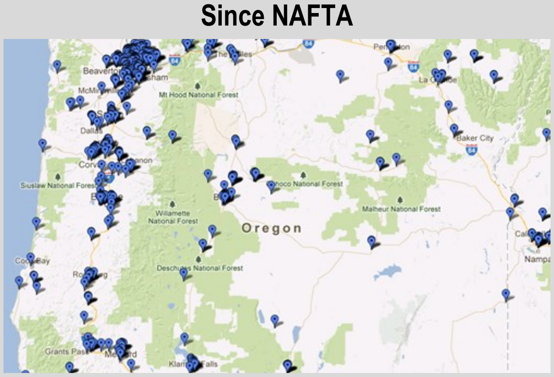
Oregon: Lost Jobs, Lagging Exports, Rising Inequality Under NAFTA and Other "Free Trade" Deals

The North American Free Trade Agreement (NAFTA) was negotiated behind closed doors with hundreds of official corporate advisors. NAFTA's proponents promised it would improve the U.S. trade balance with Mexico and Canada, create 200,000 American jobs per year in its first five years, and raise wages here and in Mexico. Twenty-three years later, there are more than 910,000 specific U.S. jobs certified as lost to NAFTA under just one narrow government program. The U.S. has a large, persistent NAFTA trade deficit. Wages here are flat and in Mexico are down 9 percent from pre-NAFTA levels. Corporations have collected more than $392 million in taxpayer money using NAFTA's "investor-state" tribunals where corporations can sue governments before panels of three private lawyers to demand unlimited sums of taxpayer funds in claims that our laws violate the corporations' NAFTA rights. The administration is now preparing to renegotiate NAFTA. Candidate Trump said he would make NAFTA "much better" for working people by reducing the deficit and creating American jobs. But the administration's recently released negotiating plan would not eliminate NAFTA's most damaging terms. But it does call for worrying provisions from the Trans-Pacific Partnership (TPP) to be added. That would make NAFTA even worse for working people. NAFTA must be replaced just to stop its ongoing damage, much less to actually benefit working people in the NAFTA countries.

Large Trade-related Job Loss in Oregon

Oregon has lost more than 12,000 of its manufacturing jobs since NAFTA went into effect in 1994 and the World Trade Organization agreements in 1995. More than 68,000 specific Oregon jobs have been certified under one narrow government program, Trade Adjustment Assistance (TAA), as lost to outsourcing or imports since NAFTA. This is a significant undercount given limits in the types of jobs lost to trade that TAA covers. According to the Department of Labor, manufacturing workers who lose jobs to trade and find reemployment are typically forced to take pay cuts. Two of every five rehired in 2016 were paid less in their new jobs. One in four lost greater than 20 percent of their income. That means a $7,700 pay cut in 2016 for the median wage worker earning $38,000.

68,748 Trade-related Oregon Job Losses Certified Under Just One Dept. of Labor Program Since NAFTA

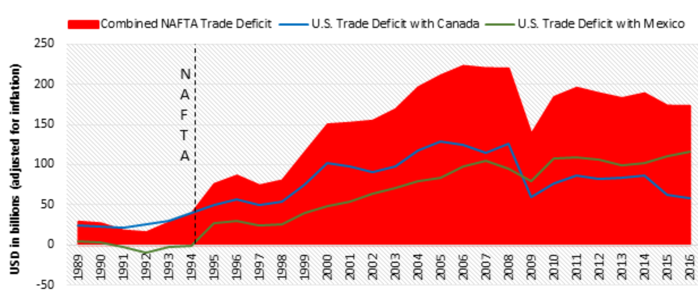


OR workplaces with trade-related job losses
For a full list see www.citizen.org/taadatabase

Small Trade Surplus With Mexico, Small Deficit With Canada Becomes a $173 Billion NAFTA Goods Deficit by 2016

Under NAFTA, imports from Mexico and Canada soared while the growth of U.S. manufacturing *and services* exports slowed. Our combined goods and services trade deficit with Mexico and Canada rose (in inflation-adjusted terms) from $9.9 billion before NAFTA in 1993 to $134.3 billion in 2015 (the last year of services data). The 2016 goods trade deficit was $173 billion. Contrary to conventional wisdom, we even have an agricultural trade *deficit* with the NAFTA nations. A $2.5 billion surplus in the year before NAFTA has flipped to a $6.4 billion deficit in 2016 as floods of beef and vegetable imports overwhelmed U.S. exports gains in corn, soy and pork.

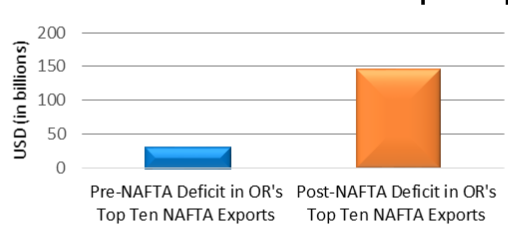
NAFTA Goods Trade Deficit Surges 521%



For OR's Top 10 Exports, U.S. Trade Deficit With NAFTA Nations Grows 401% Since Pact's 1994 Implementation

Our NAFTA deficit in the top 10 products that Oregon exports to Mexico and Canada – including machinery (i.e. refrigeration equipment), wood products, and transportation equipment – ballooned 401 percent as the increase in imports swamped the increase in exports.

