



UNITED STATES BUSINESS AND INDUSTRY COUNCIL

FIGHTING FOR AMERICAN COMPANIES AND AMERICAN JOBS SINCE 1933

June 21, 2005

Dear Mr. President:

We the undersigned represent companies and industries that have made an outsized contribution to America's national security and prosperity. We are a critical part of America's domestic manufacturing base. Our enterprises support a large segment of the broad middle class, one of America's singular economic and political achievements. Today our companies in particular and the nation's middle class in general are under constant attack from predatory foreign trade practices.

Our companies and industries still make most of their products in the United States, ensuring that our revenues flow to American working families in the form of wages, to American productive facilities and R&D in the form of reinvestment in our businesses, and to our local, state and national communities in the form of the taxes needed to fund vital public services and our country's security.

All of us are economically and socially critical to our communities. All of us are strong believers in free enterprise. We are job creators. We are productivity drivers. We are technology pioneers. But now, our very existence and ability to create these benefits is being threatened by decades of trade policies that ignore reality and in fact seem designed to close us down.

As a result, we are banding together to urge you respectfully to withhold the Central America Free Trade Agreement (CAFTA) from Congressional consideration as the first step in creating a wholly new U.S. trade policy – one that promotes, not decimates, domestic manufacturing and the middle class along with it.

Although you promise that CAFTA will open big new foreign markets for U.S.-made goods, the opposite is clearly true. The results of the outsourcing deals that have dominated U.S. trade policy over the last fifteen years are in: gargantuan trade deficits, shuttered factories, and formerly middle class American sliding down the job and wage scales. CAFTA is simply the latest in this series of outsourcing deals that are gutting our domestic manufacturing base.

The six other CAFTA signatories are manifestly too small, too poor, and often too indebted to become significant consumer markets for U.S. exports. Their only attraction is to multinational corporations, which see them as low-cost bases for supplying the U.S. market, and as levers to force companies and industries like ours to compete on price rather than on quality and innovation. This is a no-win proposition for domestic manufacturing and for the nation as a whole.

As a result, CAFTA's passage will surely increase net U.S. imports, boost the already dangerously high trade deficit, further weaken the dollar, force the continued fire sale of

American assets, and reduce domestic manufacturing output, employment, and technological innovation.

New trade agreements could strengthen domestic manufacturing, but only as part of a thoroughgoing overhaul of U.S. trade policy aimed at promoting domestic production and living standards. Absent new approaches for dealing with challenges such as China's many predatory trade practices, the widespread foreign subsidization of manufacturing, and a deeply flawed set of world trade rules, CAFTA's passage will simply further open America's market to imports without producing comparable export opportunities.

Mr. President, we are life-long entrepreneurs. Far from fearing competition and imports, we have survived outsourcing trade policies so far by out-thinking and out-managing our global competition.

But the cumulative effects of the various CAFTA-like outsourcing deals and the ongoing failure to combat Chinese and other foreign predation are destroying our margins, drying up new investment, and threatening our companies' very futures.

We can assure you that without dramatic policy changes, many of us will soon be forced to close down. That means our companies will no longer be engines of economic growth or pillars of community stability. Our employees will go from taxpayers to consumers of government revenues – in unemployment insurance, retraining, food stamps, Medicaid, and other forms of government assistance. Pressures to enlarge the welfare state, with the concomitant redistribution of our society's wealth, will grow significantly stronger

To remain a true global economic and military superpower, and a prosperous, stable society, the United States urgently needs entirely new trade policies that support domestic manufacturing and its resultant stable communities. Withdrawing CAFTA today is the place to start.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin L. Kearns". The signature is fluid and cursive, with a long horizontal stroke at the end.

Kevin L. Kearns
President
U.S. Business and Industry Council

-Signatories listed on page 3.

American Brush Manufacturers' Association
American Manufacturing Trade Action Coalition
American Mold Builders Association
Greater Bristol (Connecticut) Chamber of Commerce
MADe in the USA
Manufacturers' Association of Central Florida
Manufacturers' Association of Central New York
Manufacturers' Association of South Central Pennsylvania
Manufacturers for Fair Trade
Manufacturing Alliance of Connecticut
Manufacturing Coalition
Modular Home Manufacturers' Association of the Northeast
National Textile Association
New England Spring and Metalstamping Association
Northeast Ohio Campaign for Manufacturing
Precision Machined Products Association
Save American Jobs
Save American Manufacturing
Save American Manufacturing NOW
Summit County (Ohio) Machine Shop Group
United States Business and Industry Council
U.S. Printed Circuit Alliance
Western Carolina Industries
Westside (Cleveland) Industrial Retention and Expansion Network