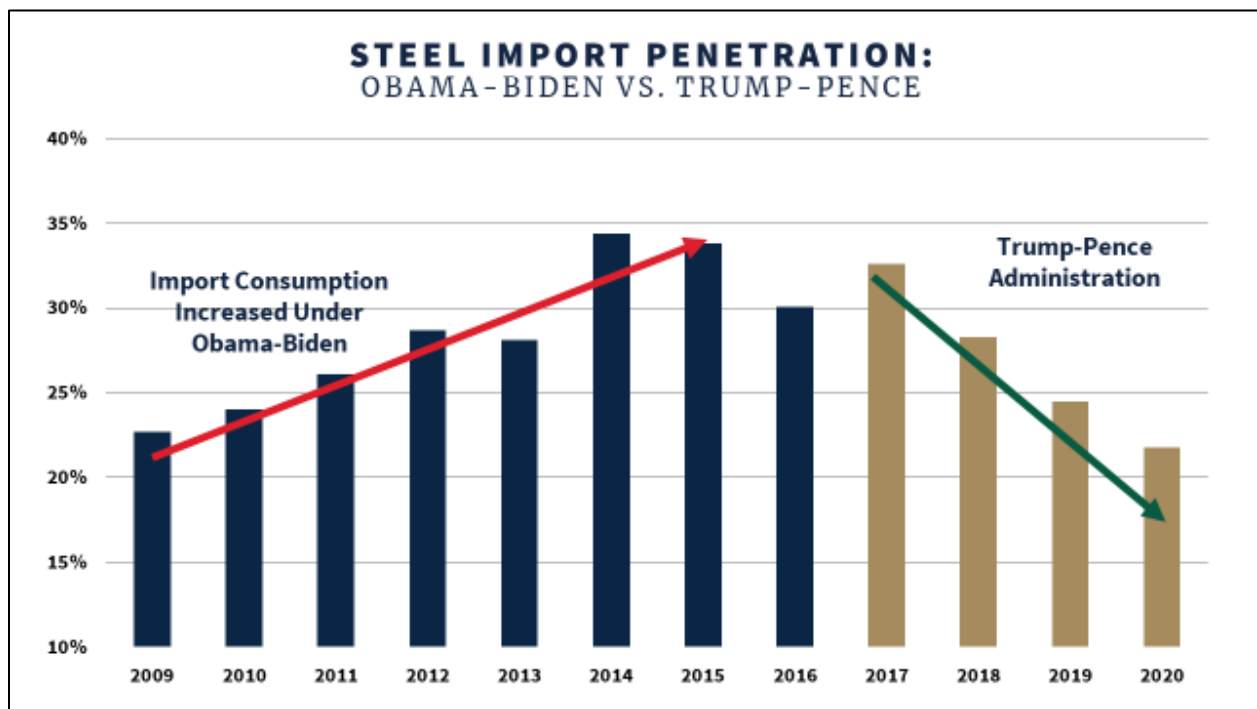
They are the most central elements of the ships, planes, missiles, bombs, and combat vehicles we need to fight back against strategic opponents like China, Russia, and Iran.

Both steel and aluminum are also crucial to the construction of the office buildings and homes where we work and live.

In March of 2018, President Trump imposed a 25 percent tariff on steel imports and a 10 percent tariff on aluminum imports.⁶⁸ With these actions – and the wave of investment that they have triggered – the President put an abrupt end to the corrosive decline of our steel and aluminum industries that occurred over the eight years of the Obama-Biden administration.⁶⁹

During the previous administration, steel imports as a percent of total U.S. consumption rose from 22.7 percent in 2009 to 30.1 percent in 2016.⁷⁰ As of the end of 2019, that percentage had fallen to 24.5 percent.⁷¹ And through the first six months of 2020, we got that down further to 21.8 percent.⁷²

Similarly, American reliance on imported aluminum rose significantly under the Obama-Biden administration. Just from 2015 to 2016, aluminum imports as a share of total U.S. consumption jumped from 41 percent to 53 percent.⁷³ While this trend continued into 2017 as the Trump Administration’s Department of Commerce laid the legal groundwork to impose national security tariffs, the 2018 tariffs ultimately led to a significant drop in American import reliance for aluminum as well – from 59 percent in 2017 to 22 percent in 2019.⁷⁴



It’s not just that the President’s tariffs have reduced job-killing imports in our steel and aluminum industries. These tariffs have also helped induce an unprecedented wave of new investment.

