

United States of America's Change in International Trade Policies that Effect ASEAN Community

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Abstract

The purpose of this study is to study the United States of America's Change in International Trade Policies that Effect ASEAN Community. The study is done by documents studied, in-depth interview with the international traders and specialists from the international trade organizations in the total of 21 people that had given main information. The study results found that the products that had directly effect from the changing of the U.S.'s international trade policies are the products that have GSP rights and the products that have been accused of using child labors or the use of forced labors. However, it has not effected that high due to the products that have balance of trade deficit are the products that American investors used ASEAN countries as the manufacturing bases. Therefore, proactive protection guidelines preparation from the international trade policies changed are to elevate many products quality to the higher level than asking for privileges and if there must be trade agreement, it should be done by trade agreements and investment descriptions between the United States of America and ASEAN community. Thus, ASEAN community must apply for old customer preservation policy and searching for new customers than abiding on old trade markets and to reduce commercial exploitations between one another.

Keywords: International Trade Policies, The United States of America's Trade Policies Change, ASEAN community.

1. Introduction

The International Trades concept is the concept of Adam Smith (Adam Smith, 1776, quoted from Korrakrit Upprarakot, 2003) and David Ricardo (David Ricardo, 1821, quoted from Juthamas Vathayanond, 2014) that each country will produce products that they are skillful of and that can be produced with cheaper cost and send out to sell abroad, thus, merchandises that unable to produce or cost higher than importing, both countries will be perfectly advantaged and will be mutually benefited and it will make the use of world resources economically and effectively (Korrakrit Upprarakot, 2003; Juthamas Vathayanond, 2014).

Even though the concept of International Trade is a good concept (Balasssa. Bela, 1989), but in reality, many countries are trying to increase their own welfares on other countries' losses (Learner, E.E. and R.M., 1970) by specifying various measures that are promotions and protections of the domestic industrial products of their own, for example, trade barrier measures inclusively doing of trade agreements to one another. These various designated measures are effected to each country's advantages that unable to reflex the actual advantages in accordance with international trade concept (Korrakrit Upprarakot, 2003).

United States of America is a large country and is the largest country of the world in exporting and import merchandises and services and is the country that has directly received the most investment funds from abroad (FDI). Therefore, trades and investments are helping the country to promote for economic growth, innovation and Americans' values (Office of Commercial Affairs, 2014). Trade relationships between United States of America and the ASEAN countries began by the 10th APEC conference in Mexico and this relationship is called "Enterprise for ASEAN Initiative (EAI)" with the consideration that ASEAN countries that will do the Free Trade Agreement (FTA) with the United States of America must firstly pass the Trade and Investment Framework Agreement (TIFA) with the U.S.A. (Thailand Development Research Institute-TDRI, 2003) and from that moment on many ASEAN countries have entered into the Free Trade Agreement (FTA) with the U.S. that build up the international trade relationships between United States of America and many countries in the ASEAN community (Atchara Lertprakaihong, 2011).

However, international trades between the United States of America and many countries in ASEAN community have gone with unsmooth movements, such as, it has the U.S.A. Anti-dumping (AD) ASEAN countries' productions (Thamvit Therdudomtham, 2005; Atchara Lertprakaihong, 2001). However, many ASEAN countries have continually improved their products and export to the U.S.A. (Office of Commercial Affairs, 2014).

Later on, the United States of America's international trade situations have changed when many U.S.A. export companies reduced to export productions to many countries, thus, reduced in both numbers of company and exporting countries. This situation has made the U.S.A. encountered with the economic problems (Office of Commercial Affairs, 2014). Thus, that is the reason why the President of the United States of America, after receiving the report information from the U.S. Census Bureau, has announced that the 16 countries that

have received the balance of trade from the United States of America are frauds and are the causes that made the U.S.A.'s economy devastated enormously from the huge unfairly trade deficits (AFP News, 2017). From now on, these fraudulent countries and the countries that broke the law and stole the U.S. prosperity from America will be faced with the consequences and must be retaliated under the present governmental administration (U.S.A. Today, 2017). The announcing of such intention illustrates that the International Trade Policies of the United States of America is clearly changed (Matichon Newspaper, 2017).

The mentioned of the changing in International Trade Policies between the United States of America with the 16 countries, found that the 4 countries that are member of the ASEAN countries, such as, Thailand, Vietnam, Malaysia and Indonesia and other 4 important countries that are related to the ASEAN countries, such as China, Japan, South Korea and India (Matichon Newspaper, 2017) are half of the related ASEAN countries that will be retaliated from the United States of America's trades.

