

Future of Trade

***Where Is Growth Coming From – and
Is That Where We Will Be?***

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NEXTRADE GROUP, LLC
World trade is changing. Are you?

Can Trump Save Their Jobs? They're Counting on It

By [NELSON D. SCHWARTZ](#) NOV. 12, 2016



Jennifer Shanklin-Hawkins, left, and Nicole Hargrove work at a Carrier factory that is leaving Indianapolis for Monterrey, Mexico. *Whitten Soldati/for The New York Times*



speed

OUTFITTERS

Suits
Accessories
Pants



Scala Rider
PackTalk Duo

\$579.95



Alpinestars
Freeman Zip Fleece - Blue

\$85.00



Thor
Core Orbit Pants - Black / Fluorescent Green

\$149.95



Icon
One Thousand El Bajo Boot - Black

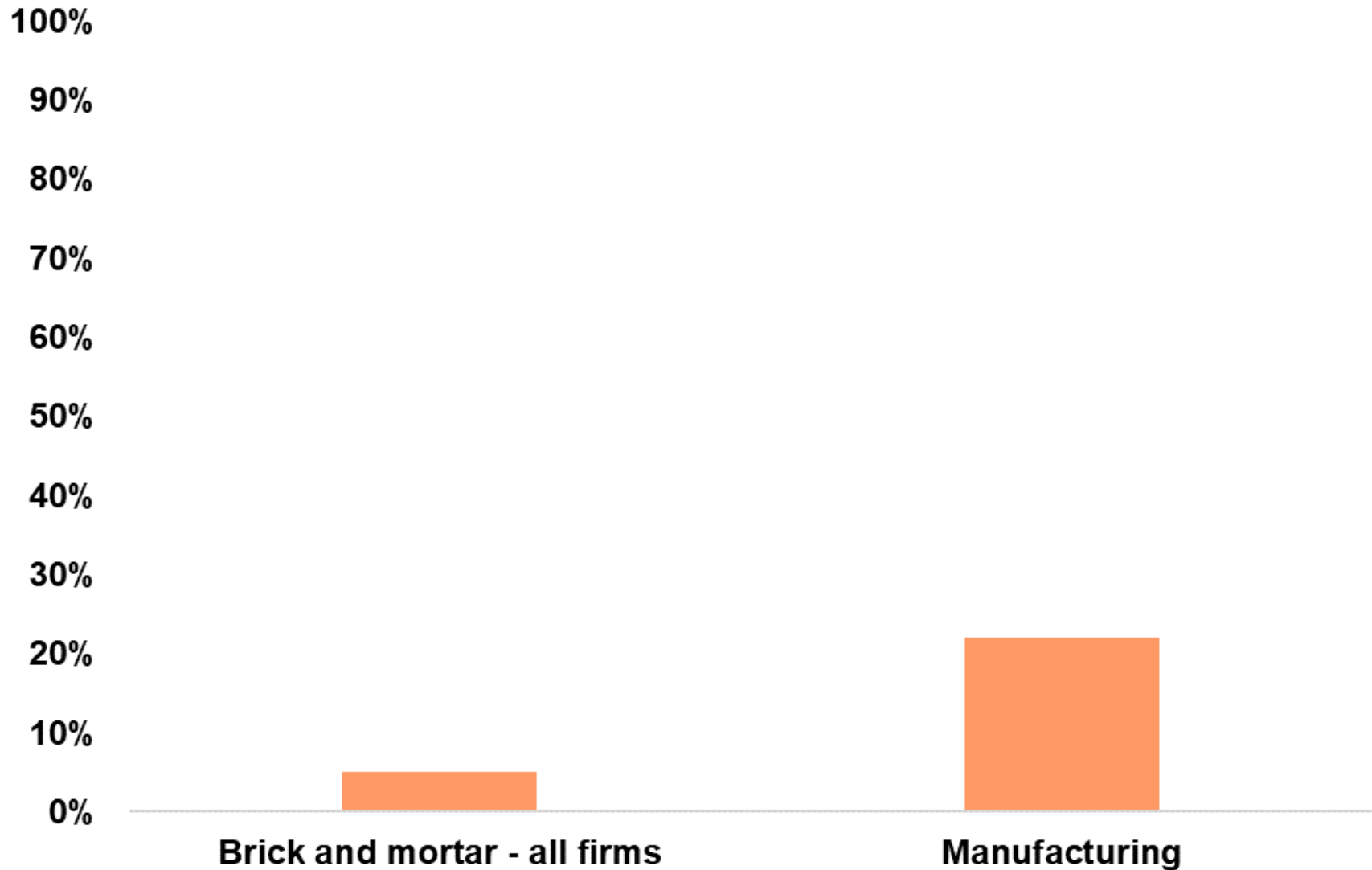
\$190.00

How Digitization Changes Trade

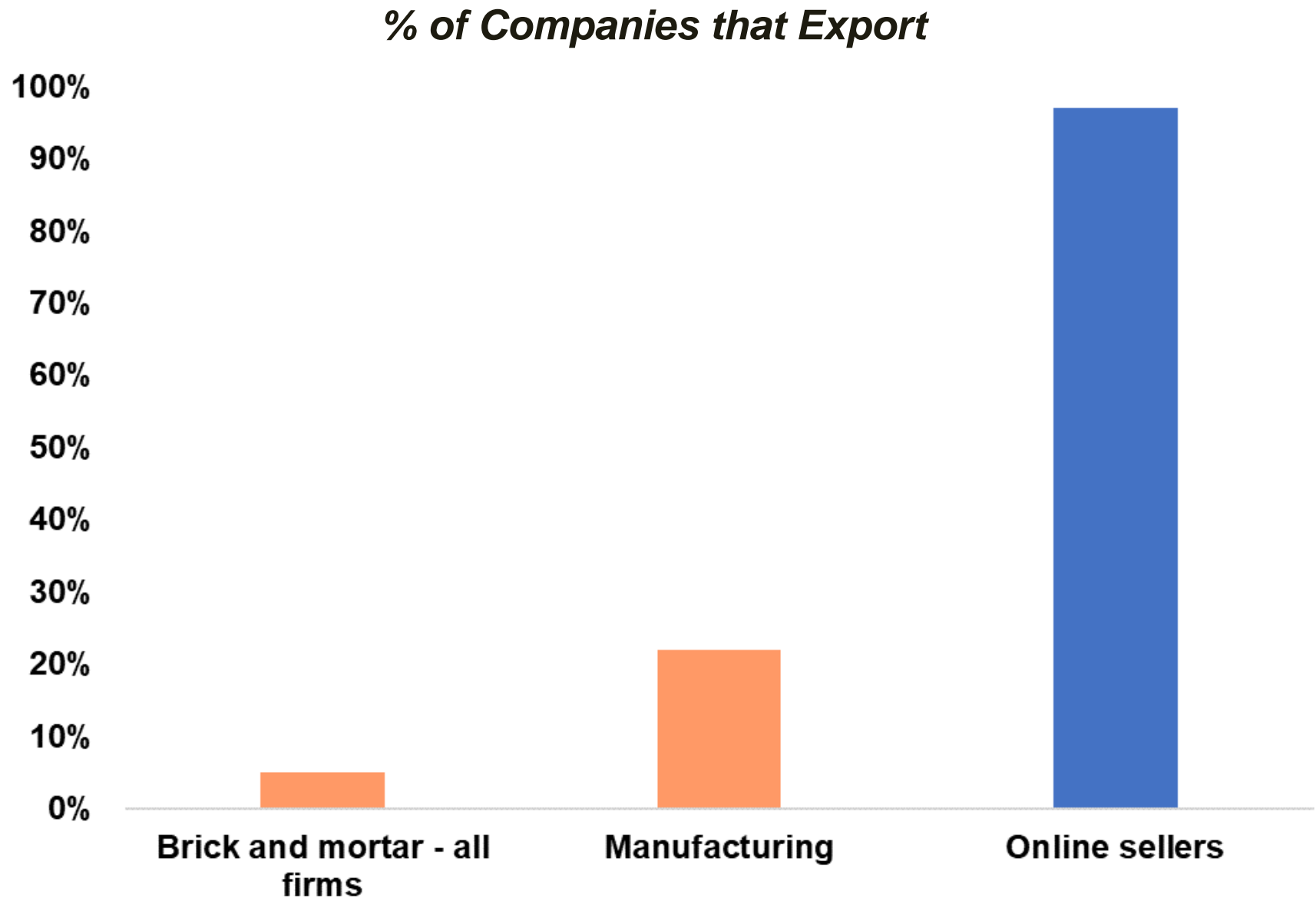
- Ecommerce
 - Digitally-enabled services
 - 3D printing and robotics
- Blockchain
 - Automated, driverless shipping
 - IoT & Data