All told, since the imposition of tariffs, steel companies have announced more than 29 additional new projects or expansions totaling more than \$9.5 billion.⁷⁵

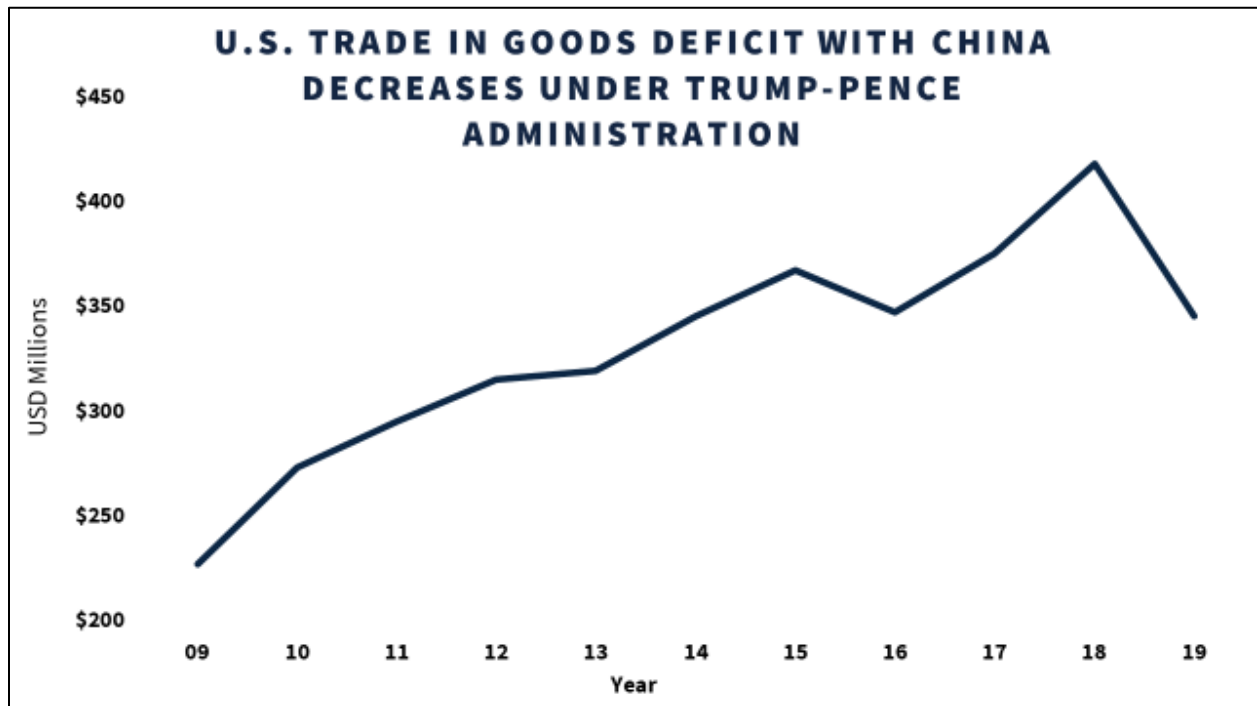
Aluminum companies have also announced at least 37 additional new projects or expansions totaling more than \$4.8 billion.⁷⁶ Collectively, these investments will directly create over 4,000 new good-paying jobs.⁷⁷

Communist China's Seven Deadly Sins and the Section 301 Tariffs

President Trump has also used tariffs to combat Communist China's economic aggression and Seven Deadly sins⁷⁸ against American workers. These sins range from cyber-intrusions by Chinese government officials to steal American business secrets, intellectual property theft, and forced technology transfer, to the dumping of products below cost into our markets, the abuse of state-owned enterprises to bully American companies, and a long history of currency manipulation.⁷⁹

In July of 2018, under the authority of Section 301 of the Trade Act of 1974, President Donald Trump signed a memorandum instructing the United States Trade Representative to begin imposing tariffs on China. Today, these tariffs cover more than \$360 billion⁸⁰ worth of Chinese products⁸¹ and have delivered over \$60 billion to the U.S. Treasury.⁸²

As these tariffs were imposed over 15 months, globalist critics and pundits wrung their hands over the supposed negative effects.⁸³ Instead, the U.S. economy continued to strengthen; and after reaching a peak in October of 2018, America's trade deficit with China has been declining.⁸⁴



Under pressure from the Trump tariffs, Communist China signed a Phase One trade deal on January 15th, 2020.⁸⁵ Besides agreeing to substantive structural changes in the areas of intellectual property theft, forced technology transfer, and currency manipulation, China agreed to significantly increase its purchases of American products and services by at least \$200 billion.⁸⁶ To date, China has made historic purchases of corn, soybeans, pork, beef, and chicken.⁸⁷

Solar and Washing Machine Tariffs

Next, we turn to the President’s use of Section 201 tariffs to protect the American solar and washing machine industries.

