

Key Elements of the AFL-CIO's 301 Petition

Regarding Violation of Workers' Rights in China

The Chinese government brutally represses internationally recognized workers' rights, most importantly freedom of association and the right to organize and bargain collectively. Chinese workers do not have the right to form independent unions, and hundreds of millions of migrant workers are trapped in a government-enforced system that condemns them to artificially low wages, long and often unpaid overtime, few legal protections, and unsafe working conditions. Chinese and multinational corporations take advantage of the wage suppression that results from the repression of workers' rights.

- **The U.S. trade deficit with China, grew by 25 percent in 2005 to hit \$202 billion in** and now makes up twenty seven percent of our total trade deficit. **The Economic Policy Institute estimates it cost the U.S 410,000 manufacturing jobs between 2001-2005.**
- Extended unemployment and income decline characterize displaced U.S. workers in import-intensive industries: **twenty-five percent remain unemployed after six months, two-thirds of those finding jobs earn less on their new job and one-quarter suffer wage losses of more than 30 percent.**
- Most manufacturers in China fail to implement standards of workplace safety and health and the government fails to enforce existing ones. **In 2005, China had the highest illness and injury rate in world history and over 126,000 workers died.**
- Most manufacturers in China pay their workers much less than the government's minimum wage standards nor are those standards enforced ... **hourly wages in China are as low as 15 to 50 cents per hour.**
- The petition finds that this **repression of workers' rights lowers Chinese wages by 47.4 to 85.6 percent**, using very conservative assumptions.
- Alternatively, **if the Chinese government enforced workers' rights, the overall costs of manufacturing would rise between 12 percent and 77 percent.**
- Using the U.S. International Trade Commission's COMPAS model, the petition finds that **a 43 percent cost advantage reduced domestic prices by 0.7 percent to 1.4 percent, reduces output by 3.8 percent to 6.8 percent, and reduces domestic revenues by 4.6 percent to 8.1 percent.**
- **This 43 percent cost advantage (that arises through the repression of Chinese workers' rights) translates into a reduction of 540,000 to 973,000 U.S. manufacturing jobs.**
- The petition argues that this employment impact clearly constitutes a "burden" on U.S. commerce and that the Chinese government's persistent pattern of violating workers' rights is an "unreasonable" practice, under the terms of Section 301 of the Trade Act of 1974 (as amended).

- We call on the President and the United States Trade Representative:
 - If China fails to bring its labor standards into conformity with basic internationally recognized worker rights', the United States should pursue all available WTO-consistent remedies against China. The USTR should then reduce the trade remedies incrementally, if the Chinese government meets specific and verifiable benchmarks of enforcement of workers' rights. If the Chinese government backslides from specified benchmarks, the trade remedies should increase.
 - If USTR finds that China is not fully applying labor laws and enforcing basic internationally recognized labor standards, the USTR shall negotiate a binding, WTO-consistent agreement with the Chinese government,
 - to require U.S. corporations to disclose wages, hours, and working conditions of their affiliates and contractors in China