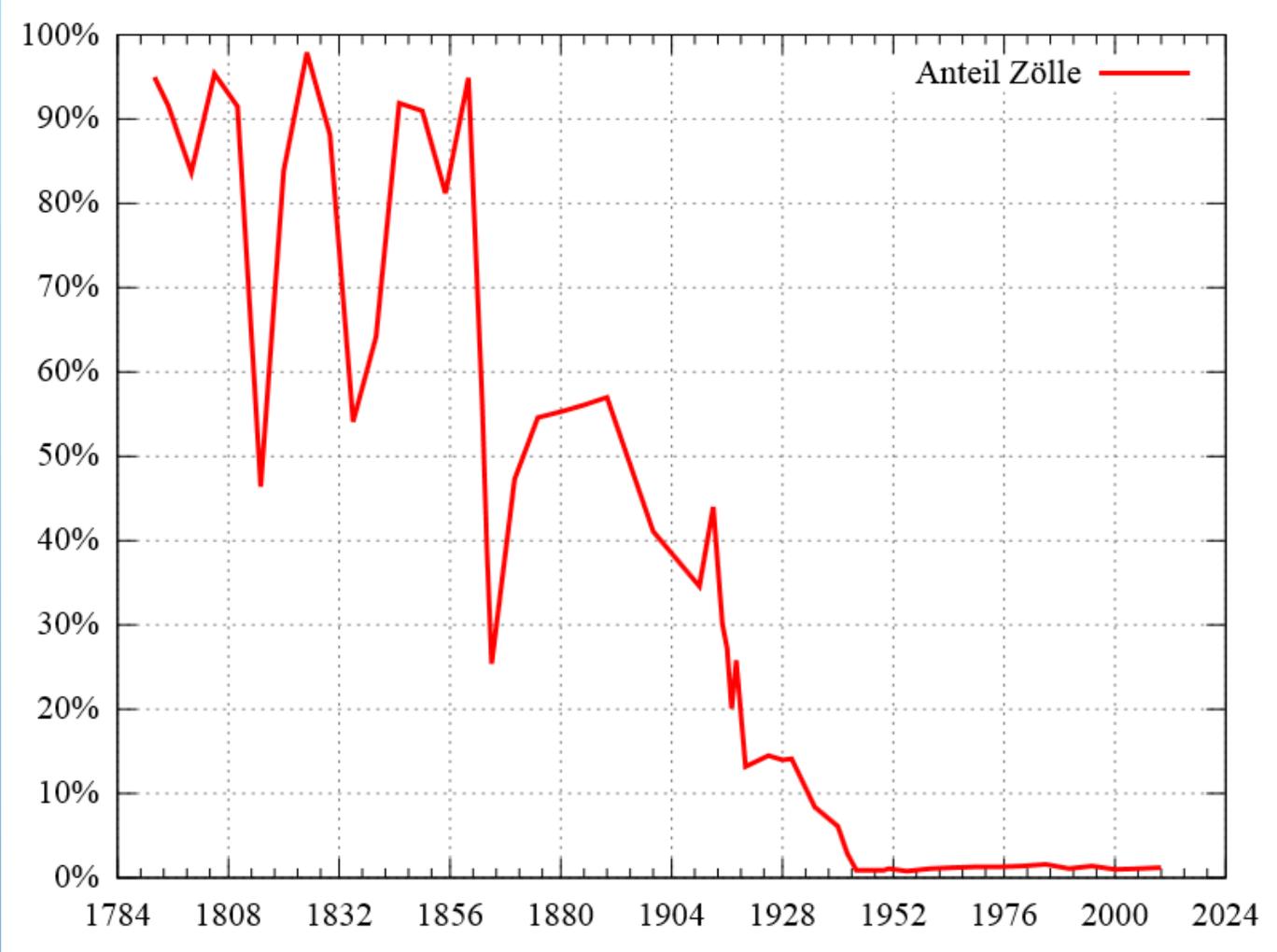


III. NAFTA Renegotiation

Decline in U.S. Manufacturing

- Lost jobs—The U.S. lost 5 million manufacturing jobs from 2000-14, 3.6 million due to trade agreements
- 60,000 factories have been shut down since 2001
- Non-tariff barriers
 - Currency Manipulation
- Source: <http://www.epi.org/publication/currency-manipulation-and-the-896600-u-s-jobs-lost-due-to-the-u-s-japan-trade-deficit/>

