

Barack Obama

March 26, 2008

President Leo W. Gerard
United Steelworkers
Five Gateway Center
Pittsburgh, PA 15222

Dear President Gerard,

Thank you for the United Steelworkers' (USW) efforts on behalf of working Americans. You have focused us on the effects of trade policies on working families and the many economic challenges they face, from rising health care costs to declining pension protections. You have drawn the nation's attention to the plight of sweatshop workers abroad and the unfair practices some governments, including China and South Korea, are using through currency and regulatory manipulation to give their producers and workers unfair advantages. Your advice has informed my positions on the Central America Free Trade Agreement (CAFTA), health care, bankruptcy and pensions. I look forward, as President, to continuing to receive your advice.

As you know from our conversations over the years, my position on trade policies and concern for America's working people has been consistent. I started my career as a community organizer on the streets of Chicago, fighting joblessness and poverty when the local steel plant closed. I provided tax relief for working families as a State Senator in Illinois. During my first year in the U.S. Senate, I testified at a hearing of the U.S. International Trade Commission (ITC) on the continuation of protection from the dumping of hot-rolled and flat-rolled steel products from Brazil, Japan and Russia.

I also opposed the North American Free Trade Agreement (NAFTA) for failing to sufficiently protect workers and the environment, which the *Chicago Tribune* criticized me for. I opposed CAFTA, which shared many of NAFTA's flaws. And when I am President, I'll take away the breaks that Washington gives to companies that ship our jobs overseas, and give them instead to companies that create the jobs of the future right here in America. For me, making commitments to American workers and against agreements that don't work for them doesn't involve a change from my earlier views or advocacy.

As a candidate for President, I have not accepted contributions from lobbyists who are paid to work for passage of or favorable treatment in trade agreements like NAFTA and CAFTA. As President, I will place the interests of American workers at the center of our policies, and American values – including full transparency and public discourse – at the heart of our decision making process. I will also work to strengthen and continue modernizing our domestic manufacturing base, including our steel industry to ensure it is competitive and fairly treated abroad and at home. Manufacturing remains central to our economic competitiveness and a key engine for growth that generates middle class incomes and benefits.



In approaching trade, I have followed and will continue to follow five principles to make increasing international economic interaction and competition work for everyone, particularly working Americans and starting right here at home.

First, our trade agreements must provide clear and measurable benefits for American workers, and then they must be fully enforced with the same mechanisms provided for enforcement of other commercial provisions. Trade agreements must include enforceable labor and environmental standards, including strong protections for the global environment and the internationally recognized core labor rights as stated in the International Labor Organization (ILO) conventions, such as prohibiting sweatshops and child labor and protecting the right of workers to join unions.

Second, our trade policies must lift up workers abroad, as well as at home. Helping workers around the globe share in the gains of trade is the right thing to do – it will also make Americans safer and more secure. We need to support the development of civil society and democracy abroad in order to promote good governance and the right to organize workers. We must also refocus and enhance our commitment to human rights.

Third, we must understand in negotiating trade agreements that different countries pose different trade challenges and opportunities. We must ensure that foreign markets are opened to American exports of goods and services. But in doing so, we need to be realistic about global differences in form of government, in the rule of law, in the relative state of countries' economies, and in the day-to-day trade and business practices of trading partners. One clear example is that our relationship with China requires special attention to illegal subsidies and currency manipulation. There are also specific circumstances in other countries that call for special attention, such as where bureaucratic practice may negate the value of trade concessions in the absence of effective implementation and enforcement provisions.

In an Obama Administration, we will tailor our trade negotiations to the specific circumstances in the country with which we propose a trade agreement. The pending free trade agreements with South Korea and Colombia are cases in point where that was not done. I oppose the South Korea Agreement because of extensive evidence that South Korea is using non-tariff barriers to block the sale of American automobiles and manufactured products in that market – a problem to which the proposed Agreement did not provide an adequate response. The Agreement is not reflective of that structural problem nor does it provide an adequate solution. And, for the reasons I will discuss hereafter, I will also oppose in its current form the Colombia Free Trade Agreement.

As I think we both agree, trade policy is not conducted in a vacuum and, standing alone, it cannot relieve the middle-class squeeze and give all Americans the opportunity to prosper. That is why my last two principles for trade policy incorporate my broader economic policies.

Fourth, to help all Americans get ahead, we must provide all of our children with a quality education, raise the minimum wage, strengthen the rights of Americans to organize, and guarantee universal, affordable health care.

Fifth, and finally, we must invest in America to ensure that our country maintains and develops world-class industries. We must create the jobs of the future here in America and make sure our workers have the skills needed to fill them. We must create a new clean and green energy economy, make the Research and Experimentation Tax Credit permanent, invest in life sciences and biomedical research, and strengthen math and science education.

These five principles are reflected in the policies I have espoused as a candidate and that I will follow as President. Now, if I may, let me tell you what I will do and not do to put these five principles into specific practice.

As you know, I have consistently supported strong labor and environmental protections as a core part of U.S. trade policy. These values should be recognized in any potential Presidential Trade Promotion Authority in the future. They must be reflected in our unilateral trade preferences, our bilateral and regional free trade agreements, and our multilateral trade policy. Any country we consider as a negotiating partner for a new agreement will have to meet basic labor and environmental standards, and trade agreements should not be allowed to override the multilateral environmental agreements that represent the global consensus of sovereign nations about vital environmental measures.

We will not give special trade treatment to producers from countries where being a trade-unionist means putting your life at stake. It is on the basis of these policies I have stated that I will oppose the proposed U.S. - Columbia Free Trade Agreement if President Bush insists on sending it to the Congress. The continued level of violence in Colombia against trade unionists would make a mockery of the very labor protections that we have insisted be included in our free trade agreements.