Export Nation?

% of Companies that Export

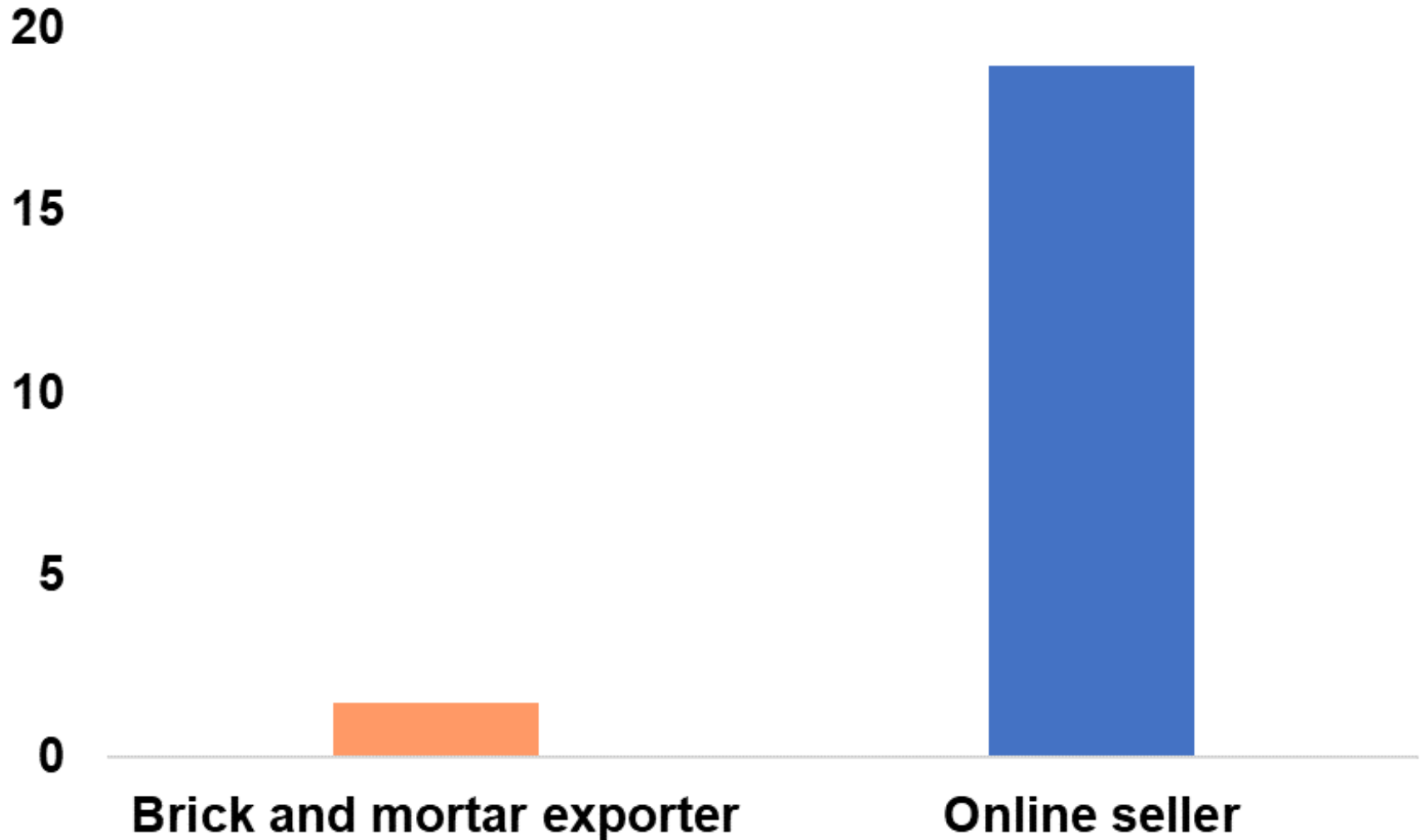


Ecommerce Sellers = New American Exporters



No More “Canada or Mexico” Only

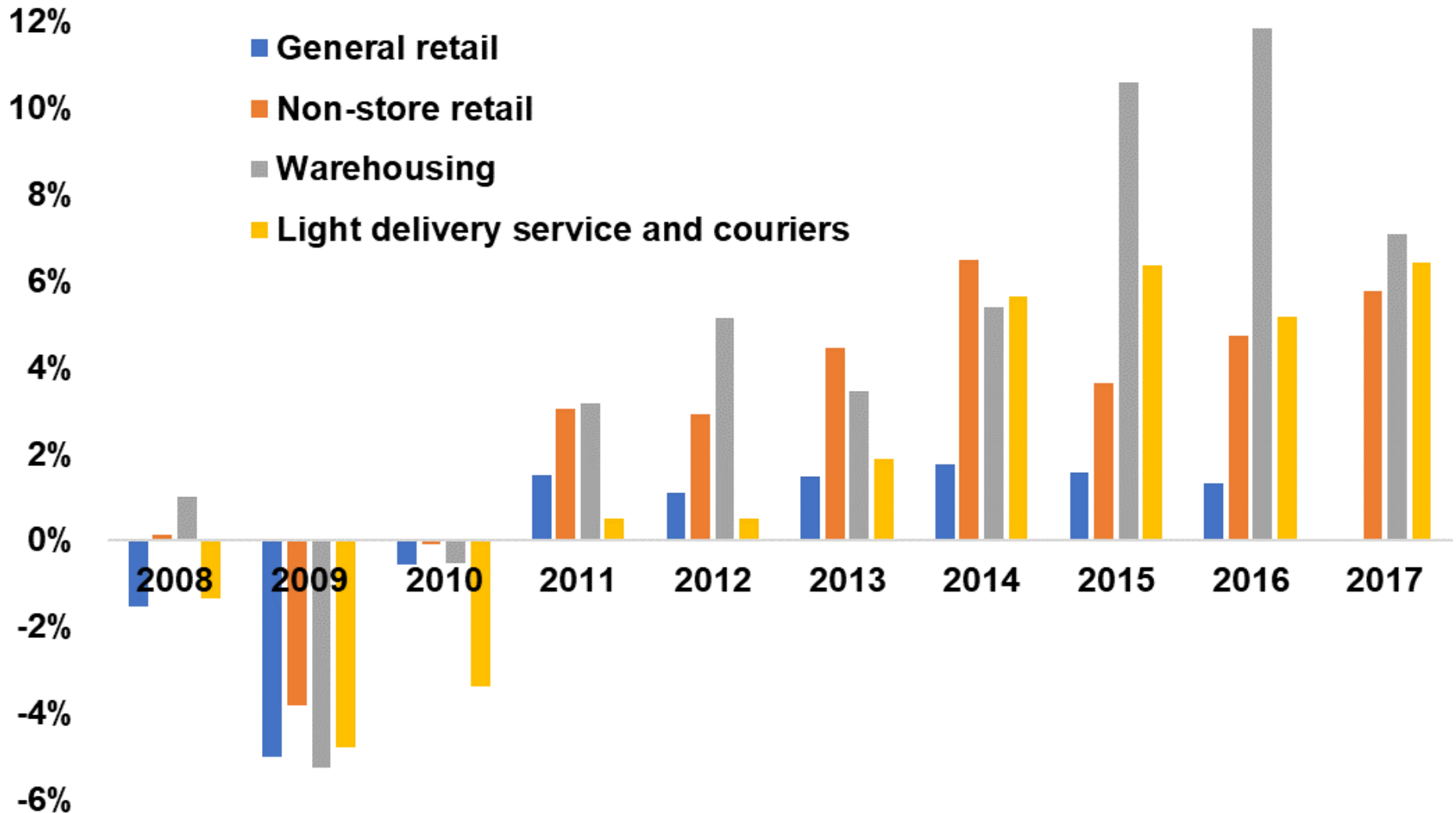
Number of Export Destinations





