

DeLauro plays key role in NAFTA negotiations

By Ana Radelat, CTMirror.org

Middle town press Tuesday, September 3, 2019



Photo: Brian A. Pounds / Hearst Connecticut Media

WASHINGTON — When Rep. Rosa DeLauro and some of her congressional colleagues tried to visit a Goodyear plant in Mexico this summer, she was surprised to be denied entry into the facility.

“We were all disappointed that we were not able to talk to the workers at the Goodyear facility in San Luis Potosi,” said DeLauro, D-Conn. “Now Goodyear is an American company...we deserve the opportunity to see the condition of the workers in their plant.”

The reason DeLauro wanted to see how labor is being treated in Mexico?

“If worker’s rights are not being upheld (in Mexico) that undercuts worker’s rights and wages here,” she said.

DeLauro is part of a team of House Democrats negotiating with the White House over a new trade pact with Canada and Mexico that would replace the 25-year-old North American Free Trade Agreement, or NAFTA. House Speaker Nancy Pelosi, D-Calif., chose the members of the negotiating team, which also includes Rep. John Larson, D-1st District.

DeLauro's role on the nine-member team is to ensure the enforcement mechanisms of the new treaty, called the United States-Mexico-Canada Agreement, or USMCA, are effective. But she also has an outsized role in determining what the final deal will be.

No one doubts DeLauro is a tough negotiator.

DeLauro opposed NAFTA and pushed to sink the now defunct Trans-Pacific Partnership, or TPP, that would have allied the United States with Pacific Rim nations to counter China's economic strength.

She said a trade treaty's impact on labor and middle-class Americans "is very important to me."

"This has been the crux of my role in trade issues," DeLauro said.

A friend of organized labor who fought NAFTA, the TPP and other trade pacts, DeLauro met with some of the workers who had been fired at the Goodyear plant in San Luis Potosi. That meeting took place after she was denied entry into the facility.

She and several other Democrats wrote Goodyear president and CEO Richard Kramer they were "disappointed that an iconic American company like Goodyear, which is shedding jobs at home while building new facilities in Mexico, is failing to provide its workers in Mexico with basic labor rights that are recognized internationally and under Mexican law."

The letter also accused Goodyear of poor working conditions and paying less than \$2 per hour to junior workers at its San Luis Potosi plant and just over \$6 to the highest-paid workers.

"So, it was a good trip ... but it left us with serious concerns which we are trying to address," DeLauro said.

Goodyear said it "strongly disagreed" with the statements the lawmakers made about the working conditions and labor practices at the plant.

In a statement, Goodyear also said it "regrets that it was unable to accommodate a tour for the congressional delegation.

“The company was unclear on a number of details about the visit, including the timing,” the company said.

Fears of slacker worker, environmental standards

The concerns about the USMCA voiced by trade skeptics like DeLauro were also raised when NAFTA, the TPP and other trade pacts were negotiated. They center on fears the agreements may lead to looser U.S. environmental standards and weaker worker protections.

“A revised NAFTA deal, which was signed in 2018, showed some improvement,” DeLauro said. “But their labor and environmental terms and their enforcement mechanisms are too weak to stop the American job loss. If the current deal were signed and enacted, we would continue to have American jobs moving to Mexico, where they pay workers less.”

Organized labor has not rejected the USMCA, however, and the AFL-CIO is sending a delegation to Mexico to discuss the proposed treaty this week.

Another concern is the USMCA’s impact on drug prices, especially for the most expensive medicine on the market - biologic drugs.

Biologic medicines are produced from living cells that contain proteins and other materials that can treat diseases and conditions like cancer, rheumatoid arthritis and multiple sclerosis.

“Biosimilar” medicines are the generic form of biologic drugs. Lawmakers have for years tried to shorten the exclusivity period pharmaceuticals have that would allow less expensive biosimilars to come to market more quickly.

But a draft of the USMCA would grant at least a 10-year “test data” exclusivity period for new biologics. Currently, Canada has an eight-year test data exclusivity period and Mexico has a five-year limit, so the USMCA would force both countries to increase this period and make it harder for the United States to shorten its exclusivity period.

