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[AFL-CIO Convention Background] [loose]

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AFL-CIO CONVENTION BACKGROUND

OFFICIAL

BACKGROUND INFORMATION
LABOR

Prepared by Melissa Goldstein

THE AFL-CIO CONVENTION

The 23rd Biennial Convention of the AFL-CIO meets at the Los Angeles Convention Center Oct. 11-13 to "celebrate the resurgence of working families and make the plans that will guide America's union movement into the next century." The convention is the governing body of the AFL-CIO, with nearly 1,000 elected delegates and alternates representing the 13 million working women and men of the 68 unions affiliated with the federation.

Important decisions facing this convention include a New Alliance proposal to restructure the union movement at the state and local level, an effort across the union movement to increase Internet access and training opportunities for working families and detailed plans to aid the federation's work over the coming two years. (See Attached New York Times & Washington Post articles, dated 10/11/1999).

Delegates will hear from many speakers, including Labor Secretary Alexis Herman, Rep. Richard Gephardt, such international labor representatives as Hector MacKenzie of Great Britain's Trades Union Congress and Juan Somavia of the International Labour organization, longtime UNITE lobbyist and Medal of Freedom recipient Evelyn Dubrow and child labor activist Craig Kielburger.

BUILDING TRADES WORKERS

Issues:

- Administration-proposed rules on contractor integrity recommend that Federal procurement officers award no contracts to companies guilty of repeated and substantial violations of law on discrimination, labor, tax, environmental or antitrust. The proposed rules have come under attack as a pro-union policy that would create havoc and uncertainty for the thousands of companies vying for the more than $170 billion in contracts the Federal Government awards each year.

- Building trades workers are among our hardest-working citizens, and face unique retirement issues — cyclical work-cycles, frequent job turn-over, and a heavy toll on their bodies stemming from years of hard physical labor. Because of these unique retirement issues, building trades unions have raised concerns about current provisions of Section 415 relating to multiemployer pension plans.

- The Administration's proposed changes would help many of our hardest-working citizens get the secure pensions they deserve, when they deserve them. While there is a small revenue cost to these changes, we look forward to working with Congress to find a fiscally-responsible way to pay for them.

- Proposed Administration changes to Section 415 of the Internal Revenue Code relating to multiemployer pension plans would (a) eliminate the rule that limits multiemployer pensions received to 100% of the highest three-year average pay; (b) increase the early retirement dollar limit on multiemployer plan beneficiaries to the higher levels that are currently allowed for workers in plans sponsored by governments, non-profit organizations, and the merchant marine; and (c) exempt multiemployer-defined benefit pension plans from the aggregation rule requiring them to take into account benefits under the employer's other plans.

CONTRACTOR INTEGRITY

A recent Administration proposal on contractor integrity would allow the government to disqualify chronic corporate lawbreakers from Federal contracts based on their labor, tax and environmental track records. The proposed rules recommend that Federal procurement officers award no contracts to companies guilty of repeated and substantial violations of law on discrimination, labor, tax, environmental or antitrust.

Chamber of Commerce president Thomas J. Donohue has suggested that the new rules would be used mainly to help labor unions and would create havoc and uncertainty for the thousands of companies vying for the more than $170 billion in contracts the Federal Government awards each year. Donohue claims that "[t]he Administration's blacklisting regulation is not only bad public policy, it's probably illegal. The U.S. Chamber of Commerce will do whatever is necessary to block this politically motivated policy."

Apparel and retail industry officials have vowed to defeat the proposal because they fear it could be used to "blackball" companies seeking to do business with the government, based on unsubstantiated allegations of wrongdoing.

Opponents claim the regulation puts too much power in the hands of procurement officers directed to more closely scrutinize all operations of a company before awarding contracts. They contend it leaves businesses liable to indiscriminate or deliberate allegations of infractions, allegations that could come from competitors, disgruntled employees or unions attempting to organize a company.

According to the Office of Federal Procurement Policy, the proposed regulation was issued merely to give federal contracting officers "guidance" to insure the U.S. "does business only with high-performing and successful companies that work to maintain a good record of compliance with applicable laws."

Your position on this issue has been that the proposed regulation is a good policy for America. This Administration has helped steer the country into the most successful economic times in its history and has a good record of helping business and the economy.

This is a **proposed** rule open for comment until the middle of November.

SECTION 415 OF THE INTERNAL REVENUE CODE

- On September 16, you sent a letter to presidents of the building trades unions describing the Clinton-Gore Administration's views on Section 415 of the Internal Revenue Code relating to multiemployer pension plans.

- In both FY 1999 and FY 2000, the Administration's budget proposed to eliminate the rule that limits multiemployer pensions received to 100% of the highest three-year average pay. The cyclical nature of employment in the building trades can keep this number unfairly low.

- The Administration also supports an increase of the early retirement dollar limit on multiemployer plan beneficiaries to the higher levels that are currently allowed for workers in plans sponsored by governments, non-profit organizations, and the merchant marine. Raising these early retirement levels is justified by the combination of the physically strenuous work these trades require, the greater difficulty these workers are likely to have finding work at an older age, and the frequency with which they change jobs.

- The Administration also supports exempting multiemployer-defined benefit pension plans from the aggregation rule requiring them to take into account benefits under the employer's other plans. This rule is administratively difficult for these multi-employer plans.

MANUFACTURING TASK FORCE

Summary: In response to concerns from industrial unions, the President and VP have created a Manufacturing Task Force to recommend action items for the FY 2001 budget.

Background: There has been a decrease of approximately 500,000 manufacturing jobs in the United States during the past 18 months. The cause for this decline is multi-faceted: increases in productivity, improvements in technology, a decline in exports as a result of the Asian financial crisis and surges in unfair trade. The latter represents the smallest percentage of the decline—the largest percentage of the decline comes from increased productivity. A disproportionately large number of these jobs are unionized.

As a result of the decline in manufacturing jobs, the Industrial Presidents from the auto, electrical, machine, steel and textile sectors are very concerned about the future. As a result of a meeting between the Industrial Presidents and you in August, NEC agreed to convene a cabinet level inter-agency process to analyze the cause of the decline (including technology offsets and transfers) and make recommendations to you regarding policy changes that could reverse this decline. This NEC process has been well received by the Industrial Unions although they—as you know—blame all job loss on trade, generally, and on NAFTA in particular.

The Administration has had an on-going analytical process with labor economists from the AFL-CIO and its affiliates to engage in a dialogue concerning the causes for the decline in manufacturing jobs and the impact that trade, the dollar, productivity and technology have on the decline. This analytical process will inform the NEC's process.

In early August, you and the President released a statement announcing the creation of a Manufacturing Task Force. This task force is an effort to sustain the seven-year resurgence in manufacturing. While there have been 500,000 jobs lost in the past year due primarily to the Asian financial crisis, the Administration has added a net 325,000 jobs since January of 1993 (this number includes 30,000 jobs that were added in July, the first increase since March of 1998). Therefore, while we can't deny that jobs have been lost, we want to emphasize that over the past 7 years, the number of manufacturing jobs has risen and this Task Force has been put in place to work on maintaining the growth in this job sector.