Tariff Rates



- **20 U.S. Trade Agreements** have been signed since the 1980s
- **GATT** – General Agreement on Tariffs and Trade
 - Established in 1947
- **WTO** – World Trade Organization
 - Established in 1995
 - 162 Countries have joined

NAFTA – North American Free Trade Agreement

- Implemented in 1994
- Promises:
 - New jobs
 - Increased trade surplus with Mexico
 - Improved labor standards in the U.S.
- Reality:
 - Over 871,000 jobs lost, \$6.9 billion trade deficit with Mexico
 - Jobs outsourced to Mexico where workers make less than \$4 an hour
 - Attacks on workers

NAFTA EXPERIENCE OVER 25 YEARS

MEXICO POLICY SUPPRESSING WAGES

- Repression of labor rights suppresses ability of workers to seek wages increases.
- Authoritarian type labor structure.
- Gov't aligned union (CTM).
- Thousands of bogus "protection agreements" often signed before workers in place.
- Stacked labor boards.
- Recent Constitutional reforms, but very uncertain impact & implementation.



VERY LOW WAGES FOR MX WORKERS

- Average hourly wage in Mexican auto industry \$3
- Between 1994 and 2011, Mexican manufacturing wages declined by 20%, even as productivity grew by 80%.
- MX hourly wages for auto workers less than one-seventh of US workers.
- Auto parts even lower – some pay stubs show 85 cents hourly take home pay.



RAPID GROWTH MX AUTO SECTOR

- Mexico to become the fifth-largest auto maker in the world by 2020, building 5m cars a year.
- Total US imports from MX are up 637% from 1993.
- US goods trade deficit with Mexico was \$63.2 billion in 2016 (vehicles were top import).
- As US lost net 10 vehicle assembly plants over last 10 yrs, Mexico nearly doubled its number of plants.



LOSS OF U.S. JOBS & WAGES

- The US has lost about 5 million manufacturing jobs since 1993.
- EPI estimated 851,000 US jobs lost due to NAFTA.
- US Jobs in auto, computer and electronics hardest hit.
- Two-tiered wage structure for US auto workers.
- Real wages for US auto parts workers fell by nearly 14% 2003-2013.
- Wage growth 17% worse in highly-exposed NAFTA industries.

