

Trump's New NAFTA Won't Fix NAFTA's Flaws

For the last quarter-century, the North American Free Trade Agreement (NAFTA) has had devastating effects on American workers. Hundreds of thousands of workers have lost their jobs due to offshoring facilitated by NAFTA. Millions more have seen their wages and benefits stagnate as NAFTA has made it easier for multinational corporations to move production and jobs overseas, where they can exploit and underpay workers. Companies routinely fight worker efforts to organize or bargain for better contracts by threatening to offshore jobs, as they have expanded low-wage operations in Mexico. Overall, this huge increase in offshoring under NAFTA has resulted in the U.S. having a goods trade deficit of over \$60 billion per year with Mexico.

The NAFTA model has been replicated in trade agreements ever since, including in agreements like the Central American Free Trade Agreement (CAFTA), the Colombia Free Trade Agreement, the Korea-U.S. Free Trade Agreement (KORUS), and most recently the failed Trans-Pacific Partnership (TPP). The overall result? Lost jobs, downward pressure on wages and standards and a trade deficit of over \$700 billion per year.

Fixing NAFTA to stop offshoring and to put an end to the race to the bottom is extremely important. Unfortunately, President Trump's NAFTA 2.0 deal fails that test in its current form. The agreement makes some progress by limiting the use of the undemocratic Investor-State Dispute Settlement (ISDS) system, strengthening the rules of origin to make sure that NAFTA goods are actually made in North America, and including new provisions on worker rights. However, the deal won't stop NAFTA's damage because:

- ***Labor rights can't be enforced:*** NAFTA 2.0 has protections for worker rights on paper, but there is no effective way to enforce them. This deal actually takes a step back from recent agreements by allowing a country in violation of the labor rights rules to avoid going to dispute settlement at all simply by refusing to meet. Workers in Mexico are routinely blocked from organizing real unions by "protection unions" set up to protect the interests of the company, not the workers. Real collective bargaining is the only way to ensure that Mexican workers will get a fair day's pay for a fair day's work.
- ***No protections for call centers:*** CWA pushed to include protections in the deal like those in the U.S. Call Center Worker and Consumer Protection Act that would help keep good call center jobs in the U.S., but no provisions like that are included in NAFTA 2.0
- ***The deal blocks Congress from reducing drug prices:*** Big drug companies hijacked the NAFTA renegotiation to sneak in provisions guaranteeing a minimum of 10 years of marketing exclusivity for new biologic drugs. These monopoly protections will keep generics off the market and handcuff Congress's efforts to lower drug prices.
- ***Environmental protections can't be enforced:*** The same flaws that ensure that NAFTA 2.0's labor rights can't be enforced also apply to the deal's environmental protections. That makes it more likely that companies will move jobs to places where they can more easily pollute the air and water.

Congress must demand that President Trump fix his broken NAFTA 2.0 deal before it brings the deal up for a vote!

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What's Wrong with the New NAFTA

For the last quarter-century, the North American Free Trade Agreement (NAFTA) has had devastating effects on American workers. The NAFTA model has been replicated in trade agreements ever since, including in agreements like the Central American Free Trade Agreement (CAFTA), the Colombia Free Trade Agreement, the Korea-U.S. Free Trade Agreement (KORUS), and most recently the failed Trans-Pacific Partnership (TPP). The overall result? Lost jobs, downward pressure on wages and standards and a trade deficit of over \$700 billion per year.

Fixing NAFTA to stop offshoring and to put an end to the race to the bottom is extremely important. Unfortunately, while making some improvements, President Trump's NAFTA 2.0 fails to change that test in its current form in the following ways:

- ***Labor rights can't be enforced:*** NAFTA 2.0 has protections for worker rights on paper, but there is no effective way to enforce them.
- ***No protections for call centers:*** CWA pushed to include protections in the deal like those in the U.S. Call Center Worker and Consumer Protection Act that would help keep good call center jobs in the U.S., but no provisions like that are included in NAFTA 2.0
- ***The deal blocks Congress from reducing drug prices:*** Big drug companies hijacked the NAFTA renegotiation to sneak in provisions guaranteeing a minimum of 10 years of marketing exclusivity for new biologic drugs. These monopoly protections will keep generic drugs off the market and handcuff Congress's efforts to lower drug prices.
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