FOIA Number: 2006-0462-F

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: Speechwriting

Series/Staff Member: Terry Edmonds

Subseries:

OA/ID Number: 17509

FolderID:

Folder Title:
WTO [World Trade Organization] 11/99

Stack:	Row:	Section:	Shelf:	Position:
S	0	0	0	0

wTJ (sall 6)

THE PRESIDENT HAS SEEN
11-29-99

Gene
This LA Times piece
on WTO is good —
we need to address this
issue in my speech —
BC

Copied
Sperling
Podesta
Shesol

THE PRESIDENT HAS SEEN
11-29-99

according to an October survey by the Pew Research Center. Particularly gloomy are workers on the lower rungs of the economic ladder, who feel and probably are the most threatened by foreign competition. Of people making $20,000 or less, 63 percent expressed the pessimistic view.

To its most militant critics, globalization amounts to an assault not only on local ways of doing business but also on deep-seated cultural values.

``While Indian villagers may now have access to CNN and 'Baywatch,' the dissemination of Western popular culture by global media companies is destroying diverse local cultural and artistic traditions," argued the International Forum on Globalization, a San Francisco-based alliance of scholars.

In a recent paper, the group complained that U.S. advertising glorified ``Western taste, dress, food and lifestyle as being a sign of progress, while non-Western traditional values and cultures are viewed as backward and out of date."

Trade, some of the system's detractors maintain, inherently endangers the environment and should be regulated much more carefully.

A Noah's ark of dangerous pests has traveled the trade routes over the years, spreading blight through undefended forests, attacking farmland and wreaking havoc in water supplies. Current examples include the tree-killing Asian long-horned beetle, which journeyed from China to Chicago in wood crates, and the zebra mussel, which cruised in ship ballast water from Eastern Europe to the Great Lakes, where it has clogged water systems.

Only recently has anyone dreamed of connecting such assorted grievances to trade policy.

Critics of unfettered trade have waged a fierce and successful public relations campaign to block further trade liberalization, a campaign that has left many with a searing image of globalization.

``The image of factories on the U.S.-Mexican border spewing out toxic waste, with workers living in squalor, was plastered in union halls around the country and it made globalization come alive," said John Cavanagh, director of the Institute for Policy Studies, a liberal think tank in Washington.

Even some of trade's champions acknowledge that as trade expands, so do its darker consequences. None of this was foreseen when Congress blithely voted in 1994 to accept the World Trade Organization as referee of the global trading system. ``I don't think there was a real appreciation of the full significance of the vote," said Rep. Robert T. Matsui, D-Calif., a leading trade specialist in Congress.

Only in hindsight has it become clear that Congress had endorsed a powerful symbol for all the grievances of the global economy and a target for the activist army encamped in Seattle today.

ANALYSIS: Stellar U.S. Record in WTO Arena Clouds Reality
By Jonathan Peterson
Los Angeles Times

WASHINGTON In any other league, America's record of 22 wins and 2 defeats would leave no doubt about which team would win the trophy. But in the global arena known as the World Trade Organization, the stellar U.S. won-lost record obscures a murkier reality.

Just ask U.S. cattle ranchers. The WTO recently ruled in their favor against Europe but lacked the leverage to pry open European markets to American beef.

``We are very frustrated but what are our options?" asked Alisa Harrison, spokeswoman for the American Cattlemen's Beef Association. The WTO, she said, ``is the only game in town."

Delegates from the WTO's 135 member nations have converged on Seattle this week to try to set an economic agenda for the coming years.

On Monday an array of special interests will tell WTO officials that they have failed to consider the needs of workers, the environment and the world's poorest societies in setting economic policy. Throughout the week, the WTO will be under great pressure to open up its largely secret efforts to resolve disputes between its members.

President Clinton is expected to arrive Tuesday during a major protest demonstration by organized labor. By Friday, delegates from the WTO hope to announce the launch of a ``millennium round" of negotiations aimed at slashing a range of trade barriers between nations.

In the welter of protests leveled at the WTO, scant attention has been paid to whether U.S. interests have profited or lost at the hands of the organization a matter of crucial importance for many billions of dollars in global commerce and, less tangibly, for America's stature as the world's most influential economy.

A review of the record and interviews with trade experts suggest the answer is as mixed as the results of the beef case.

``The jury is still out," said Timothy M. Reif, trade counsel for Democrats on the House Ways and Means Committee. ``There are clearly some cases where U.S. industry walked away happy, yet we've won some cases where we haven't gotten any satisfaction at all."

The United States has played the WTO game more vigorously than any other country. It has lodged 60 complaints of unfair trade against its trading partners, with the European Union second at 47, according to analysts in Geneva. Of the complaints that have been resolved, the United States has won 22 and lost 2.

Separately, the United States has been named the defendant about 14 times, leading to five U.S. losses and nine settlements.

