Trump SOTU Trade Message: An Advance Fact-Check (https://citizen.typepad.com/eyesontrade/2019/02/trump-sotu-trade-message-an-advance-fact-check-.html)

February 05, 2019 (https://citizen.typepad.com/eyesontrade/2019/02/trump-sotu-trade-message-an-advance-fact-check-.html)

Donald Trump is likely to misrepresent the facts and inflate his record on trade as he hits the midpoint of his presidential term and delivers his second State of the Union address. We offer this handy guide to help sort fiction from fact. While the administration's trade reform effort includes some key steps in the right direction, it remains a work in progress with uncertain outcomes.

Past Trump Mischaracterization	***Reality***
UNFAIR TRADE: President Trump says he has "turned the page on decades of unfair trade deals." *(a claim made in last year's address (https://www.whitehouse.gov/briefings-statements/president-donald-j-trumps-state-union-address/))*	**Transformation of U.S. trade policy remains a work in progress, with uncertain outcomes.** The signing of the North American Free Trade Agreement (NAFTA) 2.0 text on November 30 was the first step in a long process, and further improvements are necessary (https://www.thenation.com/article/nafta-congress-2019/) for a final package to pass Congress much less for revisions to stop NAFTA's ongoing damage to workers and the environment. Only very limited revisions were made to the U.S.-Korea Free Trade Agreement. There is still a danger that the ongoing trade battle with China could end in one-time purchases of U.S. exports that would do nothing to address China's underlying unfair trade practices and deliver the necessary structural changes to alter long-term trends. Contrary to his promises to do something about trade imbalances, the trade deficit is up 13 percent under Trump. By the time Trump announced he would formally shelve the Trans-Pacific Partnership (TPP) agreement, it was a moldering corpse that could never muster a majority in Congress, meaning his role was in the pact's burial, not in authoring its demise.
TRADE DEFICIT: Trump says that U.S. trade relationships are more "balanced" and "reciprocal," (https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-is-securing-fair-and-balanced-trade-for-the-american-people/) but he has yet to fulfill his campaign promise (http://time.com/4309786/read-donald-trumps-america-first-foreign-policy-speech/) to bring down the trade deficit: "We have a massive trade deficit with China, a deficit we have to find a way quickly, and I mean quickly, to balance."	**On the one clear measure that Trump set for himself as a benchmark for success – bringing down the U.S. trade deficit – he is failing – with the largest China deficit ever recorded and a 13 percent increase in the U.S. trade deficit with the world during the Trump administration.** As our Trump trade deficit tracker shows, the U.S. trade deficit has grown significantly under Trump. (https://www.citizen.org/our-work/globalization-and-trade/trumps-trade-deficit) The latest quarterly government data (released in November – the 2018 annual data is a shutdown victim and a new release date has not been announced) reveals the highest U.S. goods trade deficit in a decade for the first three-quarters of 2018, up 13 percent since the start of the Trump administration. During Trump's presidency, the U.S. trade deficit with China has risen (also 13 percent) to the highest ever recorded, while the deficits with the world and with NAFTA nations specifically have steadily grown.

USMCA V. NAFTA: Despite an effort to rebrand NAFTA with a new name, Trump's renegotiation has not fixed the problems of original NAFTA.	**Trump's claim to have created a totally different kind of agreement is a deceitful sales pitch (http://infographic.replacenafta.org/the-selling-of-nafta-2-0-is-a-lot-like-that-of-the-original-nafta/), similar to those used for decades by US presidents to hawk previous trade deals.** After a year of renegotiations, the NAFTA 2.0 text signed on November 30 revealed (https://www.citizen.org/sites/default/files/nafta_text_analysis_-_how_the_new_nafta_text_measures_against_the_essential_changes_we_have_demanded_to_stop_naftas_ongoing_damage.pdf) improvements for which progressives have long campaigned, the addition of damaging terms that we oppose, and critical unfinished business. ***Unless the administration works with congressional Democrats on critical changes to the signed agreement, the pact is unlikely to be passed (https://www.thenation.com/article/nafta-congress-2019/).*** One way in which NAFTA 2.0 is dramatically worse than the original is the addition of a slew of new monopoly rights for pharmaceutical companies that would help them avoid competition from generic products and keep medicine prices high. While the NAFTA 2.0 labor provisions are an improvement over previous U.S. trade agreements, unless strong labor and environmental standards are subject to swift and certain enforcement—which is not the case with the NAFTA 2.0 text—U.S. firms will continue to outsource jobs, pay Mexican workers poverty wages, and dump toxins in Mexico.
JOB OUTSOURCING: Trump says he has slowed outsourcing and is succeeding on "Buy America, Hire American," but the data do not support this claim.	**Outsourcing of American jobs has continued and not only the high-profile GM and Carrier mass job losses while Trump's corporate tax policies create incentives for more outsourcing and his promised Buy American reforms lag.** GM's factory closures at the end of 2018 spotlights the ongoing loss of American manufacturing jobs. One of the first companies that Trump met with (https://www.nytimes.com/2017/01/24/business/trump-us-automakers-meeting.html) once taking office, GM closed five plants affecting thousands of workers after expanding production in Mexico (https://money.cnn.com/2018/06/22/news/companies/gm-chevy-blazer-mexico/index.html). Because of the outsourcing incentives in trade agreements like NAFTA as well as the pro-outsourcing tax bill (https://www.nytimes.com/2018/01/08/business/economy/gop-says-tax-bill-will-add-jobs-in-us-it-may-yield-more-hiring-abroad.html) signed by President Trump, firms will continue to outsource jobs. Even tax dollars that could be used to boost U.S. production continue to be offshored. A government-wide assessment on procurement spending (https://www.whitehouse.gov/presidential-actions/presidential-executive-order-buy-american-hire-american/) President Trump requested never saw the light of day. Various new "Buy American" executive orders include recommendations but not requirements to expand the policy, making Trump's "Buy American, Hire American" promises mainly rhetoric without policy action. Case in point: the NAFTA 2.0 text maintains the old NAFTA rules that require the waiver of Buy American procurement preferences with respect to Mexico.
CHINA TRADE: Trump may tout his actions to try to address China's unfair trade practices, but whether he stays on track, adds the missing elements of a China trade plan and delivers remains to be seen.	**Six months after the first set of U.S. tariffs on China, bilateral discussions have yielded little concrete progress. Meanwhile, Trump has failed to take action against trade advantages gained through misaligned currency values nor limit investment (https://www.nytimes.com/2018/06/27/us/politics/trump-will-back-softer-restrictions-on-chinese-investment.html) by Chinese-government-related entities (https://www.citizen.org/chinese-corporate-investment-database) in the United States.** Though one of Trump's campaign promises was to declare China a currency manipulator on Day One, four semi-annual reports by Trump's Treasury Department have failed to name any country a currency manipulator. Trump has chosen to rely on criteria (https://www.citizen.org/sites/default/files/pc_gtw_currency-manipulation.pdf) created by the previous administration that ensure no action is taken.
USMCA PAYS FOR BORDER WALL - NOT: Though Trump may claim the opposite, NAFTA 2.0 will NOT pay for the border wall between the United States and Mexico.	**There are no provisions in NAFTA 2.0 that would directly or indirectly fund the border by putting money into the U.S. Treasury from the Mexican government.** When trade generates money for a government's treasury, it is via payment of border taxes, called tariffs. But even if NAFTA 2.0 raised tariffs, which it does not, that money would not go into a Trump-wall-fund. So, the same issue that caused the showdown would remain: Congress must allocate general revenue to the wall. But there is no such tariff revenue to be had. U.S.-Mexico trade has been duty-free under NAFTA for more than a decade. When NAFTA went into effect in 1994, Mexico agreed to duty-free treatment of everything with a 15-year phase-in. The revised deal does not add new tariffs. Moreover, perhaps the strongest evidence that nothing in NAFTA 2.0 forces Mexico to pay for Trump's border wall is that Mexico, which has made clear it will not pay, signed the deal.

