



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

501 3<sup>rd</sup> Street, NW, Suite 701, Washington, DC 20001  
202-239-4880 • FAX 202-239-4881 • [www.ifpte.org](http://www.ifpte.org)

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## 2022 IFPTE Issue Brief

117<sup>th</sup> Congress

### **Creating a Trade Framework that Works for All Workers, Communities, the Environment, and the Public Interest**

**IFPTE 2022 Legislative Request: IFPTE calls on House and Senate lawmakers to reframe US trade policy to focus first on rebuilding our industrial base and then designing worker-centric trade policies, which elevate workers' rights, and labor market institutions over the priorities of multi-national corporations.**

**Overview** – IFPTE members manage our careers in a national engineering labor market which depends in large part on a strong domestic industrial base and export-driven manufacturing sectors. IFPTE welcomes the recent rethinking of our approach to globalization, including policy changes for reindustrializing our economy and recognizing the interests of workers, communities, and the public interest.

The United States-Mexico-Canada Agreement (USMCA) agreement entered into force in July 2020 as a replacement for the North American Free Trade Agreement (NAFTA). USMCA takes incremental steps to strengthen labor rights in Mexico but does not fundamentally break from the flawed NAFTA-era approach to trade and economic policy.

Congress and the Biden Administration will have to commit to a new set of global policies in order to reverse the accumulated damage caused by NAFTA's distorted, corporate-driven power relationships that encouraged the wholesale movement of production and jobs out of our domestic economy.

Widespread supply chain bottlenecks in the wake of the pandemic have further exposed the limitations of our domestic manufacturing capacity and the necessity for policies that rebuild resilient domestic supply chains.

**Forging New Global Policies and Breaking from the NAFTA Model** – In the decades since NAFTA, global trade rules have been designed to shelter strategies by global corporations to move production to low-wage countries, without similar consideration for protecting worker rights and jobs, social safety nets, or improving standards of living in the US or abroad. This corporate-centric approach to globalization diminished the role of government, put business and investor interests first, and blurred our national interests and priorities by merging our economy into the global economy.

**Trade Policy Must Articulate and Fulfill Principles that Raise Living Standards, Support Legitimate National Interests, and Prioritize the Public Interest** – IFPTE believes that our approach to globalization should be based on three basic principles:

- 1) The purpose of an economy is to raise living standards and improve wellbeing for its citizens.
- 2) Every country has legitimate national interests, and it is the appropriate role of public policy to pursue those national interests in ways that do not unfairly burden people in other countries.
- 3) Our trade policy should prioritize the public interest, rather than allowing powerful private interests to guide trade policy.

**U.S. Trade Policy Must Recognize the Legitimate Role of Public Policies that Promote a National Economic Strategy** – When the U.S. developed into an advanced industrial economy, we took advantage of effective public policies and a coherent national economic strategy. Elsewhere in the world, effective well-designed economic policies have served a similar purpose, for example in China, Germany, Japan, Canada, South Korea, and the Scandinavian nations.

Some forms of national commitments are widely seen as legitimate. For instance, export credit agencies like the U.S. Export-Import Bank (EX-IM Bank) exist in most developed and developing nations – other forms of national economic support often draw nations into decade-long disputes before international trade tribunals.

However, national economic policies are also necessary to manage publicly funded research and development, workforce development, education, health care, and investment in infrastructure, to address climate change and make other investments in public goods.

Common sense reforms of the tax code are also needed: Congress should pass an offshoring tax penalty for corporations that move jobs overseas to sell goods and services in the U.S., close the 2017 offshoring tax loophole which currently rewards moving jobs overseas with a lower tax rate, and creating positive incentives for reshoring jobs and investing in retooling domestic production. Tax reforms can support rebuilding our domestic manufacturing base and resolve currency misalignments.

Trade policy and domestic policies go together. Our domestic policies need to demonstrate value to workers and communities. Trade policies will respond accordingly.

**Resetting and Reorienting Trade Policy and Economic Policy** – Congress should recognize this moment as an opportunity to rethink our approach to our domestic strategies and make corresponding changes in the way we manage globalization. Congress must maintain and exercise its power to deliberate, investigate, legislate and set the terms for trade policy on behalf of workers, communities, the environment, and the public interest. We should only make agreements with countries that share our values regarding labor rights, environmental protections, and rising living standards. Additionally, future trade negotiations must include a transparent process and public participation.

The 117<sup>th</sup> Congress should seek to align upcoming public investments in American infrastructure and economic recovery with increased investment and employment in high-quality union jobs in the domestic economy as well as export-oriented industries. Congress should also consider that the EX-IM Bank, a critical component of the U.S. economic policy arsenal, should have clawback mechanisms in cases where companies participate in export incentive programs and then reduce or offshore employment or manufacturing capacity in the U.S.

We should also be more intentional with publicly funded R&D, public investments in infrastructure, and other public spending to encourage more growth in our domestic economy with less leakage into the global economy. Our trade policy should support those domestic policies and not create obstacles.

Moving forward, U.S. trade, investment, migration, and development policies must effectively integrate and promote labor rights as a key objective. This includes promoting core International Labor Organization conventions on employment discrimination, freedom of association and collective bargaining, and violence at work – which Congress itself has yet to ratify. The failure to do so will place further downward pressure on wages and standards of living while dislocating working people in the U.S. and throughout the world.