Talking Points

- On Aug. 12, President Clinton and I announced the creation of an interagency Manufacturing Task Force to recommend ways to strengthen the US manufacturing sector for the 21st century.

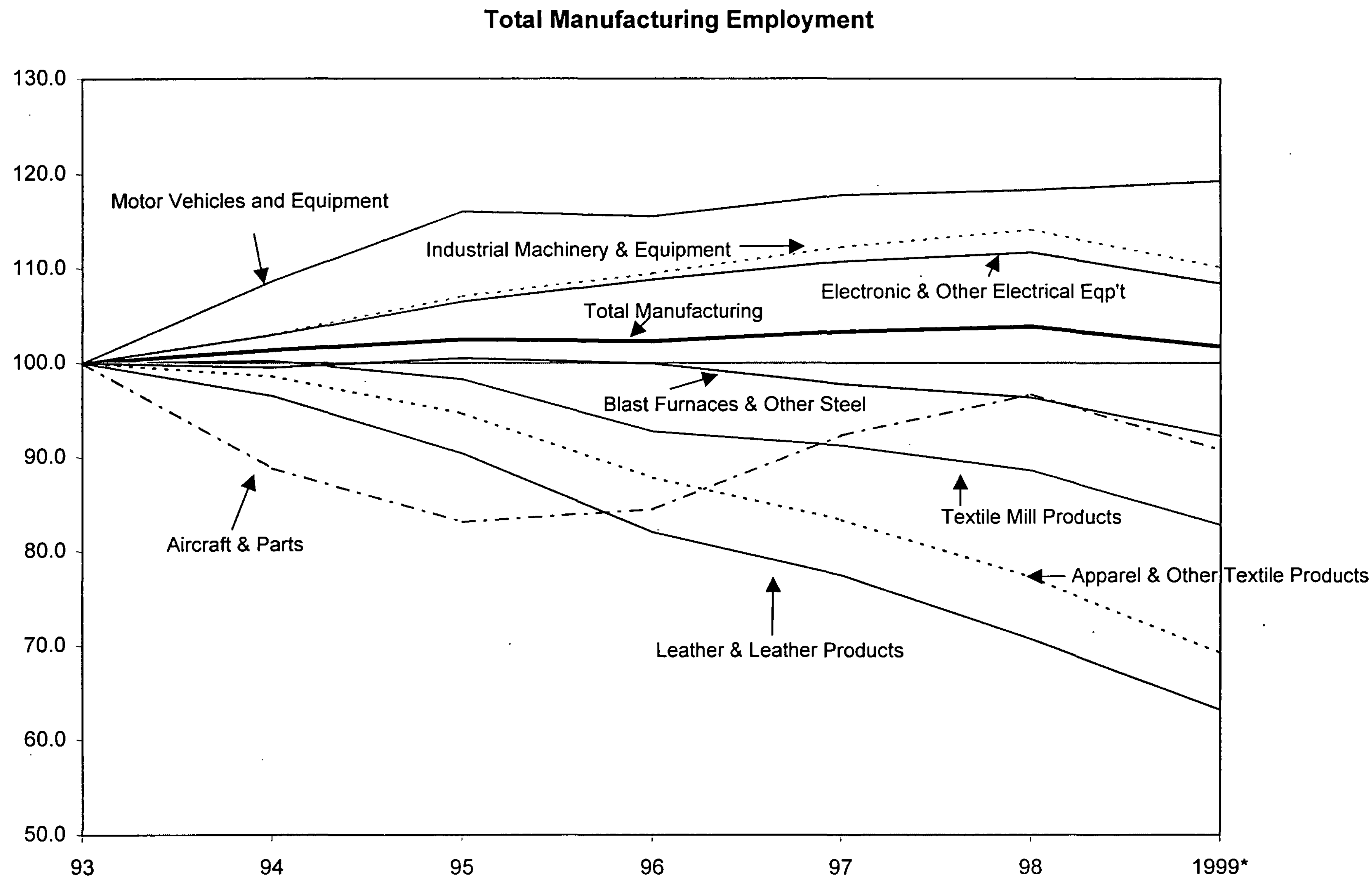
- The Manufacturing Task Force, which includes senior officials from key federal agencies, will make specific recommendations on how government policies and programs can preserve and enhance American manufacturing.

- The manufacturing sector is key to the health of the US economy: it pays higher wages and leads the rest of the economy in productivity growth. I want to be sure we are thinking about how to keep this sector strong as we go into the next century.

- Gene Sperling, director of the National Economic Council, is directing the Manufacturing Task Force.

- We have already met with the heads of the CWA and representatives of numerous other industrial unions and informally discussed our work plan. The Manufacturing Task Force will deliver recommendations to the President & V.P. for the FY 2001 Budget.

- We want to work with you to help us fashion policy suggestions on organizing rights, changes to improve the enforcement of our trade laws, and training for consideration in next year's budget.



* Data for June 1999

SCHOOL CONSTRUCTION

Summary: All of organized Labor, and especially the building trades, support our school construction legislative efforts. Leadership on this issue is a win-win.

- The Administration's proposal helps communities leverage more dollars for school modernization by providing federal income tax-credits to bondholders in lieu of interest payments made by communities. This allows communities to raise additional funds for school modernization through temporary investment of unexpended bond proceeds.

- The Republicans' school modernization proposal (in the vetoed tax bill) allowed issuers of tax-exempt school bonds to use additional arbitrage earnings for school construction by extending the current arbitrage period from two years to four years for school construction bonds. This would have expanded the additional amount of school construction bonds on which small-issuers may earn arbitrage from $5 million to $10 million, a very minimal adjustment.

- Comparing the competing proposals on the basis of the number of additional schools that could be modernized at no additional cost to the communities involved, the Clinton-Gore Administration's School Modernization Proposal repairs and modernizes 6,000 schools at a cost of $8.4 billion—using federal funds more efficiently than the Republican arbitrage proposal (based on Conference Agreement), which provides funding for only 644 schools at a cost of $2.6 billion (costing the government three times more per school).

- Congressman Rangel's school construction "extender" was defeated, by a party line vote, in the Ways & Means Committee in September 1999.

Q's & A's

Q: ***Does the Administration support application of the Davis-Bacon Act to this school construction proposal?***

A: *Yes.* The Davis-Bacon Act is a part of Representative Charles Rangel's proposal (proposed by Senator Charles Robb as S. 1454 in the Senate, both substantially similar to the Administration's proposal) and the Administration supports its inclusion. The Administration is a strong supporter of the Davis-Bacon Act (DBA). The statute ensures that workers are compensated at wage rates comparable to those paid in the local area. Good wages are important for working families in these communities. In addition, payment of locally prevailing wages attracts skilled and qualified craftsmen that will be able to build quality schools for our children.

Q: ***How would the Davis-Bacon provision be administered and enforced?***

A: The Davis-Bacon provision would be administered and enforced in the same manner as it is currently administered and enforced on Federal contracts. Construction contractors would be required to pay prevailing wage rates. DOL would investigate complaints filed regarding the possible wage rate violations. Neither the Department of Education nor the Department of Treasury would have a role in administering or enforcing the Davis-Bacon Act.