NAFTA 2.0 FATE IN CONGRESS: Trump says that NAFTA 2.0 can pass easily, but that is not what the vote count suggests.	**Thanks to the midterm elections, only a revised NAFTA deal that can win significant Democratic support will get through Congress.** Democrats in Congress are insisting that NAFTA 2.0's giveaways to Big Pharma are eliminated. And also that tougher labor and environmental standards are added, because the deal Trump signed won't stop corporations from outsourcing American jobs (http://infographic.replacenafta.org/nafta-at-25-promises-vs-reality/). Trump's deal is not the transformational replacement of corporate-rigged NAFTA that Americans need. But if the administration works with congressional Democrats on needed improvements, there is a path to passing the revised NAFTA with a broad bipartisan vote.
NAFTA WITHDRAWAL: Trump says he could just withdraw from NAFTA if Congress doesn't act on the renegotiated deal.	**While Trump has the authority to withdraw, neither withdrawing from NAFTA nor maintaining NAFTA 1.0 will raise wages in Mexico** (where average annual Mexican wages are down 2 percent with Mexican manufacturing wages now 40 percent lower than in China) that will stop the offshoring that transforms middle-class jobs into sweatshop jobs, or reverse NAFTA's destruction of nearly a million American middle class jobs (https://www.citizen.org/trade-adjustment-assistance-database).
MEXICO V. U.S. IN NAFTA: Trump says the United States was a victim of the original NAFTA.	**Trump's notion of NAFTA as a plot by Mexico to hurt U.S. workers is absurd.** NAFTA was the brainchild of U.S. presidents, was negotiated with input from hundreds of U.S. corporate trade advisors, and has been devastating to working people in both Mexico and the United States alike (https://www.citizen.org/our-work/globalization-and-trade/fracaso-nafta%E2%80%99s-disproportionate-damage-us-latinos-and-mexicans). Since NAFTA was signed, U.S. real wages are flat and real wages have actually declined in Mexico.

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More Than 70 U.S. Health, Consumer and Other Groups Demand Elimination of NAFTA 2.0 Terms That Would Lock in High U.S. Medicine Prices (https://citizen.typepad.com/eyesontrade/2019/01/more-than-70-us-health-consumer-and-other-groups-demand-elimination-of-nafta-20-terms-that-would-loc.html)

January 22, 2019 (https://citizen.typepad.com/eyesontrade/2019/01/more-than-70-us-health-consumer-and-other-groups-demand-elimination-of-nafta-20-terms-that-would-loc.html)

Letter to Congress: Giveaways to Big Pharma Must Be Removed From Revised NAFTA

WASHINGTON, D.C. – After overwhelming public demand to reduce medicine prices helped propel Democrats to a majority in the U.S. House of Representatives, today more than 70 U.S. organizations launched an effort to remove new monopoly protections for pharmaceutical firms added to the revised North American Free Trade Agreement.

In a letter to Congress, the groups – representing tens of millions of Americans – demand that the pact's giveaways to Big Pharma that would keep medicines unaffordable be removed before the pact is sent to Congress

The diverse group of patient advocacy, faith, consumer, labor and other public interest organizations that signed the letter took aim at NAFTA 2.0 terms that would "lock in place existing U.S. policies that have led to high medicine prices, undermining the authority of this and future Congresses to implement important reforms to expand generic and biosimilar competition, lower medicine prices and expand access."

Among other dangerous requirements is that each NAFTA country guarantee a minimum of 10 years of marketing exclusivity – that is, longer monopoly protections – for cutting-edge biologics, which includes many new cancer treatments and even vaccines. This would lock the United States into its current system that keeps prices for biologics sky-high and export it to Mexico, which does not mandate a special exclusivity period for biologics, and to Canada, which now has an eight-year period.

Some of the signatory organizations have identified ways in which the NAFTA 2.0 text improves on the original NAFTA and are calling for strengthened enforcement of the revised pact's new labor and environmental terms. But one way in which NAFTA 2.0 is dramatically worse than the original is the addition of a slew of new monopoly rights for pharmaceutical corporations that would help them avoid competition from generic and biosimilar products and keep medicines unaffordable.

The letter notes that a decade ago, congressional Democrats and then-President George W. Bush agreed on a standard for trade-pact intellectual property terms that strove to promote innovation and access to affordable medicines. That standard is not met in the NAFTA 2.0 text.

With one in five people in the United States failing to fill prescriptions due to their cost, the letter signers urge the new Congress to demand “that the administration eliminate the provisions in the NAFTA 2.0 text that undermine affordable access to medicines.” Focus on widespread public anger over health care costs helped propel the Democrats to victory in the midterm elections.

The full letter and list of signing organizations are available here (https://www.citizen.org/sites/default/files/civil-society-nafta-rx-pricing-letter-to-congress-january-2019.pdf).

Please see below for quotes from representatives of Consumer Reports, Doctors Without Borders, NETWORK Lobby for Catholic Social Justice, Social Security Works, the AFL-CIO and Public Citizen.

