

**Testimony of Rep. Bill Pascrell
Ranking Member, Ways and Means Subcommittee on Trade
Regarding Objectives for the Re-Negotiation of NAFTA**

USTR has invited the American public to comment on matters relevant to the re-negotiation of NAFTA to assist USTR in developing its negotiation objectives and positions. I want to acknowledge the importance of public participation in these negotiations and USTR's consideration of the American public's input.

However, I also want to point out that, for previous trade agreement negotiations, USTR has sought public comments to assist it in developing its negotiating positions, but not also its negotiating objectives. It is significant that for NAFTA, USTR is at this stage still asking for help in explaining why it is undertaking these negotiations in the first place.

This highlights a fundamental problem that this Administration has presented for the NAFTA negotiations and for the U.S. trade agenda as a whole. We in Congress – and the American public and the companies and stakeholders that make up the American economy – are completely in the dark when it comes to what the Administration intends to do, why, and for whose benefit.

Despite the requirements of TPA, USTR's notification to Congress of its intention to initiate the NAFTA re-negotiation did little more than express a generic intention to comply with the "overall" and "principal" menu of negotiating objectives that are listed in TPA.¹ Even when the Administration has signaled some of its intentions, those signals are inconsistent if not completely contradictory. For example, the President has made his views of NAFTA clear, calling it a "disaster" and the "single worst trade deal" the United States has ever negotiated. And yet, USTR's notification letter to Congress describes the broad aim of the re-opening of NAFTA as an attempt simply to "modernize" the agreement.

It is already late in the game. USTR and the Administration as a whole owe it to Congress and the American people to spell out clear and specific objectives for the NAFTA re-negotiation.

In the spirit of being constructive and to assist USTR in formulating those objectives, I would like to offer my vision for re-negotiating NAFTA:

Up until now, our trade agreements and policies have failed to focus on what is best for the American worker. This is contributing to economic inequality for American workers and the massive trade deficits that the United States has suffered for generations. Our trade policies must therefore be redesigned to benefit American workers and their families. Our trade agreements must be renegotiated to provide us with new rules – and much better enforcement of those rules

¹ Under TPA, the 90-day advance notice must describe "the specific United States objectives" for a particular negotiation with a particular country. The Administration's letter of May 18 did not do so and, as a result, may not even have met this basic requirement in TPA.

– to ensure that the benefits from trade are shared broadly. The re-negotiation of NAFTA is an opportunity to do this.

The proposals in these following areas should be the starting point for reforming NAFTA along this ambitious vision:

- **Worker Rights:** Incorporate strong and enforceable labor provisions in line with the requirements of the May 10th Agreement. Enhance implementation and enforcement mechanisms to ensure the full implementation of the labor provisions before the trade agreement goes into effect and continued compliance with those provisions after the agreement goes into effect. This is particularly important in terms of Mexico, who has so far failed to meet basic internationally-recognized labor standards.
- **Environmental Protection:** Incorporate strong and enforceable environment provisions in line with the requirements of the May 10th Agreement. Enhance implementation and enforcement mechanisms to ensure the full implementation of the labor provisions before the trade agreement goes into effect and continued compliance with those provisions after the agreement goes into effect.
- **Investment:** Make major reforms to the investment chapter to ensure that legitimate public welfare measures of sovereign governments won't be second-guessed by international tribunals; and ensure that investors do not have special access to dispute resolution that workers or environmental concerns do not share
- **Regulatory Considerations:** Ensure that rules provide appropriate policy space for sovereign governments to effectively regulate, including with regard to financial markets, food safety, and consumer protection;
- **Mechanisms to Counteract the Cutting Edge of Trade Violations:** Include strong and enforceable currency manipulation disciplines and rules governing the treatment and behavior of state owned enterprise disciplines;
- **Optimizing the benefits of the agreement:** Re-examine and adjust, as needed, rules of origin for products covered by the agreement to appropriate levels to ensure that the parties to the agreement reap the benefits of the agreement to the maximum extent possible; including maintaining or expanding the yarn-forward rule for textiles;
- **Allow U.S. tax dollars to support U.S. jobs:** Ensure that any changes to NAFTA do not weaken "Buy American" policies.
- **Rules that Grow the U.S. Economy of Today and Tomorrow:** Incorporate rules governing digital trade and technologies and goods that reflect the way our economy functions today, prohibit data localization and allow the free flow of data; promote innovation and strong protection for intellectual property (IP), and encourages growth into the future;

Trade, without good rules and strong enforcement, is too frequently a race to the bottom, with some nations competing by abusing their workers and the environment. Some countries adopt predatory, state-driven policies to gain unfair competitive advantages over the United States, while U.S. policy is often too antiquated to combat these unfair practices before it is too late. Our negotiators often struggle to balance the needs of American workers and businesses alike and can too often prioritize issues that matter more to corporations than to American workers and families. Ambassador Lighthizer has highlighted the “dangerous trajectory” of U.S. trade policy that needs desperately to be reversed. The re-negotiation of NAFTA is an opportunity to make the course corrections that Americans and the American economy needs.

The Administration also needs to take steps outside of the NAFTA renegotiation to restore confidence in U.S. trade policy and competitiveness. Among other things, we need to strengthen the enforcement of trade agreements and trade laws, as I have proposed to do in a bill I introduced recently in this Congress. And we need to invest in ourselves – our infrastructure and our workers and their children – to make enable our people to compete and win in the global marketplace.

The United States cannot ignore the world and turn inward. We need to engage with the world and provide the leadership the rest of the world has over generations grown to expect from the United States. The renegotiation of NAFTA is one opportunity to do that.

Now that the Administration has begun the process for re-negotiating NAFTA, Congress and the American people need clarity regarding the Administration’s intentions and objectives and the scope and structure for this effort. I urge you to seize this opportunity and undertake these renegotiations with the utmost possible transparency before the Congress and the American people. The renegotiation of NAFTA needs to be an ambitious endeavor and we, as a country, need to steer a new course in our trade agreements.

The world is watching. I urge you to think seriously about what signal the Administration intends to send on NAFTA and U.S. trade policy. Is it that we are in the business of taking shortcuts and making quick deals? Or instead that we will insist that American workers, families, farmers, ranchers, manufacturers, and businesses be taken seriously and deserve the benefits of the trade agreements that we take the time to get right?