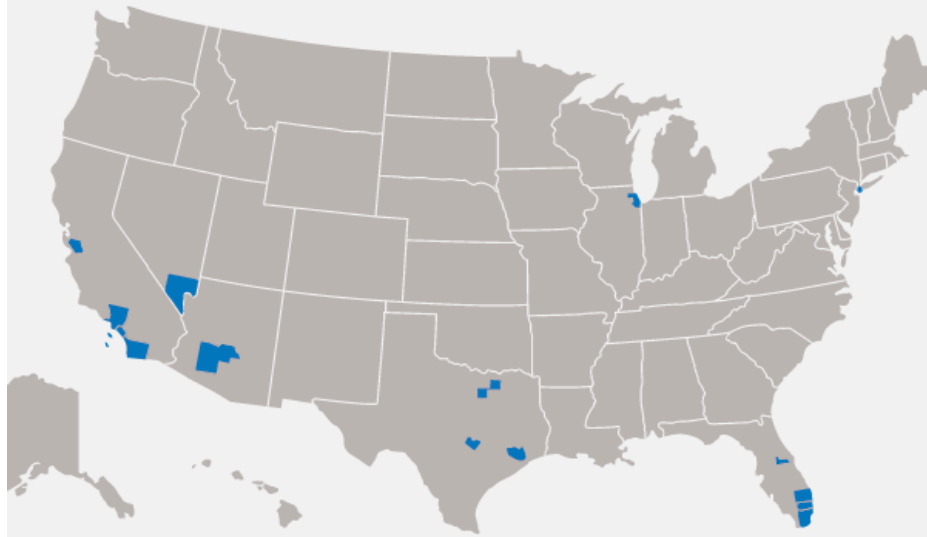
Ecommerce Jobs Growing

% year-on-year change in employment



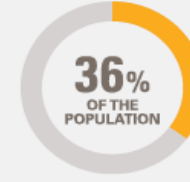
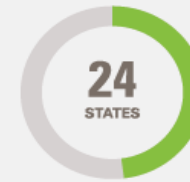
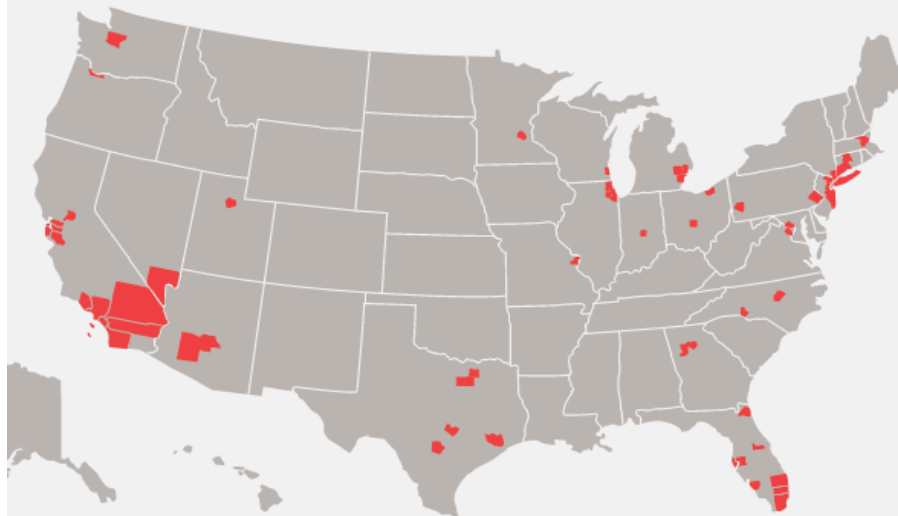
NET ESTABLISHMENT GROWTH*