H.R. 1525, THE BIPARTISAN INDEPENDENT CONTRACTOR CLARIFICATION ACT

- Introduced 4/22/99 by Reps. Kleczka (D) and Houghton (R)

- Unions support H.R. 1525 because "misclassification" of workers as "independent contractors" as opposed to employees hurts both working families and employers. Workers classified as independent contractors are less likely to receive health and pension benefits than those classified as employees and must pay both the employee and the employer share of Social Security and Medicare taxes. Since most state and federal employment and labor laws only cover employees, workers who are classified as independent contractors are also exempt from laws which address employment discrimination; occupational safety and health; workers' compensation; unemployment insurance; and the right to organize.

- Unions believe that worker "misclassification" also creates an unlevel playing field for employers. By misclassifying employees as independent contractors and avoiding billions of dollars in Social Security and Medicare taxes, unemployment insurance, and health and pension benefits, employers who do not treat their workers fairly gain an unfair competitive advantage over employers who do.

- Under current tax law, employers must use a complex and subjective twenty-factor worker classification test to determine whether to classify workers as employees or independent contractors. According to the union, some "unscrupulous" employers are abusing this test by misclassifying their employees as independent contractors in order to gain an unfair competitive advantage over employers who treat their workers fairly.

- H.R. 1525 would help reduce worker misclassifications by replacing the current 20-factor worker classification test with a simple 3-factor test. This new test would classify workers as employees unless: their employers have no right of control over them; they make their services available to others; and they have the potential to generate profits and bear significant risk of loss. Finally, because H.R. 1525 does not, in the union's view, seek to punish businesses, this legislation would also create a new "safe harbor" provision which would protect employers from having to pay retroactive taxes if they followed an IRS ruling, were subject to an audit, or relied on substantial legal authority, and met consistency and tax return filing requirements.

KELLY-TAUSCHER WATER INFRASTRUCTURE BILL AND DAVIS-BACON REQUIREMENTS

The building trades unions are interested in the Kelly-Tauscher water infrastructure bill, which would significantly increase the authorization levels for Federal appropriations to the clean water State Revolving Funds (SRFs). Funds from the SRFs support low interest loans for water infrastructure projects sponsored by state and local governments, and repayment of the loans to each state's SRF allows the funds to "revolve," with principal repayments generating funds for new loans.

The Kelly-Tauscher bill (named for Sue Kelly (R-NY) and Ellen Tauscher (D-CA)) would increase authorization levels for the SRFs by more than a billion dollars to keep pace with the growing funding needs for wastewater treatment by state and local governments. The bill also would extend Davis-Bacon requirements (EPA stopped requiring states to meet Davis-Bacon requirements when the authorization lapsed in 1995), but only for the first round of loans from the appropriated funds, not for loans generated from repayments of principal. The Administration has not yet taken a position on the bill: OMB endorsement of the authorization levels will be a significant budget challenge, but it is clear that we will support Davis-Bacon requirements for both initial and subsequent loans from the SRFs.

You are on record as supporting significant increases in funding for clean water infrastructure through the SRFs, but not necessarily to the level of the Kelly-Tauscher bill. If asked about this issue, you should say that you support at least the level of increases proposed in the Kelly-Tauscher bill. You should also state that you believe Davis-Bacon requirements should apply to all projects financed by the SRFs, not just the initial round of projects (a critical goal of the unions).

Last year, the Transportation and Infrastructure Committee conferees, as well as the entire House and Senate, agreed that Davis-Bacon wage protections should apply not only to initial but also to subsequent rounds of state infrastructure bank revolving loan fund financing under the Transportation Equity Act for the 21st Century (TEA-21). That is the clear policy for transportation infrastructure project financing, and the unions believe it should be the policy for water infrastructure project financing.

PROJECT LABOR AGREEMENTS

The trade unions are opposed to proposed legislation that would ban mandatory project labor agreements on federally-funded and federally-financed construction projects. This bill, S. 1194, which enjoys Republican support, faces the prospect of a Democratic-led filibuster and likely presidential veto.

In addition, the unions are interested in S. 337, which would allow employers to not hire union organizers, frequently called "salts," and S. 1158, which would allow small businesses and labor unions to recoup attorneys' fees if they prevail in certain federal administrative proceedings.

Under a typical project labor agreement, unions representing craft workers and the project's prime contractor agree on terms and conditions of employment for a specific project. The contractor agrees that all workers on the project will join the union with jurisdiction over the craft specialty and agrees to pay wages and benefits provided by the agreement. Work rules are uniform and strikes or lockouts are prohibited. The project agreement stipulation usually is included in the project bid specifications. The agreement is made available to any contractor, union or nonunion, and limited in term and scope to that project.

The Administration's policy is to promote project labor agreements on federal construction work. The AFL-CIO strongly supports the Administration's policy and opposes these bills. The President is expected to veto any of the measures if they were to be approved by Congress.

STEEL

President George Becker (wife: Jane)
United Steelworkers of America, over 700,000 members
Five Gateway Center
Pittsburgh Pa 15222

We have responded to the steel crisis with Commerce Department action. Daley expeditiously pursued the anti-dumping cases and negotiated suspension agreements on all steel products with Russia (which the Steelworkers supported) and a very strict price agreement with Brazil. The President continued bi-lateral discussions with Japan and Korea. Japan is out of the hot rolled market as a result of the anti-dumping cases and July's steel import numbers overall were good. Prices are generally anemic, however. The Steelworkers and the largest integrated steel mills recently entered into a collective bargaining agreement that provided workers with wage and pension increases. In August, Podesta convened a meeting with labor and industry to affirm the Administration's commitment to remain vigilant in addressing the underlying causes and continuing effects of the steel import surge in the wake of the defeat of the steel quota legislation. At the meeting, Podesta provided a high level briefing on the Steel Action Plan, which has since been rolled out. The plan supplements the Administration's core policy of vigorous, expedited enforcement of the trade laws, which has successfully reversed the import surge, with administrative actions designed to prevent any recurrence. The Plan calls for action in three areas: bi-lateral discussions, investigations and policy recommendations concerning the long-term health of the domestic steel industry and a high-level multi-lateral dialogue on subsidized global over-capacity. (See Attached "Update on President's Steel Action Program," dated September 30, 1999.)

STEEL WIRE ROD

Background. The President faced a September 25, 1999 deadline to determine whether the U.S. steel wire rod industry suffered injury from an import surge. During 1998, many domestic steel wire rod firms experienced significant operating losses and earnings declines. Some believe these losses were caused by a sharp increase in imports from low-cost suppliers; others believe lower demand, lower production costs, and increased domestic capacity were to blame. The evidence is mixed (*e.g.*, import volume was up 6.3% in 1998; import market share rose from 27.4% in 1997 to 30.8% in 1998; prices dropped 5.5% last year; import prices dropped even more; but employment held steady at 4300 until dipping by about 400 last year; and the industry remained profitable in 3 of the last 5 years. While trade relief would help U.S. producers/workers (George Becker/Steelworkers strongly support it), it could also harm U.S. "downstream" industries that use wire rod. Thirty-three countries export wire rod to the U.S., but some 40% of imports would be exempted from any trade relief (*e.g.*, Canada/Mexico due to NAFTA; Israel and Andean nations per past practice). The ITC models suggest tariffs above 7% would likely be prohibitive.

