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Before the Senate Finance Committee
on Proposed Fast Track Legislation

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Chairman Baucus, members of the Committee, I am glad to have the opportunity to talk with you today on behalf of the thirteen million working men and women of the AFL-CIO about proposed fast track legislation.

How the Congress chooses to delegate trade negotiating authority to the executive branch will have an enormous impact on the content of new trade agreements, as well as on the process of negotiating these agreements. Our members recognize that their jobs, their wages, and their communities have been profoundly affected by past trade agreements, and they want their voices heard as these important decisions are made.

Today, our country finds itself in the middle of a heated debate over the rules and the institutions of the global economy. Ordinary citizens from all walks of life are educating themselves, forming new alliances, and sometimes even taking part in street demonstrations, as they conclude that the global community needs a dramatic change in trade, investment, and development policies if we are to build a global economy that truly works for working families – here in the United States and around the world.

These ordinary citizens reject the status quo of growing global inequality, persistent poverty, financial and political instability, egregious human rights abuses, and environmental degradation. And it should come as no surprise that American workers reject trade proposals that ignore continued job loss at home. Mr. Chairman, we have lost almost half a million manufacturing jobs since the first of the year. These outcomes are not inevitable; they result from the rules and institutions we put in place. The Congressional debate about fast track legislation is a crucial starting point to begin addressing these serious problems.

Last week, Congressman Phil Crane introduced a fast track bill called the "Trade Promotion Authority Act of 2001," H.R. 2149. Astonishingly, Mr. Crane, with the support of the Republican leadership of the House of Representatives, chose to completely ignore the debate that has raged in the halls of Congress, and on the streets of Seattle, Quebec, and Washington, D.C. over the last several years – a debate about how to reverse some of the devastating impacts of unchecked globalization on workers, on family farmers, and on the environment.

Instead of acknowledging and correcting the failures of current policies, Mr. Crane's bill simply offers more of the same, and would send our negotiators to the table with virtually the same set of instructions that produced today's global inequities. **In fact, H.R. 2149 represents a giant step backwards, even from the flawed fast track rejected by the Congress in 1997 and 1998.**

Even many in the business community now acknowledge that our trade policies must address the crucial issues of labor and environment, although we are far from consensus on precisely how to do so effectively. And polls consistently show that a huge majority (between 75% and 95%) of the American people believe our trade agreements should include workers' rights and environmental standards. But H.R. 2149 does not even mention workers' rights and environmental standards, not as negotiating objectives, not as ancillary issues to be considered, certainly not as what they ought to be: key national priorities.

This fast track bill lists four overall objectives and ten "principal negotiating objectives." It offers considerable detail and an ambitious agenda for our negotiators on issues as diverse as market opening, trade in services, investment rules, intellectual property rights, and agriculture. It instructs our negotiators as to precisely what kinds of enforcement mechanisms they ought to seek with respect to protecting intellectual property rights: "accessible, expeditious, and effective civil, administrative, and criminal enforcement mechanisms."

Yet in 52 pages, this bill never so much as mentions workers' rights or environmental protections. It also fails to acknowledge many of the concerns that have been raised by development, labor, and religious groups with respect to negotiations on services, intellectual property rights protection, and investment.

The only place in the bill where labor and environmental provisions could conceivably be included is in a section titled, "Other Presidential Objectives." The President may include in a trade agreement an issue not explicitly mentioned in the principal negotiating objectives, so long as it is (1) directly related to trade, (2) consistent with the sovereignty of the United States, (3) trade expanding and "not protectionist," and (4) does not prevent a country from changing its laws in a way consistent with "sound macroeconomic development."

These four constraints do not apply to any of the principal negotiating objectives, so they must be designed precisely to limit the President's ability to negotiate meaningful labor and environmental provisions.

Two of the four constraints ("directly related to trade" and the one concerning "sound macroeconomic development") were also included in the 1997 and 1998 fast track bills.

But two constraints are new: requirements that provisions be consistent with sovereignty and trade expanding (similar to language in President Bush's Trade Agenda). It is worth noting that H.R. 2149 does *not* require that negotiations on investment provisions in new trade agreements also be "consistent with U.S. sovereignty," even though many legitimate concerns have been

raised about the impact of NAFTA's Chapter 11 on U.S. environmental, public health, and labor regulations.

