

NATIONAL

Defying predictions, Trump announces new U.S.-Canada-Mexico treaty

By Celeste Drake
AFL-CIO Trade Policy Specialist

While there are too many details that still need to be worked out before working people make a final judgment on a deal, here is a brief analysis on the trade deal text released late Sept. 30 (we'll call it "NAFTA 2018" for clarity). Working families want the United States, Canada and Mex-

ico to go back to the table and finish a deal that creates good, high-wage jobs, protects our environment and safeguards our democracy.

The original NAFTA favors outsourcers over workers, creating special privileges for global companies at the cost of good jobs, high wages and our democracy. Whether it is in

need of renegotiation isn't in doubt. It's required for the good of working families across North America.

Unfortunately, we have been presented with an unfinished text to review. In some places, the text is still in draft form, in other places, important terms remain bracketed (unresolved) and in some cases, including with respect to the government procurement schedules, there is no text to review.

The bottom line is that we simply do not have enough information at this time to know whether NAFTA 2018 is in the economic interests of the United States. Here's what it does have:

- **The good:** Improved labor rules, including detailed obligations to eradicate Mexico's protection contracts, in the main body of the text; a meaningful reduction (but not an elimination) of unjustifiable special rights for foreign investors; and generally stronger content rules to prevent non-NAFTA countries from "free riding" on NAFTA tariff reductions.
- **The bad:** NAFTA 2018 moves backward from the original NAFTA in many areas important to working families, including with respect to "good regulatory practices" (code for using this trade agreement to attack important consumer, health, safety and environmental protections), financial services (providing new tools for Wall Street to attack efforts to rein in its continuing abuses), affordable medicines

(extending monopolies for brand-name pharmaceuticals at the expense of affordability), and privacy of personal data.

- **The unknown:** The many unanswered questions include whether, when and how Mexico will enact and implement labor law reform; whether, when and how labor monitoring and enforcement tools will be included in the agreement and any associated legislation; what the final auto rule of origin looks like; and whether Buy American will be strengthened or weakened.

Canada is the United States' closest trading partner. Many of the AFL-CIO's member unions are "international unions," meaning they have Canadian members, just as U.S. families, businesses and industrial production span the U.S.-Canadian border.

The effect of NAFTA 2018 on manufacturing is unknown at this time, because of the lack of specific text on a number of important issues, the lack of effective currency disciplines, the uncertainty about what steps Mexico will take to implement its constitutional and NAFTA 2018 commitments to promote labor rights, and what implementing, monitoring and enforcement infrastructure and resources will be provided. Additional information is needed vis-à-vis rules of origin

provisions before we can perform a more robust evaluation.

There's more:

- **On labor, despite progress, more work remains to be done.** Mexico must follow through on its labor law reforms. In addition, we will continue to engage with the administration and Congress on implementing, monitoring and enforcement measures to buttress the provisions in the agreement and to secure sufficient mandatory funding to provide technical assistance, where needed, and capacity building to help new unions form and budding unions to stand up.
- **NAFTA 2018 is poised to drive up the price of medicines for working families and retirees.** Rather than learning from the mistakes of prior trade rules that have increased the price of medicines in developing countries and that made the Trans-Pacific Partnership so deeply unpopular, NAFTA 2018 incorporates nearly wholesale the wish list of big pharmaceutical companies, with respect to intellectual property rights and drug pricing provisions. Measured against the status quo, public health is likely to be harmed, the prices on drugs and medical devices are likely to increase and life-saving medicines could be increasingly out of the reach of those most in need.
- **The currency provision is inadequate.** Only the reporting requirements are enforceable—not any obligation to refrain from competitive devaluation.

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