Action/Views. The ITC commissioners split (2 found injury; 1 found a threat of injury; 3 found no injury). The President must first decide whether any relief is justified. If the President finds that it is, he must then decide what the remedy should be. The President's advisors present these options: **Option 1 – Grant No Relief.** *Sandy, Gene/Lael, Madeline, Larry Summers, Martin Baily, and DOJ* support this option. They think the injury standard has not been met; granting relief would set a bad precedent, send a protectionist message, and hurt U.S. relations with certain trading partners (*i.e.*, the E.U., Japan, Trinidad and Tobago, South Africa). They note that Presidents have always decided against granting relief in previous, evenly split ITC cases. **Option 2(A) – Tariff Rate Quota/Rollback.** This option would rollback imports with a quota at 2% above 1997 levels, 8% below 1998 levels, with a 2%/year growth adjustment and a 15% surcharge on imports above this level (dropping to 12% and 9% in years 2 and 3 respectively). *Barshefsky, Daley, Herman, and Fuerth* support this option; they believe we can defend it in the WTO and that U.S. producers and workers need the relief. **Option 2(B) – Protect Against Import Surge.** This option would impose a more prophylactic tariff rate quota (*i.e.*, 2.5% above 1998 levels growing at 2%/year; 9% surcharge on imports above that, declining to 7% and 5% in years 2 and 3), designed to protect against import surges while minimizing the hit to our trading partners and downstream users. While preferring no remedy at all, *Gene/Lael, Summers and Baily* think this option is better than a rollback. Conversely, *Barshefsky, Daley, Herman, and Fuerth* think this is a lose-lose; that no remedy would be better than this one. On the Hill, Gephardt and the Steel Caucus support strong relief; the Black caucus wants to exempt Trinidad and Tobago.

AT THIS POINT, THE PRESIDENT HAS NOT ISSUED A DECISION ON STEEL WIRE ROD.

George Becker, head of the United Steelworkers, views this decision as a test of whether we will live up to our pledge to enforce our trade laws. He believes his credibility is on the line, having put his name on the petition and having pressed the hot-rolled steel industry to pursue a Section 201 even though he personally has grave doubts about the efficacy of this trade law. Despite union membership in both the wire and wire rod industries, the United Steelworkers and Independent Steelworkers Alliance joined the wire rod producers as formal petitioners in this 201 case. Becker notes that failure to provide relief will compound skepticism among workers about free trade, with implications for fast track and the upcoming WTO round. Becker says he has heard nothing from workers in the consuming industries. The Steelworkers argue that this portion of the steel industry (4,000 employees) has used our laws, played by the rules, and that the decision now lies with the President. They expect effective relief.

Steel rod downstream users/consumers (20,000 employees) are opposed to any remedy in this matter that will interfere with natural market forces.

Press Release

UNITED STEELWORKERS OF AMERICA
Five Gateway Center
Pittsburgh PA 15222

September 21, 1999

To: All Steelworkers
From: George Becker
Subject: A Message From Pittsburgh
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President Clinton on Manufacturing. We've taken President Clinton to task when he has disappointed us on trade. In fairness, we should applaud him for recent statements that the White House is looking for ways to stem employment losses in the manufacturing sector which, it points out, has lost nearly half a million jobs over the last 18 months and has not enjoyed the fruits of the strong economy. Gene Sperling, the head of the National Economic Council says the administration is going to work with economists and labor leaders to come up with proposals the President can announce in his State of the Union Message in January.

Vice President Gore on Trade. In a speech in Seattle to the Washington Council on International Trade, the group organizing the WTO meeting of trade ministers Nov. 30 to Dec. 3, Vice President Gore said that labor and the environment should be on the table at the World Trade Organization. "They are not second-class issues any longer."

TRANSPORTATION SECTOR

The transportation trades may raise the NAFTA trucking issue regarding opening the Mexican border. Teamsters President Jim Hoffa has asked that we move slowly in opening the Mexican border to trucks. He believes that transportation safety will be compromised because of the Mexicans' failure to implement safety standards and worker protections. Secretaries Slater and Herman have been working with the Mexicans to develop a plan to provide safety and worker standards to Mexican truck drivers. The President had a successful meeting with the Teamsters recently regarding the issue, during which the President was sympathetic regarding their safety concerns. The President said last week that as long as Mexican trucks are unsafe (and he said 2/3 are unsafe) they would not be welcome in the U.S.

PAPER, ALLIED-INDUSTRIAL, CHEMICAL, AND ENERGY WORKERS INTERNATIONAL UNION (PACE)

Int'l. President Boyd Young
Int'l. Executive Vice President Robert E. Wages
320,000 members

PACE was formed on Jan. 4, 1999 by the merger of the United Paperworkers International Union with the Oil, Chemical and Workers International Union. The Union represents most of the people who make paper and refine oil in the United States. In addition, members make chemicals, nuclear materials, pharmaceuticals, automobile and truck parts, appliances, small engines, motorcycles, boxes, tissues, toys, cement, corn sugar and many other products, representing even registered nurses.

Oak Ridge

Oak Ridge Pending Layoffs

As you know, the issue of reductions in work force at Oak Ridge has been a hot issue with the Tennessee AFL-CIO, who represent the atomic trades council and other unions who make up part of the Oak Ridge workforce. Until recently, Oak Ridge operations employed more than 900 workers who were represented by the Tennessee AFL-CIO. On August 18, DOE authorized Lockheed Martin Energy Systems, the operating contractor for the Y-12 Plant in Oak Ridge, to proceed with plans for a work force restructuring in the new fiscal year, which begins October 1. As of September 28, 485 workers had received layoff notifications from Lockheed Martin and Boeing, with an additional 162 layoffs anticipated later this month. The layoffs are effective 180 days after the notice (*e.g.*, Nov. 1999 for the first 485). Future layoffs are anticipated in the wake of the expected FY2000 budget shortfall. The State Department of Labor has sent a rapid response team to Oak Ridge to assist workers with finding new employment and receiving job training.

Workers will be given an opportunity to separate voluntarily and receive a payment equal to what they would receive for severance pay. Involuntarily separated workers will be given 60 days advance notice. If eligible, they will receive severance payments and displaced worker medical assistance. Work force reductions at Oak Ridge have been partially offset by community transition activities supported by DOE, including leasing activities at East Tennessee Technology Park. These activities have resulted in the creation or retention of over 3,000 jobs, with a projected total of 5,500 jobs created or retained by the end of FY 2001.

DOE has an enriched severance package under consideration, but no final decision has occurred.

DOE Workers Compensation Settlement and Further Findings

On July 15, the President announced that the Administration would propose a benefits program for DOE's contractor workers who have beryllium-related health conditions. The new program will be administered by the Department of Labor and modeled after the workers' compensation system for federal employees. Workers will be eligible for medical costs and wage loss, among other benefits. A proposed bill included a title that extended benefits to certain sick Oak Ridge workers.