- “Prescription drugs are priced out of reach for too many Americans. But, there are provisions in the NAFTA 2.0 proposal that would lock in prolonged monopoly pricing for prescription drugs. These provisions do not belong in any trade agreement that is supposed to benefit American consumers and workers. We urge Congress to insist on taking these provisions out. We should all be working to make prescription drugs more affordable, and this proposal would just further tighten the monopoly grip of drug makers.” – **Dena Mendelsohn, senior policy counsel at Consumer Reports**

- “It’s absolutely reckless and counterproductive for the U.S. government to support this deal despite evidence that it keeps drug prices high and further reduces access to lifesaving medicines. This agreement is not only a threat to patients in the United States, Mexico and Canada, it also sets a dangerous precedent for future trade deals involving countries all over the world, including many in which **Médecins Sans Frontières** works.” – **Leonardo Palumbo, advocacy adviser at the Médecins Sans Frontières (Doctors Without Border) Access Campaign**

- “Pope Francis says that to be faithful, the economy must serve people first, not wealthy corporations. NAFTA 2.0 does not meet the mandate because it preferences giveaways for powerful drug companies that will harm patients. This new trade deal bars Congress from reducing drug prices, putting American lives at risk. Nearly one in four Americans report they or a family member have not filled a recent prescription because of costs, and prices continue to skyrocket. This needs to change. There is new bipartisan interest in Congress to begin tackling the issue of drug pricing. We cannot allow “big pharma lobbyists” to undermine the needs of our people. The profits of big pharma should not be prioritized over the health of people. Trade deals should not endanger the health of Americans. The Trump administration must eliminate these immoral provisions of NAFTA 2.0.” – **Sister Simone Campbell, executive director of the NETWORK Lobby for Catholic Social Justice**

- “It is unacceptable that provisions in the NAFTA 2.0 (USMCA) prioritize profits and protect special interests over high-quality health care and affordable medicines. America’s working families deserve better. We will continue to fight for fair trade rules that protect their wages, their rights on the job and their access to affordable medicines.” – **Cathy Feingold, director of the International Department at the AFL-CIO**

- “NAFTA 2.0 contains massive handouts to big pharma that will raise our drug prices. We need to smash pharmaceutical monopolies in the United States, not allow these corporations to use trade deals to make it impossible for us to lower our prices. Many members of Congress in both parties claim they want to take on big pharma and bring down prescription drug prices. But they will all be liars if they don’t also demand changes to NAFTA 2.0 to eliminate the handouts to drug corporations.” – **Alex Lawson, executive director of Social Security Works**

- “With consumer anger mounting, Big Pharma aims to use NAFTA 2.0 to lock in the government-granted monopolies that give drug corporations their power to price gouge consumers in the United States and around the world. The idea was to sneak a provision into the trade deal that would prevent the United States, Canada or Mexico from reducing monopoly terms in their domestic law for cancer and other important medicines. But here’s the bad news for Big Pharma: Congress is aware of the pharmaceutical corporations’ sneaky effort to lock in high drug prices using NAFTA 2.0, and if those terms are not eliminated, it’s hard to imagine how a deal gets through Congress. – **Robert Weissman, president of Public Citizen**

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The Revised NAFTA Deal Will NOT Fund Trump’s Border Wall, Directly or Indirectly (https://citizen.typepad.com/eyesontrade/2019/01/the-revised-nafta-deal-will-not-fund-trumps-border-wall-directly-or-indirectly.html)

January 08, 2019 (https://citizen.typepad.com/eyesontrade/2019/01/the-revised-nafta-deal-will-not-fund-trumps-border-wall-directly-or-indirectly.html)

Statement of Lori Wallach, Director, Public Citizen’s Global Trade Watch

Note: In his Oval Office address, Donald Trump again falsely claimed that somehow his revised North American Free Trade Agreement (NAFTA 2.0) will fund his border wall.

Donald Trump keeps repeating the ludicrous claim (https://www.politifact.com/truth-o-meter/statements/2019/jan/04/donald-trump/no-usmca-trade-deal-wont-pay-border-wall-despite-d/) that somehow the revised NAFTA will fund his wall even though it remains unclear if the deal will be enacted and if it is, the text does not include border wall funding directly nor would it generate new government revenue indirectly given it cuts the very few remaining tariffs, not raises them.

A back of the envelope calculation reveals a new 20 percent tariff would have to be imposed on all imports from Mexico to put the money to construct the wall into the U.S. Treasury and that money would come from importers, not the Mexican government. All imports into the United States from Mexico have been duty free for more than a decade, meaning that NAFTA trade does not generate money from Mexican importers for U.S. government coffers and nothing in the NAFTA 2.0 changes that.

So much for Trump's great negotiating skills, given its obvious that trying to connect NAFTA to funding for his wall decreases the likelihood Congress passes the revised NAFTA, even if Trump's NAFTA-wall-funding claims are entirely without merit.

Perhaps the strongest evidence that nothing in NAFTA 2.0 forces Mexico to pay for Trump's border wall is that Mexico, which has made clear it will not pay, signed the deal.

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New Report on 25 Years of NAFTA's Damaging Outcomes Underscores the High Stakes for Next Year's Battle Royale Over NAFTA 2.0 (https://citizen.typepad.com/eyesontrade/2018/12/new-report-on-25-years-of-naftas-damaging-outcomes-underscores-the-high-stakes-for-next-years-battle.html)

December 19, 2018 (https://citizen.typepad.com/eyesontrade/2018/12/new-report-on-25-years-of-naftas-damaging-outcomes-underscores-the-high-stakes-for-next-years-battle.html)

On NAFTA's Quarter-Century Mark, Data Reveal a Wide Gap Between 1993 Rosy Promises and 2019 Realities

As the North American Free Trade Agreement (NAFTA) marks a quarter century in effect (Jan. 1, 2019) and the congressional battle over a renegotiated deal heats up, Public Citizen today released a user-friendly analysis (http://infographic.replacenafta.org/nafta-at-25-promises-vs-reality/) that documents the chasm between the reality of NAFTA's negative outcomes and the rosy promises made by its proponents. Those promises included major U.S. jobs gains, higher wages in Mexico and thus less U.S. migration, an improved U.S. trade balance with Canada and Mexico, and environmental improvements.

"NAFTA proved so damaging that its fallout ended decades of U.S. bipartisan congressional consensus in favor of trade agreements," said Lori Wallach, director of Public Citizen's Global Trade Watch. "The NAFTA 2.0 text signed on Nov. 30 would not stop NAFTA's ongoing job outsourcing, downward pressure on our wages and attacks on environmental safeguards, but there is a clear path to improving it so a final NAFTA package could win wide support next year.

"The status quo of NAFTA helping corporations outsource more U.S. jobs to Mexico every week after nearly one million have been government-certified as lost to NAFTA is not acceptable, nor are the ongoing Investor-State Dispute Settlement (ISDS) attacks against environmental and health safeguards or corporations' exploitation of Mexican workers, who today face $1.50 per hour manufacturing wages that are lower in real terms than before NAFTA," said Wallach. "Neither withdrawing from NAFTA nor maintaining NAFTA 1.0 will raise wages in Mexico, which is necessary to stop NAFTA offshoring that transforms middle-class jobs into sweatshop jobs."