2010-2014

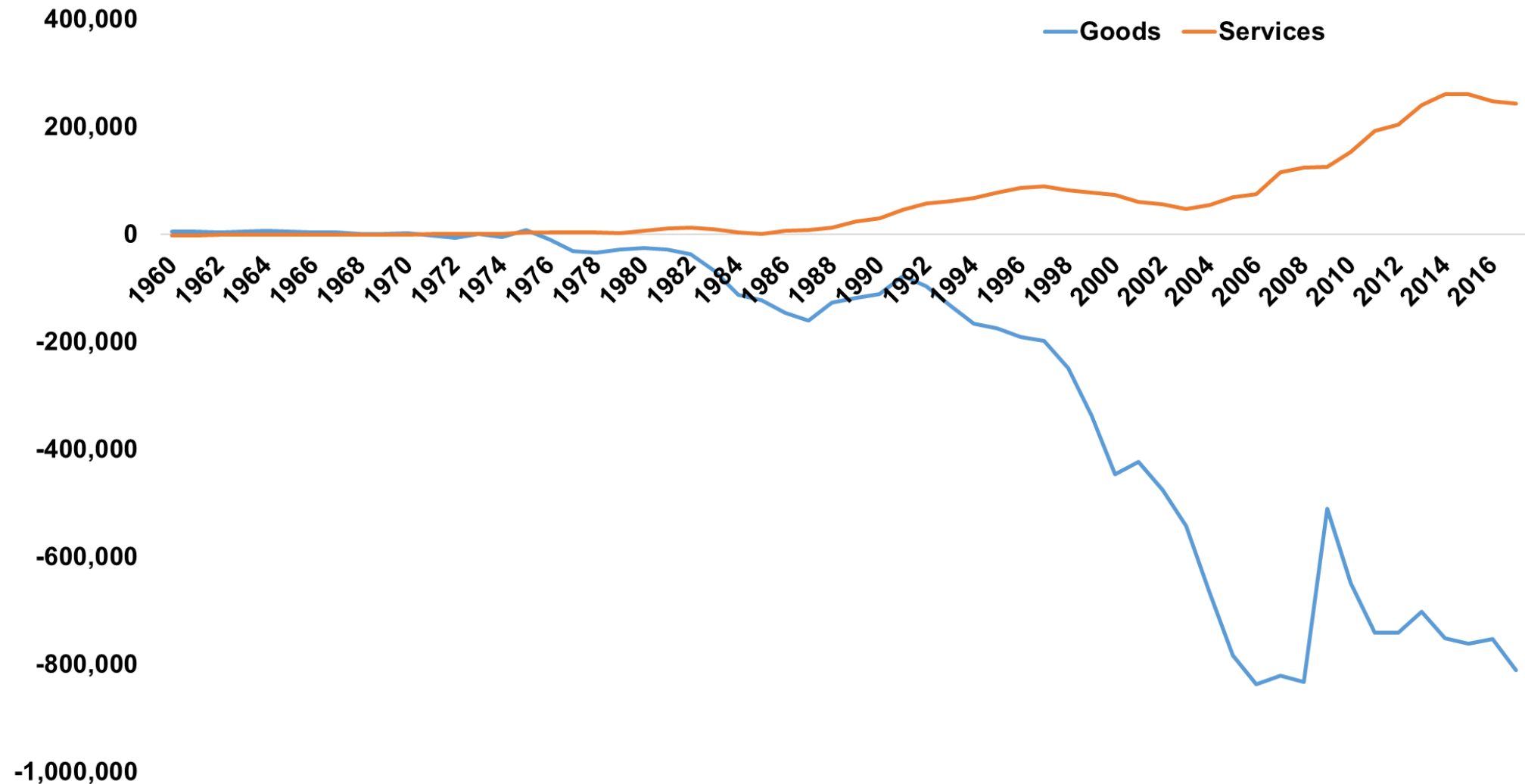


NET EBAY COMMERCIAL SELLER GROWTH

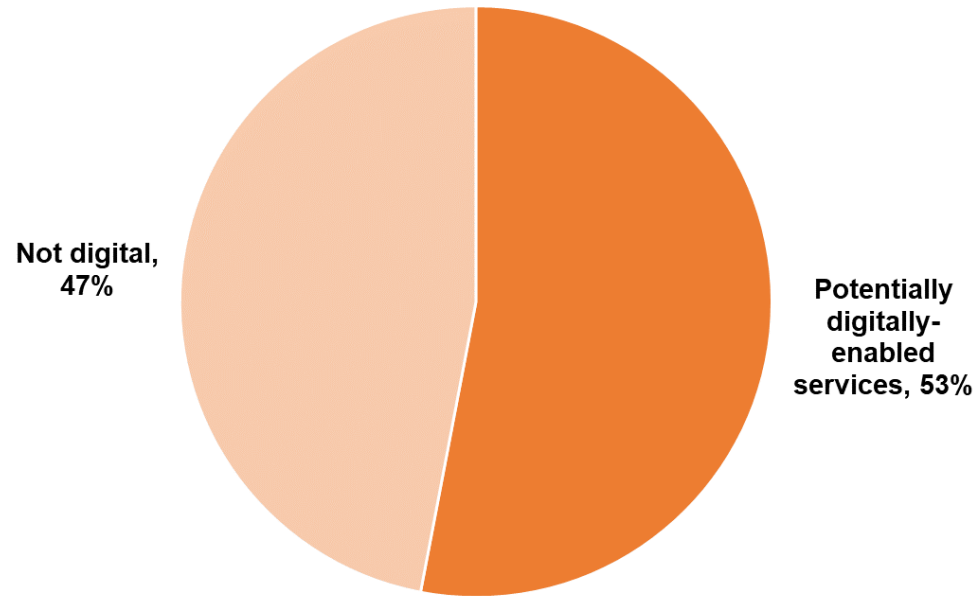
2010-2014



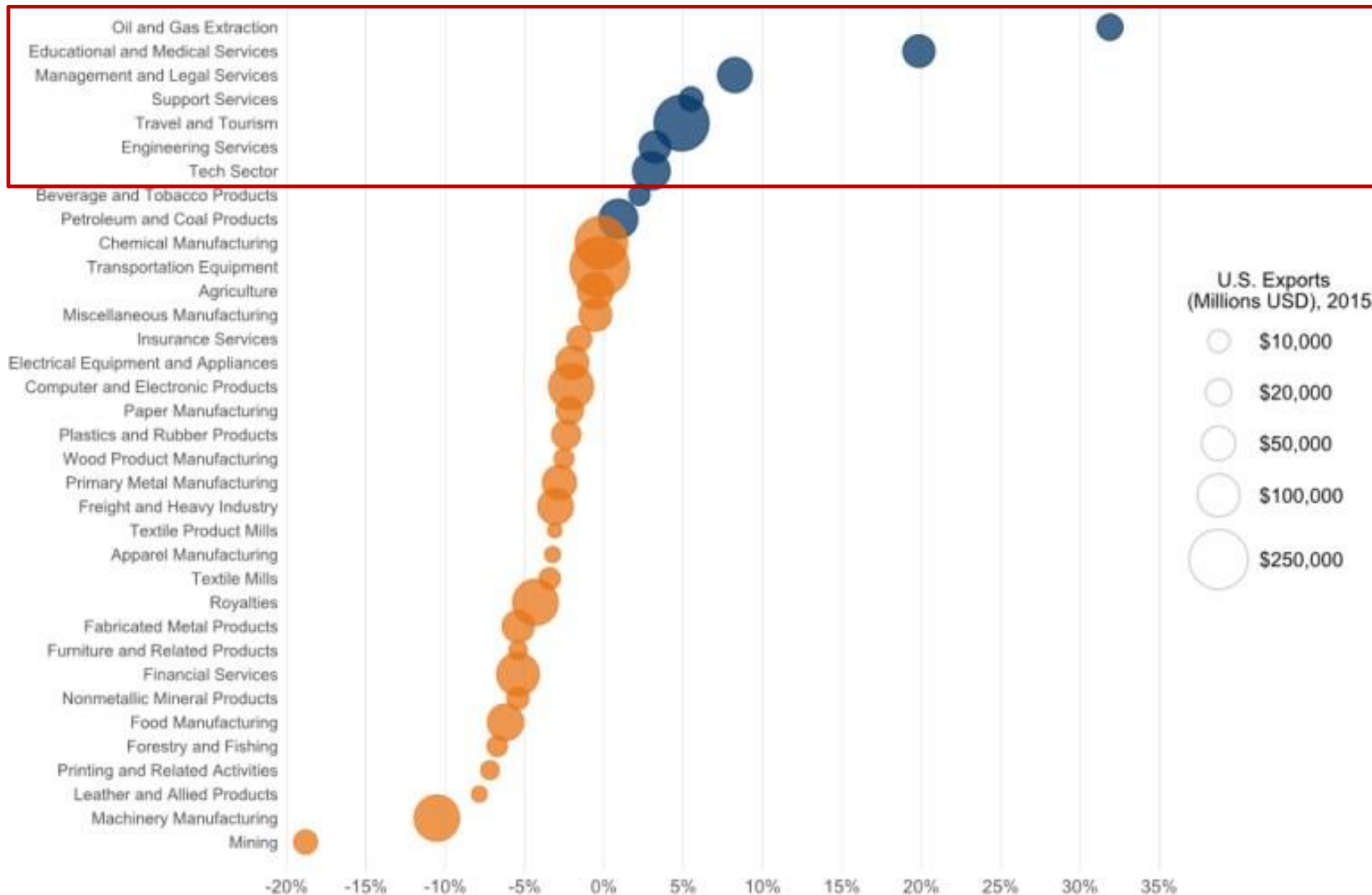
America's services trade surplus growing



