

**Hearing on Trade and Labor: Creating and  
Enforcing Rules to Benefit American Workers**

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HEARING  
BEFORE THE  
SUBCOMMITTEE ON TRADE  
OF THE  
COMMITTEE ON WAYS AND MEANS  
U.S. HOUSE OF REPRESENTATIVES  
ONE HUNDRED SIXTEENTH CONGRESS  
FIRST SESSION

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March 26, 2019

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**HOUSE COMMITTEE ON WAYS & MEANS**  
CHAIRMAN RICHARD E. NEAL

# ***ADVISORY***

## **FROM THE COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON TRADE**

FOR IMMEDIATE RELEASE  
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March 19, 2019  
No. TR-1

CONTACT: (202) 225-

### **Trade Subcommittee Chairman Blumenauer Announces a Subcommittee Hearing on Trade and Labor: Creating and Enforcing Rules to Benefit American Workers**

House Ways and Means Trade Subcommittee Chairman Earl Blumenauer (D-OR) announced today that the Subcommittee is holding a hearing titled “Trade and Labor: Creating and Enforcing Rules to Benefit American Workers.” The hearing will take place on Tuesday, March 26, 2019, at 10:00 AM, in room 1100 Longworth House Office Building.

In view of the limited time available to hear witnesses, oral testimony at this hearing will be from invited witnesses only. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

### **DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:**

Please Note: Any person(s) and/or organization(s) wishing to submit written comments for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, <http://waysandmeans.house.gov>, select “Hearings.” Select the hearing for which you would like to make a submission, and click on the link entitled, “Click here to provide a submission for the record.” Once you have followed the online instructions, submit all requested information. ATTACH your submission as a Word document, in compliance with the formatting requirements listed below, **by the close of business on Tuesday, April 9, 2019**. For questions, or if you encounter technical problems, please call (202) 225-6649.

## **FORMATTING REQUIREMENTS:**

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but reserves the right to format it according to guidelines. Any submission provided to the Committee by a witness, any materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

All submissions and supplementary materials must be submitted in a single document via email, provided in Word format and must not exceed a total of 10 pages. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.

All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. The name, company, address, telephone, and fax numbers of each witness must be included in the body of the email. Please exclude any personal identifiable information in the attached submission.

Failure to follow the formatting requirements may result in the exclusion of a submission. All submissions for the record are final.

The Committee seeks to make its facilities accessible to persons with disabilities. If you require special accommodations, please call (202) 225-6649 in advance of the event (four business days' notice is requested). Questions regarding special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

**Note:** All Committee advisories and news releases are available at <http://www.waysandmeans.house.gov/>

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**Hearing on Trade and Labor: Creating and  
Enforcing Rules to Benefit American Workers**  
U.S. House of Representatives,  
Subcommittee on Trade,  
Committee on Ways and Means,  
Washington, D.C

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**WITNESSES**

**CELESTE DRAKE**

Trade and Globalization Policy Specialist, AFL-CIO

[Witness Statement](#)

**SHANE LARSON**

Director of Legislation, Politics and International Affairs, Communications Workers of America

[Witness Statement](#)

**JOSH NASSAR**

Legislative Director, United Auto Workers

[Witness Statement](#)

**HOLLY HART**

Legislative Director and Assistant to the President, United Steelworkers of America

[Witness Statement](#)

**STEVE CATANESE**

President, SEIU Local 668

[Witness Statement](#)

**THEA LEE**

President, Economic Policy Institute

[Witness Statement](#)

**SUSAN MONTEVERDE**

Vice President of Government Relations, American Association of Port Authorities

[Witness Statement](#)

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The subcommittee met, pursuant to call, at 10:01 a.m., in Room 1100, Longworth House Office Building, Hon. Earl Blumenauer [chairman of the subcommittee] presiding.

Chairman Blumenauer. We will come to order.

Welcome to our inaugural meeting of the Trade Subcommittee. It has been a little bit of a shift for what has been business as usual. Trade conjures up a wide array of divisive issues. It is my desire, as part of the work on this committee, to work through these issues in a thoughtful and conscientious manner.

Over the years, I have been privileged to work with members on both sides of the aisle, and across the political spectrum. Despite political differences, we share many similar concerns. Done right, I am convinced we can meet the legitimate needs of the American people in a way that goes beyond the cartoon arguments that too often dominate these conversations.

Today we will highlight, with our panel, some views that have not had the opportunity to come before our committee during these past 8 years. Our witnesses represent an array of American unions that represent workers who have been profoundly affected by American trade policy, from those who work in manufacturing to those who provide critical social services. Our serial failure to adequately enforce trade agreements has, in the past, weakened confidence in the promises made in those agreements. I share those concerns. Our agreements should strive to improve standards, not be a race to the bottom.

I was part of the negotiation of the May 10 agreement that required binding labor and environmental protections in our trade agreements, something that NAFTA sadly failed to include. It is the responsibility of this committee to advance those roles.

I look forward to hearing from our witnesses about where our trade agreements

have worked, where they have fallen short, and how they can be improved. Since 1998, there have been 39 submissions alleging noncompliance with NAFTA labor obligations. Not a single case led to a formal arbitration or any penalty. I welcome attention to the troubling example of the U.S.-Guatemala labor case, which I hope we might be able to explore a little bit further.

American labor unions should not have to use their limited resources to make the case for entering into dispute settlement with another country. It shouldn't take years to bring a case against a country that allows for intimidation, harassment, or murder of labor leaders. After the United States brought a case, the three-panel arbitrator ruled against us.

How will the new NAFTA be different? Is the labor chapter strong enough? Should we have confidence in the enforcement provisions? I don't think we are going to get complete answers on these questions today, but this is a long, overdue conversation that I think we must begin now.

Environmental provisions in trade agreements are also a labor issue. If countries have vastly different environmental standards, not only will our shared habitats suffer, but business will be encouraged to export jobs. Trade must not be the race to the bottom on a planet that is already facing significant challenges from climate.

Public health provisions are also a priority. One of the most pressing issues of our time is the rising cost of healthcare. Trade agreements should not make it more difficult for Congress to enact good public policy. A revised NAFTA enacted, without addressing access to medicine, will make it more difficult to reduce the cost of medicine for all Americans.

New tools like the Trade Enforcement Trust Fund are promising if they are funded, but it is no substitute for better protections in the base text of our trade

agreements. How can the funds provision be strengthened to ensure that it is adequately supporting our trade enforcement agenda? Trade policy is at a crossroads. It is hard to imagine a policy space that shifted so profoundly, perhaps reflecting that America itself is at a crossroads. For all the changes in markets, products, and technology, we still must face some hard realities.

The typical American family today has a lower net worth than the typical family did 20 years ago. Life expectancy shockingly has fallen this decade. Whatever the reasons, trade is part of the equation. And with stronger rules and stronger enforcement, I think trade can also be part of the solution.

We welcome your analysis of what your members need in our Nation's trade and economic policies, as well as any thoughts about the renegotiated NAFTA, to provide them with confidence that the American Dream is within reach.

With that, I will recognize Ranking Member Mr. Buchanan. I want to say, Vern, how much I am looking forward to working with you. We have had a number of partnerships in the past Congresses, and I am looking forward to this being a productive one as well. We are really glad you are the ranking member.

Mr. Buchanan. Well, thank you, Mr. Chairman.

As you mentioned, we have partnered on other things. And we still do. And I look forward to working with you in the committee, at large, together.

Thanks for holding this important hearing today on trade and labor. I am pleased to have this opportunity to discuss the health of the U.S. workforce and the role of our trade policies in maximizing opportunities for U.S. workers.

I wanted to mention, just quickly, my background. I grew up in the Detroit area. I had a blue collar family. My dad and mom worked in the factory. My dad was there 30-some years. My two brothers worked at the UAW. And when you were



18 years old in my community, you went to the factory, the car factory. And the dream was 30 and out. So you get in at 18, you get out at 48, you got a great benefit package. And so a lot of people did very well on that. So I am a little more sensitive than most.

But the other side of the coin today is also 95 percent of the marketplace, they claim, is outside the U.S. So I am open to free trade, but it needs to be fair.

I am the first one to say that we have been played in a lot of these trade agreements that I think have hurt our businesses and, frankly, hurt a lot of our workers. So that is why I look forward to working with Earl on this, because I have seen it firsthand as a kid out of the Detroit area, out of the Midwest. But we have also got to realize we got to find a way to compete from that standpoint.

The other thing is, I will just tell you, in my district, in Florida, in general, they don't want politics as usual. I am hopeful that we can work together and come up with things that make sense for our workers, as well as our employers.

And I want to thank all the witnesses today for taking their time to share their perspective with us. From my perspective, the starting point for many of these discussions of jobs for all America must be the strength of our economy, because the successes in terms of a lot of Republican-led policies, wages are growing, unemployment is low, and manufacturing is booming.

Last year, for the first time since 2000, the number of job openings in the country exceeded the number of unemployed. Over the past year, the unemployment rate has remained below 4 percent. And the economy has been growing at an impressive 3 percent growth rate, which a lot of people didn't think we could get over 1-1/2 to 2, in terms of some of the folks in the past.

We need to build on this success with smart and enforceable trade agreements

that allow us to sell American products across the globe while creating well-paying jobs in the United States. Trade agreements, like USMCA, raise standards in other countries, levels the playing field so that our companies and workers can compete and win globally. And there is more work to be done on that. Hopefully, we can work together.

I am also a strong supporter, as I mentioned, because it modernizes our trade relationship with our closest trading partners in a smart, effective, and seamless way. That includes agriculture, services, intellectual properties, and digital trade, as well as significantly updating our labor standards in Mexico, and holding Mexico accountable to those commitments. Enforcement is a critical aspect of our trade agreements.

As a businessman, I also know that the agreement is only as good as the parties involved. You could have 1,000-page document, but if you can't trust them to do what they say they are going to do, it is not worth it having the deal in the first place.

That is why I am very strong, in terms of enforcement mechanisms, which allow countries to hold each other accountable, are essential in our trade agreements. I agree with my colleagues that the obligations in our trade agreements must be fully enforceable, and I would emphasize that all such obligations must be subject to meaningful dispute settlements, not just labor. Such robust enforcements allow us to reap the full benefits of the concessions that other countries make to us.

Two-way trade with Canada, Mexico approach, it is hard to believe, \$1.3 trillion. It has been 25 years. My home State of Florida's annual exports are over \$12 billion in goods and services to Canada and Mexico, supporting 700,000 jobs in Florida, including good jobs at Port Manatee in my district, just south of Tampa.

This agreement is an opportunity to update these vital trade relationships and make sure they are working well for all Americans. We also need to, in terms of the

new trade agreements, unlock additional markets for U.S. goods and services. I am pleased that we are taking the initiative that is underway in terms of Japan, European Union, and, eventually, the U.K.

Thanks again, Mr. Chairman, for calling this important hearing. I thank all our witnesses for being here today. And look forward to hearing from you.

And with that, I will yield back.

Chairman Blumenauer. Thank you very much.

Let me introduce our witnesses for a moment, a distinguished panel who have a wealth of background dealing with these issues. I would first like to welcome Celeste Drake, the trade and globalization policy specialist at the AFL-CIO.

Following Celeste will be Shane Larson, who is Director of Legislation, Politics, and International Affairs for the Communications Workers of America.

Then we will hear from Josh Nassar. He serves as the Legislative Director for the United Auto Workers.

Our fourth witness will be Holly Hart, the Assistant to the International President of the United Steelworkers.

Following Holly will be Steve Catanese, the President of the Local 668 Chapter of the SEIU in Pennsylvania.

Then we will hear from Thea Lee, president of the Economic Policy Institute.

And wrapping it up will be Susan Monteverde, the Vice President of Government Relations at the American Association of Port Authorities.

Each of your statements will be made part of the record in its entirety, but I would ask that you summarize your testimony in 5 minutes or less. We have some pressures on the other end, and we have a number of members who are going to join who are not subcommittee members but who want to enter into the conversation.

To help you stay within that time limit, there is a timing light at your table. When you get to 1 minute left, the light will switch from green to yellow, and finally to red when 5 minutes are up. You will find a button on your microphone.

And, Ms. Drake, we invite you to push the button and present your testimony.

**STATEMENT OF CELESTE DRAKE, TRADE AND GLOBALIZATION  
POLICY SPECIALIST, AMERICAN FEDERATION OF LABOR AND  
CONGRESS OF INDUSTRIAL ORGANIZATIONS (AFL-CIO)**

Ms. Drake. Thank you.

Chairman Blumenauer, Ranking Member Buchanan, good morning. I appreciate the opportunity to testify on behalf of the AFL-CIO on how to create and enforce rules to benefit American workers. I hope this is just the first of many hearings in which representatives from labor can share our views on a variety of trade-related issues. I have submitted written testimony for the record and will summarize key points here.

At the outset, I want to unequivocally state that America's working families support trade, but not unconditional trade. The rules of trade matter. These rules should be structured to promote good jobs, high wages, a clean and sustainable environment, responsible employers, and a responsive government. The trade deals and policies enacted in the United States over the past 25 years have generally missed this mark by a long shot. The corporate privileges enshrined in some U.S. deals create not free trade, but rigged trade, a set of incentives that promote outsourcing, higher drug prices, labor exploitation and environmental abuse, and limit the ways that we can regulate banks and label food.

Change in policy requires a change of view. These are not commercial deals written by and for firms. Policymakers should view them as scaffolding for an inclusive domestic and global economy. If there aren't strong rules to support internationally recognized worker rights and freedoms, global demand will stagnate, and then collapse. We can see some evidence of that now as a result of race-to-the-bottom deals.

Building trade for inclusive growth must start with high labor standards. They must be clear and easy to enforce, not a riddle wrapped in a mystery inside an enigma.

The labor case against Guatemala revealed two key weaknesses of U.S. trade agreements: the phrases “manner affecting trade,” and “sustained or recurring course of action or inaction.” It is important to note that these weaknesses are not clearly remedied in the new NAFTA text.

And there is a bigger weakness, and that is political will. The United States has never self-initiated a labor case with a trade partner, even against countries where labor activists are routinely battered, or even killed for their work.

To overcome this deficit of political will, the AFL-CIO has proposed a variety of solutions, all of which require adequate funding. We could transfer labor monitoring and enforcement to a politically independent secretariat; we could make monitoring and enforcement mandatory rather than optional, and allow citizens to seek relief for inaction that threatens their jobs and incomes; we could build in automatic penalties to exporting employers with verified labor violations; we could require that duty-free access to the U.S. market be conditional, not just on meeting rules of origin, but on complying with rules of labor.