Key highlights of the data-packed analysis (http://infographic.replacenafta.org/nafta-at-25-promises-vs-reality/), which provides data tables, graphics and links to original sources, include:

- Almost one million American jobs have been government-certified as lost to NAFTA, contrary to promises that one million American jobs would be gained in NAFTA's first five years.
- Real wages in Mexico have decreased since NAFTA, which generated growing incentives to outsource U.S. jobs. Mexican gross domestic product per capita has barely risen. Labor conditions in Mexico did not improve, nor have Mexican standards of living come closer to those in the U.S. as promised.
- Instead of increasing U.S. wages as promised, NAFTA's elimination of high-wage manufacturing jobs has put downward pressure on the wages of the two-thirds (66 percent) of American workers without college degrees. And wages in growing non-offshorable service sectors also have been held down as displaced manufacturing workers sought new employment.
- Contrary to promises that NAFTA would not threaten consumer and environmental safeguards, U.S. truck safety and meat labeling policies were rolled back, hundreds of millions have been paid to corporations that have successfully attacked environmental and health laws, and imports of meat that do not meet U.S. safety rules soared while border inspection declined.
- A large NAFTA trade deficit composed mainly of manufactured goods emerged, contrary to proponents' promises that the U.S. trade balance with Canada and Mexico would improve.
- Instead of environmental conditions improving in Mexico, they have deteriorated. And not one of the 91 enforcement actions brought under NAFTA's environmental rules led to action.
- The U.S. agricultural trade surplus before NAFTA became a deficit, as U.S. agricultural exports have lagged and agricultural imports have surged, with small farms hardest hit – contrary to promises that NAFTA would be a boon to U.S. farmers.
- Mexico turned into an export platform for China and other Asian companies seeking duty-free access into the U.S. market, and the share of Chinese imports into Mexico grew, displacing U.S. market share, despite promises to the contrary.
- NAFTA destroyed Mexican livelihoods and displaced millions of people in rural Mexico, creating a powerful push factor for migration, contrary to claims that NAFTA would reduce unauthorized immigration from Mexico.

The new analysis is available here (http://infographic.replacenafta.org/nafta-at-25-promises-vs-reality/)**.**

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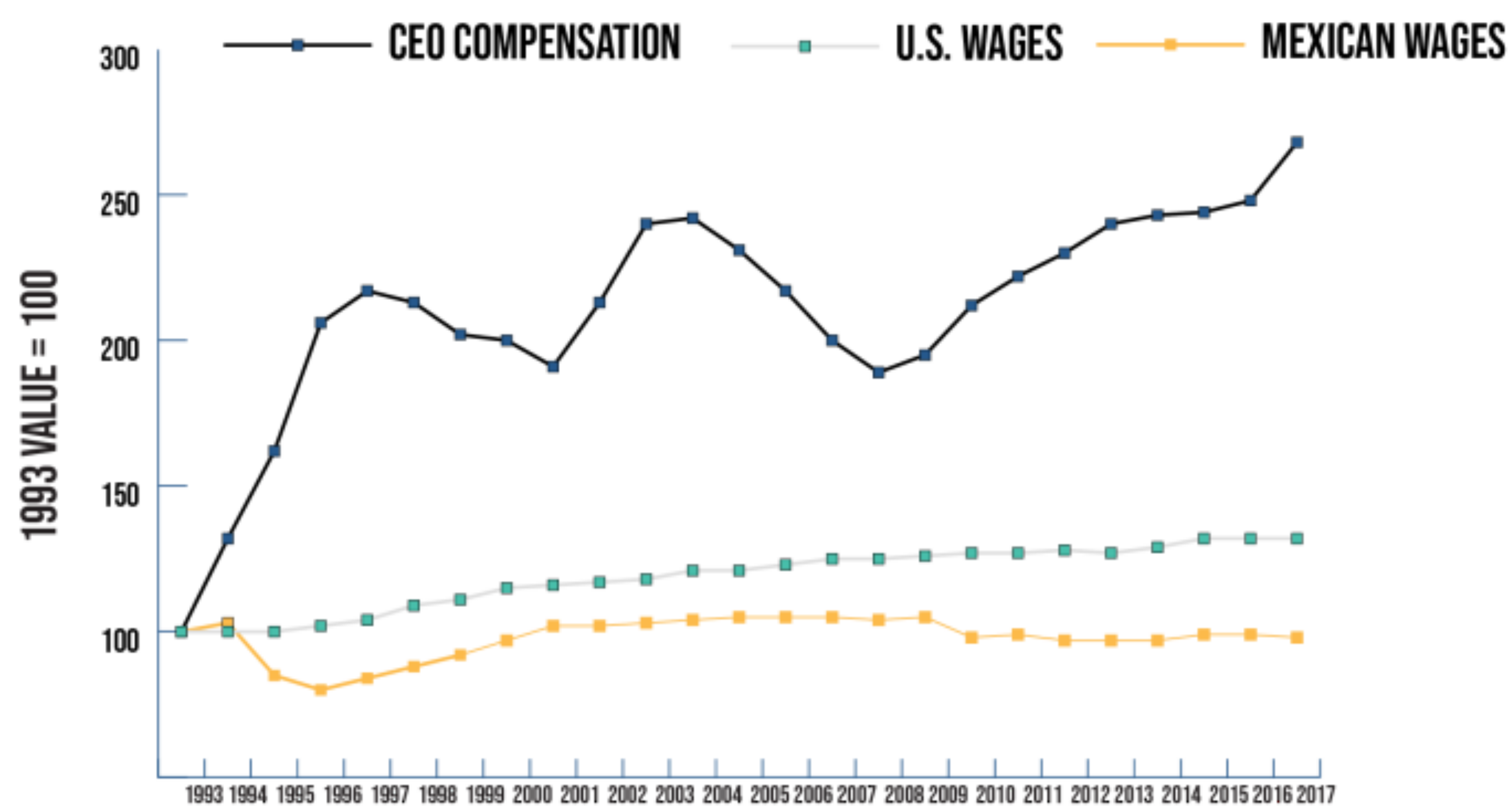
As Battle Over NAFTA 2.0 Heats Up, New Report Documents 25 Years of NAFTA's Disproportionate Damage to U.S. Latino and Mexican Working People (https://citizen.typepad.com/eyesontrade/2018/12/as-battle-over-nafta-20-heats-up-new-report-documents-25-years-of-naftas-disproportionate-damage-to-.html)

December 04, 2018 (https://citizen.typepad.com/eyesontrade/2018/12/as-battle-over-nafta-20-heats-up-new-report-documents-25-years-of-naftas-disproportionate-damage-to-.html)

With the signing of the renegotiated North American Free Trade Agreement (NAFTA) on Nov. 30 as the migrant crisis at the border escalates, the Labor Council for Latin American Advancement (LCLAA) and Public Citizen's Global Trade Watch released a timely analysis (https://www.citizen.org/our-work/globalization-and-trade/fracaso-nafta's-disproportionate-damage-us-latinos-and-mexicans) of the North American Free Trade Agreement's (NAFTA) disproportionate damage to U.S. Latinos and Mexican workers, and whether the NAFTA 2.0 deal would stop it.