The Administration also called on DOE, Justice, Labor and others in the Administration to determine whether there are other health conditions that warrant inclusion in this proposed program and, if so, how this should be accomplished. The NEC will make recommendations to the President by March 31, 2000. We are considering a DOE proposal to work together to expand the beryllium-related legislative proposal described above to provide compensation benefits to workers with radiogenic cancers who worked at DOE's gaseous diffusion plants, and who, without their knowledge, were exposed to plutonium in the work place. (See Paducah, below).

Spallation Neutron Source Funding

The final Energy and Water appropriations bill included only $117.8 million in funding — much lower than the Administration's budget request of $214 million, or the $187 million passed by the Senate earlier this fall. This figure could have significant ramifications on the project, including the delay of SNS construction (although we expect groundbreaking to occur on schedule). The funding cut could add up to a year to the construction and increase the cost of the facility by $40 million. Construction is slated to begin in 2001.

In the FY 2001 preliminary budget submission to OMB, DOE will request $281 million for SNS reflecting a $67 million increase over the FY 2000 request for this project.

Paducah

- Paducah, Kentucky is home to a 3,500-acre complex housing a 900-acre gaseous diffusion plant. The plant has been the subject of intense publicity recently, as concerns arose regarding worker safety and the environmental impact of exposure to transuranic elements and fission products. These are the by-products of the uranium recycling from weapons production plants during the 1950s-70s.

- In May 1999, DOE was sued in a whistleblower case alleging that plant workers unknowingly and fraudulently were exposed to plutonium and other radioactive materials. The suit was filed under seal, and DOE conducted an investigation that ensured that there were no imminent threats to the environment, public health or safety.

- The worker health issues took on national prominence when *The Washington Post* ran a series of articles reporting on the workers' lawsuit. Moreover, contaminants recently have been reported to be leaching into the groundwater and moving outside the fence-line, helping to make the environmental hazards at the plant front-page news.

- Secretary Richardson held a town-hall meeting in Paducah on September 16. He began by apologizing to the workers and people of Paducah on behalf of the government.

- Despite the seriousness of the contamination, it is important to note that DOE's team *has found no imminent hazards to the workers or the public*, and it has repeated that *the general radiation hazards are low.*

Worker Health and Safety

Contractor workers at the plant were exposed to plutonium and other highly radioactive materials as a result of the Atomic Energy Commission's policy of reusing uranium that had previously been used in the production of plutonium. The use of these recycled reactor tailings began in the 1950s and continued through the 1970s. The whistleblowers allege that plant managers knew of the presence of these materials and their potential for hazard during the period they were processed, but until February 1992, the workers were unaware that they were being exposed.

FEDERAL RESPONSE

Cleanup Costs

- FY 2000 ($62 million requested; $52 million appropriated): In its initial budget proposal, the Administration requested $46 million for cleanup programs at Paducah in FY00. (Another $4.3 million was requested for plant administration and health monitoring.) After the seriousness of the problem emerged, however, a supplemental proposal was developed. On September 21, the Administration submitted a FY00 budget amendment that addresses safety concerns at Paducah (as well as for similar problems at Oak Ridge, Tennessee and Portsmouth, Ohio). This proposal called for an additional $8.8 million for cleanup at Paducah (plus $7 million for safety oversight and medical monitoring). Congress only provided $52 million of the total $62 million requested by the Administration for Paducah. The President has signed this bill.

- Federal Out-Year Projections: DOE currently projects total cleanup costs at Paducah to run approximately $50 million per year for the next ten years (see below):

DOE Planned Funding for Paducah Cleanup (millions of dollars)								
2001	2002	2003	2004	2005	2006	2007	2008	2009
49.1	49.9	40.1	51.6	65.4	37.1	110.2	164.3	30.3

- Through 2012, when DOE predicts that it will complete the cleanup project, its current total estimate for environmental remediation at Paducah is $550 million. After that (2013-2070), DOE projects spending roughly $10 million per year in monitoring the site.

- Division of Funds Between the Plants: An important issue is that Oak Ridge has gotten far more of the cleanup moneys than either Paducah or Portsmouth, Ohio. (Rep. Strickland has been involved in attempting to get money for the Ohio facility.) According to DOE, Oak Ridge receives about 60 percent more of the budget for cleanup because the agency is funding both cleanup and decontamination and decommissioning activities, while there are only cleanup activities taking place at Paducah.

Compensation to Injured Workers

- Since some of the Paducah workers were injured by their on-the-job exposure when they were working directly or indirectly for the US Government, this Administration is determined to recompense those with serious illness.

- Compensation cannot be awarded under any current authorization, but on September 15, Secretary Richardson announced that the Administration will propose legislation to provide benefits to federal and contractor workers who:

- Were employed for at least one year at the Paducah facility during the relevant time period;

- Worked in an area where they were exposed to plutonium or other highly radioactive materials; and

- Developed a cancer included in the Radiation Exposure Compensation Act's list of radiogenic cancers.

- This would provide essentially the same benefits that we offer the exposure victims at the Nevada nuclear test sites under the Radiation Exposure Compensation Act ("RECA").

- DOE estimates it would cost about $20 million to compensate the Paducah victims.

- Each award made will be a lump sum payment in the amount of $75,000, and the receipt of an award would not preclude the workers from making claims under state workers' compensation.

- DOE recently announced that it would fund expanded health testing for 2,000 current and former employees at the facility.

- Oak Ridge and Portsmouth (OH): Secretary Richardson's proposal would *not*—as it is currently envisioned—address the health concerns of workers with similar exposures at the gaseous diffusion plants in Tennessee and Ohio. Rather, NEC is leading an interagency task force to review workers' compensation issues related to all the contaminated sites, and a separate panel of health experts is evaluating the evidence that correlates illnesses with the weapons productions facilities.

- NEC Panel: The federal expert Panel will evaluate information provided by DOE on current and historical exposure hazards at DOE facilities that are associated with nuclear weapons production, as well as epidemiological and other occupational health studies conducted on DOE contractor workers. Where the Panel finds evidence documenting adverse health outcomes in response to such exposures, it will then attempt to determine the likelihood that particular categories of DOE contractor workers (defined by magnitude and duration of exposure) were made ill by such exposures.

Timeline: A draft of the NEC report will be issued in November 1999, and the final report is due in December 1999.

OTHER PACE ISSUES

- Crown Boycott Campaign: Reverand Jesse Jackson has asserted that he and the Rainbow/Push Coalition are endorsing the AFL-CIO boycott against Crown Central Petroleum gasoline. Crown has allegedly abused workers and failed to address its race and gender problems. In February 1996, Crown forcibly removed 252 union members from its Pasadena, Texas refinery when workers refused to accept all of Crown's contract demands. After the lockout, Crown replaced union workers with nonunion contract employees and virtually eliminated African-Americans from its hourly workforce. The locked-out Crown workers are represented by PACE, which has conducted a fierce campaign against the company.

- PACE Opposed to "Grandfathering" Legislation supported by Texas Governor George W. Bush: The proposed legislation would give so-called facilities at grandfathered plants, such as Crown Central Petroleum, further incentives to violate pollution laws and thereby jeopardize jobs and the health and safety of surrounding communities. PACE is strongly opposed to the legislation, which would continue a voluntary compliance program that provides huge loopholes to private industry and thereby allows them to pollute the environment. The union believes that the legislation is strictly designed to benefit polluters, citing its experience with Crown Central Petroleum as proof that voluntary compliance program is not working. Crown received in August 1998 the largest pollution fine in Texas history. While the penalty was large ($1.1 million), Crown received a $14 million gain by not complying with environmental laws.