The AFL-CIO has recommended all of these solutions. None have been adopted. It is past time to wait and see how trade deals that lack swift and certain

labor enforcement tools pan out. We have waited. We have seen. It is meant millions of lost jobs, and billions in reduced wages.

Beyond labor provisions, our advice can best be summed up by “less is more.” We recommend that new deals leave out provisions that tie the hands of legislators. Businesses claim they need these provisions to create certainty, but they are really seeking permanence. Meanwhile, it is working families who bear the brunt of uncertainty created by bad trade. They never know when they might be asked to train a replacement, when they might lose their health insurance, their pension, or their paycheck.

And, finally, we need complementary economic policies. As I hear quite often from my counterparts in the business community, you can't blame all outsourcing and low wages on trade. Quite right. We don't. But bad trade plus bad domestic policies equal struggling working families.

Along with better trade rules, working families need tax policies that promote insourcing instead of outsourcing, investments in research development, and advanced manufacturing, infrastructure investment, first-class education and training, robust trade enforcement, including rules to address overcapacity, currency manipulation and misalignment, reform of corporate governance rules that promote unaccountable monopolies, offensive bankruptcies, and short-term thinking, all of which threaten economic and national security of Americans.

Bad trade deals affect workers across the public and private sectors, they devastate local economies and undermine local tax bases. They make it harder to save for retirement and send kids to college. They make working families wonder if they can trust elected officials to look out for them, and they put our democracy in a box.

We know these impacts are not the luck of the draw. They are the predictable

results of a set of rules written without ordinary families in mind. We can and must do better for working people around the world.

I thank the committee for its time and would be happy to answer any questions you may have.

[[The statement of Ms. Drake follows:](#)]

Chairman Blumenauer. Super. Thank you very much.

Mr. Larson.

Chairman Blumenauer. You need to turn your --

**STATEMENT OF SHANE LARSON, DIRECTOR OF LEGISLATION,  
POLITICS AND INTERNATIONAL AFFAIRS, COMMUNICATION  
WORKERS OF AMERICA (CWA)**

Mr. Larson. Sorry.

Good morning, Chairman Blumenauer, Ranking Member Buchanan, members of the subcommittee, thank you for the opportunity to testify today.

CWA believes that international trade can be an engine for creating good jobs. But our trade policies have delivered the opposite. CWA members have increasingly seen their jobs offshored, generally to countries where workers are denied fundamental human rights, routinely exploited, and not paid a decent wage.

As an example, there are now approximately 700,000 BPO workers in Mexico largely concentrated in call centers where workers are paid only around \$100 a week, and are subjected to the Mexican labor market's weak system of employment protections. Much of this work serves the U.S. market.

One TeleTech call center in Mexico City handles calls exclusively for U.S.

companies, including Time Warner, Dish TV, and Best Buy. Meanwhile, two AT&T-owned call centers in Mexico employ around 2,500 employees today and continue to grow.

These customer service representatives are being trained to do the same work that AT&T workers in the U.S. do while AT&T has eliminated 12,000 U.S. jobs in just the last year.

The downward pressure of offshoring is a major factor in ongoing wage stagnation for CWA members. Real wages for U.S. customer service representatives have dropped by 2.7 percent over the last decade. Employers have told us at the bargaining table that they cannot increase wages for call center workers because they couldn't compete with other companies who are offshoring that work. Why is it that our trade policy undermines American jobs and the negotiating power of American workers?

The basic structure of our trade deals are set up to make it as easy as possible for companies to move jobs wherever they want through policies such as ISDS, undermining Buy American laws, intellectual property protections, and regulatory harmonization. These policies mean that U.S. companies know that they can move jobs out of the country while still having strong legal investment and intellectual property protections, access to the U.S. Government procurement market, and a strong say in the regulatory process.

In contrast, labor provisions in recent trade agreements have achieved nothing to ensure a level playing field with fair treatment of workers. There have been supposedly enforceable labor and environmental protections in every U.S. FTA for the last 15 years. Despite that, the U.S. has literally never won a single case under any of those agreements regarding violations of labor or environmental standards. The



enforcement process for labor rights structured within a State-to-State dispute settlement system, which is the basis of enforcing the vague labor language in trade agreements, is designed to fail. That is largely because enforcement of worker protections is simply not a priority for USTR officials, under administration of either party who have repeatedly failed to bring enforcement actions in a timely way.

This committee can begin now to try and addresses these fundamental problems by working to fix the egregious flaws in NAFTA 2.0. The current draft of NAFTA 2.0 doesn't fix the key problems with the underlying NAFTA, the lack of worker rights, due to the broken enforcement process, and it makes things worse by locking in high prescription drug prices. Congress must send negotiators back to the table to resolve some of the most egregious problems with this agreement.

Over the long-term, we must go beyond tweaks to the existing trade model that has failed workers in order to build an economy that works for all of us. For example, instead of a trade system that is designed to enable multinational corporations to pit workers in different countries against one another, we should have a system that guarantees workers, in many cases, at the exact same multinational corporation, the right to bargain collectively across borders.

CWA works very closely with call center workers in the Philippines, Mexico, the Dominican Republic, and elsewhere, as part of a solidarity effort to prevent companies from pitting us against one another. However, we currently have no legal protections for these efforts, despite the fact that this dynamic has created a downward pressure on wages and standards for all workers on a global level.

While trade agreements are structured to give corporations power to work across borders, workers have no similar ability to come together across borders to improve conditions.

Our trade system must be fixed to create an economic system that works for working families, period. But we should also adopt laws in other areas like the No Tax Breaks for Outsourcing Act, and strong labor law reform that work in concert with good trade policy to create good jobs.

Thank you again for the opportunity to testify today. And I look forward to any questions you may have.

[\[The statement of Mr. Larson follows:\]](#)

Chairman Blumenauer. Thank you very much. Mr. Nassar.

**STATEMENT OF JOSH NASSAR, LEGISLATIVE DIRECTOR, UNITED  
AUTO WORKERS (UAW)**

Mr. Nassar. Chairman Blumenauer, Ranking Member Buchanan, the committee, thank you for the opportunity to testify today. It is an honor to be here to testify, not only on my behalf, but on the behalf of 1 million members and retirees of UAW, and our president Gary Jones of the board.

I think when looking here at this hearing, which is long overdue, we need to look at what the goal of our trade policy is. For us at UAW, it is pretty straightforward. Our goal is to create more good U.S. paying jobs, okay? And, you know, for that to happen, trade is an important part, but we have got to take a holistic view. We also have to look at tax policy, investments in our workforce, an array of other policy areas, including labor rights if we are going to raise wages. Because here is the story: Auto jobs -- we are proud of the fact that our members helped make auto jobs middle class jobs, and have raised millions of families to live a better life. But, unfortunately, that is less and less the case today.

The realities over the past 15 years, real wages adjusted for inflation for final assembly auto production has dropped by close to 29 percent. 29 percent.

Meanwhile, at the exact same time, productivity has steadily been increasing. So it is not that workers are getting less done. They are getting more done. They are just getting paid less for it and less able to support their families.

And I think when listening to labor on these issues, I just want to point out that all of our goal here is to create more good U.S. jobs. And U.S. employment is our goal. For corporations, the bottom line is, you know, how their board of directors and shareholders are feeling. And I am not saying that companies don't care about investing in America. I am sure plenty do. But at the end of the day, their ultimate obligation is to -- the corporate board and the shareholders, not to workers. So there is a real key difference there.

Now, talking about NAFTA. Our members really view NAFTA as a four-letter word, to be honest. And it is not really a mystery why. We have seen countless, countless, countless suppliers and automakers go from the U.S., close shop, go down to Mexico, make the exact same car part that used to be made in the U.S., and then ship it up. That has been happening since the agreements came to force.

Just to name some of the suppliers that have moved out of the U.S. to Mexico, have created work in Mexico and shut down U.S. plants since NAFTA: Lear, Delphi, TRW, Bosch, American Axle, Johnson Controls. I don't have time to read them all. It is a long, long list.

So another thing about NAFTA for our membership is that NAFTA is constantly used as a way to lower wages, because in contract negotiations, in organizing drives, there are just constant omnipresent threats. Sometimes stated, often implied, that if you push too hard, if you want a living wage, we are going to Mexico.

And that really creates a lot of downward pressure. I want the committee to understand that.

As my colleagues have said, the new NAFTA, or USMCA, takes some positive steps, some improvements for sure over the current, but doesn't measure up actually being able to create more good paying jobs now and going forward. We think it is not there yet. It does not meet that standard for several reasons, but largely because of the lack of enforceability of the labor standard.

I want to talk a minute about tariffs, which I am sure is going to come up today. When it comes to tariffs, I mean, they can be strategically used as an enforcement tool. But it is best to have enforcement in cooperation with other countries, for one, when possible. And the other thing is, it doesn't constitute a strategy all in of itself. You also need to have strong rules in the underlying trade agreements as well. So that is our view there.

And we are really worried about what is going to happen in the future in the auto industry, because as we see, companies are more and more shifting their future production of electric vehicles and such to countries like China and Mexico. And, in fact, lithium ion batteries, which are key for electric cars, by 2021, we are projected, by The Financial Times, to only control 14 percent of that market. So we have a lot of work to do.

We really look forward to working with the committee here, and we think that we can have better trade and better policy overall that really creates a better economy for all and for working people.

Thank you for the opportunity. I look forward to answering your questions.

[\[The statement of Mr. Nassar follows:\]](#)

Chairman Blumenauer. Thank you.

Ms. Hart.

**STATEMENT OF HOLLY HART, ASSISTANT TO THE INTERNATIONAL  
PRESIDENT, UNITED STEELWORKERS (USW)**

Ms. Hart. Good morning, Chairman Blumenauer, Ranking Member  
Buchanan --

Chairman Blumenauer. You need to push your button.

Ms. Hart. -- and members of the subcommittee.

The Steelworkers represent workers all across manufacturing, not just in steel. Unfair trade impacts these members and the fate of their communities across the country. Globalization and trade has created immense wealth and opportunity, but those benefits have not been fairly distributed, contributing to our declining middle class.

Despite 242,000 new manufacturing jobs since 2000, manufacturing employment is still down by over 5 million jobs. We have participated in over 90 anti-dumping and countervailing duty trade cases since 2000. And every one reflects a lost job and devastated communities. Strong enforcement helps ameliorate some of that loss. But by the time we get relief through that process, significant injury is inflicted, and the industry rarely recovers to its former employment and market share levels.

The administration has self-initiated only one AD/CVD case, leaving enforcement primarily to the victims. On currency manipulation, there has been no enforcement. The President's budget is also disturbing, shortchanging the agencies that do this critical work. Proposed cuts in funding for the ITC and the Trade

Enforcement Trust Fund will have a devastating impact. Promises to enforce or improve trade laws also aren't an acceptable tradeoff for a vote for a trade agreement.

Enforcement does work. The steel and aluminum 232s are a prime example of the U.S. recapturing significant market share. Finished steel imports decreased 23 percent last year. Primary aluminum production increased by 66 percent. 232 tariffs are working, although appropriate improvements in implementing them are worth considering.

Domestic steel and aluminum producers have announced \$18 billion worth of investments across 26 States reopening, expanding, and constructing new facilities. The addition of more than 18 million tons of capacity has prompted the creation of nearly 12,000 jobs, and despite predictions, many more among the downstream users. This is only part of how U.S. trade policy impacts workers. It is unacceptable that workers in Mexico make less than \$2 an hour producing the same products as U.S. workers making \$24. Their rights are being trampled by our companies.

Our 200-plus members in Gadsden, Alabama, facing layoffs by a company that just built a \$500 million facility in Mexico, don't see it as a comparative advantage. Efforts to change Mexico's labor laws to improve workers' rights could have some impact. But until the U.S. has enforceable and acceptable labor practice standards and binding trade agreements, we will continue down the path of outsourcing and inequality.

Labor rights deserve the same treatment in trade agreements as any other commercial issue. Enforcement should not be discretionary, but mandatory. Goods should not receive tariff reductions without regard to the conditions under which they are made, unless the truth is that labor provisions in trade deals are just window dressing.

And the President's budget raises, again, serious questions about the priority placed on enforcing the USMCA's labor chapter. His new budget cuts more than 80 percent of DOL's ILAB, the entity that has a key role in handling labor rights violations.

Other items under this community's jurisdiction play a role in a more inclusive economy and a better life for working Americans, some of which include labor force training, lack of infrastructure investment, which diminishes our competitiveness, trade and tax policies to discourage rather than encourage outsourcing, and healthcare. Employers and workers bear the brunt of the rising cost of insurance, treatment, and access to medicines.

We urge the repeal of the ACA's Cadillac tax and for you to find system-wide approaches rather than putting higher out-of-pocket burdens on workers and their families. Pensions battered by Federal deregulation, changing industries and unfair trade are in decline. Unfair trade caused over 2,500 paper workers to lose their jobs before we could file a successful trade case. And many of these workers are now in an ailing multiemployer plan, and unfair trade is the direct cause.

We strongly urge you to support a solution for the mine workers, and help more than 1.5 million other workers by supporting H.R. 397, the Rehabilitation for Multiemployer Pensions Act.

These are just a few of the items that are not directly trade related, but impact our global competitiveness and are critical to our members.

And I thank you for the opportunity to be here today.

[\[The statement of Ms. Hart follows:\]](#)

Chairman Blumenauer. Thank you.

Mr. Catanese.

**STATEMENT OF STEVE CATANESE, PRESIDENT, LOCAL 668 CHAPTER,  
SERVICE EMPLOYEES INTERNATIONAL UNION (SEIU)**

Mr. Catanese. Good morning, Chairman Blumenauer, Ranking Member Buchanan, members of the subcommittee. My name is Steve Catanese. I am the president of SEIU Local 668. We were originally founded as a Pennsylvania social services union, and today are made up of over 19,000 workers, the vast majority of whom are women who work in the public sector.

Our members include corrections counselors, adult and juvenile probation officers, 911 dispatchers, children and youth caseworkers, and many more. Our members work and reside in every county of our commonwealth, and span a range of ages, backgrounds, and political affiliations.

Thank you for inviting me here today on behalf of the working men and women we represent to talk with you about the firsthand experiences we have had providing public services at communities that have been decimated over the past 25 years by bad trade policies.

To go a little further into who we are, Local 668's members work in fields such as employment security, where we help connect workers facing mass layoffs with unemployment security and job training for new skills in an ever-changing economy. We are vocational rehabilitation counselors who work with Pennsylvanians with disabilities to obtain gainful employment. We are veterans employment representatives who help assist veterans reenter the workforce. We are social workers who help families navigate support systems in times of crisis and need.