Mexico's Auto Industry: Vehicles and Parts for Export

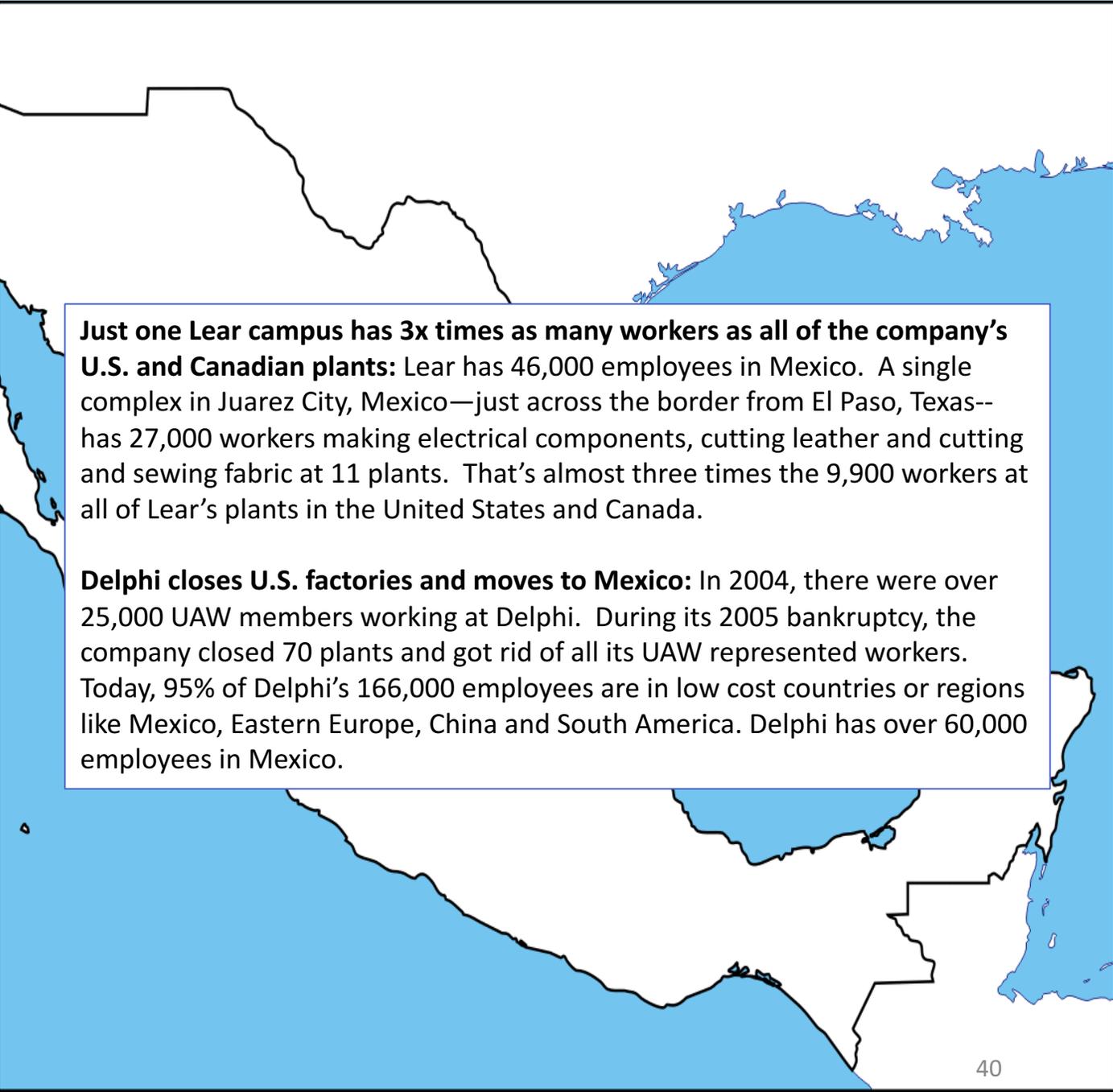
Share of North American production growing: Mexico's share of North American light vehicle production was 22% in 2017. That's a 64% increase from a share of just over 13% in 2007. Analysts predict Mexico's share will continue to grow. NAFTA renegotiations adds some uncertainty to continued investment in Mexico.

Building cars and trucks for export: 80% of the vehicles made in Mexico are exported, most of those go to the United States.

Low wage and weak unions: Mexican autoworkers' wages are very low—typically around \$3 per hour. Workers at auto suppliers make even less. Unions are weak and often controlled by the employer, not the workers.

More auto parts workers in Mexico than the United States: There are 800,000 auto parts workers in Mexico. Auto parts suppliers moved to Mexico to take advantage of low wages, weak unions, and lax regulations or they followed their customers who were opening new plants in Mexico. There are 580,000 auto parts workers in the United States.