BAKERY, CONFECTIONERY, TOBACCO, WORKERS AND GRAIN MILLERS, INTERNATIONAL UNION (BCTGM UNION)

Frank Hurt, International President
David B. Durkee, International Secretary-Treasurer
Joseph Thibodeau, Executive Vice-President

Head Office Address:
10401 Connecticut Avenue
Kensington, Maryland
20895-3961
Phone (301) 933-8600

110,000 members

This is a very small, not very well known union with which you have not had much contact.

General Concerns of **tobacco workers** affiliated with this union:

- Loss of jobs due to proposed tobacco legislation (*e.g.*, McCain bill) imposing taxes.
- Virtually guaranteed black market for cigarettes due to such legislation.
- Fear that such legislation would effectively ban exports of cigarettes.
- Fear that such legislation will create more government and higher taxes.

ATTACHMENTS

- New York Times & Washington Post articles, dated 10/11/1999.
- Memorandum by Karen Tramantano "Labor Agenda: Next Steps," dated 5/22/99.
- "Update on President's Steel Action Program," dated September 30, 1999.

October 11, 1999

A.F.L.-C.I.O. Members to Get Online Access and Discounts

By STEVEN GREENHOUSE

he nation's labor movement, long a laggard on high-technology matters, is taking a leap into cyberspace with a new A.F.L.-C.I.O. program that will offer heavily discounted computers and online service to 13 million union members.

The plan, announced over the weekend, aims not only to make online service more affordable for millions of union members, but also to tie unions more closely to their members and to make it easier to mobilize the rank and file in labor's struggles.

Union leaders say this new online plan could create huge political waves because it will enable union presidents, with the click of a button, to send e-mail messages to hundreds of thousands of their members, urging them in turn to e-mail members of Congress, asking that they initiate, pass or defeat legislation, among other things.

Morton Bahr, president of the Communications Workers of America, said, "Can you imagine being able to instantly ask millions of union members to refuse to buy a product or to bombard elected officials with e-mail in protest?"

Under the new program, the A.F.L.-C.I.O. is working with iBelong, a start-up based in Waltham, Mass., to offer union members computers for less than $700 and monthly online service for less than $14.95. Labor federation officials say they hope that at least a million members will subscribe to the online service, which will cost roughly 30 percent less than what many online services now charge.

John J. Sweeney, the A.F.L.-C.I.O. 's president, said the new program aims in part to bridge a digital division with wealth as its demarcation. According to a recent Commerce Department report, families with annual incomes of more than $75,000 are 20 times more likely to have Internet access than the lowest-income families. "We're helping bridge the gap between the technological haves and have-nots," Sweeney said. "We're also giving working families new ways to connect with one another and to make their voices heard."

Shikhar Ghosh, chief executive and a founder of iBelong, which specializes in customized Web entryways, said his company had a different focus from most other online services, which create virtual communities made up of strangers. Instead, he said, iBelong was designing the new online service, called Workingfamilies.com, to tie people closer together who already form a community by sharing occupations or belonging to the same union.

"The Web is creating pseudo-communities where you meet people you don't know," he said. "We're looking to build communities where people already have very strong ties and affinities. We have a chance to create a network that really becomes a center of your membership life."

The A.F.L.-C.I.O. has 13 million members and represents more than 80 percent of the nation's unionized workers. It includes 68 unions ranging from giants like the International Brotherhood of Teamsters and the American Federation of Teachers, each with more than a million members, to the United Farm Workers, with fewer than 50,000.

The new Internet service, scheduled to begin in December, will be unusual in that members of each of the federation's 68 unions will enter Web portals specific to their union when they go online.

When these subscribers log on, they might find e-mail messages from union officials, news about their workplace and contract bargaining and news with an effect on their occupations. Ghosh said the service will also provide chat rooms, the opportunity to have buddies who subscribe to other online services and full access to the Internet, including electronic commerce.

The A.F.L.-C.I.O. has solicited bids from Dell, Gateway and other computer makers for discounted deals, to provide what they expect will be hundreds of thousands of PC's to union members.

Ghosh said he expected that this process would result in the sale of computers that meet most families' needs for $600 to $800 each, excluding monitors. He said that for that amount, the computers would include Pentium 450-megahertz chips, would have 32 megabytes of random access memory, a 4-gigabyte hard drive and one year of technical support.

"We haven't gone out to get the really cheapest computer we can get," Ghosh said. "We're trying to get computers that will include all the things an average family needs."

He added that the labor federation's program would offer members a range of computers at a range of prices with "a couple of price points that are extraordinary."

Ghosh declined to disclose with which companies he was negotiating to help provide the online service. He already has deals to set up online services for the American Legion and the alumni associations of Purdue University and the College of William and Mary.

A.F.L.-C.I.O. officials and Ghosh said the online service would not cost the labor federation any money. Rather, Ghosh said, iBelong is putting up tens of millions of dollars to set up the customized portals and to create a filtering service that will send different types of information to members of different unions. His company hopes to profit from the venture by selling advertising on the service and by obtaining a percentage of sales made by e-commerce companies that are given priority placements on the service.

The labor federation would share that revenue, with the initial profits being plowed back into selling the service to union members, Ghosh and federation officials said.

"If you can get a large number of people to come on board, you make a large amount of money," said Ghosh. He added that the A.F.L.-C.I.O. stood to earn a few million dollars a year from the deal, while iBelong hoped to make "tens of millions of dollars" a year in profit.

Ghosh said the new service would have strict privacy protections for subscribers, adding: "The customers' privacy will be absolute. Nobody will have a claim to sell any of the information to anyone."

Union officials said the online service would enable shoppers to select union-made and American-made products and would help identify products manufactured under sweatshop or anti-union conditions.

Unlike most businesses the A.F.L.-C.I.O. deals with, iBelong is not unionized. But Ghosh promised not to fight against unionization if there ever is an organizing drive at his company.

Many unions now have their own Web sites, but Bahr, the communications workers' president, said the new system would be vastly preferable. "We're not tied into our members' homes," he said. "We're looking for a system that ties into 13 million homes. Technology gives us the ability to do that."

AFL-CIO to Offer Access To Internet for Members
Program Includes Low-Cost Computers

By Frank Swoboda
Washington Post Staff Writer
Monday, October 11, 1999; Page A08

Hoping to wire millions of union households nationwide, the AFL-CIO yesterday announced plans to start a new Internet service that it hopes will give organized labor a high-tech power tool for boosting its political and lobbying clout.

Starting in December, the labor federation plans to offer a low-cost Internet service called Workingfamilies.com to active and retired union members, a potential universe of 17 million households. Union members also will be offered low-cost computers. Non-union members would not be eligible for the service.

Union members would pay no more than $14.95 a month. The goal is to provide Internet access and the cost of buying a computer for no more than $30 a month.

AFL-CIO officials said the $14.95 a month was about one-third less than America Online charges for similar services.