In short, the workers in our union are needed most when there are downturns in



the economy to help working families weather them. But bad trade policies are gutting the tax base of State and local coffers. As a result, fewer of these services can be offered at just the moment they are needed. Simply put, Local 668 members see firsthand the impact on our communities when companies close their doors, or scale back operations because of bad trade policy.

Too often, social services are flat funded or cut at moments when need among our State's most vulnerable citizens increases dramatically. In some cases, Federal funding that supports social services dries up entirely, reducing public and social worker staff resources and leaving State and local agencies unable to effectively address the fallout from bad trade policies.

In these cases, the workers we represent not only have their job security threatened but also constantly struggle to give their clients the attention they deserve because of increasingly burdensome caseloads that are impossible to keep up with. As an example, consider unemployment compensation, a program designed to help underemployed and unemployed workers cover expenses until they can find a new job.

Most States have supplemental funds to support the operation of unemployment compensation systems due to declining Federal funding for these programs. But when one such funding stream dried up in 2012, the Philadelphia unemployment compensation system closed -- or -- excuse me -- the unemployment compensation service center was permanently shut down.

So while Philadelphians struggled with systemic and structural employment challenges, in part, due to the declining manufacturing sector in Philadelphia, one of our main supports for underemployed and unemployed workers was eliminated, forcing more people into underemployment, lower paying jobs, and unemployment itself.

In our local, we are reminded of a former SEIU member whose finances were destroyed when the Philadelphia unemployment compensation center was permanently closed. This skilled worker, with two graduate degrees, was forced to take Social Security benefits early after her office closed, losing out on full benefits. Today, she can barely afford medication on her own. Instead of continuing her work in helping families, she is now relying on the system she used to be a part of to help her.

As a former welfare caseworker, I have firsthand experience how caseload sizes have increased in Pittsburgh near my hometown in Western Pennsylvania, while staff and resources have declined each year. We have moved from putting people on a path out of poverty to processing paperwork. We don't sit with each client and work with them on plans for housing stability, food security, or stable employment, because we no longer have the time or the staff to do so. Yet, we then have some who decry public assistance as enabling continued poverty. No. Bad trade policies and cutting Federal, State, and local funding for social services does exactly that.

I hesitate to think about what the situation would be if our members didn't have a union to be a part of, and use as a collective voice in advocating for approved services. It wouldn't just make their lives worse, it would harm our entire communities who would be turning to their government for help, but find higher turnover and hardworking people who want to help them, but are barely equipped to do so.

In conclusion, I would like to thank the committee for inviting me here today to share the experiences of our union. Our members are dedicated public servants who choose to work in these fields to provide support and assistance for our communities. I share the frustration of our 19,000 members when they face structural barriers to helping people in need. In my heart, I will always be a caseworker, and I will never forget the importance of the work we do and the lives it saves when we are resourced

enough to do it right.

I am grateful to the committee for shining a light on this issue today and allowing you to give me some time to talk about how the reduction in public services has impacted Pennsylvania.

Thank you very much for your time.

[\[The statement of Mr. Catanese follows:\]](#)

Chairman Blumenauer. You bet.

Ms. Lee.

# **STATEMENT OF THEA MEI LEE, PRESIDENT, ECONOMIC POLICY INSTITUTE (EPI)**

Ms. Lee. Thank you, Chairman Blumenauer, Ranking Member Buchanan, members of the subcommittee, for the invitation to participate in today's important hearing and to be on this stellar panel.

In 2019, we all live, work, and shop in the global economy. But our political structures are national in scope. As this committee knows well, when we make the difficult decisions about how to tax economic activity, stimulate the economy, and regulate consumer safety, labor markets, and competition nationally, we are often frustrated by how transnational flows of capital, goods, services, and people can effectively undermine our domestic policy objectives.

In an ideal world, trade policy should help us address this challenge. But instead, the trade agreements and rules we put in place over the last several decades have exacerbated domestic challenges and frustrated democratic decision-making. We need to develop a coherent national economic strategy, as all of our successful trading

partners and rivals have done, to ensure that our national policies are coordinated with, and complementary to our international trade policy.

While trade agreements are often touted as job creators, the truth is, as my fellow panelists have said, that our trade policies have generally undermined the creation of good jobs in the United States. We have accelerated and rewarded outsourcing rather than exports, and prioritized corporate profits over good jobs and strong communities. The result has been nontransparent, back-door deregulatory pressures in environmental, public health, and labor protections, and growing wage and income inequality.

We can do better going forward, but we will need an entirely new approach. There are three broad steps that we should take to implement a new pro-worker trade policy.

First, we should restore and protect American manufacturing by addressing the chronically overvalued dollar. A competitive value of the dollar will shrink persistent trade deficits and manufactured goods, allowing room for millions more domestic manufacturing jobs.

Second, we should ensure that the rules of international trade and investment do not privilege corporate interests and profits over those of workers in typical households. We should use multilateral trade negotiations, in particular, to address big international challenges, like global tax havens, global overcapacity, eroded workers' rights, and greenhouse gas emissions that have been ignored by international economic policies. These international challenges cannot effectively be addressed by individual countries operating alone in a world where trade barriers and transportation costs are trending down and capital is mobile.

This should be our litmus test for what we seek to do in international

negotiations versus domestic policy. The U.S. Government should seek allies from both the industrialized and developing countries to open dialogue around the enormous challenges that many countries share. Growing inequality, climate change, and tax avoidance. We should negotiate global compacts to track offshore wealth and crack down on tax havens and seek binding agreements to lower greenhouse gas emissions.

In a world where countries are moving at different speeds to reduce greenhouse gas emissions, it is essential that international trade rules allow offsetting border adjustments to eliminate incentives to move production to countries with the weakest rules.

And, third, we should consistently and aggressively enforce our own trade laws and use international mechanisms to make sure that other countries' policies do not lead to an unlevel playing field.

And as we pursue these three broad trade policy strategies, we need to keep in mind that our enormously lopsided trade relationship with China poses numerous special challenges. Forced technology transfer, intellectual property rights transgressions, systematic workers' rights abuses, and the loss of domestic capacity in key sectors, all undermine American innovation and technological leadership. This has consequences not just for the current labor market, but for our future trajectory.

On the home front, the U.S. Government, as many others have said, needs to use our domestic tax, infrastructure, and workforce development policies to ensure that American workers and businesses have the tools and skills they need to compete successfully.

Shamefully, the U.S. Government has failed to invest adequately in infrastructure and skills for decades. And business has not filled the void. We have a tax system that rewards capital over labor and outsourcing over domestic production.

It remains riddled with unproductive loopholes. And especially after last year's changes, it fails to raise adequate revenue to fund needed investments.

Finally, if we go back to first principles of trade policy, we should reflect on the notion of comparative advantage. We are taught in Econ 101 that factor endowments determine patterns of trade. But once we get beyond agriculture and natural resources, it should be apparent that countries shape their own endowments over time, and capital is not an endowment tied to a particular country, but rather, a mobile factor that crosses national borders easily to seek higher returns. And because of that, our trade policy has been backwards. We have done the wrong things. We haven't made the strategic investment in skills and infrastructure that will enable us to succeed in a global economy.

Thank you for your attention today, and I look forward to any questions you may have.

[\[The statement of Ms. Lee follows:\]](#)

Chairman Blumenauer. Thank you for joining us. Ms. Monteverde.

**STATEMENT OF SUSAN MONTEVERDE, VICE PRESIDENT FOR  
GOVERNMENT RELATIONS, AMERICAN ASSOCIATION OF PORT  
AUTHORITIES (AAPA)**

Ms. Monteverde. Good morning, Chairman Blumenauer, Ranking Member Buchanan, and members of the Trade Subcommittee. The American Association of Port Authorities is a national trade association of public ports in the U.S. whose members handle the majority of U.S. overseas cargo.

Today, I am going to tell a little different story than the rest of the panelists.

And I want to talk about the impact of trade and labor. And I am here to highlight the value of trade to the U.S. economy and U.S. job creation.

Seaports serve as gateways to domestic and international trade. We connect large and small U.S. businesses to the expanding global marketplace. Our economy and our everyday life are touched by the products that flow through American ports. Just think of all the things you touched today that included products that came from seaports. It might have been the coffee you drank. It might have been the bananas you ate. It might even have been the car you drove. Both domestic and imported cars depend on trade. It is also probably some of the clothes you wear. American's everyday life is strongly connected to international trade.

Last week, a new economic impact report was released conducted by Martin Associates. This latest study showed some great news. Over the last 5 years, U.S. seaports' contribution to the economy are up dramatically, including the number of jobs. Over the last 5 years, the total number of jobs supported by cargo moving through U.S. deep-draft ports increased by one-third, from 23.1 million jobs to nearly 31 million U.S. jobs. The average salaries estimated for these jobs also rose by over 17 percent, which is about 24 percent greater than the average overall U.S. mean salary. These are good-paying jobs.

The total economic value that U.S. coastal ports provided in terms of revenue to businesses, personal income, and economic output by exporters and importers rose 17 percent during this time period, from \$4.6 trillion to \$5.4 trillion. American seaport activity supports 26 percent of the Nation's \$20.5 trillion economy. This is an excellent indicator that the value of cargo activities at U.S. ports remains a key factor in America's economic vitality.

Direct jobs at ports include port services to the seaport. These jobs include

railroads and trucking companies that bring cargo to and from the ports. It also includes stevedores, members of the ILA and the ILWU, and other dock workers, steamship agents, freights forwarders, ship channelers, warehouse operators, bankers, and lawyers. All these job types benefit from increased trade at seaports, both imports and exports.

Decreasing the cost of imports also help exports-related jobs, including manufacturing and farming, as their businesses rely on imported goods. According to the U.S. Global Value Chain Coalition, of which AAPA is a member, one in five American jobs are linked to exports and imports of goods and services.

Seaports are at the forefront of the current uncertainties in U.S. trade policy. It is important to recognize that international trade is good for many American workers and our national economy. Recently, AAPA endorsed passage of the USMCA. Trade with our neighbors in Mexico and Canada is important, and disruption of this trading system should be avoided. The President's goal in renegotiating NAFTA to get a better deal for American's workers is laudable, and enforcement concerns of labor are important.

AAPA is concerned, however, about potential trade sanctions imposed if USMCA is not passed. Sanctions on Canada, Mexico, and other trading partners like China and their reciprocal actions could result in significant losses of good-paying U.S. trade-related jobs, including those in the seaport industry. You can help by supporting passage of the USMCA and encouraging the president to speed up negotiations with China.

Let me end by thanking the committee for taking a careful look at the connection between U.S. trade policy, labor, and U.S. jobs. The maritime industry is growing due to increases in trade, and so are the many U.S. jobs related to this sector.



Thank you.

[\[The statement of Ms. Monteverde follows:\]](#)

Chairman Blumenauer. Thank you.

We will turn to some questioning.

I would like, if I could, to turn to you first, Ms. Drake. You have referenced some of the difficulties of actual enforcement. You have put numbers on the table that are a little disturbing, and you referenced specifically the case in Guatemala that took over 8 years to reach resolution. And it wasn't a particularly satisfying resolution from the vantage point of the United States and American workers.

Can you just elaborate briefly on what was going on there, and what needs to change?

Ms. Drake. Absolutely. Thank you for the question.

So Guatemala is a member of CAFTA, which is the Dominican Republic-Central America Free Trade Agreement. And since before the agreement, Guatemala had not been enforcing its own labor laws, which is essentially the standard in that agreement. The problem is that the U.S. Government wasn't monitoring it and didn't self-refer the case when it knew there were problems. We had to get together as the AFL-CIO with labor organizations in Guatemala to document the failures and file the case. And then, because the U.S. system doesn't contain strict enforceable deadlines to move from one portion of the case to the other, from informal consultations to formal consultations, to finally dispute settlement if nothing has worked, that allowed the case to drag on for years and year and years. And then when it finally got to a panel, the panel noted that some of the evidence was stale, in part, because the U.S. had dragged out the case for so long. But the critical piece to their decision was that the U.S. had not proved that the violations had occurred in a manner

affecting trade. And the AFL-CIO and our allies had been saying all along for years that this term was going to be a barrier to enforcement. And, in fact, it was.

Secondly, the panel didn't come to a conclusion, but strongly hinted that they did not believe that the U.S. had proved that the violations were in a sustained or recurring course of action or inaction. And the panel only didn't reach a definite conclusion on that because they had already decided the U.S. had not proved a manner affecting trade.

Now, these terms remain in the new NAFTA. They are both now modified by footnotes that say, "For greater certainty, here is what we mean." The footnote that interprets "manner affecting trade" does really attempt to expand the meaning of manner affecting trade beyond what the Guatemala panel had held. The footnote interpreting sustained or recurring course of action or inaction, we believe, actually moves the ball backward, and makes that harder to prove.

And the other really critical piece --

Chairman Blumenauer. I would -- I want to just move forward. I would appreciate if you would be willing to submit in writing an elaboration on that point as we move forward?

Ms. Drake. Absolutely. Happy to.

Chairman Blumenauer. Mr. Larson, you made an interesting observation with the difficulty you have had trying to deal internationally with people doing the same things in the Philippines, but that labor did not have the same mobility under trade agreements as has been accorded to corporate interests.

Do you want to elaborate on that for a moment?

Mr. Larson. Sure, Congressman. Thank you.

That is exactly -- these trade agreements have been structured for multinational

corporations to move work, move money across borders.

But in the case of AT&T, for example, you know, we represent AT&T workers here, call center workers here in the U.S. AT&T is building a big 5,000-person call center in Mexico City to handle the U.S. market. We believe that there should be a process for those workers who work for the same company to have a process in place that allows them to collectively bargain with that employer, come together so the company is not pitting the workers against each other so that we could sit down at the table together to negotiate with a company to make sure that they are pitting the U.S. workers against the Mexican workers.

Chairman Blumenauer. Thank you.

Ms. Lee, you made the observation that other countries have done a better job of harmonizing their economic policies with their trade agendas.

Do you want to elaborate on that a little bit? And is there a particular country that you think has done a good job in that regard?

Ms. Lee. Thank you, Mr. Chairman.

I think a lot of countries take as a standard that good jobs should be a goal of trade policy. The United States doesn't tend to do that. They think about corporate mobility or corporate profits as being a standard that we seek when we negotiate a new trade agreement. And that is why some of the provisions like the Investor-State dispute settlement mechanisms and so on are included in our trade agreements.

Certainly, countries like Germany and China have demonstrated a much more intentional way of building key industries through trade policy -- using trade and industrial policy to support key industries, whereas the United States leaves things more to chance. It is a little bit more haphazard. As some people have said, we have an industrial policy. It is just a bad one. We do use tax policy to favor one industry over

another, to favor certain activities over others. But we haven't done so in a whole-of-government way that will help us build strength over time in key industries.