“You also have an expansion of the definition of biologics,” DeLauro said. “We need to get changes in the agreement.”

Meanwhile, the Trump administration has been touting the economic benefits of the USMCA, which many call NAFTA 2.0.

Larry Kudlow, director of the White House National Economic Council, said the new trade pact “would add half a point to the GDP and 180,000 jobs per year if we get it through.”

After China, Mexico and Canada are the United States' largest trading partners.

Connecticut's economy also depends on foreign trade. According to the office of the U.S. Trade Representative, the state exported about \$2 billion in goods to Canada and \$948 million to Mexico in 2018.

Despite her misgivings DeLauro, who met with Mexican President Andrés Manuel López Obrador and other Mexican officials during her trip to that country in July, is optimistic the USMCA can be changed in such a way Congress could approve the treaty.

"We are working together with (U.S. Trade Representative) Bob Lighthizer to make changes to the renegotiated NAFTA," DeLauro said. "I would characterize the meetings and the conversations as productive."

Under an agreement approved by Congress in 2015, the USMCA would be "fast tracked" by Congress.

That means Congress would have no more than 90 days after the treaty is officially introduced by President Donald Trump to have up or down votes in the House and Senate on the USMCA. No amendments to the final treaty negotiated with Mexico and Canada would be allowed.

The GOP-led Senate is expected to approve the trade pact. But the USMCA faces problems in the Democratic House.

That's why Pelosi created the USMCA working group to which DeLauro and Larson belong, said Vanessa Sciarra, vice president of the National Foreign Trade Council.

Sciarra said Pelosi "was very smart" in choosing both members of the House Progressive Caucus, like DeLauro, and member of the moderate New Democrat Coalition, to negotiate with the White House over a final treaty.

"She wanted to make sure that all Democrats were heard," Sciarra said.

Time running out

Larson was chosen as one of four members on the working group who sit on the House Ways and Means Committee, which has jurisdiction over trade issues.

"House Democrats have been pushing the administration to ensure that the renegotiated NAFTA has strong and enforceable labor and environment standards and preserves access to affordable medicines," Larson said "The working group has had constructive meetings with Ambassador Lighthizer and we look forward to making progress on the substance of the agreement as the negotiations continue."

At least 60 Democrats must join the vast majority of House Republicans to be able to approve the treaty.

Sciarra said it's not likely Trump will send a final treaty over until Pelosi has the votes to approve it.

Vice President Mike Pence has been dispatched across the country in an attempt to force vulnerable House Democrats to hurry along ratification of the USMCA.

Time, Pence told reporters at the end of July, was already running out.

But DeLauro said approval of the treaty is likely to "seep into next year."

"When we get to where we need to get to, we will move," DeLauro said. "We're not there yet. And that's critically important to understand."

In April, Mexico passed labor law revisions required by USMCA that are also a prerequisite for House Democrats.

But DeLauro said there are legal challenges to that law that need to be cleared up, and the budget for Mexican labor reforms will not be voted on in that nation until November.

Sciarra, whose organization's members include the nation's largest companies and the world's big multinationals, including Amazon, Google, Microsoft, Ford and Toyota, is eager for the treaty to be ratified.

One concern, she said, is enforcement of all provisions in the treaty, not just the ones Democrats like DeLauro are worried about.

NAFTA called for an arbitration panel to hear company disputes, but that panel fell into disuse because any one of the three nations in the pact could block it. Sciarra and the companies she represents want the panel blocking provision removed in the USMCA.

Mark Linscott, a former senior U.S. trade official and a senior fellow at the Atlantic Council, said a new deal between the Trump administration and House Democrats is likely to serve as a template in the areas of labor, environment, intellectual property rights for pharmaceuticals, and enforcement for future trade negotiations.

"What seems critical at this point is to get an agreement between the nations," Linscott said, and get Mexico and Canada to accept any changes demanded by Democrats.

Linscott said the treaty, even with Democratic revisions, may never have the support of hardliners like DeLauro.

But enough of DeLauro's Democratic colleagues may vote for the trade pact for it to clear the U.S. House, he said.

"Most in the trade policy community believe NAFTA has been a success," Linscott added.