Morton Bahr, president of the Communications Workers of America, said the program was aimed at closing what he called the "digital divide" that separates low-income workers from more affluent users of the Internet.

A new Commerce Department report found that households with annual incomes of $75,000 or more are 20 times more likely to have home access to the Internet than those at the lowest income levels, Bahr said. The report also found that most people who earn less than $25,000 a year cited cost as the primary reason they didn't have Internet access at home. There were no annual income figures available on union members, but many members make substantially less than $75,000 a year.

The service would allow the labor group to bring the power of the Internet to its political and organizing activities, Bahr said. It said he thought it would be particularly helpful in efforts to organize workers at such companies as Microsoft Corp. and International Business Machines Corp.

"This is the language of the high-tech worker," Bahr said. "If you're going to organize them, you have to speak their language." He said contacting high-tech workers on the Internet was the same as hand-billing other workers in a traditional organizing campaign.

The Internet service is being provided by the AFL-CIO's Union Privilege benefit program at no cost to the federation or its 68 member unions.

MEMORANDUM FOR JOHN D PODESTA
RON KLAIN

CC: GENE SPERLING
BRUCE REED
MONICA DIXON

FROM KAREN TRAMONTANO

SUBJECT LABOR AGENDA: NEXT STEPS

PURPOSE: The President and Vice-President have asked how we can respond to the current debate within labor and among workers about trade. I believe the only way to respond to the debate is to change it by focusing on the Administration's goals and objectives for workers and their families. Outlined below are short-term strategies to get on the offense on issues that concern working men and women and organized labor. Additionally, I have also outlined next steps in a long-term approach to these issues. Finally, I have noted throughout some of the things that the Administration has been doing to broaden our dialogue and approach to these issues.

BACKGROUND: Since the surge in hot-rolled steel imports we have been on the defensive. We have allowed the industrial unions who are fighting for their survival, their identity and their power within the labor movement to use this issue as the symbol for everything that is wrong with the global economy. Although we have virtually solved the surge crisis, the facts are of no consequence. The issue is about an industrial union base that has lost its power in communities, in the political system and internally within the AFL-CIO. Since workers who are not prepared for the new economy fear that they will lose their jobs and believe the social compact is lost forever, the message the industrial unions are delivering is resonating in a number of communities. Although we like to discuss the economy as global, like politics, the economy is local. If we are going to win the debate we must shift it significantly and speak to working families directly.

TRADE: Whenever we are speaking about trade, I recommend that we wrap ourselves in the principles of lifting labor and environmental standards. As a result of the FAST TRACK campaign that labor unions waged against our administration, most organized workers believe that one of the answers to companies moving overseas is to raise labor and environmental standards. Even though facts show that companies do not move overseas to escape high wages and environmental standards, workers generally believe this proposition. Therefore, I recommend that we continue and the Vice President, in particular talk about our initiatives at the ILO, our child labor initiative and our desire to include labor and environmental standards in our trade policies. The President has a number of significant venues in the near future where he will

NEW MARKETS & EMPOWERMENT ZONES: Both the President and the Vice-President have opportunities to involve labor unions in these initiatives on two fronts. First, the AFL-CIO and International unions have investment initiatives where they invest in communities to build housing and make other critical community investments. I am working with the Treasury and Labor Departments and the AFL-CIO to see if they are interested in being a part of the New Markets Initiative as investors. Additionally, the CEOs who met with the President and Vice President made clear that the shortage of trained workers is critical to continuing to grow our economy. The AFL-CIO and other International Unions could be key to providing workforce training to a much needed workforce as we expand the economy to new markets. This is another opportunity for the President and Vice-President to call upon the labor movement to be part of the Administration's initiatives and potentially to increase their membership as the economy grows.

In the short term, I believe figuring out the opportunities where these five topic areas are discussed and reinforced will help to change the debate, get us on the offense and involve workers, employers and individual unions in all sectors in a more positive and productive dialogue.

ON-GOING AND LONG-TERM STRATIGIES: The question of whether the labor movement grows along side our growing new economy is largely a question for the labor movement. We do, however, have an interest in expanding the number of individuals who share in this economic growth. Because workers who are unionized do receive a greater share of the economic growth, it is in our interest to figure out how to facilitate workers' abilities to increase their share of economic growth. I have asked Gene and Bruce to work with me to run a process to see whether there are policies that we can develop to achieve this end. In addition to our changes in work force training policies, we will look at policies that effect contract and part-time workers. The Labor Department has also researched and produced a paper that analyzes jobs in the new economy that we will consider in this process. Finally, Labor Department is looking at developing a Workers' Bill of Rights for the 21st Century that will also be part of this process.

CEA as you know has agreed to conduct a series of discussions with economists in the labor movement (including all the industrial union economists) about the effects of trade and our industrial policy. After the first session, everyone agreed that trade was not the primary cause for job loss in the industrial sector. But, the labor union economists explained that they defined trade as the culprit because they believe it is the only policy that they can control. Although we did not resolve any issues, we are meeting for a second session on May 26th. Our hope is that we can develop a set of principles upon which we can proceed to develop a thoughtful discussion about our industrial policy.

discuss these matters, I strongly recommend that the Vice President consider venues where it would be appropriate to speak to these issues.

ORGANIZING: The AFL-CIO has recently figured out that talking about "organizing" is meaningless to workers. Although there are a number of reasons for this result, the most pertinent is that workers believe that organizing benefits unions not them. I know that the Vice President has been very vocal on this issue and he has received a great deal of support and praise. I recommend that he add to his approach a discussion about the benefits of organizing to workers. Specifically, I recommend that he add to his venues several organized work places where he can not only high-light productive labor-management relations but also talk to workers about the benefits of working in an organized setting. Our CEA agrees that there is at least a 10% wage premium for workers who are organized. Additionally, the gender wage-gap is significantly reduced for women who are part of an organized workforce. Finally, organized workers are more likely to have pensions, health-care, family leave and other working family benefits. These benefits also dovetail nicely with the accomplishments of the Clinton-Gore Administration.

EMPLOYER NEUTRALITY: The key issue for workers is whether their employers are neutral when they exercise their right to choose to have a union. In union elections where the employer is neutral, nearly all workers chose to be represented by a union. Where the employer decides to challenge a union's organizing drive, workers generally vote against union representation. There are a number of reasons for this result, but the thread running through all the analysis is that workers generally do not want to do something that the employer does not want. Worker loyalty in the first instance generally runs to the employer. I believe it is useful for the Administration, especially the Vice-President to seek out venues where employers have been neutral. This is another way in which the Vice-President can speak positively about employers, unions and workers. Several unions like CWA, SEIU and UFCW have worked out employer neutrality arrangements that can be easily highlighted.

LABOR-MANAGEMENT TRAINING & COOPERATION: In most cases the by-product of employer neutrality is the development of effective labor-management training programs and labor-management work site cooperation. Over the past ten years, research conducted by the AFL-CIO has shown that union workers favor labor-management cooperation to labor-management confrontation. There are many of examples of effective labor-management cooperation programs in all sectors. Highlighting these programs is an effective way to talk to workers and employers. In fact, the AFL-CIO has developed a national program to highlight and expand these programs throughout the labor movement. Workers also support labor-management-training programs. The AFL-CIO has recently discovered that it has the largest, and perhaps most effective workforce training programs. These programs also are found in all sectors, can be used to demonstrate effective labor-management cooperation and the benefits of organizing. I recommend that the Administration, especially the Vice-President consider venues where these programs can be raised up as programs for the new economy and new workforce. The President has visited several of these sites to announce initiatives that have been well received by the workers and labor unions involved.