The changing of International Trade Policies of the United States of America at this time will effect directly and indirectly to the ASEAN countries inevitably. In order to prepare to handle for the situations and in order to develop International Trade Policies appropriately, researcher aptly approves to study the Effect from the Changing in International Trade Policies of the United States of America towards the ASEAN community in order to provide for advantages information in planning, in specifying policies and prepare for the immediate proactive protection for the related organizations and the business entrepreneurs.

2. Research Objectives

This research has the following objectives:

1. To study the Effects from the Changing of the International Trade Policies between the United States of America toward the ASEAN community.
2. To study the Proactive Protection Preparation Guidelines from the Policies Changing in the International Trades between United States of America toward the ASEAN community.

3. Research Methodology

This research is the Qualitative Research and to study the case study of the Effects from the U.S.A.'s International Trade Policies Change that will retaliate the 16 countries that have been receiving balance of trade from the United States of America. Research study is from documents and in-depth interview from 11 people that are international trade entrepreneurs and another 8 specialists from the International Trade Organizations. All together are 19 main information providers from the Snowball method. Researcher collected information during the month of April 2017. Research tools in data collection are documentary analysis, interview, record and researcher himself. Collected data has been brought for triangulation check and analysis and process for further conclusion.

4. Research Findings

Research findings, found that

1. The Changing of Trade Policies

1.1 Former International Trade Processes

The trading between the United States of America with the ASEAN community, found that the trading has been gone in one step of cooperation because the U.S.A.'s markets are Free Market with huge and difference in topography that effect to the demands, models and types of different merchandises. The significant cooperation is the GSP rights obtained (Generalized System of Preferences) for many items, such as decorative items, rubber gloves, tires, pinch seal re-closable plastic bag. However, there are still many issues that are obstacles in trading with one another, such as:

1) The strictly safety inspection for the consumer products by various units, for example, the U.S. Consumer Product Safety Commission (CPSC) , the controlling of consumer goods, toys and some textile products. The U.S. Food & Drugs Administration (FDA) to control foods and pharmaceutical products. The U.S. Department of Agricultural (USDA) to control agricultural goods and some food items. Besides, there are more specifications on the non-tariff trade barrier with the importing goods, such as standard of merchandises aspect, testing aspect, the more strictly custom procedures, the issuing of new rules, regulations to the imported goods. Apart from this, there are more increasing measures issues, such as, container measures inspection in accordance with 9/11 Commission Act of 2007. It delays in merchandises checking out when passing through the custom procedures or merchandises may be seized for further inspection which cost more expenses to the importers.

2) The issuing of trade barrier, for example, the trade barrier laws for importing ruby decorations or jades from Myanmar sources, enforce to apply for the Lacey Act to protect and conserve the imported trees and seedlings that have to be declared clearly.

3) Increase in imported tax, such as shoe taxes for imported shoes for the group of non-sporting footwear and goods that are not produced in U.S.A.

4) The strictness with the imported sources that used child labors and forced labors inclusively business owners' social responsibility.

5) The giving of strict USTR to the agreement operation and/or various agreements that many countries have with the U.S.A. (Compliance) and the review/withdrawn the GSP rights in some items/some countries including the changing of GSP reform.

1.2 Trade Policy Trends Changed

From the President Donald Trump's speech on Friday, March 31, 2017 after he has received the report from the U.S. Census Bureau that there has been 16 countries that have been ugly received the balance of trade from America, the countries consist of China, Japan, Germany, Mexico, Ireland, Thailand, Vietnam, Italy, South Korea, Malaysia, Indonesia, India, France, Switzerland, Taiwan and Canada, that he would like the American economic international trade specialists to find some ways to retaliate these 16 countries within 90 days. While the group of economic international trade specialists are in the middle of meeting in order to specify for the mentioned retaliations and it has been expected that the retaliations will be coming out in the form of taxes measures, trades measures and other economic measures in order to reduce American's trade deficit quickly.

