

Leo W. Gerard
International President

March 17, 2008

The Honorable Barack Obama
Obama for America
233 N. Michigan Avenue, 11th Floor
Chicago, IL 60601

Dear Senator Obama:

I write on behalf of the USW International Executive Board and the 1.2 million active and retired members of the United Steelworkers union (USW) to request that you clearly articulate your views on the competitive challenges our nation faces. Your views will be especially important to the more than 175,000 of these active and retired Steelworkers in Pennsylvania as they evaluate how they will cast their votes in the upcoming presidential primary on April 22. We intend to share your responses, along with our evaluation of them, with our members and retirees to help them make their decision.

Economic issues have risen to the top concern of voters as they evaluate the many important challenges facing our country. At the heart of these problems are the nation's failed trade policies. Indeed, America faces a trade crisis. More than 3.3 million manufacturing workers have lost their jobs and more than 40,000 facilities have closed their doors since 2000.

The economic devastation wrought by these losses continues to spread across the country, putting at risk the livelihoods and homes of countless Americans. The massive trade deficit induced by these failed policies is now running at the rate of roughly \$2 billion per day – an unsustainable imbalance that is mortgaging our economic future.

Although components of these failed trade policies have been discussed during the Ohio primary campaign, that discussion was by and large limited to NAFTA's failures. While NAFTA was a seminal event in the accelerating effects of globalization, singular focus on it effectively distracts from a more revealing debate about how our trade policy must be changed to reflect the needs of workers and communities. For instance, if we fail to address China's unfair and predatory trade practices, our nation will continue to face shuttered factories and shattered dreams.

The Bush Administration has merely relied on dialogue to cope with these staggering challenges. Few, if any, concrete gains have resulted from their meager efforts. Rather than measuring results by the volume of words in press releases or the number of agreements signed, we must measure success by the jobs and opportunities created for working people across this country.

The next President has the opportunity to chart a different course. On behalf of our members, and working people across this country, we would like your specific, detailed responses to the following issues and questions in order to determine what new direction you would pursue, if elected.

Rejecting Market Fundamentalism: We don't have all the answers to the wide range of issues raised in this letter, but we do know that trust in the "mystical" powers of the free market is not the answer. We begin, therefore, by asking you this fundamental question:

Do you agree with us that inadequate regulation in the face of gaping disparities in wages and rights between our country and those of the developing world is a fundamental flaw in the current trading regime that must be addressed?

If so, what regulations are you prepared to advocate in order to remedy these fundamental flaws?

Of especially deep concern is our trade deficit with China. Last year it rose again to a historic level. Worse yet, our families are now being subjected to a flood of unsafe, unhealthy, and sometimes deadly products, many of them subsidized by the Chinese government – all of them the product of China's lax or non-existent safety rules or law enforcement.

Furthermore, company after U.S. company has picked up and moved operations to China with the goal of reaping the benefits of low wages, unsafe working conditions and, all too often, the oppression of workers. In the wake of their departures, American workers and their companies have been devastated.

Many of these companies have transferred technology which has helped accelerate China's position as an export powerhouse. Indeed, almost 60% of China's exports to the U.S. come from foreign-invested enterprises.

Reducing the Trade Deficit: Our nation's current account deficit is now more than 5% of Gross Domestic Product. This huge deficit is not only unsustainable, it is creating a growing drag on economic growth and undermining our ability to invest in America's future.

Do you believe that the trade deficit is a problem and, if so, what specific steps will you take, if elected, to reduce it?

Do you believe the President has all the tools to act in reducing our trade deficit and ensure that fair trade takes place, or is there additional authority you intend to seek?

Challenging China's Trade Violations: Currency misalignment induced by the Chinese government is having a highly corrosive impact on our nation's manufacturing workers and their employers. Provisions must be enacted that ensure prompt action on currency manipulation – action that does not require all-but-impossible proof of “intent” – and that treat currency manipulation as an illegal subsidy in anti-dumping proceedings. We ask, therefore:

Do you believe that China's currency is misaligned due to government policies?