From 2012 to 2016, China significantly increased its illegal dumping of solar panels and modules into the U.S. market. As Chinese imports soared by 500 percent, prices fell by 60 percent; and U.S. solar production fell precipitously.⁸⁸ By 2017, at least 25 U.S. solar panel and module manufacturers were shut down by this Chinese predation.⁸⁹

In May of 2017, the U.S. solar industry fought back, as Suniva and SolarWorld, two domestic manufacturers, filed a petition to the United States International Trade Commission (ITC)⁹⁰ for relief. After the ITC court ruled in their favor, President Trump approved tariffs on \$8.5 billion worth of solar panel imports, resulting in the creation of over 2,600 U.S. jobs across eight factories,⁹¹ and the preservation of 1,750 jobs across five factories.⁹² In addition, the U.S. is now home to the two largest solar manufacturers in the Western Hemisphere, First Solar and Hanwha Q Cells.⁹³

SECTION 201 TIMELINE	
Date	Event
May 17, 2017	Solar panel industry requests a Section 201 investigation.
May 31, 2017	Washing machine industry requests a Section 201 investigation.
October 31, 2017	USITC completes first Section 201 investigation since 2001. Determines that imports of solar panels have caused injury; recommend global safeguard restrictions.
November 21, 2017	USITC determines that the imports of washing machines have caused injury; recommends global safeguard restrictions.
January 22, 2018	President Trump approves global safeguard tariffs on \$8.5 billion of solar panel imports and \$1.8 billion of washing machine imports.
February 7, 2018	Solar tariffs take effect (beginning at 30%, and declining by 5% per year). Washing machine tariffs take effect (a 20% rate for the first 1.2 million units, 50% on all additional units).
August 17, 2019	USITC issues midterm review on washing machine tariffs.
February 7, 2020	USITC issues midterm review on solar panel tariffs.

A similar scenario played out in the manufacture of washing machines. After years of fighting the illegal dumping of Korean manufacturers, LG and Samsung, America’s Whirlpool Corporation won its own case at the ITC. In response, President Trump levied tariffs on \$1.8 billion⁹⁴ worth of foreign-made washing machines.⁹⁵ As a result, Whirlpool has invested millions of additional dollars in its domestic manufacturing facilities,⁹⁶ and the so-called “pride of Clyde, Ohio” and additional Whirlpool facilities are booming.⁹⁷

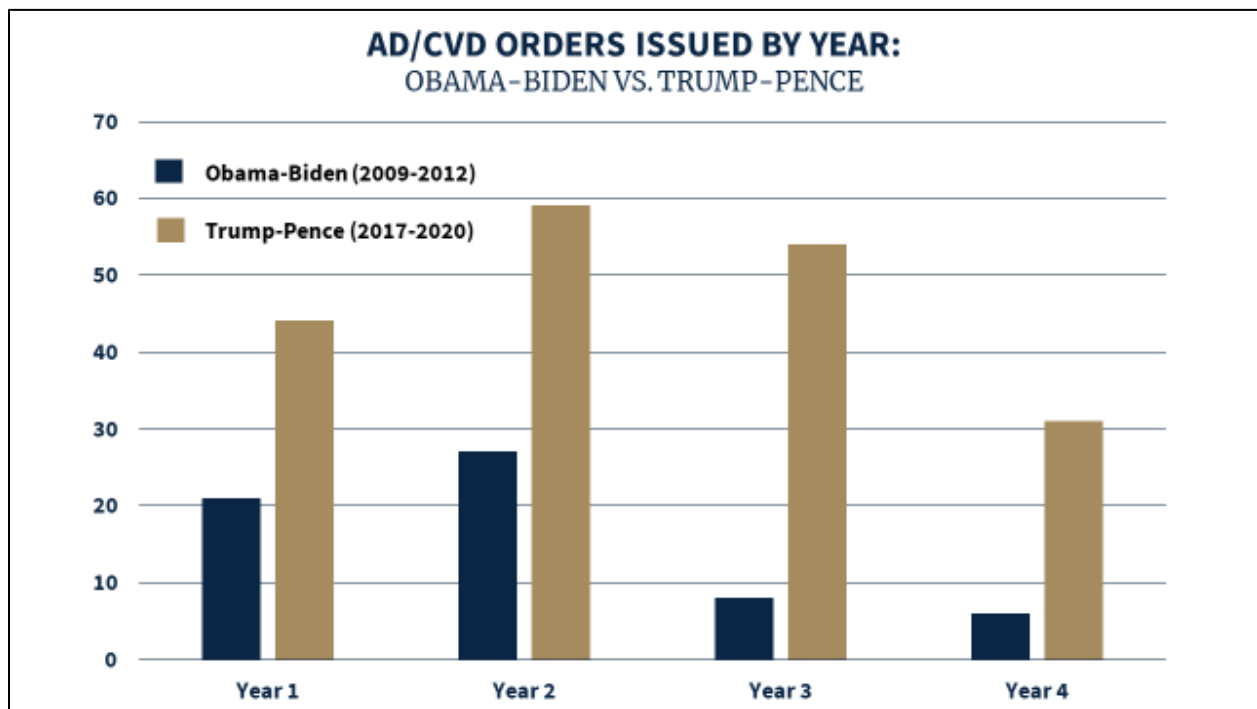
That the Trump tariffs are also highly effective at inducing new investment in America by foreign companies is underscored by this fact: After the ITC ruling, LG and Samsung both invested in large manufacturing facilities in Newberry, South Carolina, and Clarkesville, Tennessee.⁹⁸ These two major multimillion dollar investments have paved the way for the creation of over 1,600 U.S. jobs.⁹⁹

