

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, DC 20515

April 11, 2019

The Honorable Robert E. Lighthizer
U.S. Trade Representative
600 17th Street, NW
Washington, D.C. 20508

Dear Ambassador Lighthizer:

As our Committee prepares to consider the renegotiated trade agreement with Canada and Mexico (“the new Agreement”), we write to express our concerns regarding whether the new Agreement will lead to meaningful and lasting labor reform in Mexico.

More than 25 years ago, when Congress looked at taking up the North American Free Trade Agreement (NAFTA), House Democrats had deep and abiding concerns. They included apprehension that the elimination of duties, coupled with a lack of worker protections in Mexico, could lead to the deterioration of wages, competitiveness, and opportunities for American workers.

In response to those concerns, labor provisions were negotiated in a labor cooperation agreement memorialized outside the main body of the trade agreement, subject to a separate enforcement mechanism. Since 1998, 39 submissions have been filed alleging non-compliance with NAFTA’s labor obligations. Yet to this day, not a single one of those submissions has led to a formal arbitration between the parties or any penalty. Meanwhile, workers in Mexico continue to struggle to exercise basic rights to organize or bargain collectively. Studies have shown that in the manufacturing sector, in the first two decades of NAFTA, real wages for Mexican workers decreased nearly 20 percent, while productivity rose nearly 80 percent.

As Committee Democrats reviewing the renegotiated terms of NAFTA, we see that the new Agreement’s labor chapter generally reflects the strengthened standards developed 12 years ago in the May 10 Agreement. The chapter also provides elaborations on some of the May 10 core labor standard commitments that take into account enforcement challenges that the United States has encountered in the last 12 years. Those include instances where freedom of association, including in Mexico, has been denied through violence and threats, and the disappointing U.S. failure to prevail in a dispute over Guatemala’s compliance with the labor obligations in the Dominican Republic-Central America trade agreement (CAFTA-DR).

Nevertheless, reflecting on the history of our concerns with NAFTA, we question whether there is reason to believe that the new Agreement will lead to meaningful change and real improvements for labor standards in Mexico. Our questions relate to both the specifics of the