If so, what specific steps would you take as president to ensure it is realigned?

What legislation will you advance to readily and forcefully challenge China's currency manipulation?

Enforcing Fair Trade: Section 421 of our laws was created to ensure that China practiced fair trade in winning accession to the WTO and to give the U.S. a tool for responding to import surges. On four occasions, the International Trade Commission (ITC) held that the threat of injury in cases filed against China was clear. In each instance, President Bush turned his back on U.S. producers and their employees. In two of those cases it was our members whose lives were irrevocably altered when they lost their jobs. The President's discretion in this and other areas must be reduced, if not eliminated.

Given China's repeated violations, will you support decisions of the ITC to provide relief to domestic industries and their workers?

If not, under what circumstances do you believe relief should be denied to those who are simply seeking to have our trade laws faithfully enforced?

Denying China Market Economy Status: The Department of Commerce is currently considering applying market-economy treatment to individual companies in antidumping cases involving China. There is no evidence that China is a market economy. Indeed, when China joined the WTO it agreed to be subject to non-market economy treatment for a period of up to 15 years. Accelerating this process on a country-wide or more limited basis could seriously undermine the effectiveness of our trade remedies and our ability to fight for our members' jobs.

Will you oppose efforts to apply market economic status either generally or on a limited basis for China unless Congress, by joint resolution, approves of such a change in status?

Demanding Food and Product Safety: The dramatic rise in the flow of trade has brought with it a concomitant rise in the number of unsafe and unhealthy products entering our country, the lion's share of them from China. We must have adequate standards, rules and enforcement tools to ensure the health and safety of our people. While we must do our best to enhance our inspection and interdiction infrastructure, we must apply market-based principles to ensure that importers are liable for the products they bring into this country. Only they have the power to go up the stream of commerce to demand that their suppliers engage in safe practices when they provide them with the products they import, and the need to enforce that power must be legislatively mandated.

To stem the flood of unregulated food, drug and other Chinese imports endangering our citizens' health and safety, will you support legislation requiring that importers have adequate recall and product liability insurance to compensate consumers when they suffer from or are adversely affected by unsafe or unhealthy products?

Will you support mandatory country of origin labeling for all consumer products so that families know where the products they buy come from, giving them the ability to protect their families' health and safety?

What additional resources and enforcement authority will your administration provide to ensure that products are adequately inspected before they enter the stream of commerce?

Requiring Human Rights in Colombia. The Bush Administration appears ready to submit the U.S.-Colombia Free Trade Agreement to Congress, despite the fact that Colombia has disregarded human and labor rights by failing to stop the murders of union members and their leaders. Indeed there is growing evidence that the Uribe Administration has undermined judicial efforts to bring the perpetrators to justice. This follows the Bush Administration's negotiation of numerous trade deals, including the U.S.-Peru Free Trade Agreement, which have only fueled a rising trade deficit and rising economic inequality, job and wage losses.

Equally troubling are suggestions now being made in Congress that providing improved Trade Adjustment Assistance should clear the way for considering the FTA with Colombia. The capital crimes being committed against workers in Colombia and the damage being done to U.S. workers by flawed trade policies are completely unrelated. Therefore, we ask:

Do you agree that the assassination of trade unionists in Colombia and the need for improved Trade Adjustment Assistance are separate issues that should be addressed separately?

Given Colombia's egregious human rights violations, would you, as president, refuse to put forward an FTA with Colombia until assassinations of trade unionists have ceased and those responsible for the murders have been brought to justice?

If not, what demands would you make on Colombia to comply with international human rights standards?

Reforming Trade Negotiating Authority: Fast track trade negotiating authority has now lapsed because the public and their representatives in Congress have lost faith in the President's willingness to negotiate agreements in working people's interests. Given this breakdown in public trust:

Do you intend to seek fast track trade negotiating authority?

If you intend to seek fast track trade negotiation authority, will you support Congress having the ability to vote on an agreement before it is signed to ensure that the interests of the citizens they represent are clearly included in a final agreement?

