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2024 IFPTE Issue Brief

118th Congress

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

IFPTE 2024 Legislative Request: IFPTE calls on Congress to focus our trade policy on rebuilding our industrial base and then advancing a worker-centric approach that elevates workers' rights, and labor market institutions over the priorities of multi-national corporations.

- **Congress must reauthorize Trade Adjustment Assistance (TAA)**, which provides important and timely support for workers who have lost their jobs due to international trade. TAA is currently expired and tens of thousands of workers have been left ineligible to receive training, income support, and relocation expenses.
- **Call for the elimination of Investor-State Dispute Settlement (ISDS)** from existing U.S. trade and investment agreements. ISDS is a closed-door arbitration system that gives corporations special privileges far beyond those of ordinary citizens to sue governments if laws and regulations stand in the way of corporate interests.
- **Support nominees for key positions at the U.S. Trade Representative (USTR) office that will continue current Trade Representative Katherine Tai's approach** to trade policies and enforcement that prioritize American workers and industries, resilient supply chains, raising the global wage floor, and breaking from race-to-the-bottom globalization policies.
- **Require transparency in trade negotiations.** Congress and the public must be invited to help formulate U.S. positions on trade agreements throughout the entire course of the negotiations. This helps ensure corporate interests do not outweigh the public interest.

Overview – IFPTE members' livelihoods depend 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, which took effect in July 2020 as a replacement for the North American Free Trade Agreement (NAFTA), takes important steps to strengthen labor rights in Mexico, but Congress and the Biden Administration should continue the process to fundamentally break from the flawed NAFTA-era approach to trade and economic policy.

The Biden Administration, though U.S. Trade Representative Katherine Tai and the State Department, has taken a principled approach to trade that seeks to lift labor standards and union rights in allied trading partner nations and throughout global supply chains. The Administration should be encouraged to continue developing a new set of global policies to reverse the accumulated damage caused by the NAFTA model'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 exposed the limitations of our domestic manufacturing capacity and the need to 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 the well-being of 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. Trade negotiations must include a transparent process and public participation.

The 118th 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 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.