JEFF SESSIONS
UNITED STATES SENATOR | ALABAMA

VITAL CLOTURE VOTE REMAINS ON FAST-TRACK

CRITICAL ALERT

Fast-track legislation would surrender Congress' powers to the Executive Branch and new global governance commission; Trans-Pacific Partnership will lower wages and eliminate manufacturing jobs; President will refuse to enforce any action on currency—amounting to unilateral trade disarmament

Before fast-track can proceed to final passage, there is one more crucial 60-vote threshold to invoke cloture on the House "vehicle" for the underlying bill. Only if cloture is invoked on the House vehicle can the bill proceed to final passage.

Fast-track legislation would ensure any yet-unseen global trade pact could be expedited through Congress for the next six years. No Senator will be allowed to offer a single amendment or strike any provision, even if the President directly violates the intent and will of Congress. No fast-tracked deal has ever been defeated, regardless of its contents; the "negotiating objectives" operate as mere suggestions.

The first trade deal that would be expedited under fast track would be the Trans-Pacific Partnership, a massive global pact encompassing forty percent of world's GDP. The text will not be made public until *after* it has been guaranteed a fast-track to adoption.

Promoters of the Trans-Pacific Partnership have refused to answer questions about its impact on jobs, wages, trade deficits, and manufacturing. That is because the legislation, like trade deals past, opens our markets to more lower-cost imports while our trading partners keep their markets restricted to our exports. The legislation substantially ignores the enormous non-tariff barriers to U.S. goods, resulting in loss of jobs to our competitors.

The recent trade deal with our strong ally South Korea, we were told, would boost our exports to them by more than $10 billion, but in reality increased them by less than $1 billion—while South Korea's imports to us soared more than $12 billion, widening our trade gap with them considerably.

The Trans-Pacific Partnership threatens to expand that failed track record, particularly due to the addition of a large low-wage country—Vietnam. Instead of leveraging our advantage—

countries like Vietnam need access to our markets far more than we need access to theirs—we are once again proceeding down the path of radically boosting low-cost imports while doing nothing to meaningfully advance our exports. We are allowing our trading partners to dump low-cost goods in our markets, exporting their unemployment to America.

The U.S. ran an enormous $67 billion trade deficit in 2014 with Japan alone, and a $25 billion trade deficit with Vietnam in that same year. TPP threatens to widen that deficit substantially. Vietnam, which has been described as the next China, will have enormous competitive advantages over American producers, while Japan will retain its vast barriers to U.S. autos even as we further open our market to theirs.

The *Wall Street Journal* recently wrote: "in the transportation sector, led by cars, the TPP could boost imports by an extra $30.8 billion by 2025, compared with an exports gain of $7.8 billion, according to a study co-written by Peter Petri, professor of international finance at Brandeis University."

Clyde Prestowitz, a trade negotiator for Presidents Reagan and Clinton, offered this warning about the TPP:

> "Two intertwined elements pose a virtually insuperable barrier to mass market auto imports into Japan. First, Japanese capacity for vehicle production is 13 million. Annual domestic sales are 4 million and exports are another 5 million. That leaves 4 million vehicles equivalent of excess capacity that constitutes a heavy cost burden on the Japanese auto industry. In the face of this, neither the Japanese industry nor the Japanese government will want to make life easier for imports. The second structural element is auto dealerships. By law U.S. dealers are independent of the auto makers and are free to sell any brand they wish. Exporters to the United States thus find it easy quickly to achieve national distribution of their vehicles. Not so in Japan where the auto makers effectively control the dealers."

Additionally, the Administration will leave perhaps the biggest international barrier to U.S. exports in place—currency manipulation, which can easily dwarf the impact of tariffs. The White House has made repeatedly and abundantly clear with its words and actions it has no intention of ever cracking down on currency manipulation. It has threatened to veto even nonbinding and unenforceable negotiating principles on currency. Therefore, even if a currency objective were somehow ratified through fast-track, the Administration would all but certainly ignore them, and be able to do so with relative impunity.

The Chairman Emeritus of Nucor Steel, Daniel DiMicco, explained that the U.S. hasn't been involved in free trade at all, but has furthered "unilateral trade disarmament" and the "enablement of foreign mercantilism."