> 50% of U.S. service exports are digitally-enabled

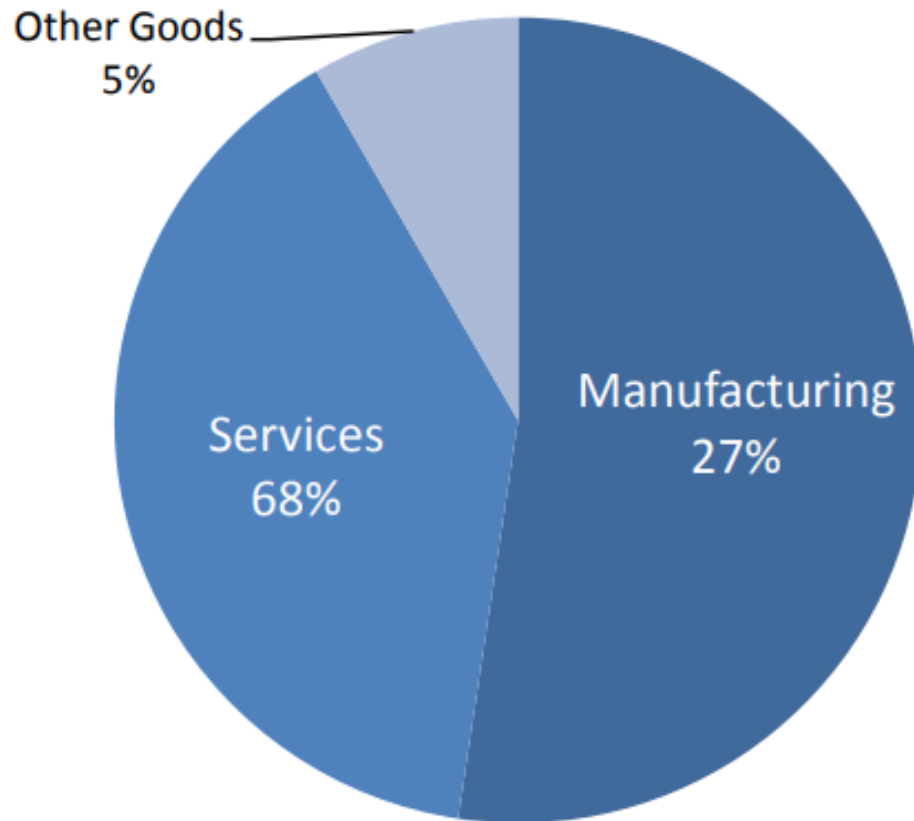


Services Drive Exports Growth

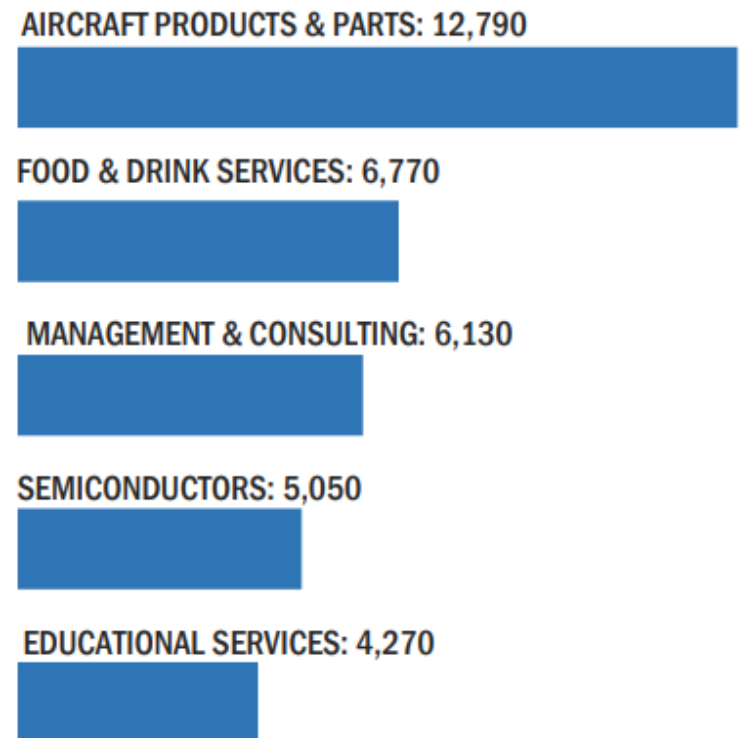


> 2/3 of U.S. Export-Related Jobs Are in Services

U.S. jobs supported by exports - % of total



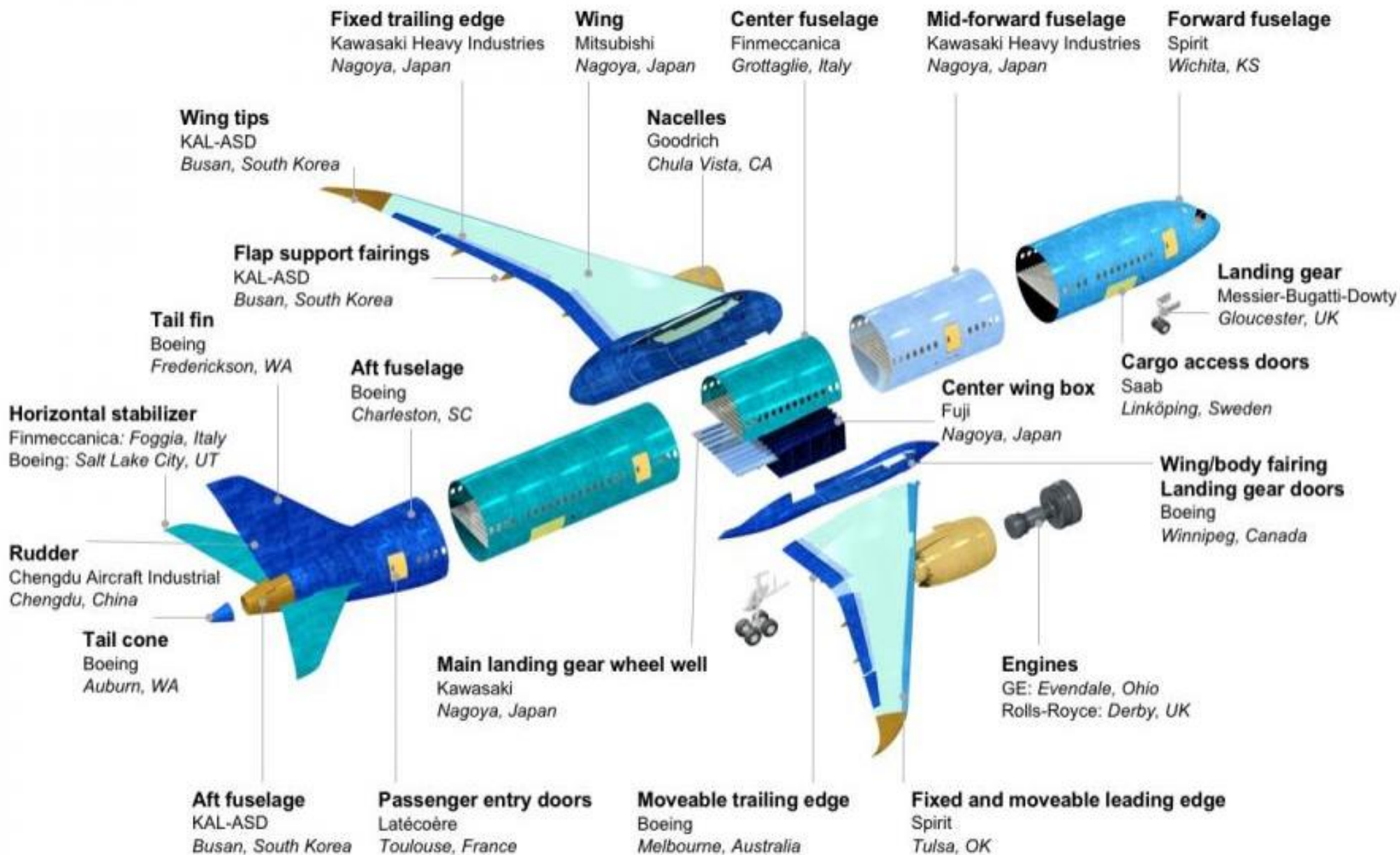
Top-5 AZ Jobs supported by exports



Old Globalization: iPhone “Made in the World”



