

# FACT SHEET

## Trade and Manufacturing Jobs

### The Trade Deficit

- Unfair trade deals such as the North American Free Trade Agreement (NAFTA) and policies of the World Trade Organization (WTO) have caused our trade deficit to explode. Rising trade deficits caused by these deals have cost more than 3 million actual and potential U.S. jobs since 1994.
- Our trade deficit in goods is historic: In real-dollar terms, it is 14 times larger than it was in 1980 and is more than 5.6 percent of our gross domestic product.
- In 2004, we imported \$651 billion more in goods than we exported for a trade deficit of more than \$1.78 billion a day.
- Trade deals touted as market-opening agreements instead have worsened our trade balance dramatically. Our combined trade deficit with Canada and Mexico has ballooned to 12 times its size before NAFTA, jumping from \$9 billion in 1993 to \$111 billion in 2004.
- No other industrial country runs the trade deficits we do: Europe's trade deficit is one-tenth the size of ours, and Japan runs a trade surplus. Other industrialized countries' markets are protected by numerous nontariff barriers and regulations.
- China is now the top contributor to our trade deficit. We buy more than \$5 worth of goods from China for every \$1 we sell, and we ran a \$162 billion deficit with China in 2004. Since Congress granted China permanent normal trade relations status and China joined the

World Trade Organization, the U.S. deficit with China has nearly doubled. China systematically violates workers' rights and unfairly manipulates its currency, undermining U.S. jobs and manufacturing.

### Trade and Jobs

- The Economic Policy Institute (EPI) estimates growth in the U.S. trade deficits with our NAFTA partners has resulted in a net loss of almost 900,000 U.S. jobs. EPI also estimates escalating trade deficits with China have resulted in the loss of 410,000 U.S. manufacturing jobs in the past two years.
- Even when employers don't actually shift production, their threats to do so can undermine union organizing drives and erode wages and bargaining power. A Cornell University survey in 2000 showed workers trying to organize unions won union elections 51 percent of the time in plants without threats, but only 24 percent of the time when employers threatened to close the plant and move to another country.
- In 1999, the U.S. General Accounting Office (now the Government Accountability Office) found 47 percent of the workers qualifying for NAFTA trade adjustment assistance were Latinos and 66 percent were women.
- According to a 2004 Carnegie Foundation report, under NAFTA, the number of people employed in Mexico's *maquiladoras* grew by 800,000, but real wages in Mexico have fallen and poverty has grown.

# TALKING POINTS

## Trade, Taxes and Manufacturing Jobs

Current trade policy encourages U.S. companies to move production around the globe looking for the lowest wages, the weakest labor laws and the most vulnerable workers. Imports made under inhumane conditions then flood our market under the “free trade” guarantees of agreements such as the North American Free Trade Agreement (NAFTA) and policies of the World Trade Organization (WTO). Now the Bush administration is proposing to expand this flawed “free trade” model even further—with the Central American Free Trade Agreement (CAFTA).

- Like NAFTA before it, CAFTA would speed up the race to the bottom for workers in the United States and abroad. CAFTA gives companies powerful new rights to trade and invest overseas but provides no comparable protections for workers’ rights.
- In fact, CAFTA’s rules on workers’ rights are a step backward from the labor conditions that exist in our current trade programs with Central America. In a region where labor laws fall far short of minimum international standards and where workers are routinely intimidated, fired and threatened for trying to exercise their most basic rights on the job, CAFTA’s move backwards on workers’ rights is unacceptable.
- If CAFTA is allowed to pass in its current form, the result will be more good jobs lost in the United States and fewer protections for basic workers’ rights in Central America. Here at home, employers would use CAFTA to cut jobs, drive down wages and increase threats to move overseas to squelch union organizing. In Central America, economic development will remain out of reach when workers are systematically denied the right to win a voice at work and bargain for a fair share of the wealth they create. U.S. workers’ freedom to form unions is threatened by competition with workers elsewhere who are denied this basic human right.
- The administration is pushing the same flawed model in a proposed U.S.–Thailand Free Trade Agreement (FTA), which could decimate our pickup truck industry in particular.
- Congress must reject CAFTA and similarly flawed deals such as the Thailand FTA and turn its attention toward fixing the imbalances in our current trade policy, not expanding them.
- Currency manipulation by countries such as China puts U.S.-based manufacturing at an impossible disadvantage. Current trade policy—and policymakers—is not addressing this problem.
- Strong national trade laws are the only sure way to protect our market from unfair trade practices, yet trade agreements pressure us to weaken these laws. The Bush administration has agreed to reopen WTO negotiations likely to weaken these laws even more.

### Action Steps

#### Tell Your Members of Congress:

- Congress should oppose the Central America Free Trade Agreement (CAFTA). Similar accords such as the Free Trade Area of the Americas (FTAA) and the proposed U.S.–Thailand Free Trade Agreement must also be rejected. These deals will cost jobs and undermine development abroad. Every new trade agreement must ensure our trading partners abide by the core labor standards of the International Labor Organization and protect America’s workers against import surges that threaten their jobs.
- Congress should defend national security by supporting measures that strengthen domestic manufacturing, including Department of Defense procurement reform, enhanced Buy American requirements and limits to “offsets” that drain critical technology and jobs.

- Congress should support legislation, including H.R. 1696 and S. 842 (the Employee Free Choice Act), S. 295 (Schumer/Graham), H.R. 1498 (Ryan/Hunter), S.593 (Collins/Bayh) and H.R. 1216 (English/A. Davis), that require China and other nations to end their manipulation of currency, eliminate unfair government subsidies and meet their international obligations on market access which unfairly disadvantages U.S. manufacturers.
- Congress should encourage the administration to self-initiate the China apparel/textile safeguard to prevent further job losses in the U.S. apparel and textile industries. Furthermore, Congress should preserve the Continued Dumping and Subsidy Offset Act (Byrd Amendment) and ensure U.S. trade laws are not weakened during the Doha Round of World Trade Organization negotiations.



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