

The Road to Fair Trade Deals

NAFTA RENEGOTIATION IS AN OPPORTUNITY TO CHANGE AMERICA'S TRADE APPROACH

The North American Free Trade Agreement, also known as NAFTA, has been in effect since 1994. The administration has announced plans for its renegotiation, but without much detail.

For far too many, NAFTA has meant the loss of good, quality paying jobs and increased pollution, as the deal has exacerbated offshoring and profiteering off the backs of workers and the environment.

It's time for a trade agreement that levels the playing field and makes deep reforms to strengthen workers' rights and environmental standards. Anything short of that is a failed trade agreement. NAFTA's replacement must support good union jobs, livable wages, healthy communities, clean air and water, and a more stable climate.

The BlueGreen Alliance recommends a new approach to trade that lifts up workers and communities. This requires fundamental changes to NAFTA, including:

1. Create a transparent and inclusive renegotiation process. NAFTA renegotiations

should not be done in secret but should instead be transparent and allow for public participation. This means inviting and incorporating public input on U.S. proposals for the agreement, and making negotiating texts available for public comment after each negotiating round. Workers, environmentalists, and other key stakeholders should be part of the process to make sure negotiators understand the impact of the deal on jobs and the environment.

It is critical that all stakeholders and the general public be involved in a transparent, fair, and participatory negotiating process.



2. Eliminate corporate tribunals that incentivize offshoring and undermine environmental protections. NAFTA's Investor-State Dispute Settlement (ISDS) provision has created private, C-Suite tribunals in which foreign corporations can demand compensation for environmental protections and other democratically enacted laws before unaccountable panels of corporate lawyers. By creating unique privileges for foreign investors, ISDS can incentivize offshoring. NAFTA's broad rights for foreign corporations, including ISDS, must be eliminated—mere tweaks will not be sufficient.

NAFTA's replacement must eliminate ISDS so as to safeguard workers and environmental and health protections.



3. Include strong and binding labor and environmental protections—including wage and climate standards—in the core text of the agreement. NAFTA has enabled corporations to offshore production to take advantage of lower environmental and labor standards abroad. This has significantly impacted workers in both the manufacturing and service sectors. It has spurred the loss of good paying jobs, carbon leakage, and the export of pollution, while undermining domestic labor and environmental protections. To fix this, NAFTA's replacement should establish a binding floor of labor and environmental protections across North America. It should require signatory countries to adopt living wages for workers and to implement policies to fulfill important international labor and environmental agreements, including the Paris

Climate Agreement and the International Labour Organization's conventions. These commitments should be included in the core text of the agreement and trade sanctions should be used to penalize violations.

NAFTA must make a commitment to prioritize workers and the environment.

4. Create a stronger, independent enforcement mechanism. Rules mean nothing if they aren't enforced. In the history of U.S. trade agreements, labor and environmental provisions have consistently been ignored. Even post-2007 trade agreements with labor and environmental provisions in the core text have failed to produce results when disputes over widely documented labor and environmental violations have arisen. To fix this, the agreement that replaces NAFTA must create a new, independent dispute settlement mechanism for enforcing labor and environmental provisions rather than replicating the failed system of the past.

Stronger enforcement is critical to ensure that the agreement is upheld and that it creates a fair playing field among all parties.

5. Protect and promote Buy American and green procurement policies. Currently NAFTA requires that the federal government treat foreign bidders as if they were American bidders when deciding how to spend U.S. taxpayer money. It also includes



rules that limit governments' ability to use "green purchasing" requirements that ensure government contracts support environmental protection. To restore American manufacturing and service sector employment, create taxpayer-funded jobs in the U.S., and protect our air and water, the commitments within the government procurement chapter in NAFTA should be eliminated.

NAFTA's replacement should support domestic job creation and responsible bidding standards.

6. Strengthen rules of origin. Rules of origin should benefit producers and workers across North America. For example, NAFTA's replacement needs to adopt more robust rules of origin that require automotive manufacturers to make a higher percentage of new vehicles and their parts in the originating country in order to qualify for tariff free trade. The agreement should ensure the signatory countries receive the manufacturing, investment, and production benefits of the agreement. Under the current

agreement, many countries that are not part of the agreement take advantage of loopholes to gain market access.

The rules of origin and regional value content need to be updated so that they can incentivize manufacturing and production domestically.





bluegreenalliance.org

1300 Godward Street NE, Suite 2625
Minneapolis, MN 55413

1020 19th Street NW, Suite 600
Washington, D.C. 20036

155 Montgomery Street, Suite 1001
San Francisco, CA 94104