1.3 U.S.A.'s Trade Deficits to the ASEAN community countries

Report from the U.S. Census Bureau stated that the past 3 years Thailand, Vietnam, Malaysia and Indonesia have lots of balance of trades from the U.S.A. and continuously to increase each year. The study from many reports has confirmed the same thing that the 4 mentioned countries in ASEAN have truly received the balance of trade increased. Last year, Vietnam is among the highest group of the 6 countries that America has balance of trade deficits (trade deficit of \$32,000 million dollars), follow by China (trade deficit of \$347,000 million dollars), Japan (trade deficit of \$68,900 million dollars), Germany (trade deficit of \$64,900 million dollars), Mexico (\$63,200 million dollars), Ireland (trade deficit of \$35,900 million dollars) respectively. By the first month of this year, ASEAN has the export values to the U.S. for \$13.28 thousand U.S. dollars, increased in 14% which is calculated to 7.15% of the import portion. However, Thailand is in the 3rd country for exporting to the U.S.A, follow by Vietnam and Malaysia. The important products that ASEAN community exports to the U.S. are electronic equipment, tires, radio and television equipment. Most products that U.S. exported to the ASEAN countries, mostly are raw materials for making electronic equipment.

2. The effect towards the ASEAN community

2.1 Direct effect of the International Trade Policies

From the first President's order, provided that Ministry of Commerce and the USTR must do the inspection in order to distinguish the causes of unusual trade deficits whether happened because of trade violation or not. The 2nd President's order is to give authority to officers of the Custom Border protection Office (CBP or the former Custom Office) of the U.S.A. to evaluate, to process the punishment measures on the unusual behavior and unfair imported goods or to collect import taxes in order to retaliate the mentioned scope of dumping actions and to collect the mentioned funds from the importers.

Things that will happen are, "Individual country, Individual merchandise" trade analysis in order to find stated evidence of "fraud" of whether the country has proper behavior in doing business or not, for example, country that does not do the business as according to each another agreements, country that violate the enforcements as according to the trade agreements, country that causes weak money values distortion for trade results, the unfavorable trade that happened from the limitation of the WTO regulations and many other limited agreements. However, from this order, the United States of America has no need to do anything to retaliate or use the measures to correct and adjust every specified country in the list if it is the actual imported because U.S.A. is unable to produce enough products for domestic use or it is the products that the U.S. cannot produce or does not want to produce or the specified countries can produce better product than the U.S.A. and produce with cheaper costs.

From the trade specialists analysis, it speculates that car industry and parts, tires, the ornamental industry, seafood industry and agricultural industry of the ASEAN countries that have received quite high GSP rights including fishing industry, textile industry that have been accused of having child labors and forced labors or employers are lack of social responsibility may be retaliated severely from the U.S. government in both taxes and other trade retaliations. For other industries apart from this category will have just a little effect.

2.2 Indirect Effect of the International Trade Policies

Trade specialists have analyzed that another 4 important countries that related to the ASEAN community are China, Japan, South Korea and India. They are the biggest exporters of ASEAN and the past year has all together exported 20% high in all exported goods. Product that exported is raw materials that the 4 countries used for manufacturing and send to make sale in U.S.A. Therefore, when the 4 countries have severely retaliated and unable to export products to sell in U.S., then, the 4 countries will unable to import any products from

the ASEAN community to sell or, in another word, losing of the 4 exporting countries and including U.S.A. markets.

3. The Effect towards United States of America.

3.1 Boomerang Effect

From the products analysis that the ASEAN countries have the balance of trade from the U.S., found that most merchandises are raw materials. There are only some merchandise that are innovated products due to the ASEAN countries are still unable to have adequate ability to produce innovated products, therefore, innovated products or the products that need high ability in techniques to produce and send back to U.S., are the products that large companies in the U.S.A. are using the ASEAN countries areas as their manufacturing bases. Therefore, the U.S. retaliation is not only effect the ASEAN countries, but in return, it is a boomerang that turned back to hurt the U.S. that have to use high prices product.

3.2 Monkey and Net effect

From the ASEAN countries that have balance of trade from the U.S.A. analysis, found that imported goods are really necessary to import whether the domestic problems are from both manufacturing and insufficient for the domestic usage or are the products that the U.S. cannot produce or the U.S. are not producing them or the products that have higher price, the retaliation with the rushing of creating industry in the U.S. will create the new problem of lack of labors or the high cost of labors which will effect country consumers that have to buy higher prices products. It may say that in order to solve one problem, it creates another problem which is similar to the proverb that said, "Monkey and Net Effect, thus, to solve the problems like monkeys try to untie the nets".