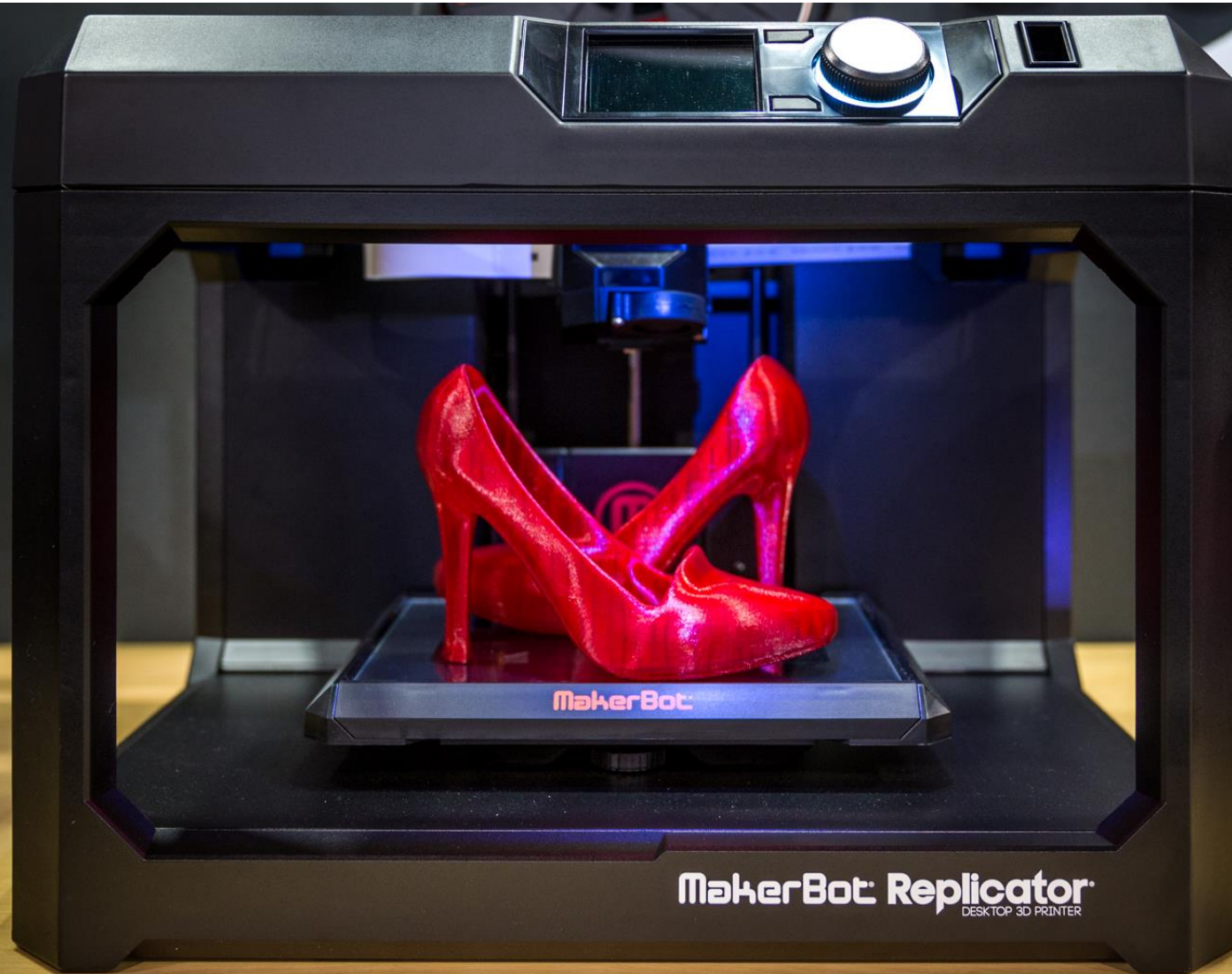
Old Globalization



New Globalization

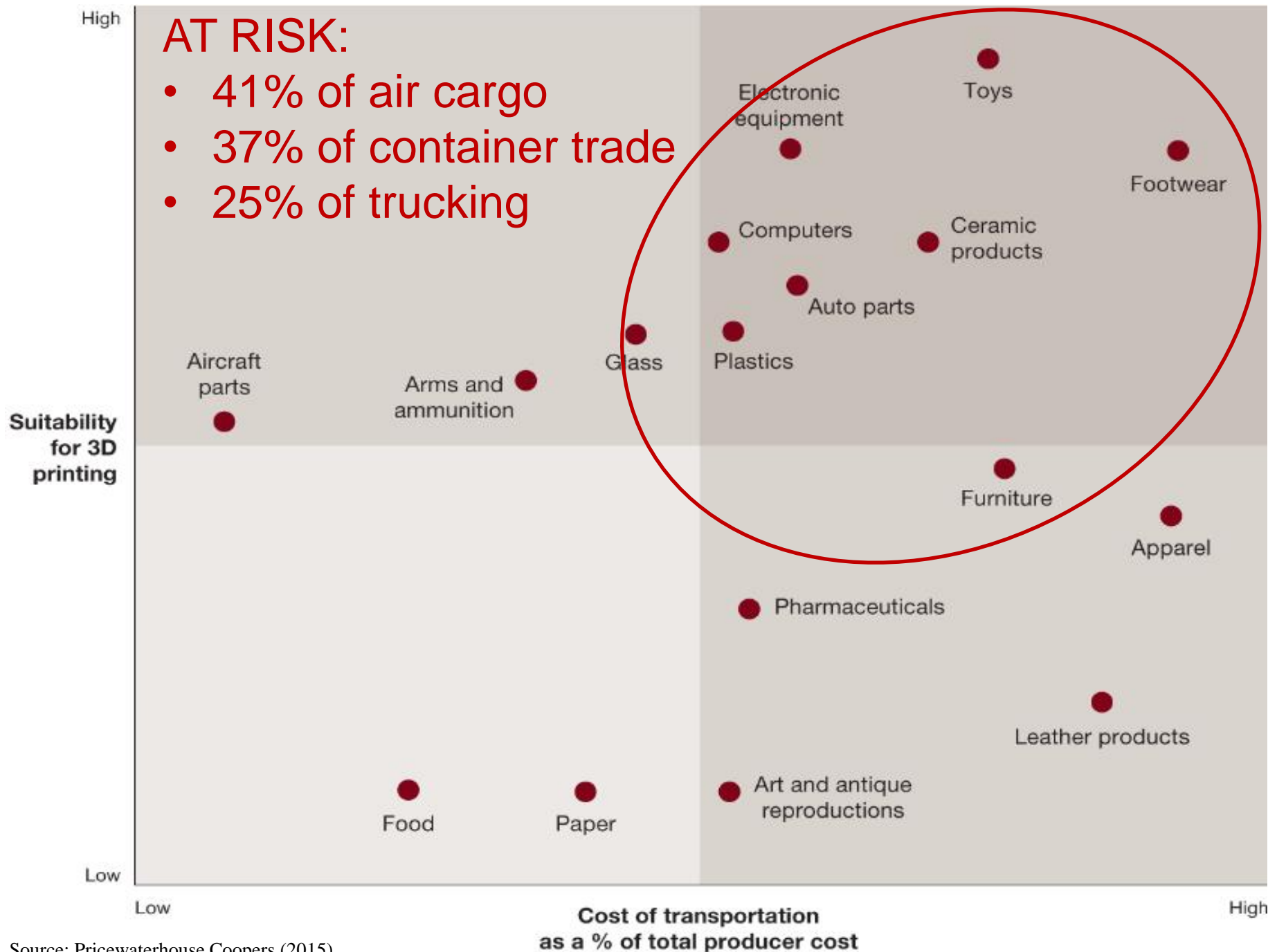


New Globalization



- Lower production, inventory, & shipping costs: savings conservatively 50%
- Huge efficiencies – plastic braces: used to take 13 min. to make 1, now 5 min. to make 70
- Volvo engines: time to manufacture down from 36 days to 2 days, 94% gain

~~Global~~ Local Supply Chains



New Globalization



“Apple Manufacturer Foxconn to Fully Replace Humans With Robots” –
Digitimes, 2016

Result: Localized Production & Less Physical Supply Chain Trade

Going away:

- Labor costs
