

Off-Shoring U.S. Manufacturing Jobs, Destroying Local Communities

The TPP, also known as “NAFTA on Steroids,” is poised to become the largest free trade agreement ever. Current negotiating countries include the U.S. Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. This group accounts for 38% of global economic activity. Negotiators have refused to release the text of the TPP to the public but have given access to members of special advisory committees which are dominated by hundreds of corporate officials, lawyers and lobbyists. However, based on leaked text, previous trade agreements and public statements, we can safely conclude that the TPP would result in the off-shoring of even more high-paying middle class manufacturing jobs. These job losses will, in turn, further devastate communities and public services.

U.S. Manufacturing Is Critical for the U.S. Economy

Every new manufacturing job we create adds another 1.6 jobs to the local service economy, and for every dollar in manufacturing sales, another \$1.34 is added to the economy. Investments in manufacturing have a stronger impact than investments in any other economic sector. Manufacturing also is one of the pathways to stable, middle class employment for millions of workers across the country. Workers in manufacturing jobs earn 22 percent more in annual pay and benefits than the average worker in other industries.

Trade Deals Have Already Destroyed Millions of Manufacturing Jobs and Lowered Wages

The U.S. suffered a net loss of nearly 4 million jobs due to just three trade deals: NAFTA, China WTO and Korea. Most of these were jobs in manufacturing. Overall, sixty thousand U.S. manufacturing facilities closed since NAFTA. One study calculated that the downward pressure on wages and benefits caused by offshoring costs the majority of American households \$2,560 each year.

The TPP Will Mean Even More Off-Shoring of U.S. Manufacturing Jobs

The TPP would enable foreign corporations to sue a sovereign nation for any law, rule or regulation that could breach the expansive investment rights granted in the TPP and demand compensation for any expected future profits allegedly inhibited by the policy. Those rights include a government obligation to provide a stable regulatory environment that does not frustrate investors' expectations. The TPP language expands on the rights given to corporations under other trade agreement. These suits would be heard by UN and World Bank tribunals staffed by private sector lawyers that could order governments to use taxpayer dollars to compensate the corporations.

Competition with Countries Paying Low Wages and Using Forced Labor

The TPP will place U.S. workers in competition with corporations operating in countries with little-to-no labor protections, like Vietnam.

- Vietnam's 2014 hourly minimum wage averages just 52 cents an hour – less than ½ of China's minimum wage and just 8% of the \$7.25 U.S. minimum wage.
- Vietnam prohibits the formation of independent labor unions and violently suppresses any labor activism or organizing.
- Vietnam systematically undermines human and labor rights as documented by the U.S Department of State, Human Rights Watch and Amnesty International.
- The U.S. Labor Department has certified Vietnam as one of just three countries in the world to traffic in forced child labor in its apparel industry.

Yet, the U.S. will reward this bad behavior by the Vietnamese regime – and the corporations operating there – by giving their products tariff free access to the U.S. market through the TPP.

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Projected Loss of Hundreds of Thousands of U.S. Auto and Textile Jobs

According to industry projections, the U.S. could lose more than 600,000 jobs just in the auto and textile sectors.

- Projected loss of 91,500 US auto jobs to Japan with a reduction of 225,000 automobiles produced in the U.S. according to the Center for Automotive Research.
- Projected loss of 522,000 U.S. textile and related jobs over an eight year period according to the National Council of Textile Organizations.

Undermining Buy American Policies

The U.S. Congress passed the Buy American Act in 1933. This law requires the federal government to give a preference to U.S. made goods when awarding procurement contracts. These laws have been extremely popular and successful in ensuring that U.S. government contracts – and taxpayer dollars – go to companies employing workers in the U.S.

- The TPP would undermine Buy American policies enacted by the federal government and many state governments. In addition, rules requiring “renewable/recycled” or “sweat free” standards and obligations for firms to meet prevailing wages could be challenged by TPP governments before international trade tribunals.
- Under the TPP, foreign firms could gain equal access to U.S. government contracts. For example, the many Chinese firms operating in Vietnam could obtain waivers from Buy American preferences. This could result in large sums of U.S. tax dollars flowing to these firms and being invested to strengthen other countries' manufacturing sectors, rather than our own.

Destruction of Local Communities and Economies

The loss of factories and jobs has a cascading effect throughout the economy. Other firms that provide goods and services to the factories and their workers suddenly lose business and end up laying-off their own workers to reduce costs. The loss of all these firms, factories, jobs, and wages also extinguishes a significant portion of the tax base of many communities. Local governments are simultaneously hit by declining revenue and increasing demand for services from residents adversely impacted by trade deals and globalization. This process has strained state and local finances and led to a major crisis for local governments in the areas hardest hit.

- **Michigan** – 352,000 manufacturing jobs lost from 1998-2011 (the earliest and latest years with comparable data). But these figures mask a larger problem at the local level. Detroit is the most famous victim of unfair trade deals, losing 50% of its automobile sector – 66,300 jobs – between 1998 and 2011. This caused major ripples throughout the entire local economy, reducing the tax base and eventually contributing to the loss of 26,000 public sector jobs.
- **Ohio** – 381,000 manufacturing jobs lost during the same time period. Cleveland alone lost 85,100 manufacturing jobs.
- **New Jersey** – 171,100 manufacturing jobs lost while Trenton alone lost 36% of its manufacturing jobs.
- **Tennessee and Mississippi** – 285,000 or 40% of their manufacturing jobs lost combined. The Memphis metro area, which includes communities in both Tennessee and Mississippi, lost 20,000 manufacturing jobs.

The TPP Would Be Forever

Once the TPP is signed, unlike domestic laws, it would have no expiration date and could only be altered by a consensus of all signatories – locking in failed, extreme policies. Also, the TPP is intended as a “docking agreement” that other countries could join over time if accepted by the signatory countries.



**What you can do to protect
American manufacturing jobs
and communities**

CWA

www.stoptheTPP.org

Communications Workers of America