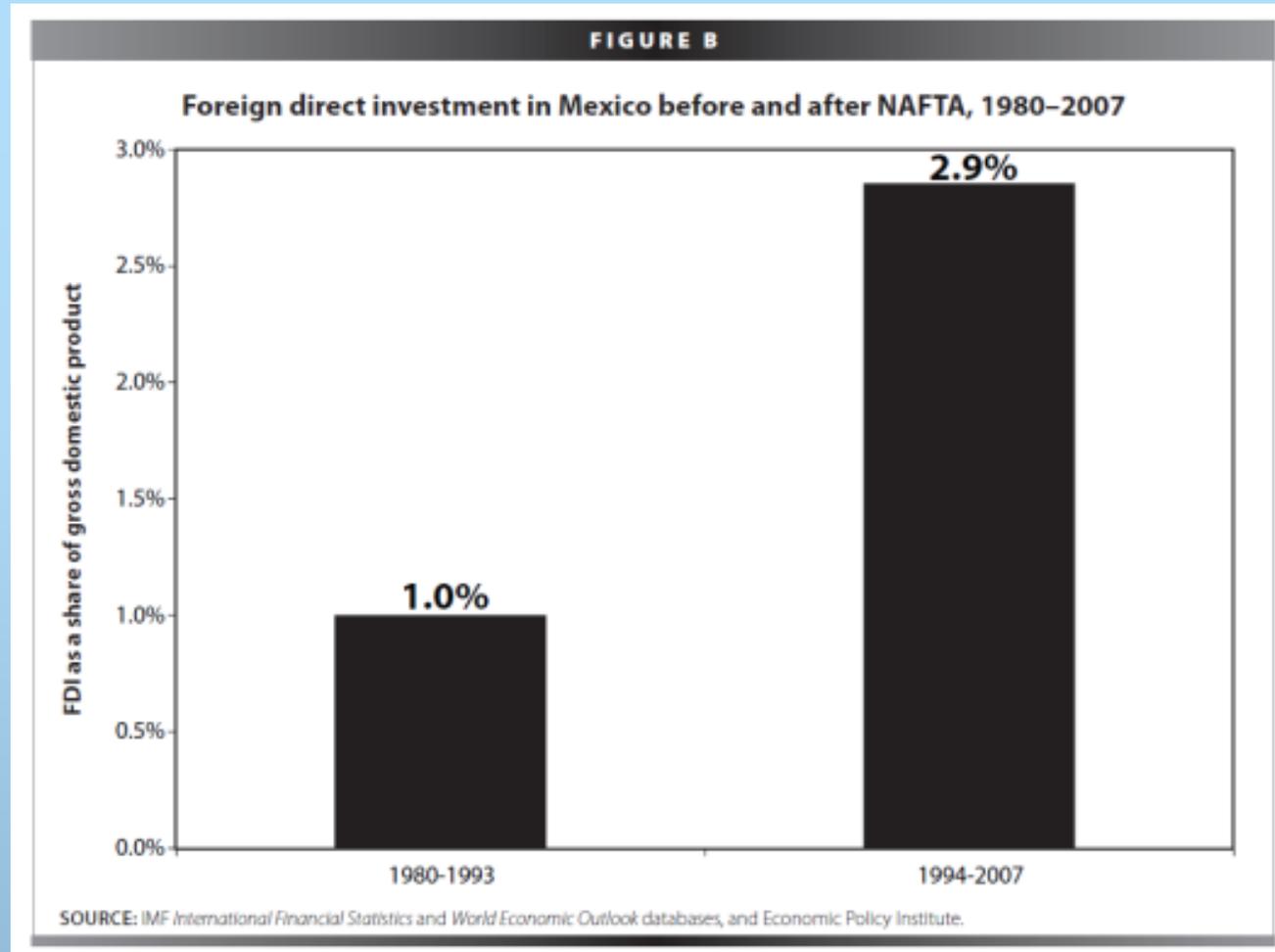
80% of Mexican made auto parts end up in U.S. made vehicles: A typical car assembled in the U.S. has \$3,800 worth of parts from Mexico.



Just one Lear campus has 3x times as many workers as all of the company's U.S. and Canadian plants: Lear has 46,000 employees in Mexico. A single complex in Juarez City, Mexico—just across the border from El Paso, Texas-- has 27,000 workers making electrical components, cutting leather and cutting and sewing fabric at 11 plants. That's almost three times the 9,900 workers at all of Lear's plants in the United States and Canada.

Delphi closes U.S. factories and moves to Mexico: In 2004, there were over 25,000 UAW members working at Delphi. During its 2005 bankruptcy, the company closed 70 plants and got rid of all its UAW represented workers. Today, 95% of Delphi's 166,000 employees are in low cost countries or regions like Mexico, Eastern Europe, China and South America. Delphi has over 60,000 employees in Mexico.

Foreign Direct Investment in Mexico



NAFTA Renegotiation

- 7th round in Mexico this month
- Process for withdrawal

Tell Congress

- Demand renegotiating NAFTA to raise wages for workers in all three countries and increase US jobs!