

NAFTA's Legacy: Damage to People, Communities and the Environment

On May 18, 2017, the Trump administration issued its long anticipated letter informing Congress of its intent to start negotiations. Detailed negotiating objectives are scheduled to be released after 60 days of “consultations” with Congress and the public on July 17. Official negotiations may begin after August 16, 2017. Congress will vote on substantive changes to the treaty, particularly those requiring alterations in U.S. law. Even without a vote, congressional buy-in is important. So it is important for citizens to let their representatives know what they want in a new trade agreement.

Recent administration statements suggest Trump may break his campaign promise to reform or abandon an agreement he called “a disaster” for working people. Some see this as an opportunity to revive the Trans-Pacific Partnership (TPP). The official letter sent by U.S. Trade Representative Robert Lighthizer is short and its objectives are vague. It's not hard to imagine things going badly. Citizen activists must be vigilant and ready to vigorously protect people, communities and the environment from yet another bad trade deal.

(For an easy to read yet comprehensive analysis of NAFTA, see Public Citizen's [NAFTA at 20](#))

- **NAFTA granted vastly expanded rights to multi-national corporations** covering much more economic activity than traditional trade agreements that deal narrowly with trade-specific issues such as tariffs, export subsidies and import quotas. Modern free trade agreements artificially lower risks for foreign investors, enabling them to more easily outsource jobs to low wage markets and challenge domestic laws, including those protecting human and workers' rights, public health and environmental quality that might negatively affect “expected future profits.” Foreign corporations are empowered to sue governments for “compensation” in a system of ad hoc international arbitration panels staffed by corporate lawyers who rotate between representing corporations and acting as judges on the panels. ISDS panels are not subject to established due process or conflict of interest rules and protocols. On a practical level, the NAFTA tribunal system gives multi-national corporations a “legal” means to force the repeal of offending domestic laws and regulations or extract large payments from governments.
- **NAFTA tribunals are used to override national and local laws, courts and regulations**, including those affecting public health, economic policy, environmental quality, consumer product safety, labor protections and human rights. There's no appeal process for losers. When a corporation wins, taxpayers may be compelled to pay unlimited sums to corporations unless the offending policy is modified or withdrawn. Fear of expensive corporate suits has a chilling effect on governments' willingness and ability to protect and serve their own citizens. Domestic labor organizations and civil society organizations are given no standing in ISDS panels. Despite so-called labor and environmental “sidebar agreements” belatedly inserted into NAFTA, the U.S.

Government has undertaken no enforcement actions concerning violations of labor, human rights or environmental standards.

- **NAFTA caused large trade deficits and heavy US job losses**, opposite of what proponents had promised. The combined trade deficit with the two NAFTA partners increased over thirteen fold in inflation adjusted dollars with a consequent loss of at least one million American jobs, mostly in manufacturing. A flood of displaced factory and tech workers has forced down wages, lowered middle and working class living standards and helped worsen economic inequality.
- **NAFTA effectively prohibits enforcement of the Buy America Act.** Foreign corporations can sue states or the federal government to stop tax-supported local job creation programs. Prevailing wage laws intended to ensure government contractors pay wages comparable to local area wages can be challenged. NAFTA undermines domestic employment as it off-shores tax dollars.
- **Corporate suits under NAFTA are frequently aimed at rolling back environmental and public interest regulations.** Mexico has lost hundreds of millions to corporate challenges against the government's attempts to protect public health and environment. One result has been increased water and air pollution in affected areas, particularly in mining districts, and maquiladora free trade zones along the Mexican border. Such corporate assaults fundamentally challenge a country's ability to enact and enforce its own laws. The U.S. was forced to abandon certain food safety and labeling standards or face suits from Canada and Mexico.
- **Family farms in the U.S. were weakened by NAFTA.** Mexican demand for American produce dropped after a NAFTA-inspired devaluation of the Mexican peso made U.S. exports more expensive in Mexico and Mexican produce imports cheaper in the United States. NAFTA also forces family farmers to participate in an environmentally destructive agribusiness model.
- **NAFTA decimated Mexico's family owned agricultural sector** by removing tariffs on heavily subsidized US corn exports that predictably drove down domestic farm prices causing mass unemployment in the countryside. Two and a half million farmers and agricultural workers were dislocated, and many more were uprooted as local economies dried up, fueling a mass migration of unemployed Mexican workers to the US. Retail corn prices in Mexico skyrocketed as the corn market concentrated into a few large corporations. Consumer prices rose six hundred percent as Mexican incomes plummeted. Twenty million *more* Mexicans live below the poverty line now than in 1994, the year NAFTA went into effect.

- **NAFTA weakens food safety.** Standards and inspection regimes for meat and produce imports were watered down under NAFTA to reduce costs for foreign food importers. Surging food imports overwhelmed inspections. Several studies have found significant sanitation deficiencies in imported food from both Canada and Mexico.
- **NAFTA prohibits enforcement of U.S. vehicle safety and driver's licensing regulations on foreign vehicles and drivers on U.S. roads.** Law suits by environmental and consumer safety groups have limited access by Mexican domiciled trucks to a small pilot program, but the possibility remains for much broader and deeper access to U.S. roads by potentially polluting and unsafe vehicles.
- **NAFTA protects big pharmaceutical firms from competition.** These protections come in the form of strengthened and extended patent protections for drug companies that raise prescription prices and deny millions access to important therapies. For [example](#), the Hepatitis C drug Sovaldi has a list price of \$84,000 in the United States. A high-quality generic version is sold in India for less than \$200.