

# AFL-CIO

## LEGISLATIVE ALERT

April 16, 2024

The Honorable Jason Smith  
Chairman  
Committee on Ways and Means  
1011 Longworth HOB  
Washington, D.C. 20515

The Honorable Richard Neal  
Ranking Member  
Committee on Ways and Means  
372 Cannon HOB  
Washington, D.C. 20515

Dear Chairman Smith and Ranking Member Neal:

On behalf of the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), I write to express our opposition to H.R. 7986, the "Generalized System of Preferences Reform Act (GSP)." The AFL-CIO objects to passing a one-way preference program for other countries while failing to include the desperately needed renewal of the Trade Adjustment Assistance (TAA) for American families.

America's workers have felt the negative impacts of misguided trade policies and globalization for decades. The AFL-CIO and our affiliated unions have fought diligently to reform these trade policies to stop outsourcing and the race to the bottom. We have also fought to ensure that workers have the job training benefits to compete when their jobs are shipped overseas.

TAA is a vital program for workers hurt by trade, providing resources and training opportunities to help them get back on their feet. This program has a long track record of success retraining workers – one study found that workers who received training had cumulative earnings \$50,000 greater after ten years than those who did not.

But right now, over 102,000 workers who may be eligible for TAA are waiting on Congress to act. Their petitions have been submitted to the Department of Labor (DOL) but because Congress has failed to renew TAA, the DOL cannot make determinations on these worker layoffs. Until they do, these workers have not only lost their jobs through no fault of their own – they are also being deprived of key financial support and workforce training opportunities.

This not only hurts individual workers, their families and communities – it undermines America's ability to compete in critical industries as we work to reshore key supply chains. The recent investments in semiconductors and next generation energy technologies will require tens of thousands of workers. TAA should play a critical role in filling this need and helping our workers prepare for these opportunities. Over one-third of manufacturing workers who use the TAA program return to manufacturing – with more skills to help their employers better compete in the global marketplace.

Instead of addressing the critical lapse of TAA and its impact on workers, the majority is working to pass a GSP bill that includes massive retroactive payments to importers. According to one estimate, the GSP bill before the committee could result in importers receiving \$3.3 billion, while at the same time the package fails to include support for American workers who have lost their jobs to unfair trade from countries like China.

Increasing the rule of origin requirements in GSP is a step in the right direction towards ensuring these tariff cuts benefit the target countries – rather than value added elsewhere and finished in GSP nations. Unfortunately, the raising of the competitive need limitations (CNL) caps threaten to lead to a volume of imports that wipe out this modest improvement.

Regrettably, this bill is largely a missed opportunity to improve the promotion of workers' rights via the GSP program. It fails to meet the bar set under the USMCA by not requiring GSP beneficiary countries to effectively enforce their labor laws or address the use of threats and violence against workers attempting to organize. In addition, it adds a new loophole that will make it less likely that benefits will ever be withdrawn even for countries with egregious labor and human rights records.

Ultimately, distributing billions of dollars to importers while workers are unable to access important TAA benefits is misguided, counterproductive and unacceptable. The AFL-CIO urges a “No” vote on H.R. 7986, the “Generalized System of Preferences Reform Act.”

Sincerely,



William Samuel  
Director, Government Affairs