Antidumping and Countervailing Duties

Let’s turn now to a final major use of tariffs by the Trump-Pence administration to defend American workers against unfair trade practices - specifically in this case, the use of so-called antidumping and countervailing duties.

When products are exported to America and sold at prices below cost or fair value, that’s called dumping. The Department of Commerce has the authority to offset this unfair advantage by imposing tariffs in the form of *antidumping* duties. In similar fashion, the Department of Commerce may impose *countervailing* duties to offset any advantage a foreign producer might gain from an unfair export subsidy from that producer’s government.

President Trump’s commitment to defending American workers from dumping and unfair subsidies is highlighted by the substantially greater numbers of antidumping and countervailing duty orders President Trump’s Department of Commerce has issued to date compared to the first four years of the Obama-Biden administration.



Consider that from 2009 to 2012, the Obama-Biden administration issued 62 antidumping and countervailing duty orders.¹⁰⁰ In contrast, the Trump Commerce Department has issued a total of 188 orders.¹⁰¹ That's a 203 percent increase.

Made-in-the-USA Defense Policies

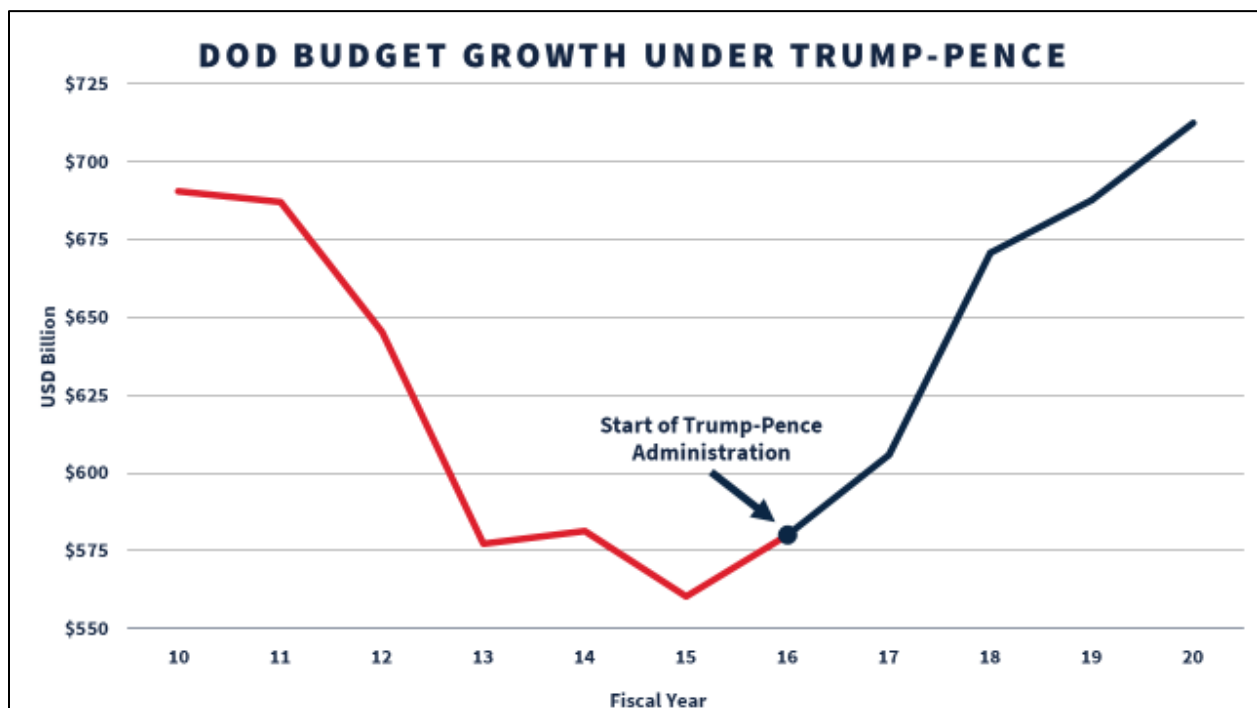
A fourth dimension of President Trump's Made-in-the-USA strategy, is the president's strategic approach to rebuilding the American military. Significant increases in the defense budget have translated directly into increased American manufacturing. This is because much of the production of America's defense industry follows very strict Buy American rules. At the same time, President Trump's new, more pro-active approach to foreign military sales to our strategic allies and partners has yielded critical economic and national security benefits.