And the requirement that "other objectives" be achieved in a way that is "trade expanding and not protectionist" appears to be an attempt to preclude the use of trade sanctions to enforce workers' rights and environmental standards. This takes viable enforcement mechanisms off the agenda before we even sit down at the negotiating table. Congress should reject this lopsided approach.

H.R. 2149 also constructs additional procedural hurdles that apply only to these "other objectives." The Crane bill requires the president to engage in additional consultations with Congress and advisory committees before he starts to negotiate provisions on labor and the environment, and those consultations must address how any such provisions will comply with the four limitations laid out above.

Unlike the 1997 fast track bill, H.R. 2149 contains no positive goals with respect to promoting respect for workers' rights or supporting the work of the International Labor Organization (ILO). While these previously proposed provisions were far from adequate, it is remarkable that this bill does not even make a pretense of addressing these concerns. Certainly, this bill offers the President no guidance whatsoever in terms of laying out a positive agenda with respect to these important issues. And this bill places the President under absolutely no obligation to demonstrate any progress with respect to labor and the environment, in contrast to the "principal negotiating objectives."

The lack of any positive agenda in this fast track bill to improve the protection of workers' rights is simply reinforced by President Bush's budget. President Bush proposes slashing in half the funding the United States allocated in the year 2000 for international labor initiatives, including ILO programs to prevent child labor and promote respect for core workers' rights.

The 1997 fast track bill offered some non-binding "guidance for negotiators" with respect to domestic U.S. policy objectives. It instructed negotiators to "take into account" domestic objectives, "including the protection of health and safety, essential security, environmental, consumer, and employment opportunity interests, and the law and regulations thereto." Given the concerns raised over ongoing investment and services negotiations and the unwelcome outcomes of past agreements, this language needs to be strengthened, expanded, and made binding on negotiators. **Instead, H.R. 2149 leaves it out altogether, signalling to our negotiators that trade negotiations do *not* need to take these issues into account.**

All in all, this bill is an insult to the millions of Americans whose lives have been adversely affected by current globalization policies and an affront to those who have struggled to come up with constructive solutions to complex policy problems.

The AFL-CIO believes that any trade negotiating authority must **require** the inclusion of

enforceable workers' rights and environmental standards in the core of all new trade agreements. New trade agreements must ensure that all workers can freely exercise their fundamental rights and require governments to respect and promote the core labor standards laid out by the ILO. Workers' rights and environmental standards must be covered by the same dispute resolution and enforcement provisions as the rest of the agreement, and these provisions must provide economically meaningful remedies for violations. Monetary fines modeled on the NAFTA labor side agreement or the Canada-Chile agreement are inadequate and have proven an ineffective means of enforcement. An agreement that does not meet these principles must not be considered under Fast Track procedures.

*It is **not sufficient** simply to revise the list of negotiating objectives to include workers' rights and environmental protections. Workers' rights have been among our negotiating objectives for more than 25 years, with very little progress being made.*

Congress must also ensure that ordinary citizens have access to negotiating texts on a timely basis, and that negotiators are accountable to both Congress and the public as to whether mandatory negotiating targets are being met.

Trade agreements must not undermine public services or public health, nor allow individual investors to challenge domestic laws. Trade authority must delineate responsibilities for investors, not just rights, and must not require privatization or deregulation as a condition of market access.

Trade negotiating authority must also instruct U.S. negotiators that a top priority is to defend and strengthen U.S. trade laws. Fast-tracked trade agreements must not prevent our government from implementing national policies to promote a strong manufacturing sector.

I commend Chairman Baucus and this Committee for scheduling a markup on the Jordan Free Trade Agreement next week. As you know, I share the view that this agreement marks an important advance in that it incorporates enforceable workers'rights and environmental protections in the core of a trade agreement, under the same dispute resolution as all the other provisions. I urge the Finance Committee to act expeditiously to pass it without any amendments, and to resist any attempts to undermine or weaken its provisions with executive actions such as side letters or memoranda of understanding.

I look forward to your questions and to working with you on these important issues in the months to come.