



Leo W. Gerard
International President

June 20, 2011

VIA FAX

United States Senate
U.S. House of Representatives
Washington, D.C.

Dear Senator/Representative:

RE: Oppose the Free Trade Agreements with Korea, Panama and Colombia

On behalf of the 1.2 million active and retired members of the United Steelworkers (USW) I write to urge you to vigorously oppose the Free Trade Agreements with Korea, Panama and Colombia. These three FTA's will undermine our economic recovery, further decimate American manufacturing and jobs and deepen the economic insecurity and devastation faced by workers across the country.

International trade and the consequences of accelerated globalization are matters of long-standing and deep concern to the USW, as an overwhelming portion of our members work in import-sensitive manufacturing sectors and all too often have lost their jobs due to bad trade deals and unfair and predatory trade practices. Promises made by administrations past and present touting the benefits of free trade have simply not materialized for America's manufacturing workers. This is clearly reflected in the nation's massive trade deficit – a deficit fueled by trade deals that grease the path for greater and greater out-sourcing and off-shoring of jobs and capacity -- and every bit as dangerous as our federal deficit.

The results of "free trade" deals are all too clear: In the last decade alone six million manufacturing jobs and 55,000 plants have been lost. Multinational companies easily set up operations overseas and export back to the U.S. market. Numbers tell the story. New Department of Commerce data show that large U.S. multinational companies cut their workforces in the U.S. by 2.9 million during the 2000s while increasing employment overseas by 2.4 million. This continues even as workers and families wrestle with a tepid and uncertain economic recovery that is generating insufficient job growth with millions still unemployed or underemployed. It's no wonder - our trade policies encourage job growth overseas. Trade deals force working Americans to assume all the risk and encourage big multinationals to reap all the rewards.

USW members have sacrificed *enough*. We oppose these trade deals because they do not adequately address the changing nature of trade and accelerating globalization. They are based on the failed NAFTA model. We need to update and reform our nation's trade policies, not simply continue on the present course.

The following comments provide an overview of our objections to these three agreements. They touch upon only some of the issues which undermine our nation's interests.

US-Korea Free Trade Agreement.

The Steelworkers have spent considerable time and effort analyzing the proposed FTA and engaged in a substantive and extensive dialogue with the Administration and leaders on the Hill regarding the FTA's provisions. Regrettably, the US-Korea FTA (KORUS) will undermine America's economic interests and lead to higher trade deficits and greater job loss.

While the focus of the Obama Administration's activities relating to KORUS was on improving the provisions relating to trade in autos, their efforts came up short for the vastly larger US auto supply chain. The final provisions allow for a vehicle to be eligible for the preferences of KORUS with only 35% of the content, by value, coming from the signatory countries. So, **a Korean vehicle, to be eligible for duty-free treatment entry into the U.S., could have almost 2/3rds of its content, by value, coming from another country – like China.** And, KORUS gives automakers the discretion to choose among three different methods to calculate content allowing them to choose whichever method is best for them, not for job retention or creation.

Americans want the term "Made in USA" to mean something. Indeed, the Federal Trade Commission's standard for Made in USA is that "all or virtually all" of the content should be of U.S. origin. The KORUS will accelerate the off-shoring and outsourcing of auto parts production, jeopardizing not only the jobs of the 350,000 Steelworkers that make products that can be used in the auto supply chain, but those of other workers across the country.

These provisions alone make the FTA fundamentally flawed, but, there are other problems that will cause serious economic consequences with the KORUS:

- It will jeopardize jobs across the economy. The Economic Policy Institute estimates that KORUS will cause the loss of 159,000 jobs.
- It will increase the trade deficit in seven high-paying sectors, according to the International Trade Commission.
- It undermines our trade laws by allowing for the diversion of dumped or subsidized components to be shipped to the U.S. from third countries. The agreement lacks sufficient safeguards to address this serious problem and provides new procedures that could advantage Korean producers.

- It does not include provisions to ensure reciprocal market access – the Korean market is one of the toughest markets in the world for foreign products to compete in. Tariffs are often buttressed by a labyrinth of non-tariff barriers that will continue to impede our exports.
- It fails to address Korea’s ongoing currency manipulation.
- It fails to include a comprehensive and annual review mechanism that will allow for comprehensive oversight of the workings of the FTA to ensure that the provisions that are adopted, and fully and faithfully enforced. It largely leaves to the private sector the job of demanding compliance, rather than an ongoing review mechanism that identifies and addresses problems before the injury is inflicted on our workers, farmers and businesses.