Made-in-the-USA Defense Budget Increases

On the defense budget front, the Obama-Biden administration presided over one of the most destructive and sustained cuts in America's defense budget in our long history. In 2010, that defense budget was \$690 billion per year. By 2016, it had fallen 16 percent to \$580 billion per year.¹⁰²

This precipitous drop in defense spending not only delivered a harsh blow to the U.S. economy and the integrity of our defense industrial base, it also resulted in deferred maintenance; "cutbacks in flying hours, steaming hours, and other military training;"¹⁰³ and a broader and significant deterioration in America's combat readiness.¹⁰⁴

From the day he took office, President Trump has led the effort to increase defense spending and America's defense budget now tops more than \$700 billion per year.¹⁰⁵



This increased defense spending has had a powerful *macroeconomic* effect in stimulating jobs and growth. For example, the Council of Economic Advisers estimates that the Trump defense budget hikes have supported over 1.1 million jobs. They may have a total economic effect as large as about a quarter point of GDP growth in each fiscal year.¹⁰⁶ At the *microeconomic* level, these positive economic benefits are also visible in very real “Prosperity through Strength”¹⁰⁷ success stories around America’s manufacturing heartland.

Consider, for example, the Lima Army Tank Plant in Ohio. The Obama-Biden administration all but shuttered that plant. It was down to producing just 3 M1 Abrams tanks per month in 2016 and employing just 425 people.

President Trump infused an additional \$6.6 billion into the facility – a 167 percent increase from the Obama-Biden years¹⁰⁸ – and the plant is now producing 34 tanks per month with over 1,000 employees.¹⁰⁹

Today, as a result of the Trump-Pence defense budget hikes, we are seeing similar combat vehicle success stories in manufacturing strongholds like Oshkosh, Wisconsin and York, Pennsylvania.

Consider, too, the Fincantieri Marine shipyard in Marinette, Wisconsin. It was facing a dim and uncertain future until it was recently awarded a contract for the first new major shipbuilding program the Navy has begun in more than a decade.¹¹⁰ This Wisconsin shipyard will be building FFG(x) guided missile frigates and Littoral Combat Ships for years to come, while supporting at least 15,000 new jobs.¹¹¹

A similar success story has unfolded at the Philadelphia shipyard, which was down to a mere 80 employees at the end of the Obama-Biden administration. By working with the shipyard management and labor representatives, the Trump-Pence team was able to dramatically increase the amount of activity at the yard in both repair work and new ship construction; and the future of the Philly Shipyard looks bright. The yard should be operating at full industrial capacity through at least 2024, while providing jobs to over a thousand workers at the yard and thousands more across Pennsylvania and beyond.¹¹²

And thanks to President Trump’s investment of nearly \$20 billion,¹¹³ Bath Iron Works, Maine’s leading shipbuilder with over 6,000 employees, is proudly building the new Zumwalt-class destroyers and Arleigh Burke-class destroyers.¹¹⁴

Foreign Military Sales and Arms Transfers

It’s not just that the Trump-Pence administration has significantly increased construction of the many defense systems we need to protect America and its military forces from foreign adversaries. President Trump has also prioritized increased foreign military sales to our strategic allies and partners.

This particular part of President Trump’s Made-in-the-USA strategy represents one of the purest expressions of his maxim that “economic security is national security.”