- Supply chain management costs
- Inventory costs

Coming:

- Localized production
- Customized goods
- Smaller runs – profitable to run a small factory making custom goods

Leads to:

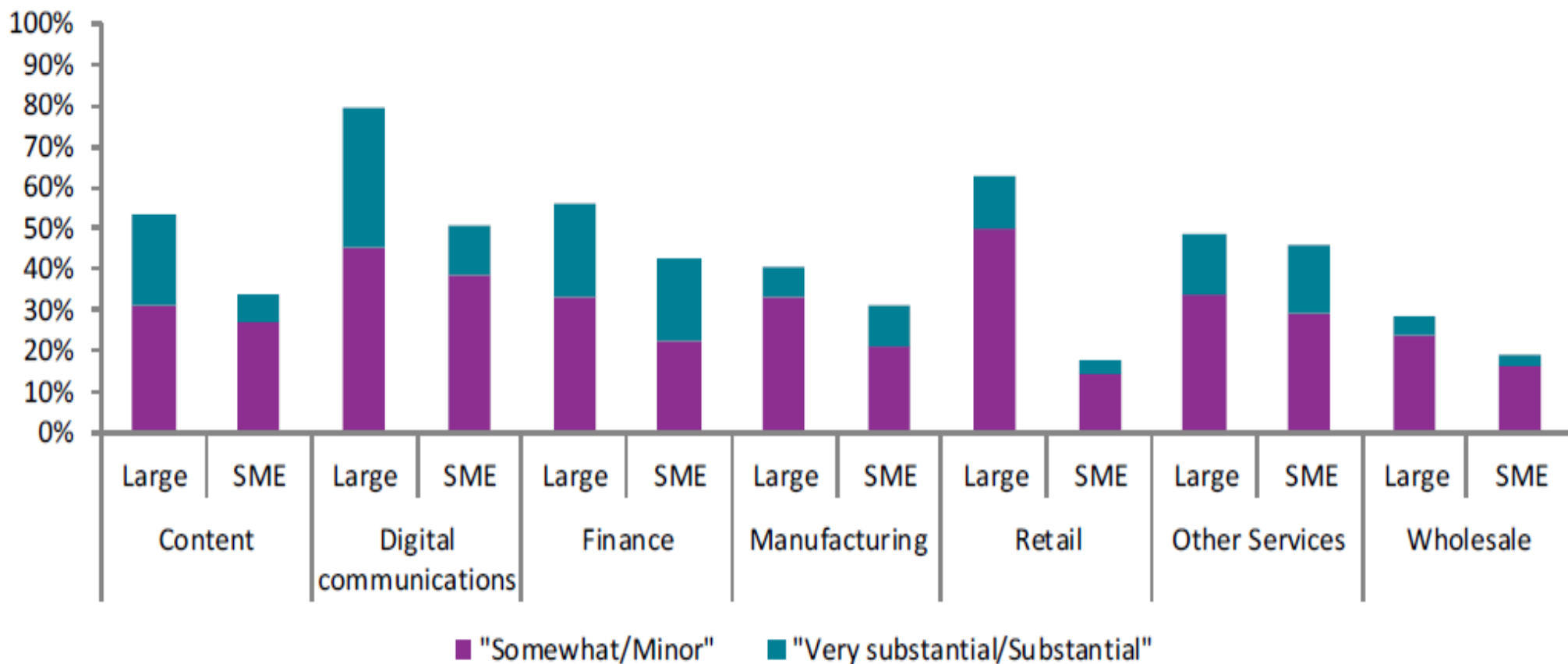
- Less exports of intermediates
- Less assembly jobs
- Greater variety = welfare-increasing
- More cross-border ecommerce (because consumers love variety)

Challenges to Digital Trade

- Splinternet: Fragmented landscape of digital regulations; barriers to data flows
- Still steep barriers to trade in services
- Digital transformation and capabilities in firms
- Tradelash and Techlash

