



Understanding the Trade Puzzle

No matter what your job, unfair trade impacts all of us in some way. The cost of globalization leaves too many workers, public servants, and communities behind, while the benefits are not distributed fairly. Globalization has intermingled the world's economies and supply chains. Some economists say the U.S. is \$2 trillion dollars per year richer as a result of globalization, but who is richer? Not the average American worker! Wall Street, corporate outsourcers, and massive agri-business get outsized benefits from free trade while the majority of Americans deal with persistent income stagnation, reduced benefits, and diminished bargaining power.

The front lines of the real trade war America has been losing since NAFTA and China's entry into the WTO are littered with hundreds of thousands of lost and outsourced family-supportive jobs. If trade is to benefit everyone, workers need strong enforcement, trade agreements that work for workers, and enhanced tools to fight unfair trade. The USW believes it is possible to create that trade model but Congress must stop appeasing special interests and engage to support it.

IMPROVE FREE TRADE AGREEMENTS

NAFTA: The North American Free Trade Agreement (NAFTA) didn't create jobs in the U.S. and Canada or improve the lives of workers in Mexico. The U.S. and Canada lost over a million jobs, and over 60,000 factories closed in the U.S. since NAFTA. As a result, small towns throughout the heartland have lost the tax base necessary to fund schools, public services, and regional health care. Negotiations to redo NAFTA are at a critical stage. The USW encourages the Trump Administration to follow through on making these and other critical improvements:

- **Labor Rights:** Workers in all three countries benefit if there are enforceable and verifiable labor standards. The protection contract regime in Mexico, where sham unions sign agreements with major corporations to represent workers without their knowledge, holds down wages and workers' rights. This must end to stop the loss of jobs from the U.S. and Canada to Mexico. Workers should be able to vote for the contract they are working under and violations of labor standards in trade agreements must be subject to a process that ensures a timely remedy.
- **Rules of Origin:** Where a product is assembled is only one piece of the jobs puzzle. For example in automobiles, roughly 300,000 USW members make something that goes into a vehicle. From steel to tires, it is important these components are made in a NAFTA country.
 - Congress needs to support a strong rule of origin with at least 75 percent of all content made in the three NAFTA countries.
 - To rebalance job loss in the U.S. and Canada, worker wages should factor into a new NAFTA. Companies pit workers against each other to lower wages. For example at Goodyear tire, where USW represents roughly 7,200 U.S. workers, our members make a living wage around \$24-30 dollars an hour. Meanwhile, workers at the Goodyear plant in San Luis Potosí, Mexico, receive less than \$2 dollars an hour making similar products for the automotive market.

USW urges Senators and Representatives to demand that a renegotiated NAFTA dramatically improves workers' rights and increases the automobile content rules to 75 percent. This will help raise wages and living standards in all three countries.

USE TRADE ENFORCEMENT TOOLS

232 Tariffs: Steel and aluminum production in the U.S. are critical to our national security. Section 232 of the Trade Act allows the President to impose tariffs or quotas to protect our national security. Years of unfair trade and global overcapacity in steel and aluminum continually undermine U.S. production. The Section 232 tariffs are the best option to ensure the survival of our critical steel and aluminum production and bring other countries to the table to help solve the problem of China's massive overcapacity. USW supports the continued exclusion of Canada from both steel and aluminum tariffs because of our countries' unique defense and economic partnerships.

- Over 3,000 workers have been hired or recalled since the 232 investigation began.
- Nearly 30 percent of the steel market was taken by imports just last year.
- In a \$20 trillion economy, \$9 billion in tariffs will have a limited impact. As production resumes here, steel users will have access to the best products at competitive prices. The process for exclusions and country exemptions or quotas should be done in an expeditions and fair manner.

301 Tariffs: Section 301 of the U.S. Trade Act of 1974 authorizes the President to take action, including retaliation, to stop foreign governments from hurting U.S. commerce. Last year, the United States Trade Representative (USTR) initiated a Section 301 investigation against China. The results show that China cheats by:

- Using restrictions on U.S. companies to transfer technology to China to gain access to the Chinese market;
- Imposing licensing requirements that deny foreign patent holders, including U.S. companies, basic rights to their technological inventions;
- Directing investment in and acquisition of U.S. companies with the goal of large-scale technology transfer; and
- Conducting and supporting cyber intrusions into U.S. companies and unions to obtain intellectual property, trade secrets, or confidential business information, as when five Chinese military hackers were charged with hacking U.S. commercial networks including the USW.

USW urges Senators and Representatives to defend the use of all available trade tools (Section 232 on steel and aluminum and Section 301 on intellectual property theft) to hold China accountable and restore balance to our trade relationship with China.

PROTECT OUR TRADE DEFENSES

The Trade Act of 1974, amended by Senator Brown and others with the Leveling the Playing Field Act, is the best weapon USW and our industries have to fight the trade war we have been in for the past several decades. When special interests get hurt because the U.S. enforces its trade laws and imposes tariffs, more and more frequently they hire lobbyists to attack the very laws that have helped save U.S. jobs and the communities tied to our industrial sectors. The newest attempt is taking place in the Senate and is being led by Senators Collins and King from Maine. The PRINT Act (S. 2835) seeks to interfere in an ongoing trade case and is a direct attack on workers' and industries' rights to seek justice through the legitimate use of U.S. trade laws. This bill sets a very dangerous precedent.

USW urges Senators not to cosponsor and oppose the PRINT Act (S. 2835).