On the economic security front, the sale of items like the M1 Abrams tank,¹¹⁵ F-16 fighter jet,¹¹⁶ and THAAD missile defense system¹¹⁷ supports tens of thousands of manufacturing jobs and supply chains across America.¹¹⁸ Workers of all backgrounds benefit, as these high-paying jobs span the spectrum from scientists, engineers, and software designers, to welders, machinists, and electricians.

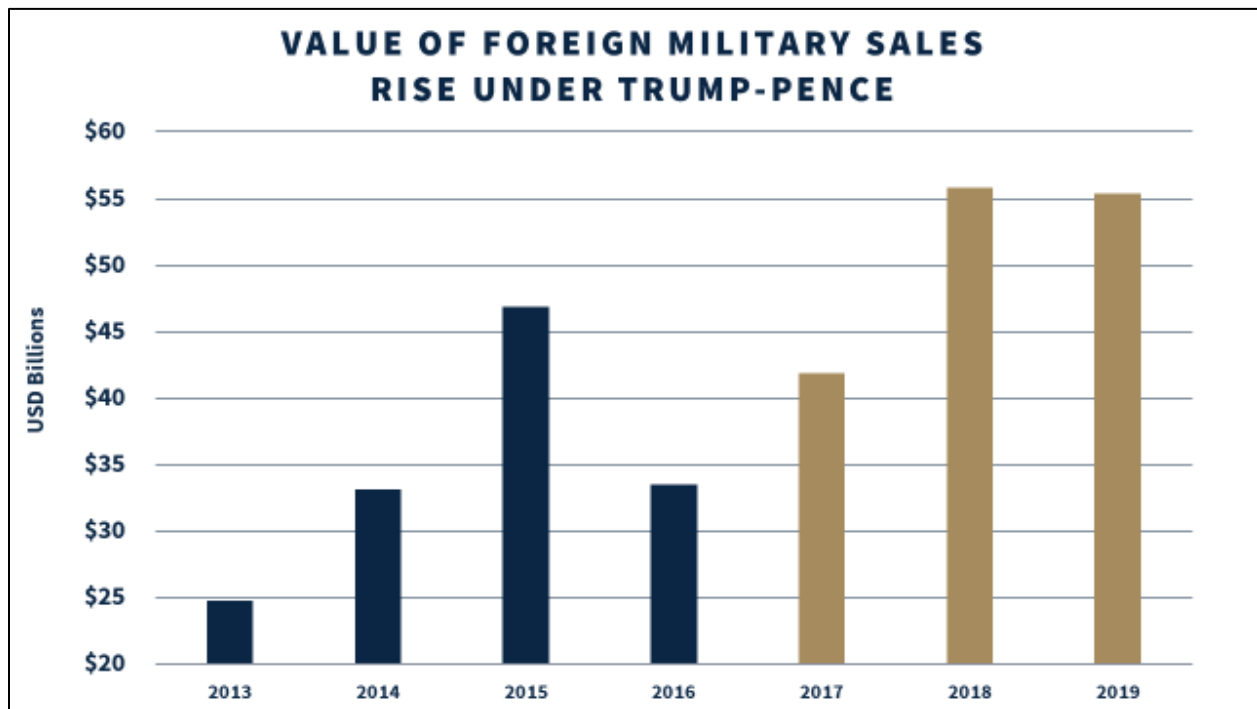
On the national security front, every foreign military sale strengthens our alliances and partnerships while often reducing the need for American boots on the ground in foreign lands.

At the same time, by sharing American technology, training, and equipment, we improve military interoperability across friendly nations, and facilitate collaboration at the highest levels. This is happening in Europe, the Middle East, Asia, and elsewhere.¹¹⁹

To facilitate foreign military sales, President Trump introduced a new Conventional Arms Transfer (CAT) policy early in his term.¹²⁰ This new CAT policy puts into sharp focus the critical synergies between a globally competitive American defense industrial base, a strong domestic economy, and a more effective geo-strategic competition with strategic opponents such as China and Russia. The policy itself features a much more proactive and collaborative approach to U.S. arms sales; and the results have been robust.

In Fiscal Year 2018 alone, the value of Foreign Military Sales (FMS) cases implemented by the Defense Security Cooperation Agency rose 33 percent to \$56 billion as 1,700 FMS cases were closed—a 42 percent increase from the previous year.¹²¹

Over Fiscal Years 2018 and 2019, FMS totaled \$111 billion.¹²² This represents a 38 percent increase over the last two complete fiscal years of the Obama-Biden administration and provides an incremental addition to America’s work force of more than 130,000 jobs.¹²³



At a more granular level, the sale, for example, of F-16 fighter jets to countries like Bulgaria, Morocco, Slovakia, and Taiwan have helped support the opening of a new F-16 production line in Greenville, South Carolina, and the creation of more than 400 new good-paying jobs.¹²⁴ Of course, what happens in Greenville with the F-16 won’t stay in Greenville. F-16 production supports over 16,000 jobs across 41 states.¹²⁵

The Jones Act

Let's end this report with a brief discussion of one of America's oldest pieces of Buy American legislation, the Jones Act.

