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FINANCE

VETERANS' AFFAIRS

United States Senate

WASHINGTON, DC 20510 - 3505

May 1, 2017

President Donald Trump
The White House
Washington, D.C. 20500

Dear President Trump:

I applaud your decision to renegotiate the North American Free Trade Agreement (NAFTA). As I heard firsthand in recent roundtables throughout my state, Ohio workers know too well how NAFTA's flaws have devastated our communities. In preparation for the upcoming negotiations, I urge you to pursue an improved NAFTA with the goal of creating good jobs, raising wages, growing the manufacturing sector, and protecting the environment. By consulting closely with Congress and rethinking U.S. negotiation strategy, this Administration can put an end to trade agreements that have boosted corporate profits at the expense of U.S. workers and communities.

As you have said many times, the U.S. approach to trade negotiations has been flawed. Instead of writing agreements that maximize benefits for our workers, the U.S. has sought to negotiate deals that advance multinational corporations' interests. The NAFTA talks provide an opportunity to reverse these misguided priorities. If the Administration hopes to produce better trade deals, however, it must change U.S. negotiating tactics and objectives.

First, the Administration must obtain pre-negotiation commitments, particularly on labor and environmental standards, from our trading partners in key areas. Before talks begin, Mexico must resolve longstanding concerns regarding the implementation of core international labor standards, particularly with regard to freedom of association, collective bargaining rights, and employer-dominated "protection" contracts. Mexico must demonstrate clear implementation and enforcement of its labor laws and regulations related to these standards, including those that were recently modified. Both countries must comply in advance with multilateral environmental agreements, including climate agreements, and agree to negotiate binding disciplines regarding trucking emissions and safety, wildlife and timber trafficking, and fisheries. Without these safeguards in place before negotiations start, corporations will continue to offshore jobs to countries with lower labor and environmental standards. In addition, Canada and Mexico must agree from the outset to include enforceable disciplines on state-owned enterprises, subsidies, and currency misalignment, among others. They must also acknowledge that Buy America and Buy American standards will not be weakened in the negotiations. Obtaining compliance and commitments on these issues before talks begin is critical to overhauling U.S. trade policy.

Second, the Administration should, in consultation with Congress, identify manufacturing sectors that are susceptible to or have experienced outsourcing and develop negotiation plans for each. Too often, sensitive industries are traded off for one another, as talks come to a close and negotiators are desperate to finalize the agreement. Where appropriate, these plans should include proposals to strengthen rules of origin, create tariff snapbacks, and establish reciprocity

requirements to prevent a flood of imports from decimating U.S. industries, many of which have been harmed by bad trade agreements and unfairly traded goods. Identifying these sectors and developing plans to address their vulnerabilities in advance of the negotiations are essential to ensuring no workers or vital industries are sacrificed at the end of negotiations for the sake of reaching a deal. In addition, Canada and Mexico are important allies in our efforts to address global market distortions. Any NAFTA negotiations should strengthen this collaboration and underscore our shared goal of addressing unfair trade practices worldwide.

Third, I urge the Administration to overhaul trade agreement enforcement mechanisms. U.S. free trade agreements have included ineffective dispute settlement procedures for workers and other stakeholders, yet they provide super-sized dispute settlement procedures for corporations. Multi-national corporations should not get to challenge public policies in their private, C-suite courts while workers or environmental advocates wait years for trade violations to be addressed. To resolve this disparity, the Administration must make clear that no investor-state dispute settlement mechanisms will be included in NAFTA.

In addition, the dispute settlement mechanism must be reformed. In the very rare instances in which the U.S. government has even considered using dispute settlement under a free trade agreement, the process has been protracted and useless. The Administration should reduce the timelines for dispute settlement and add strong remedies that will help workers and protect the environment. The Administration should take steps to ensure complaints do not languish without consideration or action. And any provision that weakens U.S. trade remedy law should be removed. These changes to our trade policy will prevent multi-national corporations from getting special treatment at the expense of workers and strengthen our ability to enforce our free trade agreements.

Fourth, the Administration must be transparent and inclusive during trade negotiations. The Administration should make public U.S. proposals before and after negotiating rounds. Improved transparency will prevent corporate stakeholders from disproportionately and privately influencing trade policy. It will also allow the public to review U.S. negotiating positions and participate throughout the process. In addition, the existing Trade Advisory Committees favor business interests over all others. The committees must be redesigned to ensure workers, consumers, and environmental and public interest advocates are equitably represented and able to meaningfully contribute to the negotiations.

As I wrote to you right after your election, many candidates have promised big changes in U.S. trade policy only to cave to corporate pressure upon reaching the White House. By rethinking the U.S. approach to negotiations and obtaining pre-negotiation commitments from our trading partners as outlined above, you can fulfill your campaign promises, set a new standard for a trade policy, and ensure our trade agreements benefit U.S. workers and communities.

Sincerely,



Sherrod Brown

United States Senator