"While President Trump's manipulation of grievances over trade and immigration brought him to power, absent from his worldview is the reality that NAFTA was developed by and for multinational corporations seeking to pay workers less and has hurt both U.S. and Mexican workers," said Hector Sanchez, executive director of LCLAA at a Press Club event today. "Indeed, NAFTA's destruction of millions of Mexican small farmers' livelihoods and the pact's race-to-the-bottom wage incentives have pushed many in Mexico to search for work outside their home country."

Slow U.S. Wage Growth, Falling Mexican Wages, Widening U.S.-Mexico Wage Differential and Skyrocketing U.S. Inequality During NAFTA Period



Source: Economic Policy Institute (CEO compensation, options realized) using a five year rolling average to reduce volatility and Organisation of Economic Co-operation and Development (wages). Note: 1993 as the pre-NAFTA benchmark.

(https://citizen.typepad.com/.a/6a00d83452507269e2022ad3a50ad0200d-pi)

Titled "*Fracaso*: NAFTA's Disproportionate Damage to U.S. Latino and Mexican Working People (https://www.citizen.org/our-work/globalization-and-trade/fracaso-nafta%E2%80%99s-disproportionate-damage-us-latinos-and-mexicans)," the report's findings upend President Donald Trump's xenophobic NAFTA narrative that blames Mexican workers for harming U.S. workers. The report's analysis of the NAFTA 2.0 text in the context of the ongoing NAFTA-related damage to Mexican and U.S. workers alike spotlights why further improvements are necessary before a final NAFTA 2.0 deal can achieve broad support in Congress next year. The report was produced through a partnership that united LCLAA's decades of advocacy for Latinos and Public Citizen's decades of analysis of trade pacts and their impacts.

"NAFTA not only didn't deliver on its proponents' rosy promises of more jobs and higher wages, but its ongoing damage ended decades of bipartisan congressional consensus in favor of trade pacts," said Lori Wallach, director of Public Citizen's Global Trade Watch. "For a final NAFTA 2.0 package to get through Congress next year, the signed deal will need more work so its labor standards are subject to swift and certain enforcement and the other improvements are made to stop NAFTA's ongoing job outsourcing, downward pressure on wages and environmental damage."

The data on NAFTA's disproportionately negative effect on both Mexican and U.S. working people undermine Trump's nationalist critique while also spotlighting why more-of-the-same neoliberal NAFTA policies are equally unacceptable. Among the report's findings:

- Government-certified NAFTA job loss has been greatest in regions where the U.S. Latino population is concentrated. The 15 states where 85 percent of Latinos reside account for nearly half (46 percent) of total NAFTA job loss certified under just the narrow Trade Adjustment Assistance program.
- Latino workers were disproportionately represented in the light manufacturing industries hit hardest by the outsourcing NAFTA incentivized. Latinos lost 138,000 jobs in the apparel and textile sector and 123,000 jobs in the U.S. electronics industry during the NAFTA era.
- As NAFTA eliminated U.S. manufacturing jobs, the related wage stagnation for workers without college educations across all industries hit Latinos asymmetrically. Rather than the Latino-white pay gap closing, it increased during the NAFTA years.
- For Mexican workers, increased investment and trade with the United States failed to translate into per capita income growth or rising wages in Mexico. Annual per capita income grew less than 2 percent in the first seven years of NAFTA and less than 1 percent thereafter.
- Real average annual wages have *declined* in Mexico under NAFTA. According to analysis by Bank of America/Merrill Lynch, manufacturing wages in Mexico are now 40 percent lower than in China. Prior to NAFTA, Mexican auto wages were five times lower than in the United States. Today, even as U.S. wages have stagnated, Mexican auto wages are nine times lower
- NAFTA devastated Mexico's rural sector. Amid a NAFTA-spurred influx of subsidized U.S. corn, about 2 million Mexicans engaged in farming and related work lost their livelihoods.
- With millions of Mexicans displaced from rural communities competing for the hundreds of thousands of new manufacturing jobs outsourced from the United States, and a lack of independent unions in Mexico to bargain for better wages, employers could keep wages reprehensibly low. Overall, in real terms average annual Mexican wages are down 2 percent and the minimum wage down 14 percent from pre-NAFTA levels.
- As NAFTA destroyed Mexican livelihoods and displaced millions in rural Mexico, it became a powerful push factor for migration. From 1993, the year before NAFTA, to 2000, annual immigration from Mexico increased from 370,000 to 770,000. With annual immigration on the rise, the total number of undocumented immigrants from Mexico living in the United States increased from about 2.9 million in 1995 to 4.5 million in 2000 to 6.9 million by 2007 when the financial crisis limited job opportunities and slowed migration rates.
- Nearly 28,000 small- and medium-sized Mexican businesses were destroyed in NAFTA's first four years alone, spurring the *El Barzon* movement of formerly middle-class Mexican entrepreneurs protesting NAFTA. Losses included many retail, food processing and light manufacturing firms that were displaced by NAFTA's new opening for U.S. big-box retailers that sold goods imported from Asia.

This report makes clear that neither status-quo neoliberalism nor Trump's anti-Mexico nationalism is in the interest of working people in the United States or Mexico.

"Tens of millions of Mexican and U.S. Latino workers have been hurt by NAFTA – from the factory worker in El Paso, Texas, who lost her livelihood making blue jeans after the apparel industry moved to Mexico to take advantage of low wages, to the Mexican farmer in Chiapas who can barely make ends meet as the prices paid for his corn plummeted after subsidized U.S. corn flowed into Mexican markets after NAFTA," said Yanira Merina, national president of LCLAA. "It is the future of these workers, their families and their communities that will be determined by whether there is a new NAFTA deal that can raise wages and replace NAFTA's race to the bottom with fair trade."

