

2413 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-0703  
(202) 225-3661

59 ELM STREET  
SECOND FLOOR  
NEW HAVEN, CT 06510  
(203) 562-3718

DURHAM/MIDDLEFIELD/MIDDLETOWN  
(860) 344-1159

WEBSITE: [HTTP://DELAURO.HOUSE.GOV](http://DELAURO.HOUSE.GOV)



UNITED STATES  
HOUSE OF REPRESENTATIVES

ROSA L. DELAURO

3RD DISTRICT, CONNECTICUT

January 3, 2017

CO-CHAIR, DEMOCRATIC STEERING AND  
POLICY COMMITTEE

COMMITTEE ON APPROPRIATION:  
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EDUCATION, AND RELATED AGENCIES  
AGRICULTURE, RURAL DEVELOPMENT,  
FOOD AND DRUG ADMINISTRATION,  
AND RELATED AGENCIES

President-Elect Donald J. Trump  
Trump Tower  
725 Fifth Avenue  
New York, New York 10022

Dear President-Elect Trump:

A major focus of your campaign was the failings of our current trade policies and agreements. You have often stated that you intend to replace these with a new approach that will stop the offshoring of American manufacturing jobs, bring jobs back to the United States, and bring down our huge trade deficit. To do this will require transformation of both trade policies and the policymaking processes. Most congressional Republicans have supported the trade deals you oppose. Most congressional Democrats have opposed these agreements and fought for decades to develop new policies that can harvest the benefits of expanded trade without undermining U.S. jobs and wages, access to affordable medicines, or the food safety and environmental protections on which our families rely.

You have stated that you will launch renegotiations of NAFTA in your first 100 days and have pledged to withdraw from it if you cannot make it “a lot better” for working people. NAFTA renegotiation could provide an opportunity to create a new trade model that can deliver benefits to more Americans. However, both the process of negotiations and the contents of the agreement must change. The needs of working people and their communities must come before the priorities of the special interests that now dominate U.S. trade policymaking.

This will require more transparency. The negotiations for past pacts were dominated by hundreds of official corporate advisors, while the public and Congress have been shut out. To deliver a deal that is much better for working people, the current corporate advisory system must be replaced with a public process, including hearings, to formulate positions and obtain public comment on draft and final U.S. proposals. Negotiating texts also must be made publicly available after each negotiating round, with opportunity for public comment. Strict conflict of interest rules for negotiators must be enforced. Already, special interests that have rigged past trade agreements are seeking special protections and monopolies in a renegotiated NAFTA. Their top priority is to insert terms that shield pharmaceutical firms from the market competition that brings down the prices of medicines for consumers. However, a NAFTA renegotiation that works for working people would eliminate the existing special perks for drugs firms already in NAFTA.

Changes to the terms of NAFTA must be premised on the goals of creating American jobs, raising wages and safeguarding our democratically-achieved polices. This will require elimination of NAFTA's job offshoring incentives, including the foreign investor protections in NAFTA's Chapter 11 that make it less risky and cheaper for U.S. firms to relocate offshore. Chapter 11 guarantees privileged treatment for firms in Mexico and Canada, and provides for the enforcement of these new rights through the Investor-State Dispute Settlement (ISDS) regime. Extra-judicial tribunals, not U.S. courts, hear these claims. U.S. trade pacts should not subsidize offshoring, threaten our sovereignty, or undermine our safety or the environment: the foreign investor protections and ISDS must be eliminated from NAFTA.

Similarly, the NAFTA rules that require us to waive Buy American and buy local procurement preferences and that ban preferences for American companies in contracts for outsourced government services must be eliminated. Every country should be free to determine how it chooses to spend its own tax dollars. Polling shows that significant majorities of Americans want their tax dollars used for government procurement to be reinvested to create jobs and innovation here.

It is vital to ensure that all U.S. trade agreements, including NAFTA, contain enforceable disciplines against currency manipulation in their core texts. A NAFTA renegotiation could provide a mechanism for the United States, Mexico and Canada to confront currency manipulation by China or other large exporters as a united front. As well, domestic legislation that triggers automatic action against currency manipulators, rather than simply triggering more reports, is long overdue.

Bringing down the trade deficit will also require changes to NAFTA's agricultural terms. For example, unimaginably, the United States has a trade deficit in beef with its NAFTA partners. NAFTA has left many American farmers with staggering debt-to-income ratios and devastated rural communities. NAFTA renegotiation must focus on new rules that benefit farmers, not the agribusiness trading and processing firms.

However, these changes will not counter our large NAFTA trade deficit nor create American jobs unless a renegotiated NAFTA includes terms that can raise Mexican wages above the average of \$2.50 per hour and end an effective subsidy for producers in Mexico of avoiding costs by dumping toxins and other environmentally detrimental practices. Unless strongly enforced labor and environmental standards are added to the core text of NAFTA, and unless market access is conditioned on those commitments being enforced, the incentive for American firms to offshore to Mexico will remain and cheap imports will continue to flood American markets. Indeed, tightening the rules of origin without requiring improved labor and environmental practices in Mexico would result in more U.S. job loss.

NAFTA's renegotiated terms must require imported products and foreign service providers to meet U.S. safety, environmental and other standards. Without this, firms operating here that follow the rules will continue to be put at an unfair disadvantage. Consider NAFTA's trucking services terms: drivers from Mexico are paid a tiny fraction of what U.S. drivers receive and are not required to obtain U.S. commercial driving licenses, yet they are provided access to all U.S. roadways. This incentivizes firms to relocate to Mexico and dump U.S. drivers. Another provision that threatens both jobs and public health allows meat produced in Mexico and Canada

that does not meet U.S. standards to be sold here. These terms must be replaced with a simple rule: imported products must meet the same rules as domestic products, and all service providers operating within the United States must comply with U.S. licensing and professional qualification, environmental, safety, and other rules. To ensure that foreign firms do not try to undermine these basic principles, NAFTA renegotiation must include a new "carve out" protecting non-discriminatory domestic regulatory policies so that the U.S. Congress, state legislatures, and courts decide U.S. law, not foreign trade tribunals.

As outlined above, NAFTA requires extensive renegotiation to produce an agreement that will create good jobs, grow wages, and serve the public interest. No longer can the narrow desires of special interests drive U.S. trade policy. The current trade agreement paradigm must end.

Sincerely,



Rosa L. DeLauro  
Member of Congress