4. Guidelines in Proactive Preventions

The processes of International Trade that will be benefited to both United State of America and the ASEAN community are to develop and adjust trade processes together in order to prevent misunderstanding from each other and must be reliable to one another insupporting each other and do not take advantages from each other. The significant Proactive Prevention Guidelines are:

4.1 ASEAN community must develop innovated merchandises to replace raw material merchandises or being as only manufacturing base for exporting in order to build value-added to the merchandises that create more incomes to the countries. However, for the exported merchandises that in the form of raw materials and consumer products, must lift up merchandises quality to the higher quality level than the exported market standard without hoping to have any privileges from trading partners or just remain to have only necessary privileges and the limited durations in order to adjust and develop.

4.2 Trade and Investment Framework Agreement Joint Council-TIFJC between United States of America and the ASEAN community, should not be using the old international agreement that agreed with the bilateralness type, but it should be the U.S.-AEC Trade and Investment Framework Agreement Joint Council that is fully utilized as the ASEAN trade boundaries potentiality for advantages that provide to have power in trade negotiation.

4.3 ASEAN community must apply for the policy of preserving old customers and looking for new customers more than only hold on to the old markets such as U.S.A. The methods of looking for new markets, the building of new trade agreements, the expansion of international trade by intentionally use of various trade networks and distribution channels, the searching for markets' trends for products in accordance with customers' behavior and tastes and the study of new market competitors strategy are all strength build and advantages in competition for the ASEAN community countries.

4.4 The building up of the economic cooperation. U.S.A. must build the economic partnerships on the equality basis. Reasons that the United States of America encountered with economic problems and trade deficit, part of it happens due to many U.S.A. exporting companies that export merchandises to many countries are reducing and due to American economic interference with many countries and also caused by other reasons. Also, the ASEAN countries must build good economic partnerships, must cooperate in inspection and prevent inappropriate behavior in trade aspects, for example, not doing business as according to the agreements, trading not in accordance with the trade enforcements, stir up weak and unusual money values distortions for trade results and the serious processes of intellectual property, in overall view, to reduce trade exploitations and obstacles between one another in order to continuously create economic cooperation.

5. Conclusion

The studied results can be summarized as follows:

1. Effect in International Trade Policies between United States of America toward the ASEAN community

The ASEAN community countries that have direct effect from the changing of International Trade Policies between United States of America are Thailand, Vietnam, Malaysia and Indonesia. Direct effect are the merchandises that have received quite high GSP rights and the merchandises that have been accused of using child labors and forced labors and employers that have lack of social responsibility may retaliate in both taxes measure and other retaliated measures, such as, GSP revocation, increase in the imported taxes, the issuing of trade preventive laws including strict performance as according to the agreements which will increase importers' expenses. Besides, Thailand, Vietnam, Malaysia and Indonesia may have indirect effect from the raw materials selling for the manufacturing in the countries of China, Japan, South Korea and India that also have trade retaliation from the United States of America, that is why it is the indirect export losses.

2. Guidelines in Proactive Prevention Preparation from the Changing in International Trade Policies between United States of America and the ASEAN community.

The changing of the International Trade Policies between the United States of America and the ASEAN community happens from the distrusting of each other and misunderstanding, therefore, retaliation is not the sustainable way to solve the problems. Things that should do to each other are proactive preventions, support each other and do not take advantages from each other.

Guidelines that the ASEAN community should do are:

2.1 To develop innovated merchandises to substitute for raw material merchandises and to lift up higher merchandise quality instead of asking for various privileges.

2.2 Building the U.S.-AEC Trade and Investment Framework Agreement Joint Council more than the bilateralness model.

2.3 ASEAN community must apply the policy of old customers preservation and looking for new customers than to hold on with the old trade markets.

2.4 ASEAN community must create the good economic partnerships with the United States of America, must inspect together and prevent the inappropriate trade behavior in order to create economic cooperation, for example, no enforcement but let it goes on by the trade agreements, the unusual weak money values distortion, serious action with the intellectual property violators, these are the reduction of trade exploitations and obstacles between trades.

6. Suggestion

Suggestion for Utilization

From the study found that merchandises that have obtained the GSP rights and merchandises that have been accused of incorrect use of labors may be retaliated in both taxes measure and other retaliated trades. Therefore, many related organizations and business entrepreneur should fully use the benefits of ASEAN trade potentially in trade negotiation power in order to clarify understanding including to continuously build international trade agreements and investments between United States of America.

Suggestion for next research

From the study found that ASEAN community should prepare for the proactive prevention in developing merchandises, to look for new customers, to reduce trade advantages and obstacles in trading with the United States of America, therefore, ASEAN community should add more guidelines study in the possible and proper processes.

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