Enforcing Anti-Dumping Laws: Our trade laws exist to ensure that unfair and predatory trade practices will not go unanswered. Yet, even after the government rules that our trade laws have been violated and that remedies should be applied, the fight may not be over. Between 2001 and 2006, more than \$700 million in duties were not collected by Customs and Border Protection. Of this amount, almost 80% of the uncollected duties were from imports from China. Therefore, we ask:

Will you direct your administration to collect all duties that are owed?

Will you support additional legal authority so that the Administration has all the tools necessary to ensure that importers cannot avoid paying duties that are legally owed?

Will you support legislation to give the ITC broader authority to penalize foreign companies who game the system by refusing to provide information in the form and manner required?

Will you support legislative efforts to allow the ITC to consider injury that has already occurred to U.S. workers and their employers in determining whether to provide relief in a dumping case?

Reinstating the Dumping and Subsidy Offset Act: The U.S. never agreed to provisions at the World Trade Organization that addressed the question of what use dumping duties may be put to once they are collected. Unfortunately, the WTO imposed new obligations on the U.S. that were not agreed to through negotiations that led to the repeal of provisions that allowed dumping duties to be used by adversely

affected producers to reimburse them for expenditures they have made to remain competitive after facing injurious imports.

Will you support efforts to reinstate the Continued Dumping and Subsidy Offset Act and demand that the WTO's overreaching actions stop?

Preventing Illegal Logging: Laws must be updated to ensure that our government stops imports of products made with illegally harvested timber – either in the country engaging in the illegal harvesting or through downstream purchasers of those products, such as China's dumping of pulp from illegal clear cutting in Indonesia – unfair trade that has already wiped out some 2,000 U.S. paper workers jobs. Therefore, we ask.

Will you support updating the Lacey Act to provide additional authority for prohibiting the importation of products from illegal logging?

Will you direct your Administration to consider the benefits of illegal logging as a financial subsidy to foreign producers subject to our unfair trade laws?

Thus far our questions have addressed fair rules for a global trading system. The integrity of such a system demands that all countries live by these rules – no manipulation of currency, no government subsidization of exported product, no dumping of product at prices below cost. China and other countries have violated these rules and destroyed American jobs in the process.

But let's be candid. Even if violations of fair trading rules are remedied, our manufacturing sector will continue to be at a competitive disadvantage because global corporations are searching the world for countries that allow them to exploit workers. Sadly, they've found much fertile ground for exploitation.

Workers in our country making \$15 per hour (barely \$30,000 per year) simply cannot compete with workers in the developing world making 40 cents an hour. We will never have a level playing field until our leaders deal with this tremendous gap. The bill that would ban the importation of goods produced in sweatshop conditions is a good first step and we applaud the Democrat candidates for supporting it and urge Senator McCain to do the same.

The inclusion of labor rights in the core provisions of trade agreements is valuable, but we have seen from the operation of the Jordan FTA, and from the experience with corporations in this country disdaining our right to organize and bargain, that simply putting words into agreements does not solve problems.

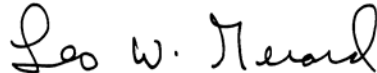
More in the way of American leadership is necessary. Exploitation of workers around the world must be stopped. The standards of living of most of the developing countries must be raised. Until substantial progress is made we cannot hope to have a level playing field for American workers. We hope you agree with us and we hope that

you will provide us with your ideas for bringing about a truly level playing field in a manner that does not sacrifice American jobs and the American standard of living.

Our members are deeply interested in these issues. They have been on the front lines in the battle against unfair trade and have experienced, first hand, the impact of foreign protectionist and predatory practices. They will be deeply interested in your answers to the above questions.

We look forward to your timely reply.

Sincerely,

A handwritten signature in black ink that reads "Leo W. Gerard". The signature is written in a cursive, flowing style.

Leo W. Gerard
International President

c: Senator Hillary Clinton
Senator John McCain