Formally known as the Merchant Marine Act of 1920, the Jones Act requires that any vessel transporting merchandise between two points in the United States be built, owned, and crewed by American citizens.

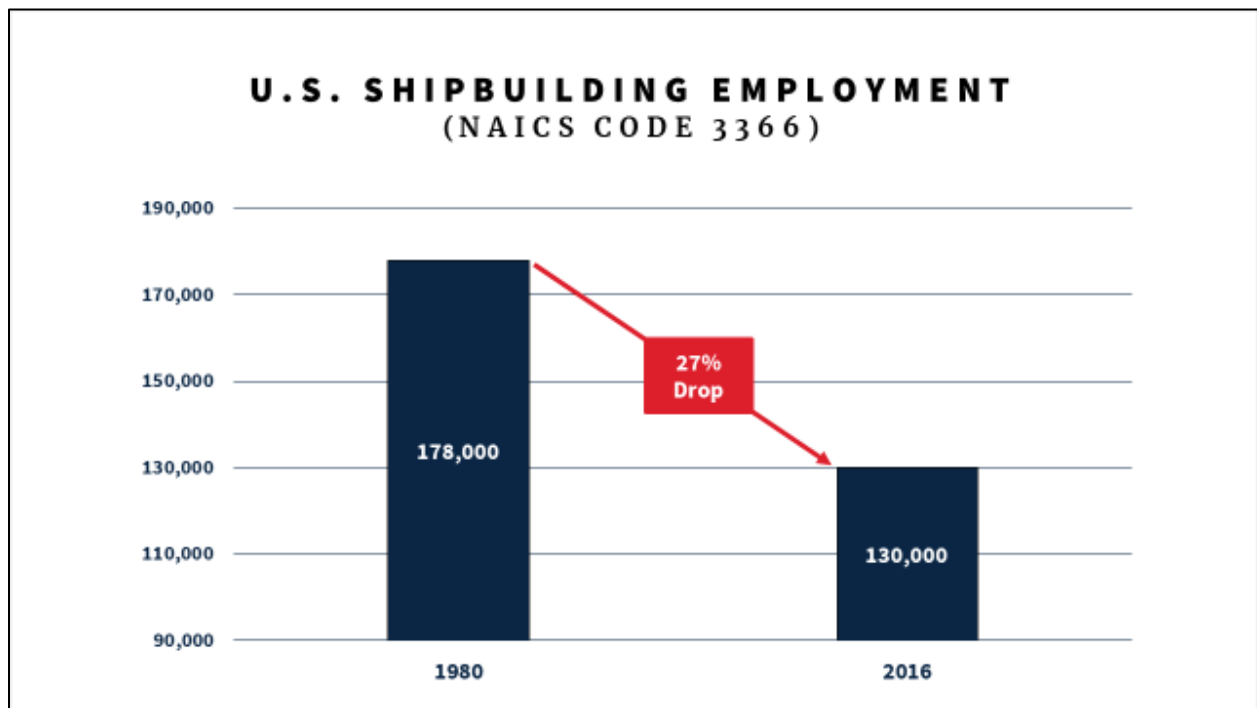
The "built" part of the Jones Act helps ensure America has a robust domestic shipbuilding capability, which is a critical element of our defense industrial base.

That Jones Act ships must also be crewed by Americans likewise helps ensure our nation has a merchant marine work force sufficient to serve both our commercial and military needs.

Here, it should be noted that merchant mariners represent a mission-critical component of U.S. military readiness. During times of conflict, our mariners transport military goods such as tanks, helicopters, and troops – often in hostile waters and at great personal risk.

In World War II alone, nearly 10,000 merchant mariners were killed by enemy fire and died at a rate of 1 in 26 – a casualty rate higher than any other branch of the U.S. military.¹²⁶ Their sacrifice and willingness to serve continue to play a vital role in America's defense.