We have accumulated $9 trillion in trade deficits since NAFTA, and just notched our highest monthly trade deficit in six years. The interests of the American worker have not been defended on the world stage.

That is because, for all the talk of "free and fair trade," and "made in the USA," what the core promoters of fast-track believe is that trade deficits don't matter, that more cheap imports are always good no matter how many manufacturing jobs are lost, and that if foreign countries cheat and close our factories we should celebrate because it just means more low-cost goods in the United States.

This refusal to consider the real-world results of these sustained state-supported mercantilist policies—this belief that we don't need reciprocal terms or fair enforcement—emanates from what seems to be a religious belief in trade deals.

DiMicco summed it up thusly:

> "The kumbaya trade agreement cheerleader crowd has convinced itself that 40 years of trade deficits don't matter, even as the shrinkage of GDP growth has rendered the U.S. a dwindling superpower teetering on the brink of second class economy status… In 2013, the U.S. economy amounted to $16.8 trillion. Consumption was about 68% of GDP. Investment was about 16%. Government procurement was about 19%. But net trade subtracted about 3% from our economy (because imports exceeded exports). This shrinkage is cumulative, compounding year after year… The Wall Street Republican and Democrat 'free traders' are not pursuing free trade at all. They are practicing 'mercantilism enabling' trade. They want a deal that says 'free trade' on the front cover even as the actual text incentivizes and enables scores of creative mercantilist tactics."

The American people are understandably skeptical, then, of the idea of fast-tracking unseen trade deals for the next six years. Here is what Pew found:

- 20 percent of Americans think trade creates jobs, fifty percent say it "destroys" jobs.
- 45 percent of Americans think trade reduces wages, only 17 percent says it increases them. By contrast, 72 percent of Vietnamese believe trade will raise their wages and only 7 percent think it will lower them.

This danger of more lost jobs is heightened by the unprecedented "Living Agreement" provision in the Trans-Pacific Partnership and the creation of another transnational governance authority known as the Trans-Pacific Partnership Commission. If fast-track is adopted, there will be no realistic chance of preventing the formation of this new global governance authority, which would represent a substantial loss of U.S. sovereignty. American citizens and their government could be subject to the rulings of an unelected, unaccountable global commission. This also raises many problems in the areas of immigration and executive action, as TPP contains an entire chapter on "Temporary Entry" that could be used to facilitate the admission of more foreign workers into the United States—without bringing the proposal to Congress.

This new commission could also have the power to add new members, even China.

The first new country to join might be the Philippines. The *Manila Times* reports:

> "The Philippines has 'very good chance' to join the Trans-Pacific Partnership (TPP) agreement, Australian Minister for Trade and Investment Andrew Robb told reporters here Thursday.
>
> Robb, on the sidelines of Australian Business Forum, said all TPP members have agreed to include the Philippines in the trade pact once accession opens and if the country will meet the standards of TPP.
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> We have all agreed, if the Philippines wants to join us and if it signed up to standards, it will be most welcome,' he said."

The overview of the TPP provided to members of Congress when they view the TPP's text states that the amendment and accession processes will be similar to those of the WTO, suggesting that Congress will indeed be removed from the process after the agreement's initial implementation. The Ministerial Conference of the WTO, for instance, has the power to amend the agreement or to add new countries to the agreement simply with a two-thirds vote (not a unanimous one), and the WTO's implementing legislation makes these changes binding on the U.S. without any additional congressional approval.

Every other country we trade with advocates for *its* interests and the interests of *its* people. But the United States has failed to do so. Our job is to improve jobs and wages in America.

Again: the promoters of this fast-track legislation are not even prepared to answer this question—will the TPP, on net, create a single manufacturing job in the United States? They won't answer, because they know it will reduce net manufacturing in the United States.

The day is over when we can sacrifice a single job to unfair trade. Lawmakers should reject fast-track and demand a better deal for the American people—one that actually lives up to the promise of "free and fair trade for a healthy economy." That means eliminating the unfair trade practices utilized by our trade competitors, ensuring their markets are made as open as ours, and not merely saying but delivering on the promise of more goods "made in the USA."