Chairman Blumenauer. Thank you very much.

Mr. Buchanan.

Mr. Buchanan. Thank you, Mr. Chairman.

Before I get to my remarks, I did want to make my own thoughts, my own opinion, in terms of USMCA.

You know, it is one thing when you talk about China, Vietnam, Chile, different places in the planet. I am as competitive as anybody. I want to get the best deal for our workers and everybody else. There are a lot of challenges, especially with China.

But I would only mention to you, Mexico, when you think about it, if they are not somewhat stable -- my sister lives in El Paso. There are four ports of entry northbound; 21 million people a year go through there. Some go back and forth into -- you know, from Juarez over to El Paso.

But if we don't have somewhat of a stable -- and it is not stable. It is unstable, and that is why we get a lot of drugs and everything else through there.

Now, I am a fighter for the workers. But at the same time, I would always say it is also important that we have somewhat stability in Central America, but ideally in Mexico. I just make that as a kind of a general statement.

I don't feel that way. You know, I want everybody to have prosperity. But I don't feel that way as more competitive with other places on the planet. But with Mexico, I think we have to be a little more sensitive, because those problems flow into our country. And believe me, I have been there. I have been on the border. There is very much a reality of that.

Okay. In terms of -- every State is different, but Florida ranks number 7 on the

list of top exporting States. And I am well aware of the importance of trade to Florida workers as well as the central ports play in facilitating trade and economic activity in all of our industries. Florida has 15 seaports supporting 900,000 direct and indirect jobs. One in five jobs in Florida is port-related. When I read that, I had to go back and look at it twice, but it is. And about \$40 billion in personal income. In my district, Port Manatee, adds more than \$2.3 billion annually in regional economic impact and supports more than 24,000 jobs. And we have one of the smaller ports in the State. But that just gives you some sense of it.

Ms. Monteverde, let me ask you. You gave us some good facts and some good insight. What is your thoughts in terms of the importance of strong trade agreements? And I want to ask you one other thing. You got a lot of ports you represent across the country. What percentage of the ports are unionized? And I know in our area, that the salary for a lot of our port workers, are a lot higher than what other people make in the area. And I think from a port standpoint, isn't it about \$60-, \$65,000 average across the country? So I would be interested in that, interested in what percentage, to the best of your knowledge, is unionized to give us some sense of that. And then just why you believe in strong trade agreements. And you touched on it a little bit, but maybe you could expand on it?

Ms. Monteverde. Well, first of all, thank you for that question.

And Port Manatee is a member of ours. We are thrilled to have ports large and small throughout the United States be our members.

The question about, you know, trade -- I wanted to really show the point that there are a lot of good jobs associated with maritime. As you heard, Florida is a big exporter. But other ports -- you know, not every State has a port, but every State needs a port, because we import and export goods to every State in the United States. They

flow through ports.

So trade is very important. Instability is really a problem. Ports really want to invest a lot of money in infrastructure. But when you have uncertainty, that can be a real job killer, not just for the port workers, but for all the jobs that are created when we invest in infrastructure.

And on the question on -- the ILA and the ILWU are the two big labor unions in the United States that work at ports. The ILWU is in the west coast ports. They have about 42,000 members. The ILA represents the Great Lakes, the east coast, and some of the Gulf as well. And their statistics are combined with Canadian ports. They have about 64,000 workers, or the largest maritime union.

These workers make anywhere -- I don't have a statistic on the exact percentage -- we can see if we can get that for you -- of ports. But the majority of large ports in the United States do use ILA or ILWU workers. We are very supportive of that. They do make some -- I have heard, you know, probably the low end, and then there is the high end. Some of the crane workers --

Mr. Buchanan. Well, thank you. I just want to finish up. I got a few minutes left.

Finally, I would like to note much of the discussion today has been focused on the importance of enforcement. I fully agree with that. Like any business transaction, trade agreements need strong and clear enforcement mechanisms to provide accountability with our trading partners if they don't live up to their obligations.

And with that, I yield back.

Chairman Blumenauer. Thank you.

Congressman Pascrell.

Mr. Pascrell. Thank you, Mr. Chairman.

Firstly, I want to start with a question, and then I have some comments to make.

Ms. Lee, you were outspoken at the time the TPP was negotiated that countries, such as Vietnam, should put in place labor standards before entering into an agreement to receive some preferential trade benefits.

How do you think we should use trade agreements to set higher labor standards abroad?

Ms. Lee. Thank you so much, Congressman Pascrell.

I think the labor chapter in trade agreements is a really important tool. As we do with all of the trade deals, part of what you are doing is conveying to another country: "These are the key competitive factors that we want you to harmonize with us." And we say the international labor standards -- freedom of association, the right to bargain collectively, and prohibitions against child labor and forced labor and discrimination -- are essential, that countries need to be in compliance with those. They need to have laws that meet those standards. And they need to enforce those laws effectively. And so that is a key competitive element.

The U.S. has been gradually strengthening the labor chapters in trade agreements since the NAFTA days. And yet we still struggle, as Chairman Blumenauer said, to effectively enforce these.

One of the issues we have is to ensure that countries should have laws that meet the international core labor standards prior to entering into force with a trade agreement. A labor chapter of a trade agreement is not that powerful an instrument. You don't want to use that to try to change a country's labor laws. You want that country to demonstrate that they want to be in compliance with the international labor standards and then use the labor chapter to enforce that going forward. And that is the ideal balance.

Mr. Pascrell. Mr. Chairman, I am pleased that we are having this hearing today on a topic, I believe, is about 70 years overdue; how to refrain our trade policy to put workers at the center, not as an afterthought. I want to enter into the record a letter from the International Association of Machinists and Aerospace Workers, detailing their perspective on today's hearing topic, if I may.

Chairman Blumenauer. Without objection.

[\[The information follows:\]](#)

Mr. Pascrell. Thank you.

In the town I lived in all my life, Paterson, New Jersey, it used to be known as the silk city of America. The silk road from China. It was a hub of textile manufacturing. So I have watched factories move out of Paterson and other places to Mexico, to China, to Vietnam, next to Mars, who knows. The industry as well as the tech and toy companies have become some of the most adept at exploiting American workers. I never hear the President talk about labor standards. I had not seen it one time since he was talking about trade and immigration, if I remember that clearly back in 2016, he never talks about it. It is an afterthought, which is never expressed.

Here is the situation that we are in. As wages rise in China, companies are seeking new frontiers where they continue to exploit workers at low cost. Today, a woman working in the factories supplying Gap and H&M are being sexually and physically abused in Bangladesh, Cambodia, India, Indonesia, Sri Lanka, et cetera. Nike's production in Indonesia, Cambodia, and Vietnam pays garment workers' salaries that are 45 to 65 percent below the living wage to cover basic needs. How dare you present a glowing picture of what is happening across the oceans. The Worker's Rights Consortium documented abuses of Nike contract workers in Vietnam, including wage theft.



And the only way -- in conclusion I will say this, Mr. Chairman, the only way they get away with it is because they are part of that famous Bermuda Triangle. And that Bermuda Triangle, whether we are talking about China or the Caribbean, that Bermuda Triangle is this, that there are the countries that are involved, the false labor organizations that they choose to create without any freedom at all, and the corporations that feed these folks. And that is the source of outsourcing American jobs. Period.

Chairman Blumenauer. Thank you very much.

Mr. Nunes.

Mr. Nunes. Thank you, Mr. Chairman.

Ms. Monteverde, thank you for being with us today. You have talked a lot about the ports and the job creation and the trade agreements. As we look forward, I think as these future trade agreements, including the Mexico-Canada agreement, it is much better for labor than previous agreements. When you look at what is happening here in the United States with 3.8 percent unemployment, you have an economy that is really booming, and when you look at opportunities, I think you mentioned this a little bit in your testimony, but other opportunities for trade. And one of the ways that we have to deal with China, which is a real threat to the United States and to all of our allies, is that, you know, there is a challenge for us because trade agreements are being made and tariffs are being lowered between China and other countries.

And so when you look over to Asia, what are some of the opportunities that you see where we could get some bilateral agreements that the Trade Ambassador Lighthizer has talked about? Could you kind of rank some of those countries that you would like to see us working on future trade agreements that maybe the America people aren't familiar with today?

Ms. Monteverde. I think you make a good point. You know, the President -- before we had a policy where we had a lot of bilateral -- we had multination agreements, and those can be done fairly quickly. So the President's choice is to go in a bilateral manner, and we think that is fine. We do hope there are a lot of different countries. We have got, you know, Mexico-Canada was done fairly quickly, if Congress will approve it, and we think that Japan, the U.K., these are important nations as well.

But South America is also a very big trading partner with the U.S., and we think that some of those agreements need to be looked at and make sure that, you know, those are strong and that we get them done quickly. And that is -- the uncertainly issue is the biggest concern with ports. We have a lot of investment in infrastructure we want to make, but if folks don't know what trade agreement is going to be done and when it will be done, that is the biggest job killer at ports.

So I am not an expert on which trading partner and which trade agreement is the best, but what we want to make sure is that it is done quickly and it is done in a way that doesn't harm U.S. jobs and U.S. ports.

Mr. Nunes. I am glad you mentioned the U.K. Many of us in Congress have expressed that once Brexit is complete and finished, that will allow the United States to enter into negotiations, hopefully quickly, to make a trade agreement with our long-time British allies.

And when you look at Japan, you mentioned Japan, one of the ways to deal with China effectively would be to take some of the bigger countries that are near China that really rely on China and to help those countries through trade agreements that would make it more lucrative, for example, for us to buy things from Vietnam and the Philippines. I don't know if you have looked at any of those, the potential of those

countries in terms of what enters into your ports, but I am sure there is a lot of products today that could be increased that come in.

Ms. Monteverde. Right. Let me say that our number one concern is China, and we are very concerned about tariffs. There is a group called Tariffs Hurt the Heartland, I am sure you have heard before, they just released something that said there is \$16 billion that exporters from the United States are paying and being hurt by the tariffs. So trying to get the tariff issue solved in China is our number one issue.

But Vietnam, of course, is another country, very close, that we do have some trade agreements, though, with Vietnam already. So our number one issue was to get China resolved. We understand the President's concerns, but we would like to try to get that solved as quickly as possible.

Mr. Nunes. I agree, we would like to get it solved, but at the same time, China is a threat and it has got to be dealt with, which I think you understand.

Ms. Monteverde. Yeah.

Mr. Nunes. We don't talk a lot about exports, right. It is not just people think, well, we import a lot, but we also are exporting a lot to places all over the globe. But I think those markets, especially for agricultural products, if you look at Japan and Vietnam and the Philippines, those are all great markets for products that we produce here in the United States that they don't produce there or they are very inefficient, and those are dying industries. And so a lot of those products also go through the ports that you represent.

Ms. Monteverde. Uh-huh.

Mr. Nunes. So with that, Mr. Chairman, thank you all for being here. Mr. Chairman, I yield back.

Chairman Blumenauer. Mr. Kind.

Mr. Kind. Thank you, Mr. Chairman. I want to thank you for holding this very important hearing. I want to thank the witnesses for your terrific testimony here today.

Looking at the dais here, I don't think there is any one of us who was here during the passage of NAFTA, so none of us, I think, has a particular ownership interest with that agreement. I think we all agreed that it needed to be modernized. Some of us were very involved in getting what is now referred to as the May 10th Agreement accomplished with the Bush administration, making sure that there are core international labor and environmental standards in the body of the agreement, fully enforceable like any other provision of a trade agreement. We thought that was helpful progress, but there is still work that needs to be refined.

Mr. Larson, you mentioned in your testimony, however, that you feel -- or CWA feels that the labor chapter of USMCA is deficient, it is not strong enough. And you are asking for that agreement to be renegotiated and opened up. We have heard from our administration from Mexico and Canada; that ain't going to happen.

Now, assuming Mexico does move forward and changes their domestic labor laws like they promised to do, and if we are faced with the choice of current USMCA or going back to the status quo, the old agreement, what is your opinion? Are we making any progress with the new agreement or are you satisfied with just going back to the old NAFTA again?

Mr. Larson. I mean, to give credit where credit is due, the labor chapter is an improvement on the current NAFTA. The problem is, I think you have heard from everyone here, is the problem is the enforcement mechanism, and the enforcement piece is not there. And that is why we have got to get back to the table to get a meaningful enforcement mechanism in place.

Now, yes, I know the administration has been saying, we can't do that, we can't do that. But we heard that with Peru, we heard that with Korea. We have heard that in past -- from past administrations on past trade agreements where, once they realized the votes weren't here on the Hill, they went back and renegotiated. You also have an administration in Mexico that is much more open to workers' rights. You have got Canada, which is much better on workers' rights than all three parties.

So we believe that at least on the labor piece, you will have a receptive audience to go back to the table to negotiate.

Mr. Kind. Let's pledge here today we will continue working with each other and soliciting your input on what more can be done to enhance the enforcement, because I think there is a lot of concern in regards to enforcement and whether it is strong enough.

Ms. Lee, turning to you. I am glad to hear in your testimony you recognize how pervasive the strong dollar policy that we have pursued as a country has impacted trade in our trade deficit throughout the years. And I happen to agree, a lot of economists believe that that is the number one cause of lost jobs in the United States when it comes to trade policies because of the strong dollar policy and the competitive disadvantage it puts us in the export market.

Is there a way of tweaking that but without falling into the trap of being accused of devaluing our currency for trade advantages, as we have accused some of the other countries of doing, China, namely?

Ms. Lee. Yes. Thank you so much for the question, Mr. Kind. We suggest three possible ways. One is a new Plaza Accord. This would involve bringing key trading partners to the table to negotiate. This worked in 1985, and it did make a big impact on our trade deficit. And as you say, it is really important to note there could

be millions of jobs at stake. And that is why I do think that addressing currency misalignment should be one of our key priorities, something that doesn't cost taxpayers a single penny and is achievable. Past Congresses have certainly recognized this.

Mr. Kind. Right.

Ms. Lee. The second thing, if the Plaza negotiations fail, would be for the U.S. Treasury and Federal Reserve to buy assets in other currencies, and that could also have a downward impact on the dollar. And the third piece would be some kind of a fee that you would impose on purchases. Either of those second two proposals could be done unilaterally. They don't have to be negotiated. They could be done by the U.S. Government, if we had the will to do it.

Mr. Kind. I would love to follow up with you on that, too. I think that is such a strong area that we need to be more focused on.

