



International Association of Machinists & Aerospace Workers

A NEW TRADE AGENDA

President Trump campaigned on a promise to fix our broken trade policy and create new Americans jobs. A hundred days into the Trump administration and that promise is in doubt as President continues to soften his positions on reforming our trade policy. Any new trade agenda must deal effectively with three key issues.

China

Since China entered the World Trade Organization in 2001, the U. S. has lost an estimated 3.4 million jobs, mostly in manufacturing, according to the Economic Policy Institute. This is the result of a lack of free labor unions and weak environmental regulation, coupled with a severely misaligned U.S.-China exchange rate that artificially cheapens the cost of China made products. China has also practiced unfair trading practices like the dumping of products below market value to undermine international competition, which has had a negative impact on IAM members in the steel and aluminum industries.

While campaigning, President Trump promised to declare China a currency manipulator on Day One. After months of inaction, President Trump finally said never mind, China does not manipulate its currency, despite mounting evidence to the contrary. Congress needs to take action and correct this unfair trade practice.

The U.S. and China have been discussing a bilateral trade agreement called the China BIT. While the details of the still developing agreement have not been made public, press reports indicate that it mirrors the deeply flawed Trans-Pacific Partnership Agreement. This must not happen, and any new agreement must address labor rights, environmental regulation, and not include special rights for multi-national corporations.

NAFTA Renegotiation

It appears that the Trump administration will attempt to renegotiate NAFTA with Canada and Mexico. While this is a positive development, it remains to be seen whether there will be any meaningful changes in the agreement that will benefit workers. Labor rights in Mexico look good on paper, but in reality are seldom enforced. A new NAFTA must get rid of the Investor-state dispute settlement (ISDS) system that gives special rights to multinational corporations. Labor and environmental organizations currently have no such right under NAFTA, and provisions in the agreement dealing with labor and the environment need to be significantly strengthened. Specifically, the labor provisions need to be based on the International Labor Organization's fundamental conventions defining labor rights, including the right to organizing and bargain collectively.

The rules of origin for NAFTA manufactured goods determine tariff benefits and have expedited the offshoring of American and Canadian jobs, particularly in the auto industry. These rules need to be strengthened to disincentivize offshoring and preserve jobs. Additionally, currency manipulation must be addressed and the procurement chapter that undermines Buy American laws needs to be eliminated.

Finally, any new negotiations must include the meaningful involvement of all stakeholders, including the labor and environmental communities. If a renegotiated NAFTA is corporate driven then we can expect the same flawed results as with the original agreement that led to the loss of nearly one million American jobs and greater income inequality throughout North America.

Strengthening Buy American

Buy American policies serve the public good by targeting our tax dollars for the purchase of American made products and services, thereby employing U.S. workers. Unfortunately, there are too many loop holes that undermine the positive economic potential of billions of tax payer dollars for infrastructure projects, as well as the supply chain of our defense industrial base. In the last five years, over \$70 billion in our tax dollars went to the foreign businesses.

A number of bills have been submitted to strengthen Buy American policies. **Senator Debbie Stabenow has introduced the “Make It Here Act,” S 908**, which would prevent the use of a “public interest waiver” if a foreign contract would decrease U. S. employment. The legislation would also toughen the guidelines for when waivers could be used and develop uniform transparency standards for federal agencies that would require the public disclosure of the amount of tax dollars going to foreign businesses.

In the House, **Congressman Dan Lipinski has introduced HR 904, the Omnibus Buy American Improvement Act of 2017**, which would also strengthen and simplify federal procurement policies, increase transparency, and strengthen the definition of a “manufactured good” as it applies to Buy American requirements.

The IAM supports S 908, the Make It Here Act, and HR 904, the Omnibus Buy American Improvement Act of 2017, and urges Senators and Representatives to become co-sponsors of the respective bills.