"NAFTA 2.0 labor enforcement must be greatly strengthened," said Guillermo Perez, labor educator at the United Steelworkers and president of the Pittsburgh LCLAA. "It is in the interest of workers in all three countries to ensure that Mexico adopts strong workers' rights provisions and monitors and enforces their implementation. Workers in Mexico must be able to form labor organizations and collectively bargain for better wages and working conditions to stop downward pressure on wages in Canada and the United States."

"Trade agreements like NAFTA, which are not fair and leave workers in the U.S., Canada and Mexico out in the cold, have caused immense pain and disruption in the lives of everyday working people in all three countries. The NAFTA 2.0 that was signed will not stop the wage suppression in Mexico and the related outsourcing from the U.S. and Canada. Our future, the future of manufacturing and the future of workers' lives depends on getting trade policy right," said Dora Cervantes, general secretary-treasurer at the International Association of Machinists & Aerospace Workers.

The full report is available here (https://www.citizen.org/our-work/globalization-and-trade/fracaso-nafta's-disproportionate-damage-us-latinos-and-mexicans).

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Signing of NAFTA 2.0 Does Not End Fight for Progressive Improvements to the Agreement (https://citizen.typepad.com/eyesontrade/2018/11/signing-of-nafta-20-does-not-end-fight-for-progressive-improvements-to-the-agreement.html)

November 29, 2018 (https://citizen.typepad.com/eyesontrade/2018/11/signing-of-nafta-20-does-not-end-fight-for-progressive-improvements-to-the-agreement.html)

Statement of Lori Wallach, Director, Public Citizen's Global Trade Watch

The NAFTA 2.0 text that is being signed contains some improvements that progressives have long demanded, some damaging terms we have long opposed and some important unfinished business.

If I had to grade the agreement now, I'd give it an incomplete because more work is needed to ensure swift and certain enforcement of the pact's labor and environmental standards among other essential improvements necessary to stop NAFTA's ongoing damage to workers and the environment.

President Donald Trump and commentators who don't know better are likely to place undue significance on this ceremonial event, but the signing is simply the next step in an ongoing process that must produce a final deal that can win majority support in Congress.

As is, the agreement falls short of the changes needed to stop NAFTA's ongoing job outsourcing, downward pressure on our wages and attacks on environmental safeguards, but there is a path to improving it so a final NAFTA package could win wide support.

A new NAFTA can go into effect only if majorities of both the U.S. House of Representatives and U.S. Senate approve it next year. Given the results of the midterm elections, only a final deal that can earn Democratic support will get through Congress.

If trade officials work with congressional Democrats, unions and others on the improvements needed to stop NAFTA's ongoing job outsourcing and environmental damage and raise wages, a final deal could achieve broad support next year. Of course, who knows what lunatic things unrelated to trade that Donald Trump might do in the meantime to derail that prospect.

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November 07, 2018 (https://citizen.typepad.com/eyesontrade/2018/11/how-the-midterm-election-affects-the-fate-of-nafta-renegotiations.html)

Statement of Lori Wallach, Director, Public Citizen's Global Trade Watch

A lot of corporate lobbyists and congressional Republicans were downright scornful of U.S. Trade Representative Robert Lighthizer's efforts to engage on NAFTA renegotiation with the congressional Democrats and unions that have opposed past trade deals. Now his approach appears prescient: After this election, only trade deals that can earn Democratic support will get through Congress.

Regardless of the change in control of the House, there is a path to creating a final NAFTA package that could achieve broad support.

In response to publication of the NAFTA 2.0 text, congressional Democrats that have opposed past pacts did not launch a campaign against it, but rather identified where progress was made and where more work is essential, including the labor standards enforcement that is necessary to counter NAFTA's job outsourcing incentives and downward pressure on wages. This election has increased the number of House members whose support of any trade deal will be premised on such improvements.

If trade officials are willing to work with congressional Democrats, unions and other groups on the improvements needed to stop NAFTA's ongoing job outsourcing and raise wages, there clearly is a policy path to a renegotiated NAFTA that could gain wide support next year. Of course, who knows what lunatic things unrelated to trade that Donald Trump might do in the meantime to derail that prospect?

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Third-Quarter Data Shows Record U.S. Trade Deficits During Trump Presidency (https://citizen.typepad.com/eyesontrade/2018/11/third-quarter-data-shows-record-us-trade-deficits-during-trump-presidency.html)

November 02, 2018 (https://citizen.typepad.com/eyesontrade/2018/11/third-quarter-data-shows-record-us-trade-deficits-during-trump-presidency.html)

Contrary to Trump's Campaign Pledges to Speedily Reduce the Deficit, Nine-Month Data Show Largest Deficit Ever Recorded With China and Largest With NAFTA Nations in a Decade

Government data released today reveals the highest U.S. goods trade deficit in a decade for the first three-quarters of 2018, contradicting President Donald Trump's midterm campaign trail triumphalism on trade. During Trump's presidency, the U.S. trade deficit with China has risen to the highest ever recorded, while the deficits with the world and with North American Free Trade Agreement (NAFTA) nations have steadily grown, reaching nine-month levels in 2018 higher than any year since before the 2008-2009 financial crisis.

"Instead of the speedy reduction in the trade deficit that Trump promised as a focal point of his campaign, during his presidency, the U.S. trade deficit with the world, China and NAFTA countries has steadily grown," said Lori Wallach, director of Public Citizen's Global Trade Watch. "This alarming data spotlights that the Trump administration has chosen not to employ all of the tools at its disposal to bring down the trade deficit."

Today's U.S. Census Bureau release of the nine-month 2018 trade data reveals a global deficit and a China deficit that is higher than the nine-month level of Trump's first year, which was higher than the nine months of President Barack Obama's last year (all figures adjusted for inflation). The U.S. also is on track to end 2018 with the highest goods trade deficit with NAFTA partners since 2008. This is being driven by increasing imports from Canada and Mexico since 2016, but especially from Mexico this year.

As our Trump trade deficit tracker (https://www.citizen.org/our-work/globalization-and-trade/trumps-trade-deficit) shows, the nine-month 2018 data indicate:

- ***The U.S. trade deficit with China sets another all-time record. The goods trade deficit with China over the first nine months of 2018 was the highest deficit ever recorded for the first three quarters of a year – a 13 percent increase over 2016.*** Comparing the first nine months of Trump's first year to his second year, the China goods deficit increased 8 percent, from $280 billion in 2017 to $301 billion in 2018. This compares to $268 billion for the first three quarters of 2016, Obama's last year in office.
- ***After increasing steadily during the Trump presidency, with a total increase of 23 percent over 2016, the U.S. goods trade deficit with NAFTA partners during the first three quarters of 2018 was the highest in a decade.*** The U.S. trade deficit with NAFTA partners during the first nine months of the year increased 11 percent, from $144 billion in 2017 to $160 billion in 2018 after falling to $130 billion in 2016, the last year of Obama's term. The 2008 nine-month deficit, before the effect of the crisis was felt, reached a record $188 billion before falling to $101 billion in 2009 over the same nine-month period.
- ***The overall U.S. goods trade deficit with the world over the first nine months of 2018 was the highest in the decade since before the financial crisis and up 13 percent over 2016.*** The U.S. trade deficit with the world over the first nine months of 2018 increased 7 percent, from $599 billion in 2017 to $643 billion in 2018, up from $570 billion in 2016, the last year of Obama's term. The 2008 nine-month deficit, before the effect of the financial crisis was felt, had reached a record $744 billion before falling to $420 billion over the same period in 2009.