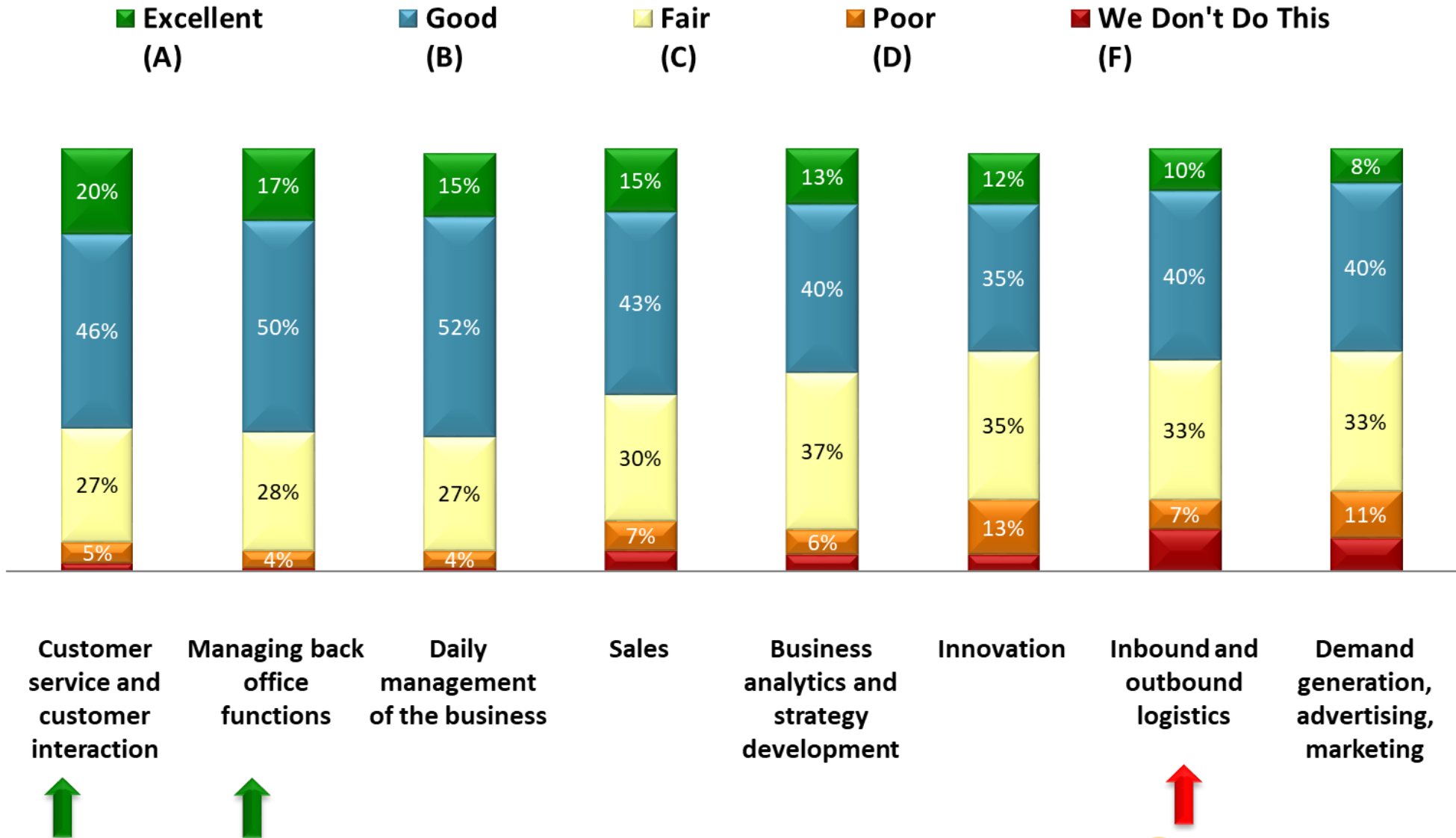
Splinternet

% U.S. companies saying foreign data privacy rules are a problem



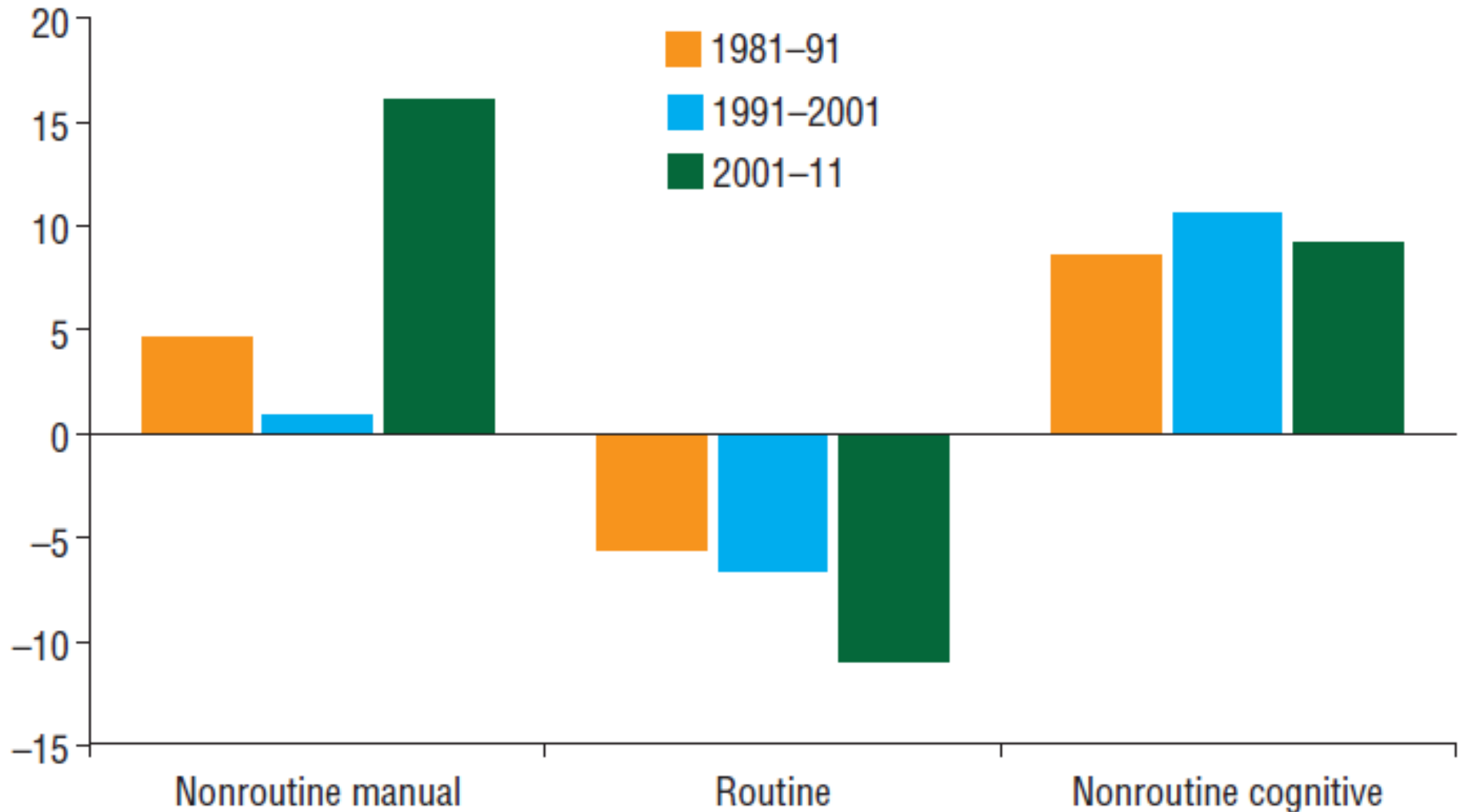
C+ Digital Capabilities

U.S. Companies Self-Assigned Grade on Digitization, by Business Area



Tradelash & Techlash

Percentage change in employment share



Techlash

“In the end, every device that lightens human toil and increases production is a boon to humanity.

It is only the period of adjustment, when machines turn workers out of their old jobs into new ones, that we must learn to handle them so as to reduce distress to the minimum.”

– *U.S. Secretary of Labor James J. Davis, 1927*