Unfortunately, as with so many of our domestic industries, American shipbuilders – as well as our merchant mariners—have been under siege for decades from unfair foreign competition. Countries such as China,¹²⁷ South Korea,¹²⁸ and Japan¹²⁹ rely on cheap labor, unfair subsidies, state-backed loans, or a potent and predatory combination of all of these mercantilist tools.¹³⁰

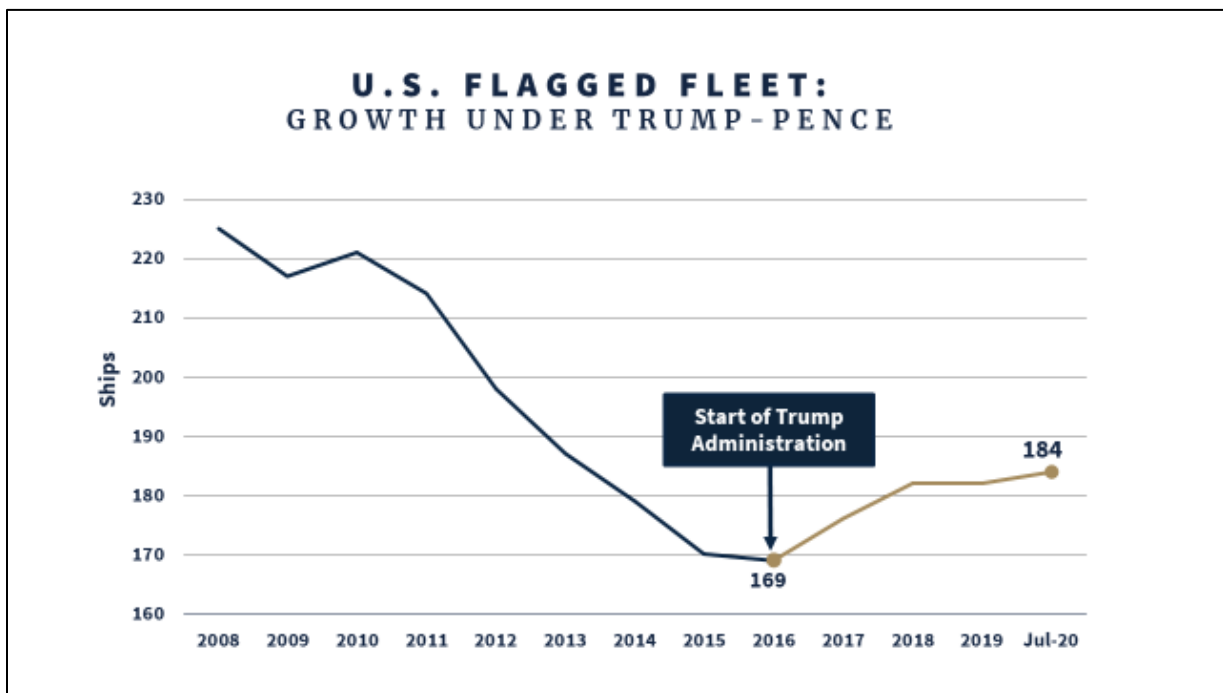


Communist China, in particular, provides extreme subsidies precisely because shipbuilding is critical to national security – the sector is an integral part of the Chinese Communist Party’s “Made in China 2025” strategic plan to dominate the global economy.

A recent report by the Center for Strategic & International Studies estimates the Chinese government provided over \$130 billion in shipping and shipbuilding subsidies between 2010 and 2018; this communist nation and strategic opponent of America now controls the world’s second largest commercial fleet by gross tons and constructs a third of the world’s ships.¹³¹

In contrast, prior to the Trump-Pence administration, American shipbuilding was in a steep decline – as evident in the decrease in shipbuilding jobs from 178,000 in 1980¹³² to 130,000 in 2016.¹³³

During the eight years of the Obama-Biden administration, the number of U.S. flagged ships dropped 22 percent, from 217 in 2009 to a low of 169 at the beginning of the Trump-Pence administration¹³⁴ while gross tonnage fell 13 percent, from 7.7 million to 6.7 million.¹³⁵



The Trump-Pence administration’s strict enforcement of the Jones Act and strong commitment to America’s shipyards is helping to turn these downward trends around.¹³⁶ The number of ships in the U.S. flagged fleet has increased nearly 10 percent from the Obama-Biden low of 169 ships to 184 ships today¹³⁷ while tonnage has increased to 7.3 million.¹³⁸

Summary

We have seen over the course of this report that President Trump has not only talked the talk of Made-in-the-USA and Buy American, Hire American, from Day One of his administration, he has also walked that walk across five strategic dimensions.

The result has been a long overdue renaissance in American manufacturing and a significant strengthening of America’s defense industrial base. Economic security is indeed national security.

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