Ms. Drake, let me turn to you. I had introduced a bipartisan bill in time for Reauthorization of the Trade Enforcement Act, trying to address forced labor prohibition definitions, and being able to tighten that up. And now that we have got that included in trade enforcement, which theoretically should make it impossible for us to import products based on forced labor, slave labor, or the exploitation of child labor.

How well have we been using that tool? And do you have any recommendations on how we can beef up that enforcement?

Ms. Drake. Thank you very much for the question. This is a critical issue, and it was really a big accomplishment to really close that competitive-needs loophole. We believe that enforcement could be better, and it could be made better in a number of ways, including by publicizing how complaints can be made, by protecting whistleblowers who identify the use of forced labor and forced child labor in their workplaces, and by clarifying how targeted the remedies can be. Is it a fact that all

goods of a certain type from a country must be blocked or can be from particular workplaces that are identified.

And also, really addressing transshipment. Once a country has been named a source of forced labor on a particular product, are we looking out for the efforts of exporters to get around that?

And we believe that we could work with you and your staff to really identify what is happening now to enforce this very important law and how we could beef up the work of Customs and Border Protection in conjunction with ILAB and other experts in the Federal Government on these very important forced labor issues.

Mr. Kind. Thank you. Thank you, Mr. Chairman.

Chairman Blumenauer. Mr. Holding.

Mr. Holding. I thank the chairman and the ranking member for having this hearing. I hope that during this Congress we have lots of Trade Subcommittee hearings. I look forward to them.

So aside from benefiting the American consumer with increased buying power, it is essential for American manufacturers and producers to have access to the world's consumers, and trade agreements provide these benefits of market access. And as many of you know, it is important that we not only support American workers by buying their products, but also by making sure that they -- the American workers -- have the ability to sell their products globally.

As Mr. Buchanan noted, 95 percent of the world's customers are outside of the United States. And American manufacturers make the best products. And our farmers produce the best food, the best tobacco, the best cotton, and so on, and they deserve our support to have access to all the world's consumers.

So, Ms. Monteverde, I want to thank you for joining us today. My home is

North Carolina, which is also the home to two of your member ports there in Wilmington and Morehead City, and I spent a lot of time growing up in both places. I was encouraged by several points of your testimony, particularly regarding your comments on workforce development programs.

And I think you are spot on, and the ports in my State work with our community college system, which is the largest community college system in America, and the local universities, in programs ranging from supply chain logistics to welding, et cetera. The schools and the ports work together to ensure our graduates are able to step right into those really good-paying jobs.

And I am going to have to check to see how many jobs out of five in North Carolina -- it is really a phenomenal number for Florida, one out of five jobs to be port related. Then I am going to check on my statistic to see how I compare. But in the communities which support those ports, those ports support those communities. They are incredibly important.

Do you have any further comment on the job development programs that your association and the ports are doing and what you are doing to train the future port workers of America for those great jobs?

Ms. Monteverde. Thank you. And we are proud members -- I have North Carolina as our members. Workforce development in the last few years has become a bigger issue for ports, as they have to compete in a very competitive market. We have longshoremen -- New York, for example, just announced they are bringing in 650 new longshoremen workers. We have a variety of other folks. For example, we might have welders, which isn't -- you know, these jobs can't be imported. These will be U.S. jobs at U.S. ports.

So our association, as well as a variety of other ports, have reached out to, as



you mentioned, to community colleges. They also do a lot of internship programs. Often, ports are in underserved areas and they try to bring some of the folks in to have internships to learn about the types of port jobs. They have a whole variety. They might be unionized, they might not be unionized; it just depends. A lot of different types of jobs are available. So we do a lot.

We are getting ready -- ports do a lot of building, a lot of construction work, and they also try to let folks know that there are a variety of very good blue collar jobs as well as higher level jobs that are important to ports. So a lot of our members are reaching out to their local communities, and we have begun to look at workforce development so we can be competitive to make sure we can have the needs met in the future.

Mr. Holding. Thank you very much.

Mr. Chairman, for the edification of our fellow members, I would like to point out the Business Roundtable recently issued a study stating the international trade supports nearly 39 million jobs, and I would ask unanimous consent to put this study in the record.

Chairman Blumenauer. Without objection.

[\[The information follows:\]](#)

Mr. Holding. Thank you.

And in closing, I would just like to add that the Republican-led tax and regulatory relief efforts are helping U.S. workers to do much better than they were able to do under the stagnant economy of the previous administration. And going forward, it is important that we build off of this success with trade agreements that allow our manufacturers and our farmers to gain access to new markets.

I thank you, and I yield back.

Chairman Blumenauer. Thank you.

Consistent with committee practice, we will now go to a 2 to 1 questioning ratio, starting with Mr. Kildee and then Mr. Panetta for the next two inquiries.

Mr. Kildee. Thank you, Mr. Chairman, for holding this hearing. This is the subject, among many, but a principal subject that caused me to be interested in serving on this committee, so I am glad that this hearing is taking place. And I want to thank the witnesses for being here.

As I am sure some of my colleagues have heard me say, I come from the city of Flint, Michigan. There is a lot that folks know about Flint, but a little history lesson I think is important. Flint rose to prominence in the late 1930s when the workers in my community, members of the UAW, sat down in the factories for 44 days, and on February 11, 1937, secured the first UAW contract, which engaged the company and ensured fair wages, decent working conditions, and is a turning point in many ways in creating the American middle class.

In fact, at one point in time in the early 1970s, Flint had the highest per capita income in the United States. It is hard to juxtapose that with the conditions that we experience right now, partly driven by liberalizing of U.S. import market, I mean specifically regarding China, and depressed labor standards. So all of the progress that was made by the fact that the workers were able to secure those basic rights in many ways was diminished because the failed trade policies that this country implemented, including, sadly, NAFTA.

NAFTA promised changes to Mexico's labor laws that would allow American workers to compete fairly, but also would allow, importantly, Mexican workers to work for a higher standard of living, and we want that. But we, of course, now know that those promises for labor reform in Mexico that were promised in NAFTA failed. The

average worker in Mexico today makes around \$2 an hour.

So weak labor laws that have suppressed wages there have affected our economy here. And my hometown, which once had 90,000 auto manufacturing jobs today has about 10,000 or so. Largely affected by those changes by NAFTA.

So with this new agreement, NAFTA 2.0, or as some call the USMCA, we are hearing some of those same promises. And for somebody from my hometown, it rings quite familiar to hear these promises of labor reforms that are going to ensure that our workers will not be in a position of having to compete with very low wages.

We are hearing that under this new agreement, Mexican workers are going to be able to assemble and form free and independent labor unions. Of course, we want that. But I have to say, coming from where I come from, we are skeptical, for good reason. So, I guess, maybe, Mr. Nassar, if you wouldn't mind, commenting, number one, on what we know about the proposed agreement or the proposed legislation, whether it is adequate. Secondly, what do we do if Mexico fails to live up to even the agreement that we would sign? If you could just comment, I would appreciate it.

Mr. Nassar. Yeah. I think a few things. First of all, people need to understand how bad it is in Mexico, as you were talking about. I mean, there are plants that open -- there is a BMW plant, for example, that opened, and the workers there were signed to a contract that they never saw, the plant wasn't even operating yet, because you have these company unions that dominate in Mexico. That is why wages are so low, they are closely associated with the government.

Is this really going to break it up? Is it going to break up that system? I can't tell you that it will. And that is why we need to see action first, and not just promises, but actual action here.

And I want to refer to what Congressman Pascrell was saying. A lot of the

pressure to keep the Mexican laws so weak comes from U.S. corporations. And it is not a matter of fact that all U.S. companies have done poorly by NAFTA; many have done quite well. It is workers in all three countries that have done poorly. That is the fact.

And one last thing. We are not against trade. We agree with -- actually, much has been said about the importance of port jobs, and we don't disagree with that. We just want the trade to be fair and one that raises wages in all countries instead of lowering them.

Mr. Kildee. Thank you. And I just want to make a final point, and it goes to your testimony, Mr. Nassar. All of this for all of us, at least certainly for myself, is about how we support American workers. And that is the only measure, to me, that is going to count when evaluating any of this. So I appreciate your testimony. I appreciate the testimony of all the witnesses.

And I yield back.

Chairman Blumenauer. Thank you.

Mr. Panetta.

Mr. Panetta. Thank you, Mr. Chairman. I appreciate this opportunity to address this important topic, a topic that affects the number one industry in my district on the central coast of California. But also, let me thank all of the witnesses for being here and your preparation that you took to be here, as well as your time today. So thank you very much.

As I said -- and this is kind of neat. I mean, you got Dan Kildee, who is from Flint, Michigan, and then myself here from the central coast of California. You know, he deals with autos, I deal with salad. I come from the salad bowl of the world is what it is called.

So, as I said, the number one industry that we have, agriculture, as you know well, benefited from NAFTA, to be frank. But also, we understand that failing to negotiate deals with high labor standards can result, clearly, in the loss of jobs in places like Michigan. But at the same time, as we go forward, we have to make sure that we do no harm to what we have too.

Now, the President has threatened on a number of occasions to withdraw the United States from NAFTA, as we have heard. Clearly, this would be disastrous for the agricultural producers in my district, as Canada and Mexico are some of the top export markets for my industries in the central coast. But as I said, pulling out of NAFTA would be harmful to more sectors than just agriculture, as manufacturers have built supply chains that cross our Canadian and Mexican borders many times over. And so pulling out of NAFTA suddenly would clearly, clearly disrupt many manufacturing supply chains, and could potentially result in severe job loss.

And so my question to each of you would be, even though I know we are working to improve NAFTA, but would any of you advocate for the withdrawal from NAFTA as opposed to either approving the USMCA or keeping the status quo? Ms. Drake.

Ms. Drake. We don't view it as an either/or. Clearly, the best solution for American workers is to have an international agreement that actually brings up wages and standards in Mexico so that all of us can compete. That is what we are focused on and that is what we are pushing for.

Mr. Panetta. Good.

Mr. Larson. Congressman, I would just suggest that we are not there yet. There is still time to fix this agreement to make it so we are not faced with that possibility.

Mr. Nassar. Yeah. Likewise, I associate myself with what my colleagues said. I mean, we really need to focus on what can be done, and this Congress can play a big role in making sure there are real labor standards and a better agreement.

Ms. Hart. And I would have to be agree with my fellow panelists. You know, we understand that we are a very diverse union, and our steel industry is very integrated, throughout the U.S. and Canada, as is aluminum, and with Mexico. But there is still always going to be the pressure to move jobs to Mexico if we don't get the labor enforcement part right and make sure that Mexico is living up to and enforcing the commitments that it has made in the labor annex of the new trade agreement.

Mr. Catanese. Yeah. And to sound like a broken record. I mean, for us it is not so much a black and white issue, like obviously, in Pennsylvania, of all places. I think we have seen a lot of fall from NAFTA in our steel industries and our electrical workers and such like that, but whatever happens, I think it just needs to be incredibly conscientious of what the fallout will be to American workers and the communities they live in.

Mr. Panetta. Understood. Thank you.

Ms. Lee. And just briefly, I would agree with that, that the Congress should use its leverage right now to try to get a better deal. I don't think it is an ideal outcome for anybody to exit from NAFTA, but I also think that the current deal is inadequate. Thank you.

Ms. Monteverde. AAPA just last week talked a little about this, and our members supported the USMCA, but they felt very strongly that we shouldn't get rid of NAFTA until the USMCA or whatever replacement takes place. Uncertainty, as I said, is a job killer for infrastructure, and we really feel very strongly that we need to keep NAFTA in place until we have a replacement that Congress can agree to.

Mr. Panetta. Understood.

With that, I will yield back. Thank you.

Chairman Blumenauer. Mr. Rice.

Mr. Rice. Thank you, Mr. Chairman. What a great hearing, interesting hearing.

I am a big believer that our middle class has suffered over the last 30 years, and I think that it is because we have had policies in place that have not made our economy competitive. I think the American worker can compete with anybody on a level playing field, but we have tilted the playing field against them. And tax policy is one, and I think, as opposed to what a few of you said, I think our tax bill that we passed a year and a half ago has made great strides in making our country competitive, which is one of the reasons why we have seen over 500,000 manufacturing jobs come back to the United States in the last year and a half.

Regulatory policy needed to be streamlined. We made great strides there. But if we stay where we are, you know, we have had 3 percent GDP growth, 3.7 percent national employment; nobody argues that those are bad things. But we can't rest on our laurels. We have got to keep working to make our economy competitive, and trade policies is one of those things.

I follow -- I am a disciple of a professor at Harvard named Michael Porter, who is a worldwide recognized expert on competitive theory, and he says that 30 years ago, we could accept trade agreements that maybe weren't in our favor, but we are not there anymore, we can't do that anymore. That they have got to be fair trade agreements.

And I can't see how anybody on the panel with a straight face can't tell me that NAFTA 2.0 isn't a great improvement for the American middle class over NAFTA -- over the original NAFTA. I mean, we have got -- what is it -- 45 percent of

auto content has to be built by people making \$16 an hour. We have got 75 percent of autos have to be -- the content has to be in North America. We have improved agriculture standards, improved de minimis rules across the board. This is very, very favorable for the American middle class. A much better agreement than the original NAFTA.

So, yeah, did we get every single thing we wanted? No. Are you going to get every single thing you want in any negotiation? Obviously not. But this is a fantastic improvement, and I applaud the administration for bringing it to the point that it has.

I will tell you this, South Carolina has benefited from trade -- BMW, Boeing, Michelin, Volvo, Mercedes. We have benefited. The port of Charleston is a thriving area, top 10 growth area in the country. My district, though, I have three of the poorest counties in South Carolina that were hurt by NAFTA. We had tobacco and textiles as our top industries in these three very poor counties and they suffered as a result of it.

But I will tell you this. We just opened an inland port right in the middle of my three very poor counties. If you ever drive down 95 and you pass South of the Border, you know the thing with all the billboards, they just put in an inland port right there. It said, rail yard connection to the Charleston port. Guess what happened? It hadn't even been open a year and a half, 1,200 jobs, importers and exporters.

Wyman-Gordon, DTK, Harbor Freight Tools; 1,200 jobs. Those three counties have an employment labor force of about 60,000 people, that is a 2 percent drop in the unemployment rate.

Marion County, South Carolina, the poorest county in South Carolina, was 9.6 percent unemployment when Barack Obama left office; at 4.8 percent unemployment last May; it is at 5.2 now. Incredible success story.

My biggest problem is that I have got 30 percent of the people outside the



workforce in these three very poor counties and I am trying to encourage them to come back in, because we have got more jobs than we have got people who will take them. The tech schools are offering free education. Free, if you come from a poor family, for welders and electricians and plumbers and machinists. One hundred percent placement. \$50,000 a year.

