



INTERNATIONAL FEDERATION OF PROFESSIONAL & TECHNICAL ENGINEERS AFL-CIO & CLC

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The Honorable Hilda L. Solis,
Secretary of Labor, Room S-2018
U.S. Department of Labor
200 Constitution Ave., NW
Washington, DC 20210

The Honorable Ron Kirk
US Trade Representative
Office of the US Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Secretary Solis and Ambassador Kirk,

The International Federation of Professional and Technical Engineers (IFPTE) applauds the Obama Administration, most notably the Department of Labor (DOL) and the office of the United States Trade Representative (USTR) for your willingness to include labor in last year's discussions preceding the Administration's announced agreement on the US-South Korea (KORUS) Free Trade Agreement. That said, and after a long review and analysis of this FTA, I am writing to express IFPTE's concerns with the final proposal. While some improvements compared to the Bush Administration negotiated KORUS FTA were achieved, IFPTE continues to believe that the proposed agreement falls short in several key areas and fails to put US workers and businesses in a better position to compete.

First and foremost, KORUS does not include enforceable labor protections. Granted, the language *urges* the United States and South Korea to adhere to the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. However, like the 2007 Bush Administration negotiated Korea deal, as well as the Panama, Peru and Colombia FTAs, the practical implication of this provision is the exclusion of any enforceable ILO labor protections. The fact is that the ILO Declaration itself has no teeth and is not enforceable. Instead, it is the eight ILO Conventions themselves that are enforceable. Yet, and despite the urging of labor to include the ILO Conventions, they are not included in KORUS. The resulting compromise allows potential FTA panels the flexibility to ignore, or even weaken through misguided interpretations, the true labor protections called for by the ILO.

It is IFPTE's long-standing position that any trade framework should be reflective of a broader US industrial policy whose foundation is enhancing the rights of workers not only here in the US, but worldwide. Consequently, the mere fact that the ILO Conventions are absent from this agreement is reason enough for IFPTE to oppose the KORUS FTA.

We have many other concerns as well, including our skepticism with claims of a limited negative impact on American workers. The basis for these claims stems from an analysis of KORUS by the United States International Trade Commission (USITC), which attempts to predict the impact that specific trade agreements will have on the US economy. The USITC suggests that KORUS will have no negative impact on US jobs, and will have a limited impact on the US trade deficit with South Korea over the first seven years. However, USITC estimates have historically underestimated the damage that past trade agreements have had on US workers and the economy. For example, when China sought membership in the World Trade Organization (WTO), the USITC predicted that our trade deficit with China would increase by \$1 billion, and it would have a negligible impact on jobs. Instead, from the time China entered the WTO in 2001, through 2008, our trade deficit with China ballooned to \$185 billion annually and resulted in the loss of 2.4 million American jobs. In other words, IFPTE warns against relying on the USITC metric.

We at IFPTE believe that a more reliable, and realistic, estimate of the impact of KORUS is outlined by the Economic Policy Institute (EPI). Contrary to the USITC findings, EPI found that over the first seven years of implementation, KORUS will result in 159,000 lost American jobs and increase the US trade deficit with Korea by \$16.7 billion. To put this into practical terms, an analysis by the United Steelworkers of America (USW), for example, suggests that KORUS will only enflame our trade deficit with Korea. In expressing their opposition to KORUS, the USW issued a statement saying, “auto parts, petroleum products, tires and iron and steel, for example –have contended with fast growing imports from Korea this year, and the FTA will only ensure a continuation of the negative impact of this import flood on domestic production and employment.”

Equally troubling is that KORUS mirrors NAFTA when it comes to foreign investor privileges and Buy America policies. Among the foreign investor problems with this bill are the following:

- Gives foreign investors the right to enforce FTA privileges by suing the U.S. government in foreign tribunals for violations of FTA rights;
- Opens up U.S. environmental, health, zoning and other policies to challenge by foreign investors in foreign tribunals;
- Requires that foreign based companies in South Korea, like those in all FTA nations, have the same access to state and federal government contracts as that of U.S. based companies; and,
- Forbids the reinvestment of U.S. taxpayer dollars back into the domestic economy by governments at the state and federal levels through, “Buy America” policies.

It is worth noting that the Korean Confederation of Trade Unions (KCTU), South Korean Farmers organization, and civil and human rights groups have also lined up in opposition to KORUS. Indeed, our national experiment with free trade agreements has been negative for workers in America, as well as those around the world. There has been enough suffering from one sided trade deals that are great for business, but are disastrous for American and foreign workers alike. Therefor IFPTE opposes the KORUS FTA and will encourage Congress to reject it.

I thank you for your consideration. Should you have any questions please feel free to contact me, or IFPTE Legislative Director Matt Biggs at (202) 239-4880.

Sincerely,



Gregory J. Junemann,
President

Cc: United States House of Representatives
United States Senate