As to Trade Promotion negotiating authority for the President more generally, my Administration will follow a process and a policy very different from that of the Bush Administration. Under my approach there will be opportunity for diverse public input, in contrast to the current practice of soliciting views from and providing information to only a privileged few. We will ensure respect for the ability of nations to regulate in the public interest.

I will insist that our trade deals include prohibitions against illegal subsidies and currency manipulation and other trade practices that hurt American workers and firms. For example, among the important challenges you have raised, I will work to end illegal logging abroad, including providing additional authority for prohibiting the importation of products generated from illegal logging. But of course, illegal logging is only one of the unfair or environmentally destructive trade practices which my administration will address. The biggest challenge with which I will need your help to mobilize the public will be in dealing in a tough but productive way with the practices and entry of China as a key player in the world market. There are many special interests profiting from the dramatic undervaluation of the Chinese yuan and the lack of regulatory enforcement in the Chinese market. We will have to work together to overcome these entrenched forces.

To stem the flood of unregulated food, drug and other imports endangering our citizens' health and safety, I proposed last fall that we take steps to ensure that all toys are independently tested before they reach our stores, and I'll significantly increase penalties on companies that break the rules. An official at China's foreign ministry said I was being

“unobjective, unreasonable, and unfair.” But there is nothing unfair or unreasonable about protecting our children from unsafe products. And during the recent debate in the Senate on reforms to the Consumer Product Safety Commission, I proposed amendments to make information available to the public regarding the origins of products that are recalled as well as a study and set of recommendations for how we can ensure our product safety inspectors are granted access to manufacturing facilities abroad. Product safety rules and regulations, like trade rules, have little value if they go unenforced.

When we conclude trade agreements, we must enforce them. Even with its recent flurry of WTO cases, the Bush Administration has been too slow to press U.S. rights. When a country agrees to terms of an agreement, we expect them to live up to it. I will ensure that the Office of the U.S. Trade Representative has the will, the resources, and the assistance of any agency it needs, including the Department of Justice, to vindicate our trade agreement rights. Similarly, I will insist that our agencies administer U.S. trade remedy laws as Congress intended them to operate. While the current Administration has apparently adopted an ideological aversion to using Section 421, I will decide each case on its merits. Where dumping or countervailing duties are avoided because of fraud, we will take steps to punish this misconduct, and I will also work with those advocating that we reinstate the Continual Dumping and Subsidy Offset Act to find ways to ensure the competitiveness of domestic firms and industries that are the targets of foreign unfair trade practices

We must fix the Internal Revenue Code so that corporations are not rewarded for closing plants and shipping jobs overseas. I fully support elimination of the tax advantages currently granted U.S. companies for their overseas operations, which effectively subsidize the export of American jobs. Instead, I have proposed the Patriot Employers Act, which would provide a tax credit to employers that:

- Maintain their headquarters in the United States;
- Maintain or increase the number of full-time workers in the United States relative to full-time workers outside of the United States;
- Provide an adequate level of health coverage for all employees;
- Maintain neutrality in employee organizing drives;
- Provide full differential salary and insurance benefits for all National Guard and Reserve employees called to active duty; and
- Provide all employees with a certain level of compensation and retirement benefits.

I will also convene experts to assess our ability to protect national security-related manufacturing. Currently, the United States has a more than \$55 billion annual trade deficit with China alone for what are called “Advanced Technology Products”, many of which are essential to our nation’s high-tech weaponry and national defense. America may be becoming over-reliant, from a national security perspective, on foreign countries for vital products, including those on our nation’s “Militarily Critical Technologies List (MCTL)”. When I am president, I will work with Congress to ensure that we are systematically examining the threat and protecting ourselves from any vulnerability

One of the signal failures of the Bush Administration has been its failure to counteract China’s manipulation of the yuan. China’s suppression of its currency’s value has continued for years as its trade surpluses with the United States and the world have grown immensely. The result is that its exporters have an unfair advantage against U.S. and other producers. Its

currency practices are bad for the global economy and, in all likelihood, risking inflation and other economic problems at home. Congress has grown increasingly frustrated with the inaction of the Bush Administration, which is why I have joined as a co-sponsor a bill introduced by Senator Baucus to protect America against currency manipulation. At the same time, we have major sectoral trade problems with China, such as its lack of intellectual property protection. And its labor and environmental practices continue to raise concern. We must make a concerted and coordinated effort to place our economic relationship on a fair, sustainable footing. We should use the full range of multilateral and bilateral tools to insist that China abide by the rules that govern the economic policies of nations. We can benefit from trade with China, but that trade should not be manipulated to our disadvantage, nor should it put American consumers and workers at risk.

When I am president, I will also ensure that our government procurement policies strengthen, rather than compete against, the interests of our domestic businesses and that they help create jobs for American workers. We must work to ensure that neither our current nor future trade agreements allow foreign countries to force changes in our domestic prevailing wage, recycled content, renewable energy and other public interest procurement requirements.

Finally, I strongly favor extending Trade Adjustment Assistance (TAA) to service sector workers and providing much needed financial assistance for communities adversely affected by trade, since TAA now only helps manufacturing workers at plant closings. And I also favor making improvements to the Health Coverage Tax Credit to address the loss of health care for displaced workers. I favor making these changes now, on their own merits, and regardless of the status of any new trade agreements.

With these smart trade policies and fair rules for the global economy, we can protect the interests of American workers and firms. We can promote economic growth and social progress, both at home and abroad. We can create good jobs and raise labor standards around the world. And we can create a new future where workers and their families once again have a chance to achieve the American Dream.

In solidarity,



Barack Obama