U.S. Trade Deficit With NAFTA in OR's Top 10 Exports



Oregon Needs a Complete Replacement of "Trade" Deals Like NAFTA

Net Loss: Trade-related Wage Losses Outweigh Gain From Cheaper Imports

The Center for Economic and Policy Research revealed that when comparing the lower prices of cheaper imported goods to the income lost from low-wage competition under current trade policy, by 2001 the trade-related wage losses were larger than gains from access to cheaper goods for the majority of U.S. workers. CEPR found that those without college degrees (58% of the workforce) had likely lost an amount equal to 12.2% of their wages under NAFTA-style trade, even after accounting for the benefits of cheaper imports. That meant a net loss of more than $3,300 per year for the average worker.

The loss of nearly five million American manufacturing jobs in the NAFTA/WTO era has not only driven down wages, but also eroded tax bases and increased inequality. As U.S. worker productivity doubled since the 1970s, real median wages have remained flat. Middle class wage losses contribute to inequality levels not seen since the Robber Baron era. And the loss of 60,000 manufacturing facilities meant less tax revenue for infrastructure projects and social services as displaced workers turned to ever-shrinking support programs. This resulted in the virtual collapse of some local governments in areas hardest hit.

NAFTA's Damaging Trade Trends in OR and Nationwide

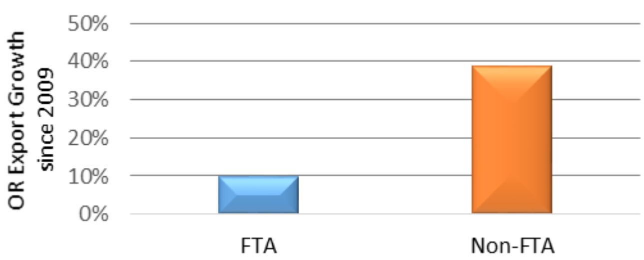
Since NAFTA, the annual growth of the U.S. goods trade deficit has been 47 percent higher with Mexico and Canada than with nations that don't have U.S. "free trade" trade deals – a group that includes China. For example, the U.S. deficit with Mexico and Canada in autos – a top OR export – has nearly tripled. Also, the United States' $4 billion trade surplus with Mexico and Canada in medical equipment – another top OR export – before NAFTA has now turned into a $6 billion deficit.

Growth in U.S. manufacturing and services exports to the NAFTA partners has slowed since NAFTA. Annual growth in U.S. manufacturing exports to Canada and Mexico has fallen 69 percent below the annual rate in the pre-NAFTA years. Annual U.S. services exports growth has fallen to less than half the pre-NAFTA rate. The deficit is not fossil fuels... The share of the U.S. NAFTA goods trade deficit that is comprised of fossil fuels has declined under NAFTA (from 82 percent before NAFTA in 1993 to 16 percent in 2016). The deficit represents a large U.S. deficit with Mexico and Canada in manufactured and agriculture goods.

FTAs Fail to Boost Oregon Export Growth

Oregon's exports to U.S. FTA partners have grown more slowly than to non-FTA partners since 2009 (10 percent vs. 39 percent).

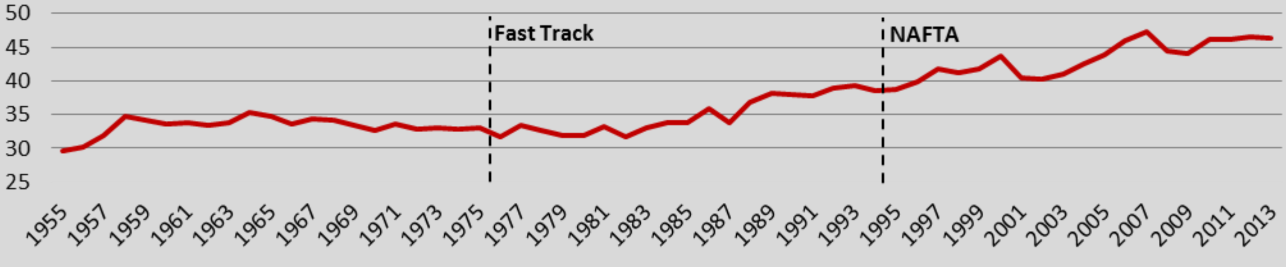
Oregon Export Growth With FTA vs. Non-FTA Partners



Oregon Income Inequality Soars During Era of NAFTA-style Deals

Study after study shows an academic consensus that the status quo trade model has contributed significantly to the historic rise in income inequality. Oregon's richest 10 percent now capture over 46 percent of the state's income compared to 39 percent before NAFTA.

Share of Income of the Richest 10% in Oregon



All Data Sources: Int'l Trade Admin., U.S. International Trade Commission, U.S. Census Bureau, U.S. Bureau of Labor Statistics, U.S. Dept. of Agriculture, Office of Trade Adjustment Assistance, Prof. Mark W. Frank, Uniworld, Center for Economic and Policy Research, Economic Policy Institute.

For more information www.tradewatch.org