So Mrs. Lee and Mr. Catanese, I would like your advice on what I can do to help pull these people back in the workforce. I am talking to pastors, I am talking to guidance counselors, I am talking to tech schools. What can I do to help pull these people back in the workforce? Everyone that comes back in the workforce is a win. What can I do?

Mr. Catanese. I guess to keep it as short as possible considering the time constraints, obviously hearing that there is programs to make it easier for people to get in the workforce sounds great. It is just ensuring that their support structure is there so that -- it is hard for somebody to, say, if they have a full-time job, to, you know, be able to balance that with getting an education at the same time. Those are real hard things on lower class working families.

So whatever policies are out there, I would just strongly recommend it takes into consideration childcare needs for families and things like that. So, you know, women who are out of work who would like to enter the workforce who have real responsibilities at the home have the opportunity to do so.

Mr. Rice. I yield back.

Chairman Blumenauer. Mrs. Murphy and Ms. Sewell.

Mrs. Murphy. Thank you, Mr. Chair. And thank you all for your testimony.

I believe that ensuring workers, both unionized and nonunionized, are treated fair and equitable manner is an important issue. So I am really glad that we are

holding this hearing.

You know, my dad was a union worker. His union job helped him raise a family. The union negotiated on behalf of this hardworking man for whom English was a second language to ensure that he had wages that he could take care of his family and that he had benefits that enabled me to have, you know, the thick glasses that made teenage years a little awkward, but enabled me to see the board and get a good education. So you can count on me as somebody who will always be a supporter of unions and a strong advocate for your right to collectively bargain.

I am also someone, though, that believes that the United States has obtained significant benefits from freer and fairer trade, both as an economic matter as well as a tool of foreign policy and national security. You know, trade creates a lot of jobs related to imports and exports, especially in my home State of Florida, and I don't think we should lose sight of that.

Mr. Nassar, you had said that your members have begun to see NAFTA as a four letter word. And I certainly hope that we are not moving in a direction where we see trade as a four letter word. And I think in order to do that, we have to recognize that certain workers and industries have been adversely affected by trade policies. I think in order to have successful trade, we must have a government that is not indifferent to the negative impacts. And so it is our responsibility to minimize this harm to the greatest degree possible. I believe we owe these workers more than lip service. We owe them smarter policies informed by the mistakes that we have made in the past.

And so, you know, I think as we craft new trade agreements or revise existing agreements, empowering our workers has to be a priority. We want to look for agreements that would include strong and forceful provisions designed to raise wages,

improve working conditions, and create a more level playing field.

And to start, I wanted to start with China. Ms. Lee, I think that reasonable people can agree that China's abusive trade policies harm U.S. workers in various ways. What do you think about the administration's approach to China? Do you have any concerns that the tariffs that we have imposed on Chinese imports and the retaliatory tariffs China has imposed on U.S. exports can be harmful to U.S. workers as well? And do you see any alternatives to these tariffs that would persuade China to change its policies?

Ms. Lee. Thank you so much for the question. I don't think that the administration's policy towards China is as strategic as it needs to be and it is too broad brush. One of the points, actually, that Ms. Monteverde made was that uncertainty is a problem. What the U.S. needs to do is to message more clearly, both to the Chinese Government and to corporations, what are the changes they need to make in order to have a more reciprocal and fair trade relationship.

I would say the two priorities that we ought to have with respect to our China trade relationship are currency and workers' rights. Those two things are much broader than the short-term tariffs on specific goods that are, as you say, disruptive. They are meant to be disruptive. The idea of a tariff is to change people's behavior, but because the administration has not signaled very consistently what kind of changes they need that isn't happening efficiently.

So I would say if we put a priority on addressing currency, misalignment, and on long-term changes in workers' rights -- protecting workers' rights to freedom of association and the right to bargain collectively -- to me, that will create a healthier foundation for a long-term important strategic and reciprocal trade relationship with China.

Mrs. Murphy. Great. Thank you, Ms. Lee.

Ms. Drake, the AFL-CIO has recommended the removal of global steel and aluminum tariffs under section 232 from allies like Canada, quote, so that we can work in a coalition to confront predatory trade tactics.

Can you expand on this? Do you think that Canada and other U.S. allies are not fully invested in the effort to change China's practices because they believe they are being mistreated by us?

Ms. Drake. Absolutely. Canada is not a national security threat and we believe should not have been included in the scope of the 232 tariffs. Now that they have been and that the U.S. has refused to pull back on those tariffs, it is really a point of contention, and we hear it for those in the USMCA talks that Canada says it won't ratify until the 232s are pulled back. We have unions, including the Steel Workers Union present on this panel, that represent workers in both the United States and in Canada. And this is an issue, if the U.S. could get together, not only with Canada, but with Japan, with the European Union, to form a group to say we have got to confront the tactics that China is using, including overcapacity, including the violation of labor and human rights, including these other things, predatory subsidies, we could be much more effective in getting China to move in the way that it needs to.

Mrs. Murphy. Thank you, Ms. Drake.

And I yield back.

Chairman Blumenauer. Ms. Sewell.

Ms. Sewell. Thank you, Mr. Chairman, for holding this hearing today. I think it is long overdue that Congress hear from labor in a public forum like this so that a better understanding of our trade policies and the impact that it has on American workers is understood.

Also, I want to thank all of our witnesses for testifying before us today and providing us with important insights on the issues that impact their members.

My district in Alabama, the Seventh Congressional District, is incredibly dependent on international trade, both agriculturally as well as automobiles. Just like my colleague from Michigan, we have a lot of auto workers, Mr. Nassar, and they are quite concerned about the threat of section 232 tariffs and what that impact will have. And, likewise, we are a little concerned about how NAFTA 2.0 has also affected -- or potentially could affect -- the ability for great paying jobs in Alabama to decrease because of the price of automobiles may go up due to NAFTA 2.0.

What I really want to focus on, though, is trade assistance programs and workforce development issues that arise often in trade agreements. I would love to know your thoughts on how one closes the skills gap when it comes to automobiles. I have both Mercedes-Benz and Hyundai, but I also I have U.S. Steel and International Paper in my district. And so I really want to talk a little bit about sort of the ancillary issue of trade assistance agreement, which I think should be a primary part of any trade agreement when it comes to providing assistance for workers. Mr. Nassar.

Mr. Nassar. Okay. Thank you. Thank you for the question. I think, first of all, when it comes to the new NAFTA, I just want to say something that -- no one is disputing that there aren't provisions that are better than what exists now. Remember, there is not an enforceable labor chapter now. So by definition, anything that is even remotely, hypothetically enforceable in some way is going to be better. So that is not the real standard. The real standard is it going to really help workers or not.

As far as the auto 232s, which has not happened yet, our view on that is that we don't know what we don't know. And we simply do not know what the proposal is. As we have seen in the steel-aluminum context, the administration can go a number of

different ways. If it is targeted and it is looking at things like the capacity for building electric vehicles, it could be beneficial. It also could go sideways. I don't know.

As far as, you know, any economic analysis as far as wages -- or workers not being able to afford cars, well, the best way to have workers afford cars is for them to be able to collectively bargain so they could actually earn the cars to buy, which is not what is going on in Mexico and is not going on in a lot of places in the United States.

I just want to point out that the U.S. is becoming a low wage market in auto all too often. We have -- Nissan has 45 plants in the world, 42 are unionized. They have three plants in the U.S. Take a guess as to which plants are not unionized in the entire world for Nissan.

As far as the skills gap goes, I think we don't make a real investment in educating folks who aren't choosing a path to college, they don't have that opportunity. And we really undervalue that greatly, and there is a lot of work to be done.

I also just want to say, collective bargaining. We bargain for upgrading people's skills and training.

Ms. Sewell. Yes.

Mr. Nassar. We bargain for health and safety standards. When you don't have a union, none of that is happening. So we have a big role to play here.

Ms. Sewell. Absolutely. I also wanted to sort of talk a little bit about your statement -- your written statement in which you shared concerns about the Tax Cut and Jobs Act being bad for American workers, and promoting offshoring. What can this committee do, since we also have tax jurisdiction, to actually do better on the tax credit side to help American workers?

Mr. Nassar. Sure. Thank you for that question. I think a key thing is that we have to get rid of this incentive that was created in the law which allows the corporation

that creates a -- it has a subsidiary, when they bring back money from those operations, they are taxed at a lower rate than an operation that stays in the United States. So that has to be equalized. And H.R., I believe, 1711, by Representative Doggett, would be a good start in that regard.

I also just want to say that these promises of wage increases have not happened. It has been roughly 5 percent of corporations have actually given a wage increase. And when it comes to corporate buybacks, it has been over 120 times more in corporate buybacks than wage increases.

Thank you.

Ms. Sewell. Thank you.

Chairman Blumenauer. Thank you.

Mr. Smith.

Mr. Smith. Thank you, Mr. Chairman.

We have heard a lot of negativity today about the environment that American workers face today. But when you look at the facts, they paint an overwhelmingly different picture than what we have been hearing.

Last year, we had the biggest increase in wage growth for American workers in a decade. Middle class income hit an all-time high. And a recent CBO projection shows that in the next 10 years, 900,000 new jobs will be created, thanks to the Tax Cut and Jobs Act. Thanks to President Trump and the policies of a Republican Congress, for the first time ever, there are now more job openings than workers to fill them.

Trade agreements benefit American workers, but we must always be proactive to ensure that our workers are not left behind. This is a top priority for President Trump, and I am pleased that he and his administration have worked so hard to promote free and fair trade that benefits American workers across the country.

Something that does not benefit American workers is the Green New Deal. Mrs. Drake, is it true that on March 8 the AFL-CIO leadership sent a letter to the authors of the Green New Deal opposing the resolution and labeling it as a threat to American workers?

Ms. Drake. The letter was actually sent by the Energy Committee of the AFL-CIO, which is different than the AFL-CIO leadership.

Mr. Smith. But it was leadership members of the Energy Committee of the AFL-CIO, right?

Ms. Drake. It was the Energy Committee of the AFL-CIO.

Mr. Smith. Mr. Chairman, I have the letter that I would like to put into the record. At the heading, it is AFL-CIO, and it is signed by the leadership members of the Energy Committee.

What I do want to point out, quoting from this letter sent by the AFL-CIO leadership, the authors state that the Green New Deal could cause immediate harm to millions of our members and their families. The authors also point out that the resolution is short on specific solutions, and makes promises that are not achievable or realistic.

I want to thank the AFL-CIO leadership for shedding light on the real damage the Green New Deal would have on American workers, and I stand with them in opposition on this point. So I want to thank you all for submitting that information.

Ms. Monteverde, I appreciated your testimony about the value of ports to U.S. trade. In 2017, agriculture trade with Mexico and Canada brought in \$452 million dollars in the State of Missouri alone, and supported over 32,000 jobs. In southeast Missouri where I represent, getting agriculture goods to market is essential. That can't be done without our small ports along the Mississippi River.



Can you speak to the impact that our smaller ports have on U.S. jobs?

Ms. Monteverde. My association doesn't represent the smaller ports, but the Mississippi and the whole agricultural products coming through Oregon, through the river system, all flow to my member ports. So those are really critical nodes. Those small ports take the cargo off the roads. Very important, they -- it is a critical part of our infrastructure. And Congress, we feel, should continue to look at that, that we have to have a system of ports. These are feeder ports that really help U.S. agriculture and commodities come in and out of the middle part of the U.S. that, unfortunately, doesn't have large coastal seaports. So they are very critical to the movement and the export of goods in the United States.

Mr. Smith. Thank you.

Mr. Chairman, I yield back.

Chairman Blumenauer. Thank you.

Ms. DelBene and Mr. Beyer.

Ms. DelBene. Thank you, Mr. Chairman, and thanks for holding this hearing.

And I want to thank each you for taking the time to be here today, and for your testimony and for the work that you do to help support the American workforce.

I wanted to talk in particular about a challenge in my district. I come from Washington State, and we are the most trade-dependent State in the country. And in my district, I also have an aluminum smelter, one of the few that we have in the United States, and it supports good union jobs for my constituents.

I know that overcapacity has been a significant issue for some time now, and I definitely support efforts to protect workers from unfair trading practices. As you know, much of the global overcapacity in the aluminum industry can be traced to China, and I am definitely worried that the administration's current approach doesn't

effectively address the true source of the problem and is making it more difficult to work with our allies to take on China.

Ms. Hart, I know that you support lifting 232 tariffs on Canada. And I wondered, through conversations I have had with Ambassador Lighthizer on China, what you think needs to be done to curb overcapacity in China. What specific commitments do you think the ambassador should be looking for to make sure that we are really taking steps that would address this issue? I would love your feedback on that.

Ms. Hart. Thank you, Congresswoman, for the question. It is true, we represent workers in the aluminum industry in Canada and also in other industries as well. So we have supported, since day one, not including -- or have opposed the inclusion of Canada in the 232 tariffs since the very beginning. As far as the tariffs, though, I mean, while we do support the 232 tariffs on steel and aluminum that have brought jobs back in the primary aluminum sector here in this country, and -- but as far as what we need as a solution, it is China that is the main cause.

Now, there are other aluminum-producing countries that also operate under nonmarket principles, such as Saudi Arabia. So it is a little more finely tuned than just eliminating China, but from aluminum --

Ms. DelBene. Are there specific things you think we can do, though, to address Chinese overcapacity?

Ms. Hart. Yes. Yes, definitely. I mean, we need a concerted global effort to deal with it. Right now, I believe the global forum on steel overproduction is taking place after the OECD meetings this week in Paris. And, unfortunately, those talks are just yielding more and more unfulfilled promises by China to reduce capacity. And the only thing that holds their feet to the fire is losing our market and the threat of that.

And, unfortunately, as much as there is contention around the 301 tariffs against China, they are serving a purpose. China is negotiating or trying to. And the only way it is going to happen is if economies that, you know -- if we all band together to stop those practices. It can't just be the U.S. and Canada.

Ms. DelBene. I think if we are going to all band together, part of it is working with our allies to band together and tariffs --

Ms. Hart. Absolutely.

Ms. DelBene. -- 232 tariffs get in the way of working with some of our allies, so that is one of our challenges.

I just had a quick other question on tax policy, which we talked about a little bit. Ms. Lee, you had talked about one of the issues that we face with jobs going overseas is tax policy, and not everything is necessarily related to trade policy. But you talked about investing in human capital versus capital when we talk about tax policy, and I wondered if you could elaborate on that a little bit.

Ms. Lee. Sure. I think everybody agrees that the United States, as an industrialized country, as a cutting edge country, needs to invest more in its workforce. Josh Nassar spoke about how a lot of unions actually negotiate as part of their contract ongoing, on-the-job training, which is really important.