U.S.-Panama Free Trade Agreement

The U.S.-Panama FTA is not an economically meaningful agreement in terms of providing a robust market for U.S. exports and job creation. But, its flawed provisions continue to expand the existing trade model that has proven to undermine our economic and employment interests. Thus, it further jeopardizes our economic recovery and expands an unacceptable trading framework.

Among the reasons the U.S. Panama FTA should be rejected are:

- It fails to provide significant economic opportunities to promote our economic recovery and job creation.
- It fails to reform the existing FTA approach to investment allowing for Panamanian investors to challenge many of our most important health, safety, environmental and other laws.
- It fails to ensure adequate provision of labor rights despite recent changes adopted by the Panamanian government.
- It does not do enough to address Panama’s historic role as a tax haven or center for narco-trafficking.

US-Colombia Free Trade Agreement

The U.S.-Colombia Free Trade Agreement puts in jeopardy America’s moral leadership by sacrificing the lives and livelihoods; the worker and human rights of the Colombian people at the altar of free trade. Trade has the power to lift people up and to advance America’s values– it also has the power to entrench the *status quo*.

In Colombia, the status quo has made that country the most dangerous place in the world to be a union member. Indeed, as the ITUC concluded in its most recent, 2011 world survey of anti-union violence, Colombia, in the words of the ITUC, continues ***“to maintain the lead in a grim record of murder and repression of workers involved in trade union activities.”***

Moreover, the Colombian government continues to fail miserably at effectively prosecuting those responsible for anti-union violence. Thus, impunity for anti-union killings remains at 96%, while impunity for other forms of anti-union violence remains at an incredible 99.8%.

Colombia should not be rewarded with a trade agreement until it has a proven track record of bringing to justice those who have perpetrated crimes against union activists and has adopted and enforced workers' rights throughout the country. In recent weeks, -- since the Action Plan was announced between our two countries -- violence against union activists and worker repression has continued unabated. And, while the Action Plan purports to improve Colombia's existing framework of laws and regulations, there is no reason to believe that these changes will have any real positive impact on workers. The US is giving away the one tool it has to effect change in Colombia, by voting to pass the agreement before there is time to see if the Santos Administration will live up to its commitments under the Action Plan. Only time, and additional improvements in the operation of their laws and judicial system and the enforcement of their labor laws, will position Colombia as an appropriate free trade agreement partner.

Among the reasons that the US-Colombia FTA should be rejected are:


- Violence against union leaders and activists continues.
- Colombia has not developed a sufficient investigatory and judicial infrastructure to bring the perpetrators of this violence to justice.
- Significant opportunities exist for employers to deny workers their most basic organizing rights. Employers can continue to use cooperatives, temporary contracts and other means to thwart union organizing and the ability of workers to exert their rights.
- The Action Plan is not part of the FTA and, as a result, Colombia's adherence to its terms may be subject to the discretion of this and future Administrations. The provisions of the Action Plan need not only to be given time to be fully and faithfully implemented but must be subject to specific mechanisms and commitments to ensure that they will be effective -- now and in the future.
- The FTA, through its agricultural provisions and its encouragement of further corporate exploitation of Colombian land, will only accelerate internal displacement in Colombia which just overtook the Sudan as the country with the largest internally displaced population (over 5 million) in the world.

America's economic recovery is still tenuous. We face a significant jobs and trade deficit which will only deepen if these agreements were to pass. And, indeed, passage of the Colombia agreement will create a moral leadership deficit -- where America's promotion of internationally-recognized workers' rights is put in jeopardy. At any time, but certainly at this time, these three agreements should be rejected.

The American people, in increasing numbers, reject the approach our policymakers have taken on the trade issue. They will remember, at the next election,

those who stood by their side and those who put their jobs, their families and their communities at risk.

Sincerely

A handwritten signature in black ink that reads "Leo W. Gerard". The signature is written in a cursive style with a large initial "L" and a distinct "W".

Leo W. Gerard
International President

LWG/cdk