The growth of the NAFTA trade deficit has been overshadowed by focus on U.S.-China trade conflicts. But it is notable that the growth of the U.S.-Mexico deficit is accelerating, with 11 percent growth from the first nine months of 2017 to the same period in 2018 compared to 6 percent growth over that period from 2016 to 2017. The U.S. deficit with Canada is still growing, but the rate has not accelerated.

This data likely will color the debate next year as a renegotiated NAFTA heads toward congressional consideration. Public Citizen's analysis of the NAFTA 2.0 text (https://www.citizen.org/sites/default/files/nafta-text-analysis.pdf) revealed some improvements progressives have long demanded, damaging terms long opposed and important unfinished business. The analysis showed that fixing NAFTA's trade-deficit-raising terms that incentivize U.S. firms to outsource jobs to Mexico to pay workers poverty wages, dump toxins and bring their products back here for sale remains a work-in-progress.

The latest trade data spotlights actions the Trump administration has chosen not to take to bring down the U.S. trade deficit.

The data arrives on the heels of Trump's Treasury Department failing to label any country a currency manipulator. An analysis released recently by Public Citizen (https://www.citizen.org/sites/default/files/pc_gtw_currency-manipulation.pdf) shows how the Treasury Department's decision to rely on reporting criteria created by the previous administration has ensured no action on the issue, despite then-candidate Trump pledging to crack down on countries that gain trade advantages by distorting currency values.

As well, Trump has not exercised the authority he has to reverse waivers (https://www.citizen.org/sites/default/files/procurement-from-ftas_0.pdf) of "Buy America" procurement policies that outsource U.S. tax revenues to purchase imports for government use. He also has not followed through on his campaign pledges to penalize imports from firms that consistently outsource jobs or limit government contracts to firms that outsource jobs.

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When Third-Quarter Data Is Released Friday, U.S. Trade Deficit Likely to Show A Continued Climb Under Trump (https://citizen.typepad.com/eyesontrade/2018/10/when-third-quarter-data-is-released-friday-us-trade-deficit-likely-to-show-a-continued-climb-under-t.html)

October 31, 2018 (https://citizen.typepad.com/eyesontrade/2018/10/when-third-quarter-data-is-released-friday-us-trade-deficit-likely-to-show-a-continued-climb-under-t.html)

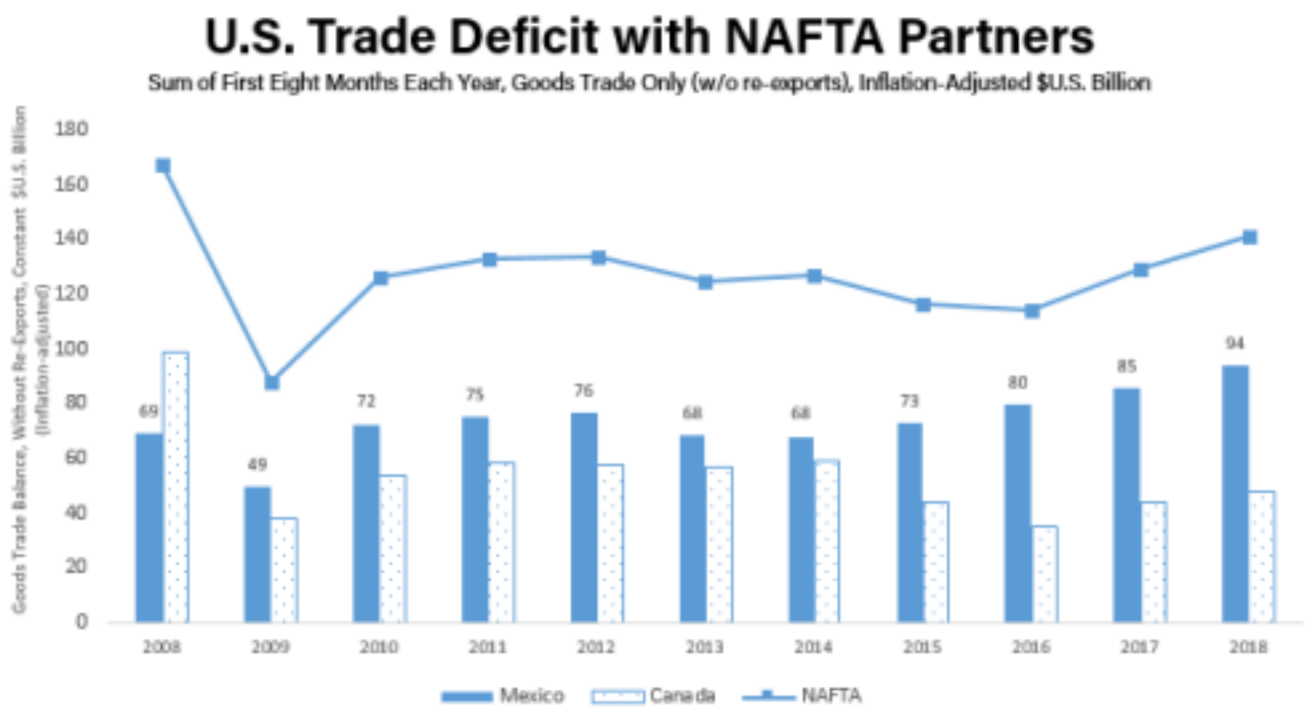
Deficit for Nine Months of 2018 Likely to Be Largest Ever Recorded With China and Largest With NAFTA in a Decade as Imports from Mexico Grow

The United States is on track to post a record high goods trade deficit for the first three quarters of 2018, contradicting President Donald Trump's midterm campaign trail triumphalism on trade.

Instead of the speedy reduction in the trade deficit that Trump promised as a focal point of his presidential campaign, during his presidency, the U.S. trade deficit with the world, China and North American Free Trade Agreement (NAFTA) nations has steadily grown. The data underscores that the Trump administration has chosen not to employ all of the tools at its disposal to bring down the trade deficit.

