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U.S. House of Representatives
Washington, DC 20515

Dear Representative:

The President recently signed the US-Singapore Free Trade Agreement and may soon sign the US-Chile Free Trade Agreement. Both agreements will be brought up under fast track procedure, allowing only an up or down vote on the agreements after limited debate. **The United Steelworkers of America strongly urge you to oppose these agreements when they come before you for a vote.**

Like NAFTA, both agreements are likely to result in shifts in production from the US which will increase our already soaring trade deficit and lead to the loss of more US jobs. The United States has lost 2.7 million net private sector jobs since January 2001; 2.05 million of which were manufacturing jobs. Although the US currently has a trade surplus with Singapore, that is very likely to change with the elimination of US tariffs on goods from Singapore. Our previous trade surplus with Chile has already turned into a deficit that has tripled to $1.2 billion in 2002. Both FTAs facilitate the shift of US investment while doing little to increase US exports.

Particularly troubling is the inclusion in the Singapore Agreement of the "Integrated Sourcing Initiative (ISI)", which appears to be a euphemism for "Sweatshop Haven." The ISI allows electronic components from two Indonesian Islands to count as Singaporean content under the FTA, with a caveat that it can be expanded to more products and regions in the future. By facilitating more off shore production for export into the United States this provision will certainly cost more US jobs.

As we learned during the steel crisis, transshipping was a favorite avenue for countries found guilty of dumping to continue circumventing the antidumping orders placed against them. Singapore's port is currently the second busiest transshipment hub, and its attractiveness to those who want to circumvent our trade laws will only increase once it is the only country in Asia with guaranteed tariff- and quota-free entry into our market.

Unlike the US-Jordan FTA, which the USWA supported, these agreements fall far short of the goals and standards set to protect the core rights of workers. Under the Singapore and Chile agreements, only one workers' rights provision is actually subject to dispute settlement - and this is the obligation that a country enforce its own labor laws. Nothing in these agreements prevents either country from gutting or eliminating their labor laws in order to gain a trade or

investment advantage and the requirement that these governments meet international labor standards are entirely unenforceable.

While labor standards are fair game for manipulation, these agreements hamstring both countries' ability to impose capital controls and regulate financial speculation in the event of a financial crisis. Investment provisions in both agreements also, like NAFTA, fail to ensure that foreign investors are granted no greater rights than domestic investors - a clear violation of Congress' negotiating objectives. These rules on investment, procurement and services will greatly hamper governments' ability to protect the public interest.

In addition, both FTAs create totally new visa categories for the temporary entry of professionals even if there is no domestic shortage. These visas are temporary in name only as they last for one year, and are renewable indefinitely. Despite the lack of any Congressional negotiating authority on this permanent change to our immigration laws, USTR has indicated that future FTAs will include similar visa categories. The only purpose we can see for these programs is an open door for employers seeking an easy source of low-wage labor.

While the scope and scale of the Singapore and Chile agreements do not compare to NAFTA or the impending Central American Free Trade Agreement (CAFTA) and Free Trade Area of the Americas (FTAA), their importance increases when taken in the context of their use as "models" for other bilateral and regional FTAs. Congress must weigh-in now that this model is unacceptable, and send a clear message to our trade negotiators before the framework of the CAFTA and FTAA are solidly built.

Sincerely,

William J. Klinefelter
Assistant to the President
Legislative and Political Director