Update on President's Steel Action Program
September 30, 1999

The Administration has moved aggressively to implement the Steel Action Program announced last month.

Vigorous Enforcement of the Trade Laws: Since the beginning of this year, Commerce has completed or is now conducting more than 66 investigations and is enforcing more than 100 standing orders on steel products from all over the world. Commerce completed the hot-rolled antidumping cases in record time and is currently conducting the cold-rolled investigations on an expedited schedule.

Bilateral/Multilateral Steel Consultations: The Administration has been actively engaged in bilateral consultations with various trading partners to address practices supporting excess capacity.

- Japan: On September 24, USTR launched a senior level Bilateral Steel Dialogue with Japan. The two sides agreed to meet several times a year to review conditions of the steel industry and promote market based trade and competition and to exchange views on possible approaches to global overcapacity. Senior officials have continued to press our message on return to pre-crisis levels.

- Korea: USTR and Commerce are continuing our dialogue on steel issues with the Government of Korea. Two exchanges of letters have taken place at the vice minister level concerning the sale of Hanbo Steel, POSCO privatization, government subsidies, and competition issues.

- Russia and NIS

1.

  - Commerce has begun two broad-reaching programs offering technical assistance designed to reduce violations of U.S. trade law. These programs provide assistance to foreign governments and producers to comply with U.S. and international antidumping and subsidy laws. They will provide training to producers on market-based pricing and cost methodology. In September, Commerce initiated a Memorandum of Understanding ("MOU") agreeing to technical assistance for Ukraine signed by the two parties for these purposes. Earlier, in August, Commerce also met with Russian officials to discuss implementation of the technical assistance program prescribed in the U.S.-Russian MOU signed in February.

  - EPA is working to help Russian plants reduce emissions and industrial waste. The SABIT program is sponsoring an exchange with the Russian steel industry to work with the North American Steel Framing Alliance with the aim of developing a market for steel framing in Russia and increasing Russia's internal demand for steel. The International Visitors Program will include industrial restructuring and addressing the social consequences of downsizing as themes of next year's exchange programs and will consider focussing programs specifically on these issues.

- OECD Steel Committee: The November 4 OECD Steel Committee meeting review country specific and global steel issues. In addition, on November 2 and 3, the Committee will convene a workshop on the steel industry in the NIS. Representatives of Russia, China and Ukraine are also expected to attend. The USTR-led delegation will include U.S. labor and industry representatives, who are invited to submit papers and to participate.

USG Commitment to Oppose IFI Lending Subsidizing Steel Production: The U.S. continues to work toward (1) elimination of directed lending and subsidies to favored industries, including the steel industry, (2) increased emphasis on transparent reviews of public spending which could uncover potential subsidies and unproductive expenditures and (3) privatization and restructuring of government-owned steel enterprises along market principles. The Administration opposes any lending by the MDB's to that would subsidize steel production overseas.

- In the G-7 statement in October 1998 on reforms for the IMF, it has encouraged policies aimed at ending directed lending and market distorting subsidies. The IMF has developed a Code of Good Practices on fiscal transparency aimed at enhancing transparency and fiscal accountability of budget systems, thus making it more difficult for borrowing countries to conduct preferential lending and to subsidize favored industries.

- Under their IMF Programs, Brazil and Korea have taken steps to cut or eliminate a number of export subsidies. Korea has also committed to the IMF to eliminate directed lending. IBRD and IDA no longer lend to support the steel sector. MIGA has never supported a project involving the production of primary steel.

Report on Subsidy and Market Distorting Trade Barriers: Commerce has transferred resources and established special country teams which have begun researching and compiling information on foreign subsidies to steel producers and other market-distorting trade barriers.

Assessing Potential Unfair Pricing Practives of Steel, Iron Ore and Coke: Commerce is now scheduling additional meetings with representatives from various other steel and steel input industries (iron ore and coke) to discuss unfair pricing practices and foreign subsidies.

Enhanced Import Monitoring: The Administration has intensified import monitoring.

- All Steel Covered: Commerce has expanded its import monitoring program to cover all categories of steel mill products from all countries.

- Quarterly Reports: In addition to the summary charts provided with each monthly early release, Commerce will issue a report describing its findings on steel import trends that will bereleased on a quarterly basis.

- Analysis to ISAC: To keep the industry apprized of potential import surges or rapid price declines, Commerce will continue to provide the Industry Sector Advisory Committee on Steel ("ISAC") with an analysis of steel import trends.

Spotting Circumvention of Dumping Orders

- Statistical Marker: Commerce has held preliminary meetings and will be holding others in the near future with Customs, Census and ITC officials to establish a statistical marker to the current tariff schedule that identifies imports subject to trade action.

- Commerce is working with the Customs Headquarters and the Chicago Strategic Trade Center to enhance methods of preventing circumvention.

Strong Trade Laws

- New Critical Circumstances Regulations: Commerce issued on September 8 the new critical circumstances regulation in the Federal Register to enhance AD/CVD enforcement.

- Strong Trade Rules in WTO: Ambassador Barshefsky and Secretary Daley have made clear to our trading partners that we will maintain the strength and vigorously oppose negotiations on the Antidumping Agreement.

- Tough Disciplines in WTO Accession Negotiations: We are standing firm on dumping rules in accession negotiations, including with China. We are seeking effective remedies in the WTO against the trade distorting practices of state owned enterprises. We continue to seek strong adherence in WTO accession negotiations to WTO subsidies disciplines, including elimination of exports subsidies and import substitution subsidies prohibited under WTO rules.

Export Promotion: Industry representatives have been meeting with senior U.S. and Foreign Commercial Service personnel to discuss export promotion. Commerce is drafting an export promotion plan.

Domestic and Global Conferences: We continue work with industry representatives in preparing for a domestic as well as a global high level conference concerning the effects of unfair trade practices on the U.S. steel industry and excess capacity. We will use the results of the Commerce Department study of subsidies and market distorting subsidies to help frame both the domestic and global conferences. Senior officials of both Europe and Japan have expressed interest in a multilateral dialogue on steel.

Steelworker Training: The Action Program committed to explore federal funding for steel worker training, including for the Institute for Career Development, whose emphasis in 50 learning sites is on teaching portable skills steelworkers can use to enhance their existing careers or take them beyond the mills.

- The IDC completed in March a $210,000, 21- month project commissioned by the Department of Labor involving research on appropriate learning technology to transmit educational materials on basic skills. It focused on teaching quantitative skills and a "math as life" curriculum.

- Department of Labor received from IDC on September 9 several new IDC proposals for funding. They include such areas as communications, next steps for the learning technologies project, integrating learning technologies, workforce educator certification, development of a curriculum bank, a return on investment project, and training for local joint committees. The proposals are under active review by the Department of Labor.