When the U.S. Census Bureau releases nine-month data Friday, the global and China deficits are likely to be higher than the nine-month level of Trump's first year, which was higher than the nine months of President Barack Obama's last year. The U.S. also is on track to end 2018 with the highest goods trade deficit with NAFTA partners since 2008. This is being driven by increasing imports from both Canada and Mexico since 2016, but especially from Mexico this year.

This note provides comparison data for the cumulative third-quarter 2018 deficit relative to past years. This offers a clearer picture of overall trade flow trends than changes in month-to-month numbers. Monthly trade figures are volatile, and the "seasonal adjustment" of the monthly data done by the Census Bureau does not control for key factors, such as U.S. exporters trying to speed up shipments to avoid imposition of various countervailing tariffs. We focus on goods balances because services data by country lags the goods data by months. (The relevant services data will not be available until December 2018.) All figures are adjusted for inflation, so they represent changes in trade balances expressed in constant dollars.



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When Friday's data is released, we will post updated nine-month cumulative data, which also will be available on our Trump trade deficit tracker (https://www.citizen.org/our-work/globalization-and-trade/trumps-trade-deficit). But year-to-date trends through the first three quarters of 2018 likely will be in line with the following major trends observed through the first eight months of the year:

- ***The U.S. trade deficit with China is on pace to set another all-time record. The goods trade deficit with China over the first eight months of 2018 was the highest first eight months ever recorded – a 12 percent increase over 2016.*** Comparing the first eight months of Trump's first year in office to his second year, the China goods trade deficit increased 7 percent from $245 billion in 2017 to $261 billion in 2018. This compares to $234 billion for the first eight months of 2016, Obama's last year in office.
- ***After increasing steadily during the Trump presidency, with a total increase of 24 percent over 2016, the U.S. goods trade deficit with NAFTA partners during the first eight months of 2018 was the highest in the decade since the financial crisis.*** The U.S. trade deficit with NAFTA partners during the first eight months of 2018 increased 10 percent from $129 billion in 2017 to $142 billion in 2018 after falling to $115 billion in 2016, the last year of Obama's term. The 2008 eight-month deficit, before the effect of the crisis was felt, reached a record $167 billion before falling to $88 billion in 2009 over the same period.
- ***The overall U.S. goods trade deficit with the world over the first eight months of 2018 was the highest in the decade since the financial crisis and up 13 percent over 2016.*** The U.S. trade deficit with the world over the first eight months of 2018 increased 7 percent from $532 billion in 2017 to $570 billion in 2018, up from $506 billion in 2016, the last year of Obama's term. The 2008 eight-month deficit, before the effect of the financial crisis was felt, reached a record $658 billion before falling to $362 billion over the same period in 2009.

The growth of the NAFTA trade deficit has been overshadowed by focus on U.S.-China trade conflicts. But it is notable that the growth of the U.S.-Mexico deficit is accelerating, with 10 percent growth from the first eight months of 2017 relative to the same period in 2018 compared to 7 percent growth over that period from 2016 to 2017. The U.S. deficit with Canada is still growing, but the rate has not accelerated.

This data is likely to color the debate next year as a renegotiated NAFTA heads toward congressional consideration. Public Citizen's analysis of the NAFTA 2.0 text (https://www.citizen.org/sites/default/files/nafta-text-analysis.pdf) revealed some improvements progressives have long demanded, damaging terms long opposed and important unfinished business. The analysis showed that fixing NAFTA's trade-deficit-raising terms that incentivize U.S. firms to outsource jobs to Mexico to pay workers poverty wages, dump toxins and bring their products back here for sale remains a work-in-progress.

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Will the U.S. Treasury's Imminent Report to Congress on Trade Partners' Currency Practices Once Again Fall Short of Its Mandate? (https://citizen.typepad.com/eyesontrade/2018/10/will-the-us-treasurys-imminent-report-to-congress-on-trade-partners-currency-practices-once-again-fa.html)

October 10, 2018 (https://citizen.typepad.com/eyesontrade/2018/10/will-the-us-treasurys-imminent-report-to-congress-on-trade-partners-currency-practices-once-again-fa.html)

A Critical Tool to Address Currency Manipulation and Stem Record-Setting Trade Deficits Has Been Shirked by the Trump Administration, a New Public Citizen Analysis Shows

The Trump administration will release its latest report on trade partners' currency practices imminently. Like its prior three iterations of this semi-annual report mandated by Congress to identify countries whose distortion of currency values to gain trade advantages must be addressed, it is unlikely any country will be listed. A new analysis by Public Citizen shows how the Trump Treasury Department's decision to rely on reporting criteria created by the previous administration has ensured no action on the issue, despite then-candidate Donald Trump pledging to crack down on countries that gain trade advantages by distorting currency values.

Public Citizen's analysis shows that the Treasury Department is not taking full advantage of the tools available to put countries on notice for damaging currency practices. The latest "Report to Congress on the Foreign Exchange Policies of Major Trading Partners of the United States" is expected this week.

"One of Trump's most emphatic campaign promises was to declare China a currency manipulator on Day One and crack down on any country misaligning its currency to cheat on trade, but Trump's Treasury secretary has chosen to rely on criteria created by the previous administration that ensure no action is taken," said Lori Wallach, director of Public Citizen's Global Trade Watch.

Large U.S. structural trade deficits consistent with misaligned currencies have grown in recent years. Data released Friday by the U.S. Census Bureau show that the U.S. merchandise trade deficit with the world over the first eight months of 2018 is the highest in the decade since before the 2008-09 financial crisis.

After rising over the Trump administration's first two years, the U.S. merchandise trade deficit with NAFTA partners in 2018 is now also on pace to be the highest in a decade. The U.S. goods trade deficit with China over the first eight months of 2018 is the highest ever recorded.

Drawing in part from analysis by economists at the Peterson Institute for International Economics and the Council on Foreign Relations, Public Citizen recommends several changes to Treasury's reporting regime to better align the review methodology with statutory obligations. This includes broadening the number of countries analyzed by eliminating self-imposed, arbitrary cutoffs on which countries are investigated, reviewing countries' overall policy stances rather than immediate practices and reporting on countries' efforts to improve transparency on foreign exchange interventions.

"While the NAFTA 2.0 deal sets an important precedent by being the first to include a currency provision in its main text, it provides no mechanism for actually disciplining countries that manage their currency values in a way that affects trade. The Treasury reporting process, on the other hand, is tied to a set of remedial actions and covers many more countries. The Trump administration must take full advantage of the authority Congress has provided to influence the foreign exchange practices of trading partners through the semi-annual reporting process," Wallach said.

The full Public Citizen analysis is available here (https://www.citizen.org/sites/default/files/pc_gtw_currency-manipulation.pdf).

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