And if you look at the U.S., compared to most other industrialized nations, we spend a much smaller percentage of our GDP on training and workforce development. One of the problems with last year's tax bill, the TCJA, is that it doesn't incentivize that. In addition, we haven't raised the revenues we need for massive infrastructure investments, which are really important, whether it is transportation or communication or energy. Those are areas where the United States isn't going to be competitive in the global economy unless we can update and modernize and maintain all of those systems.

And so, it is connected in terms of both the kinds of incentives that we build into our Tax Code, like the manufacturing tax credit and the research and development tax credits, those are important pieces. And then also, I think the fact that, as has been mentioned, the President's budget underfunds key pieces of training.

Oh, sorry. Out of time.

Chairman Blumenauer. The gentlelady's time --

Mr. Beyer.

Mr. Beyer. Mr. Chairman, thank you. And thank you very much, this has been an incredibly rich education this morning. I really appreciate the time you put into these testimonies.

Ms. Drake, in your testimony, you touched on the ability of any party in either the old NAFTA or the new USMCA to block the State-to-State dispute settlement process. So even if the political will was present labor enforcement, the mechanism is nonfunctional as written. How should State-to-State dispute settlement process be altered, changed, evolved to address the whole panel formation issue?

Ms. Drake. Thank you. So in the new NAFTA, it essentially replicates the mechanism of the original NAFTA. And that is that you can't get to the step of dispute settlement unless there has been a meeting of the Free Trade Commission, which is all three countries. And any one country can say, nope, I don't feel like meeting, which essentially means there is not going to be a dispute settlement.

Now, the U.S. abandoned that model in the CAFTA and subsequent agreements, and now it is back. So the first step would be removing that barrier and saying, look, if we need to get to dispute settlement, the very country being challenged for violating the trade agreement can't prevent the dispute settlement panel from forming.

Mr. Beyer. Would you use the laws of the State that was violated in the

agreement, though, to try to reconcile this, to fix it?

Ms. Drake. Well, there is really no way -- that is written into the agreement, so it is baked in the cake unless that provision is modified. So we would fix that, but then we would add additional things that reflect the 25 years of experience of lack of political will in actually enforcing the agreements.

So one mechanism that we have suggested is to make enforcement an obligation, a mandatory duty, so that if any government refuses to enforce the labor obligations, that citizens could go to a Federal court, as they do know, for instance, under the Environmental Protection Act, and say, the Federal Government is violating its duty by not enforcing these agreements. We want the Federal Government to act.

Mr. Beyer. So you get a citizen standing then?

Ms. Drake. Yes.

Mr. Beyer. So, Mr. Larson, in your testimony, you noted CWA's extensive efforts to work with your counterparts in the Philippines and, of course, all the call center jobs that have gone there. Since the first Trump-Duterte meeting, there have been public discussions about a possible bilateral FTA with the Philippines. I know Duterte would like that; it is not clear what Trump would want.

Do you think it would make sense to begin FTA negotiations with the Philippines, especially given the incredibly sad and deteriorating human rights situation under Duterte?

Mr. Larson. Absolutely not. We believe it would be a mistake. As you indicated, we have been working very closely with the labor union activists on the ground there who live in fear all day long. I just had a Skype conversation with one of them yesterday morning who said that they are terrified of what is going to happen after the parliamentary elections, the congressional elections they have coming up, in that

they have already had folks following them around on a daily basis monitoring their activities.

So until conditions on the ground there improve and this increasing crackdown by the Duterte dictatorship on the NGO, the non -- the human rights communities, there should not be any indication that we are going to begin conversations or negotiations with the Philippines.

Mr. Beyer. Thank you very much.

Celeste, welcome back to Ways and Means. And, you know, I have toured many, many, many factories in Virginia and in Switzerland over the last 30 years. And every time I go, there are fewer people on the factory floor. You quoted Josh Bivens on the second page of your testimony, saying that, permanent wage loss resulted from America's "new pattern of specialization that requires less labor and more capital."

So I think it is sort of basic economic history that, with technology, we replace skilled labor with unskilled labor, or we skill down. How do you tease out how much of this tremendous decline in American manufacturing is due to trade policy and how much is due to globalization -- or to technology, which is probably irreversible?

Ms. Drake. I am not sure you can tease out exactly how much is due to each, but it is also the case that trade agreements enforcing countries that compete with each other to increase returns to capital actually incentivize greater and greater use of technology that needs fewer and fewer workers. And it is a complicated process, and that is why a large part of my testimony was really dedicated to saying, we need to fix the trade agreements and the provisions thereof, but we cannot do that in a vacuum. We simultaneously need to look at our domestic economic policies, which must include, of course, as Josh Nassar stated, first quality education and training for workers, but also incentives to make sure that we are engaging in the research, the

development, that we can do advanced manufacturing here, and making sure that we can provide whatever goods and services will ensure that workers can live a good life.

Mr. Beyer. Thank you very much.

Mr. Chairman, I yield back.

Chairman Blumenauer. Mr. Schweikert.

Mr. Schweikert. Thank you, Mr. Chairman.

First, a thought from the minority, and maybe even for the committee in whole. This is ultimately an incredibly complex subject. If we start to talk about, you know, world security, the fact of the matter is industrialized countries and what is happening in all of our demographics. You know, the industrialized world is getting old very fast, and we are going to need relationships with countries with populations moving into their consumer ages, because we want to sell them our stuff. And so, it is -- the labor is incredibly important. There is technology revolutions coming that are going to be stunning disrupters.

So, Mr. Chairman, if there is ever the moment where -- this is wonderful, but also, a panel of economists, a panel of demographers, a panel of -- so we can get our heads around on the major trade space of what is coming at us and how we make good policy for our society. But also, in this particular context, being from the desert southwest, I am one of those States where NAFTA, in many ways, actually, was fairly good for us when you look at our baseline numbers. Now, that is because we did not have a history of being a large manufacturing State or, you know, we are an inbound growth State.

So, also respecting the fact that we actually have some real regional differences being a -- my friend was talking about he is the lettuce bowl, but we are the winter lettuce crop, so --

But I do want to bounce through just a couple quick concepts and then maybe actually get back to what we are actually supposed to be here, which is a trade agreement between Mexico and Canada.

Ms. Lee, thank you for being one of the people that has actually talked about the strong dollar policy. I am a little conflicted and would love -- if you actually have some papers or documents or things I could read. You know, being someone that was sort of -- I used to love reading about Bretton Woods and some of those mechanisms, which I fear a couple of your comments could actually also have some real stresses on capital markets and interest rates, particularly a country that is floating so much debt on an individual, personal, corporate, national level, you know.

So we also have to be careful of lowering the dollar, making our products maybe more competitive, at the same time, then the cost of financing our demographics and our society goes the other direction on us. So send me whatever you have. I most appreciate that.

Ms. Lee. I would be very happy to do that.

It is an important issue, and it is one where both Democratic and Republican administrations in the past have talked about the dollar and have failed to act. And one of the reasons is that there is a double-edged sword here. A multinational corporation that is producing offshore, and sending goods back into the United States actually benefits from a high dollar.

[\[The information follows:\]](#)

Mr. Schweikert. It has a really interesting circle. Might I suggest, and I think there might be a commonality. Many of us would like to see a much more robust and much more streamlined mechanisms in our bilateral trade agreements, WTO and those things, where you could actually maybe be less fixated on U.S. strong dollar policy, and



more -- other countries that functionally are manipulating their currencies in violation to those very agreements. So is it us, or we need some mechanism to go after those who are cheating?

Ms. Lee. I think it is both. Certainly the IMF and the World Trade Organization both have provisions that are supposed to address misaligned currencies. But neither one of those institutions is really willing to do it. And so, sometimes, that does leave the ball back in the U.S.'s court.

Mr. Schweikert. That somewhat makes my point. We need sort of a revolution in the World Trade enforcement mechanisms.

Mr. Chairman, Ms. Hart, being a State that actually, you know, the State of Arizona, we don't make a lot of steel, but we make a lot of stuff with it, and particularly, a lot of high tech aviation. Even a little company that are friends that make products around global lighting. They are cutting edge on energy savings. But a lot of the components they have, the fabrication of them is kicking them in the head cost-wise.

So I know from your representation of your population, you have both from the -- just the raw steel folks to the fabricators. What has happened -- let's just talk about your fabricators.

Are they finding themselves in some competitive disadvantage right now with the tariffs?

Ms. Hart. I think it depends on who you talk to. I mean, certain of our fabricators have a business model of using imported goods, and, you know, perhaps underpriced from the U.S. markets. But those figures have shown -- and I don't have it right in front of me, but --

Mr. Schweikert. If you come across it, will you send it to me?

Mr. Chairman, I appreciate your --

Ms. Hart. I would. But what I would just like to add is that downstream employment has actually increased since the tariffs were put in place --

Mr. Schweikert. Well, but the manufacturing all across the country now in the last year --

Chairman Blumenauer. If you could supply that --

Mr. Schweikert. -- half a million, so we are doing something right.

Thank you, Mr. Chairman. Yield back.

[[The information follows:](#)]

Chairman Blumenauer. Thank you.

Mr. Higgins.

Mr. Higgins. Thank you, Mr. Chairman.

In America in the past 20 years, 53,000 manufacturing businesses have closed; 5.5 million manufacturing jobs have been lost. These people that have been able to find employment, we look at the macroeconomic numbers, low employment, jobs created within a given month, and we think that everything is okay. But it is not okay for these 5 or 6 million people, because they are humiliated, because we have failed the American worker.

We made a promise to our workers through the trade adjustment assistance provision of NAFTA that there would be an opportunity for them to retrain. But we didn't follow it up. We betrayed them. And these people, as I said, are humiliated. And it is a tragic shattering of the American Dream.

These trade agreements are supposed to bring everybody up to a higher level. Well, in Mexico, a nation of 124 million people, an economy of a little bit more than \$2 trillion, the poverty rate is higher today than it was when NAFTA was enacted. The

minimum wage in Mexico today is \$4.70. Not per hour, per day, which is \$0.59 per hour.

The people that we displaced, the 5.5 million manufacturing workers who were making \$30, \$40 an hour with good benefits to provide for their families, are now making \$10 an hour. So I would argue that the inverse is true. That nobody is being brought to a higher level, everybody is being brought to a lower level.

The United States is a \$21 trillion economy. We are 70 percent consumption, meaning we consume 70 percent more than we make for the rest of the world. In a trade negotiation, this is all about leverage. And if you are a \$21 trillion economy, that is 70 percent consumption, obviously, everybody wants to trade with you, including Mexico, which exports 80 percent of what they make to us. We are not using our leverage effectively enough on behalf of the people that we collectively represent.

Now, listen. I understand the complexity of trade. Some economies in this Nation are going to do very, very well. Others are going to get clobbered, like mine in Buffalo and Western, New York; like Dan Kildee's in Flint, Michigan; like those manufacturing areas.

And when I look at the statistic that, as of October of 2018, there has not been one successful labor enforcement case in the United States under the Fair Trade Agreement.

So I would argue to you we are going backwards. You know, you look at Germany. Germany has a partnership of universities, of businesses, of unions. You know what they do for their manufacturing worker? Preemptively they bring them to and beyond the current technology, so they are not fearful of innovation. They are not fearful of new technology. And we are missing this issue entirely.

So I can only speak for my vote, but I will tell you that unless and until there is

a robust and a dramatic change in worker retraining and worker training generally, I will not consider supporting this.

So Ms. Drake, as somebody who obviously represents a lot of American workers who have been stiffed by the North American Free Trade Agreement -- and this agreement is 93 percent of what that was. This is a continuation of the assault on the American middle class.

Ms. Drake. Thank you, Mr. Higgins.

The points you raise are exactly why the AFL-CIO's energy committee wrote the letter that Mr. Rice referred to. When working people and their elected leadership here just transition those words, what they think in their heads is false promises; failed promises; TAA hasn't worked; all of these things haven't worked.

And one of the problems is, NAFTA was not used in the way that the European Union used their agreement to economically integrate. In that agreement, countries had to say, "We will have robust social protections. We will all invest in worker training. We will all invest in education. We will all make sure that there is a safety net so that losing your job doesn't mean losing your home and losing your health insurance." And NAFTA renegotiation could have done that but doesn't. And that is why we are saying, "Let's go back to the table. Let's fix it. Let's make it better, because that is what workers across the continent need."

Chairman Blumenauer. Thank you very much.

Mr. Davis.

Mr. Davis. Thank you, Mr. Chairman. And let me thank the witnesses who have been superb. I have been delighted. Mr. Larson, let me just go directly to you, probably because I just finished meeting with communication workers yesterday. And, of course, we had a very robust discussion. And it brings me to the point.

I guess we are all looking for that magic movement, or silver bullet, if there is any such thing. And I would like to get to that. But let me just ask you first: How much of a threat is outsourcing? How much of an issue is that?

Mr. Larson. The threat of outsourcing, especially of offshoring for our members with our largest classification of workers, our customer service representatives, call center workers, it is a constant threat for them. You see it every day.

We have just done a study of our customer service representatives. Most of them report daily stress of worrying about the fact their jobs could be offshored at any moment. And you are seeing it play out right now today.

You have got a tax bill that benefited major corporations like AT&T who are, instead of using that money to invest here in the United States, are building a 5,000-person call center in Mexico while closing down about seven call centers over the last 4 months, 44 call centers total in the last 7 years.

So this is a constant threat for our members that they live and experience every single day, that they could be getting that notice tomorrow, that their call center is about to be offshored somewhere.

Mr. Davis. Let me ask: How do we block, or stop, or slow down, or make it difficult for this to happen?

Mr. Larson. This is where our trade agreements can help play a role in that by having high labor standards, and enforceable labor standards, so we can start bringing up those wages of workers in those other countries so the pressure -- the bottom stops dropping further and further, but we start lifting that floor higher and higher. And we believe the work that we have done with unions in Mexico and in the Philippines and in the Dominican Republic, that if there is a way to more solidify those relationships, that

we can, together, as workers at AT&T, work together to raise up those standards for everyone is a way to do that. And trade agreements could be a way to get us at that place.

Mr. Davis. And so you are suggesting that not only must we be concerned about workers in our country, but workers in other countries with whom we are doing business, or having relationships with as well?

Mr. Larson. Exactly. With globalization of the economy, all workers are in the same boat. And what these corporations are doing are trying to pit us against one another by pushing that floor lower and lower. And what we are trying to do is form those relationships to start lifting that floor higher.

Mr. Davis. Let me ask for about 10, 15 seconds each, if each one of you would try and respond quickly to the statement just made by Representative Higgins.

