

## **“Economic Cooperation for a Stronger and More Resilient Western Hemisphere”**

**Subcommittee on International Trade, Customs, and Global Competitiveness**

**Tuesday, May 16, 2023**

**3:00 PM in 215 Dirksen Senate Office Building**

Good afternoon.

Thank you, Chairman Carper, Ranking Member Cornyn, and the distinguished members of this committee for the opportunity to testify on this important topic.

My name is Cathy Feingold and it is a privilege to be here today representing the 60 trade unions and 12.5 million workers who are part of the AFL-CIO.

This hearing comes at a critical moment as the Biden Administration moves forward with the Americas Partnership for Economic Prosperity and other initiatives to demonstrate U.S. leadership for a democratic, prosperous, secure, and resilient Western hemisphere.

With my limited time, let me touch on a number of recommendations related to trade, investment, immigration, and priority supply chains across the region.

### **Trade**

On trade, it is essential that we learn from the failure of the Central American Free Trade Agreement (CAFTA) to generate decent work and sustainable economic growth in the region. CAFTA contained strong rights for foreign investors, but weak commitments to international labor standards and environmental protections. Instead of raising standards, foreign firms often took advantage of weak labor law enforcement to pay workers poverty wages while actively suppressing any attempts to organize trade unions.

So what can be done? Here I think we can learn from our experience with the United States Mexico Canada Agreement (USMCA).

The USMCA required Mexico to overhaul its weak labor laws and created a new Rapid Response Labor Mechanism ensuring employer compliance at the factory level. While many challenges remain, we are encouraged by the Lopez-Obrador Administration’s evident commitment to labor rights reform and the Biden

Administration's successful use of the rapid response mechanism to address worker rights abuses and advance independent union organizing in a number of factories in Mexico.

Let me share a few recommendations based on USMCA:

- Upgrade CAFTA's labor provisions as well as all FTAs to include a Rapid Response Labor Mechanism. Access to the U.S. market should be a privilege, not a right.
- Remove harmful provisions like the investor-state dispute settlement mechanisms from agreements.
- Ensure that APEP and any future FTAs, including critical mineral agreements, include strong and enforceable labor provisions as contained in the USMCA. They should also contain strong rules of origin to ensure that workers and businesses from the parties to the agreement are the primary beneficiaries, not third parties like China.

## **Investment**

On foreign direct investment, we support Vice President Harris' "Call to Action" and recognize the potential of new investments by U.S. companies to generate good jobs in Honduras, Guatemala, and El Salvador.

However, we cannot assume that any US corporate investment will create good jobs and we have cautioned that these investments must be accompanied by social and environmental safeguards. To accomplish that, workers and unions must have mechanisms to give regular input to the process, and to hold employers accountable for violations of human and trade union rights. To date, those are entirely missing.

There has simply not been enough transparency or engagement from the Administration or the various public-private initiatives on how they will ensure that these are investments that meet international standards for responsible investment on anti-corruption, workers' rights, and environmental protection. We believe unions in the U.S., especially the ones with strong leaders from Central

America, can play a critical role in this initiative by providing best practices on apprenticeships and workforce training models.

Without more transparency and broader stakeholder engagement, it will be difficult to evaluate the extent to which these investments actually deliver on generating the good jobs and equitable growth necessary to address the root causes of migration.

With recent leadership changes in key allies like Colombia, Brazil, and Argentina there is real opportunity for the Biden Administration to promote a model of inclusive economic growth that delivers for workers across the Americas.

If APEP is modeled on the Asia Pacific Economic Cooperation model (APEC), it will be important to ground the scope of work in a worker-centered approach to trade and investment. The scope of work of APEP must move beyond the APEC's narrow focus on trade and investment liberalization to building a new regional model based on the needs of workers and their families and the environment. As APEP moves forward, close consultation with labor, environmental groups, civil society, and Congress will be vital to shaping the priorities for this initiative and building support for the initiative.

APEP can be an important forum for developing a new model for building partnerships around critical minerals. The AFL-CIO and our affiliates support the need to secure critical minerals for the clean energy transition and believe we need to both invest in the United States to safely extract and process these minerals as well as ensure that any mining in partner countries includes close consultation with unions and impacted communities.

## **Immigration/Migration**

For too long, failed U.S. foreign and trade policies have prioritized the needs of corporations and low-wage, export-oriented growth while actively undermining democracy and accountability, contributing to the push factors driving people to migrate.

And because trade policy, development assistance and broader foreign economic interventions have done little or nothing to support the emergence of resilient domestic markets, economies in the region have grown reliant on migration and remittances.

We urge policymakers to think big about the shifts that are needed to address pernicious injustices in the region and scale up investment in assistance that supports decent work so that migration can become a choice rather than a means of survival.

As work to address root causes continues, regional migration strategies should prioritize regularization schemes, such as Temporary Protected Status, and rights-based channels—which allow migrants the freedom to move, settle, work, and fully participate in society—over expanding flawed and abusive temporary labor migration programs.

The strategies developed must protect and empower workers in countries of origin, transit and destination, and produce positive labor market outcomes for all working people, regardless of race, gender, or immigration status. In order to effectively integrate a worker rights lens into the policy framework, workers need and expect a seat at the table as these policies are being developed and implemented.

In short, we have work to do to ensure that trade is an engine of sustainable growth for all workers in the Americas, but the worker-centered trade agenda gives us a good map moving forward.

Thank you for the opportunity to share our recommendations with you and I will be happy to answer any questions.