

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, DC 20515

September 4, 2018

The Honorable Robert Lighthizer
United States Trade Representative
Office of the U.S. Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Ambassador Lighthizer:

As members of the Ways and Means Subcommittee on Trade, we appreciate outreach by members of your leadership team to discuss possible new trade agreement negotiations. However, we were alarmed by your testimony before the Senate Appropriations Committee on July 26th indicating that the Office of the U.S. Trade Representative (USTR) is preparing to initiate negotiations with the Philippines soon. As you stated at that hearing, “I would say we are close to beginning negotiations” and “one that . . . we particularly liked is the Philippines. I think it would be a first agreement, it’s in a good location and . . . there are a lot of advantages to it.”

Although we have expressed concerns in our discussions with Deputy U.S. Trade Representative Gerrish, given your recent testimony, we voice our strong objection to seeking a trade agreement with the Philippines. The refusal of the current government of the Philippines to respect basic human rights and assure adequate labor standards as well as recent reports of its abusive actions against international investors makes this country an unacceptable choice as a potential trade agreement partner.

Philippines President Rodrigo Duterte’s rule has so far been marked by shocking human rights abuses. Since taking office in 2016, Duterte’s fiery rhetoric has been linked to a surge of extrajudicial killings of citizens by police and gunmen. Police statistics indicate that police killed an estimated 1,790 suspected “drug pushers and users” in the first four months of Duterte’s presidency in 2016, a nearly 20-fold increase over the five months prior. An additional 3,001 killings of alleged drug dealers and drug users from July to September 2016 were attributed to unknown vigilantes.¹ Duterte has praised these killings and called for more like them, allowing impunity for abusive state security forces and private vigilante actors. In addition, in the past two years the Filipino government and police have also threatened the rights of indigenous peoples,

¹ See Human Rights Watch “World Report 2017: Philippines” (<https://www.hrw.org/world-report/2017/country-chapters/philippines>); see also State Department Human Rights Report 2017: Philippines” (<https://www.state.gov/documents/organization/277355.pdf>).

violated reproductive health rights, and stigmatized and discriminated against individuals with HIV/AIDS, among other things.²

In addition to human rights abuses, the Philippines has a troubling history meeting basic labor rights standards. The right of workers to form and join independent unions have been restricted in ways that the International Labor Organization (ILO) has criticized. Workers in the Philippines also face increasing challenges in exercising those rights in special economic and export processing zones and through the use of short-term or temporary contracts.³ This “contractualization” has been an especially prevalent problem in the services sector. Despite early policy pledges to address contractualization, the Duterte administration has done nothing. Instead, worker rights activists have been threatened and intimidated, with some facing violence and repression perpetrated by the government and security forces acting under false “drug war” pretenses.

Some high-profile incidents have taken place in recent years that also highlight serious problems in occupational health and safety conditions. In 2015, a fire at a footwear factory raised serious concerns about the safety of workers in the textile, garment, and shoe industry. The Kentex Manufacturing Inc. factory fire killed at least 72 workers.⁴ Had sufficient safety measures been in place, along with independent unions and credible inspections, deaths could have been prevented.

Child labor also remains a persistent and serious problem in the country.⁵ Children work in small-scale gold mines in unstable pits, and dive into water to mine and process gold with mercury. The few steps taken by authorities to address the problem have been undermined by a continued lack of regulation of this sector and the government’s failure to address child labor in a meaningful way.⁶

Fundamentally, the anti-worker policies mean that the Philippines is a low-wage country and destination for a great deal of U.S. companies’ outsourcing, not just for manufacturing but also for the services sector. The minimum wage for workers in the National Capital Region is about \$1.20 per hour,⁷ contributing to the Philippines becoming the “call center capital of the world,” with more than one million Filipinos currently working in call centers that mostly serve American companies. In addition to call centers, American and European companies are increasingly using legal secretaries, accountants, and medical staff in the Philippines.⁸ We are concerned that a trade agreement with the Philippines would further drive outsourcing of U.S. jobs.

² Ibid.

³ <https://www.state.gov/documents/organization/277355.pdf>

⁴ <https://www.reuters.com/article/us-philippines-fire/death-toll-from-philippine-factory-fire-rises-to-72-fire-official-idUSKBN0NY1BM20150514>

⁵ <https://www.state.gov/documents/organization/277355.pdf>

⁶ <https://www.hrw.org/world-report/2017/country-chapters/philippines>

⁷ <http://www.nwpc.dole.gov.ph/pages/ncr/cmwr.html>

⁸ <http://www.latimes.com/business/la-fi-philippines-economy-20150202-story.html>

We are also concerned that the Duterte government has recently taken action to expropriate major international investments in the Philippines. On August 7, President Duterte reportedly canceled a \$1.5 billion Hong Kong-invested project shortly after the groundbreaking ceremony. This followed the earlier cancellation in April of a \$500 million investment by a Macau-based company to build a resort in Boracay.⁹

As you know, the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (TPA) requires the Administration to notify Congress 90 days before formally initiating a negotiation with a trading partner. As members of the Committee overseeing trade in the House of Representatives, we respectfully request that you hold consultations with the Democratic Members of the Ways and Means Trade Subcommittee, explicitly dedicated to the prospect of a U.S.-Philippine trade agreement, in addition to the standard TPA consultation requirements, before submitting any notification to Congress. Such consultation is critical to ensuring that Members of Congress, their staff, advisory committee members, and the public receive timely access to trade negotiation information so that we are accountable for U.S. trade policy to the fullest extent possible. As outlined above, we urge you to reconsider any negotiations with the Philippines.

With allies in the region who may present more appropriate partners for new trade agreements, we strongly oppose President Duterte's Philippines as a trade agreement partner. We look forward to your prompt reply.

Sincerely,



The Honorable Bill Pascrell, Jr.
Trade Subcommittee Ranking Member



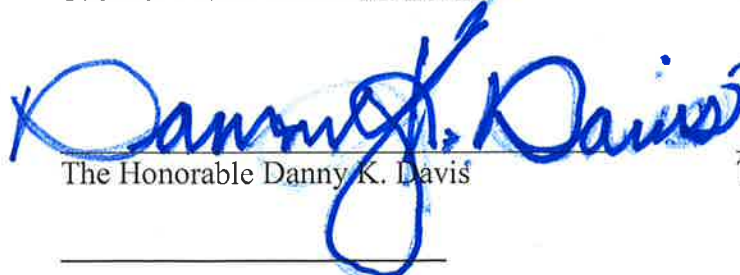
The Honorable Lloyd Doggett



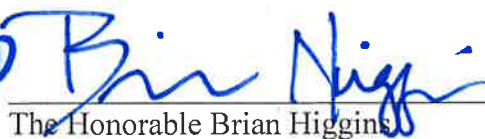
The Honorable Sander M. Levin



The Honorable Ron Kind



The Honorable Danny K. Davis



The Honorable Brian Higgins

⁹ <https://www.wsj.com/articles/philippines-duterte-cancels-casinojust-after-its-groundbreaking-1533643854?mod=searchresults&page=1&pos=2>