Ms. Drake. I am sorry. Which statement? I am sorry. Which statement?

Mr. Davis. In terms of how the impact of our policies have affected and are negatively impacting workers across the globe?

Ms. Drake. It is affecting workers, and not just those in traded industries but those with the same skills in nontraded industries. So it is pushing wages down and making workers across the globe more insecure in their jobs and wages.

Mr. Davis. Mr. Nassar.

Mr. Nassar. Yeah. Thank you.

It is absolutely devastating auto workers. I mean, these plant closures, I got to say, it is not just the plant. It is all the suppliers that go to -- and then the communities as discussed.

So, the policies that we have been on, we have been on the wrong path. It is time to have a new model to correct it.

Mr. Davis. Ms. Hart.

Ms. Hart. And from our perspective, I totally agree with Mr. Nassar. But when -- the references to job training or trade adjustment assistance, that is a totally inadequate program that does not, in any way, replace the wages lost or the quality of the jobs.

Thank you.

Mr. Catanese. Yeah. Just for brevity of time. I just think back to Mr. Kildee's example earlier. Flint. Right now we are seeing, you know, black, brown, and white working class people, like, affected by government failure. A community that has been impacted by a massive job loss to other countries where workers are making starvation wages. So simultaneously, social services have gone away that could be lifting them up and keeping them okay. So everyone is feeling similar pains and burdens across the globe.

Mr. Davis. Thank you very much.

Mr. Chairman, my time is expired, and I yield back.

Chairman Blumenauer. Thank you. Mr. Arrington.

Mr. Arrington. I am way down here, Mr. Chairman.

Chairman Blumenauer. Yes, you are.

Mr. Arrington. Thank you for the hearing. And, witnesses, thank you for your input.

So I am from West Texas. I represent 29 big beautiful rural counties. And ag is the lifeblood of our economy. So like Mr. Panetta, I think pulling out of NAFTA would just be -- it is just not even something I would like to think about as an option. I don't think it is. It would be devastating for States like Texas, and I think rural economies throughout the country.

So it seems to me that we all come to the table to find ways to improve NAFTA and make USMCA the best it can be for our economy, for our job creators, for our workers, for our consumers.

And, you know, as Mr. Rice said, there is never a perfect piece of legislation. There is not a perfect deal of this size. These are the largest trading partners we have. This is the business trade deal that we. We just have to -- you know, perfect can't be the standard, but better and progress and improved. And I want real improvements, by the way. And I also want enforceable improvements, because if they are not enforceable, what good is it? I agree with that, philosophically, principally, not just for labor reforms but for all components. Okay?

But I got to say, this President has worked really hard on the labor component, just pointing that out, understanding that most of you are representing labor. That is the nature of the hearing. I think the President has gone farther than many Republicans actually feel comfortable with. And when you take from the outset the fact that NAFTA didn't even have labor as part of the core agreement, it was just a sidebar deal, it was not enforceable. It didn't have the force and effect on the dispute resolution. So what good was that?

This President actually brought it into the core framework and made it one of the enforceable mechanisms and provisions. It is also subject to the dispute resolution. We can talk about how meaningful that is or not. He went way beyond, in this administration, the TPA-mandated objectives, to include provisions like the right to collective bargaining for Mexican workers, the right to strike, dealt with issues of violence against workers, and forced labor and migrant workers at minimum wage and worker safety. That is pretty substantial to me.

Can we just at least agree at this point that the President has had the worker in



mind as he has led and as he has guided his team in negotiating a better NAFTA, a better relationship, trading relationship, with Canada and Mexico? Would you agree with that? Save and except, we have got to figure out this enforceability issue, would you say that, on those issues that I just articulated, have we made progress? Have we made improvement?

Ma'am. I can't see everybody's name. And we will just start on the left. Just real quick, because I have got a couple of other comments and questions to ask.

Ms. Drake. The labor obligations are an improvement over the past labor obligations.

Mr. Arrington. Thank you. Thank you.

Sir.

Mr. Larson. Yes, they are an improvement. And I will go so far as to say Ambassador Lighthizer has been a profound improvement as USTR over Ambassador Froman under the previous administration.

Mr. Arrington. That is very gracious

Thank you, sir.

Yes.

Mr. Nassar. Yes, it has definitely been an improvement. But we see this as the chance to make the real change. That is why --

Mr. Arrington. I think we see it as a real chance to make change real on all fronts, so, you know, agree.

Yes, ma'am.

Ms. Hart. I echo my panelists' comments and -- as to Ambassador Lighthizer's accessibility and willingness to work with us. But there is still work that needs to be done on the labor chapter. It is an improvement, but it still is not enforceable.

Mr. Arrington. Okay. So I am just going to stop. I am not going to assume that you support what they said, but I get the drift. I think we believe it is improved. We need to really look hard at the enforceability mechanism, and make sure that that is real. And, again, I think that is as important for the nontariff issues related to the dairy products and the IP as it is for the labor.

Connect the dots for me, just to wrap up, Ms. Monteverde, on why workers benefit with trade. As long as it is fair trade, why they benefit in terms of wages and opportunities and quality of life?

And I yield back.

Thank you, Mr. Chairman.

Ms. Monteverde. Thank you.

The study that I talked about that came out last week looks at maritime trade and the downflow to other parts of the economy and --

Chairman Blumenauer. The gentleman's time has expired.

Ms. Monteverde. Okay.

Chairman Blumenauer. Thank you.

Ms. Moore.

Ms. Moore. Well, thank you so much, Mr. Chairman.

This has been a great hearing, and I want to thank all of my colleagues and the witnesses for this great information session on the impact of trade and our economy. I was particularly intrigued by your testimony, Ms. Thea Mei Lee. And just reading from your written testimony, "We have a tax system that rewards capital over labor and outsourcing over domestic production. It remains riddled with unproductive loopholes. And especially after last year's changes, it fails to raise adequate revenue to fund needed investments in education and research. In some ways, U.S. trade policy

over the last couple of decades has been exactly backwards. Our trade agreements have privileged outsourcing and corporate profits over good jobs undermining our manufacturing sector, exacerbating inequality. At the national level, policymakers have shortchanged infrastructure investments, and education in our Tax Code has incentivized offshore production."

I read that back to you and into the record because you talk about domestic things that we can do. And I guess I am wondering, if we were to try to do that, what impact would that have competitively with struggles that we have at the WTO, digitalization -- I can't believe I said that word. It was so hard -- the subsidies that other countries provide, the tariffs?

How do we do this without picking winners and losers? Like the steelworkers might love the tariffs, but the farmers in Wisconsin are screaming bloody murder. How do we execute this without creating winners and losers within our own economy? And also, how do we do it to impact the international institutions and have it work?

Thank you.

Ms. Lee. Thank you so much for the question, Congresswoman.

The challenge here is to use the combination of domestic policy and international policy. There are always going to be winners and losers. Any time you make a change in the Tax Code, there are winners and there are losers. But I think we should set as key principles investing in our future, and having a Tax Code that raises sufficient money for that investment. A point I raised in my testimony was that one of the reasons we have trouble raising taxes is that we are in competition for capital internationally, and we don't have the right mechanism, we don't have the right international negotiation to discipline competition for lower taxes. There is some talk at the OECD around tax bases and so on. But that hasn't been very effective. And

that is key, because every country needs to raise money in order to invest in its future.

In terms of the tariff policy, I do think that our future should be in multilateral negotiations and not in the bilateral and the regional trade agreements. That is an outdated model. The benefits aren't that large because tariffs are already low. But the multilateral arena is where we can tackle some of these big challenges, whether it is climate change or the tax base or workers' rights, that each country struggles to do on its own.

So that is the principle that should guide our trade policy. And it doesn't make sense to focus on the tariff policy, because tariffs are pretty low right now. We need to enforce the international provisions that we have all agreed -- that subsidizing exports is bad and violating workers' rights is bad.

Ms. Moore. How do we -- and this is for anyone on the panel, but how do we do this and also protect their values to try to increase opportunities in other countries? I mean, there are challenges, for example, to AGOA benefiting other emerging economies? How do we do this and then maintain the values around helping other struggling workers in the world?

Ms. Lee. I am really glad you asked that question, because I think that the approach that the AFL-CIO and the labor movement have taken over the years has been about lifting up workers. One of the reasons that we put so much emphasis on protecting workers' rights in trade agreements is partly about the competitive impact on American workers. But it is also about how are workers in China or Africa or Latin America going to get the wherewithal to be able to bargain collectively for their rights, to be able to form their own associations, and also, to be great consumers. If we are going to have a reciprocal trading relationship, it is really in our interest that workers in other countries can join the middle class, can have basic rights, and can be a stronger

partner for the United States going forward.

Ms. Moore. Thank you so much for allowing me to join this panel,  
Mr. Chairman. And I yield back.

Chairman Blumenauer. You are welcome any time.

And we have another interloper. Congressman Doggett, you get to bat cleanup.

Mr. Doggett. Thank you, Mr. Chairman. This hearing has been a long time coming. Years since we have really had any focus on the issues that are being addressed here today. And I served on the Trade Subcommittee during the last session. Really, just total indifference to the kind of issues that you are giving attention to today.

I have been coming in and out because, at the same time we have this hearing, I serve on the Budget Committee where we have the Health and Human Services folks present to talk about a topic I want to raise now, and that is this whole question about prescription price gouging.

I am concerned that there are some people, some interest groups, that have hitched a ride on the renewal of NAFTA to include provisions that were never included in the original NAFTA provision in order to benefit their special interest.

Now, some of those we were able to keep out of the agreement. But one that is particularly troubling to me is the one concerning tying the hands of this Congress to address soaring pharmaceutical prices. And I guess I would begin, Ms. Drake, with you, and ask you if provisions in a trade agreements can, in fact, limit what this Congress can do to fulfill what it views as the will of the people, as the House of Representatives, and what the history is on that in terms of congressional action, and then our being overruled by trade law.

Ms. Drake. Thank you very much for the question. And it really gets to this

issue of -- some of your colleagues have commented that this renegotiation is unconditionally better than the current NAFTA. And in the specific area of drugs and medical devices, it is not. It is moved far backwards. And the ways that it does that is it includes a lock on 10 years of exclusivity for biologic drugs. It creates a new definition for biologic drugs. These are really the cutting-edge drugs that are about 2 percent, I understand, of Medicare Part B prescriptions, but 40 percent or 60 percent of the spending.

Mr. Doggett. And when you talk about 10 years of exclusivity, you are really talking about 10 more years of a government-granted monopoly --

Ms. Drake. Absolutely.

Mr. Doggett. -- for those drugs.

Ms. Drake. And it delays generic competition. So those drugs that might lower the price in that drug category cannot get on the market. And your hands would be tied, because if you and this House wanted to lower that period to 8 years or 7 years or 5 years, you could not do it because it would be a violation of a trade agreement.

And, in fact, the proposed TPP agreement had 8 years, and the AFL-CIO proposed that as too long. And, quite frankly, we think that trade agreements should be out of this business entirely. This is a human right to health, and trade agreements should not set up monopolies that get in the way of access to medicines for people in any country.

Mr. Doggett. And isn't there a history of where Congress acted one way and we were overruled by trade law because of agreements just like the one that is proposed here?

Ms. Drake. It has happened in a number of areas. You would have to remind me of specifically what happened on medicines.

Mr. Doggett. Particularly of the country of origin labeling.

Ms. Drake. Oh, absolutely. I thought you were referring to medicines.

So absolutely. Congress passed a law -- country of origin labeling for foods, particularly on beef and pork -- that was opposed by our trading partners who challenged it at the World Trade Organization. And the World Trade Organization dispute settlement body said to the U.S., "you either have to repeal this law, or you will face retaliatory tariffs from Mexico, Canada, and others." And Congress acted to repeal the law.

So it is absolutely true that Congress must change laws as a result of trade agreements.

Mr. Doggett. There has been a suggestion that, well, we can just solve this by writing a letter or attaching an amendment or something to this with the 10-year provision that is in the base agreement.

Is there any way to deal with that other than correcting it in the base agreement?

Ms. Drake. It must be corrected in the base agreement, and Congress can do it and has done it, for instance, with the Peru free trade agreement in 2007.

Mr. Doggett. So it is not a complicated matter if you have the will to protect American healthcare consumers --

Ms. Drake. That is exactly what it takes.

Mr. Doggett. -- on prescription price gouging.

And I am also appreciative of the fact that several of you, Mr. Larson and Mr. Nassar, have referred to the outsourcing bill that I have, because it has been a combination of tax incentives that this committee has approved, along with its trade policy that has encouraged the export of one job after another. And we need to close the new tax laws that the Republicans created, loopholes in the new law they created as

well.

And I gather your feeling is, while there has been progress on the labor provisions, unless we put in effective implementation, which requires some change in the agreement, it will be just more talk and not reality and will not make a difference in the lives of American workers.

Ms. Drake. That is exactly correct.

Mr. Doggett. Thank you.

Thank you, Mr. Chairman.

Chairman Blumenauer. Thanks for your patience. Thank your all. We really deeply appreciate your sticking with us here for, lo these many hours. Your input was extraordinarily useful, I think, to us all and help start us looking at some things that have not quite gotten the attention in a different perspective, which is useful.

We anticipate continuing a robust dialogue on a variety of these issues. Mr. Schweikert's suggestion that maybe we have others. We entertain recommendations that people have to broaden this discussion so that we do our job right.

But you got us off to a great start with this subcommittee. We appreciate your help.

I would like to advise members that they have 2 weeks to submit written questions to be answered later in writing. I didn't know if you knew what you signed up for. But if you'd be willing to do that, we would appreciate it. And your answers to those questions will be part of the official committee record.

Thank you again. We hope you will have a good afternoon and appreciate your help.

We are adjourned.



[Whereupon, at 12:34 p.m., the subcommittee was adjourned.]

[Questions for the record follow:]

[From Representative Kildee to Celeste Drake](#)

[From Representative Moore to Celeste Drake](#)

[From Representative Moore to Holly Hart](#)

[From Representative Moore to Josh Nassar](#)

[From Representative Moore to Shane Larson](#)

[From Representative Moore to Thea Lee](#)

[From Representative Panetta to Celeste Drake](#)

[From Representative Panetta to Holly Hart](#)

[From Representative Panetta to Shane Larson](#)

[From Representative Panetta to Steve Catanese](#)

[Submissions for the record follow:]

[The Hon. Kevin Brady and the Hon. Vern Buchanan, Letter](#)

[The Hon. Jason Smith, Letter](#)

[Center for Fiscal Equity](#)

[American Federation of State, County and Municipal Employees \(AFSCME\)](#)