Two of the outright U.S. losses have been major: Kodak's bid to break through Japan's web of informal trade barrier to film sales, and a high-stakes tax case that could cost American companies more than $2 billion in tax benefits. And environmentalists lament losses, such as one involving clean-air regulations .

And some of the victories notably that of the cattle ranchers
have turned out to be hollow.

For years, the European Union has prohibited the sale c U.S. beef that had been fed with growth hormones, insisting that hormones made the beef dangerous for human consumption.

In January 1996, prodded by the ranchers, U.S. trade officials formally complained that Europe's restriction against hormone-fed beef was an illegal trade barrier masquerading as a health regulation. Over the next two years, Europe lost initial rulings and an appeal.

The WTO finally gave the Europeans a choice: open their markets to American beef or face high tariffs that would effectively block more than $100 million worth of European exports to the United States. Europe chose the high tariffs, leavin American ranchers still on the outside.

Europe reacted in much the same way when when it lo a U.S. challenge to its effort to shield banana-growing former colonies in the Caribbean from competition.

Likewise, the United States prevailed against Argentin over discriminatory tariffs aimed at shoes, clothing and textiles. I Argentina has managed to retain some of the barriers.

The WTO, which came into existence in 1994, was intended to be the first trade referee with the ability to make its findings stick. In a sharp departure from the previous approach, losing parties lost the right to block rulings, including financial sanctions unless they were joined by a consensus of WTO members, a nearly impossible test to meet.

These powers, supported by officials in the Bush and Clinton administrations, are at the heart of charges that the WTO a kind of world government, and that WTO rulings have eroded sovereign rights of nations to determine their own policies. They are typically exercised by three-member panels, made up of politicians, economists, lawyers and professors.

Indeed, American leaders assumed the relatively ope U.S. economy would prosper in such a system, and that the Uni States would lodge grievances much more often than it would b named by other countries' complaints, recalled C. Christopher Parlin, the U.S. legal adviser during those negotiations. ``Count like people are much more willing to respond to a negative decision that is imposed under rule of law than one that is impo under the might of an opponent," Parlin said.

In a resounding American victory, Japan in 1997 set a U.S. complaint that it was ignoring copyrights of recorded m from the 1950s and 1960s. The case highlights a key point mad WTO advocates that individual cases or the mere threat of cas can echo through the global economy, paying rewards that are much greater than the issue at hand. While U.S. officials said t Japanese copies were costing the recording industry $500 milli

THE PRESIDENT HAS SEEN
11-29-99

year, the settlement may have established a precedent of vastly greater value.

"It led to changes in Taiwan, Korea, Hungary and Poland," said Neil Turkewitz, a vice president of the Recording Industry Association of America. Ukraine and Russia are addressing copyright infringement, he said. The WTO challenge, he concluded, has been "tremendously successful."

To cite a few more victories: U.S. officials successfully challenged Canada for trying to restrict the access of American magazines, India for disregarding the patents of American drugs and chemicals, South Korea for using food safety requirements as a device to keep out pork and other food imports and Japan for excessive taxation of alcohol imports.

Yet some observers believe that America's losses have gone a long way to offsetting such wins. The United States suffered a stinging defeat in 1997, when a WTO panel rejected an American charge that Japanese bureaucrats relied on a web of informal practices to keep out imports of foreign film. U.S. officials were particularly miffed that the WTO panel seemed to reward Japan for keeping its protectionist strategies off the record, ruling that such unofficial communications could not become part of the case.

Earlier that same year, the United States also lost a Clean Air Act challenge from Venezuela. The judges ruled that the Environmental Protection Agency discriminated against foreign refineries in the type of data it was demanding. The EPA then modified its rules satisfying critics who agreed that the data requirement was discriminatory, but enraging environmentalists who argue that the ruling ultimately could allow dirtier gasoline into the United States.

In another case of huge implications, a WTO panel in September endorsed a complaint by Europe that a type of U.S. tax break widely employed by big corporations amounted to an illicit export subsidy. General Motors, Boeing and many other major companies that operate overseas used the Foreign Sales Corp. provisions to get $2.5 billion in tax breaks, affecting $250 billion in exports.

"If this is upheld on appeal, it could be explosive," Parlin said.

Politicians Are Making Campaign Pilgrimages to Silicon Valley
By Greg Krikorian
Los Angeles Times

Almost a fourth of the U.S. Senate will pass through the Silicon Valley in early December, in a dizzying schedule of fund-raisers and round tables that underscores the area's status as a wellspring of ideas and political contributions.

The back-to-back visits begin Wednesday, when Majority Leader Trent Lott of Mississippi will head a delegation of seven GOP senators in a two-day blitz; at least one fund-raiser during that trip is expected to net $250,000 by itself. Five days later, Minority Leader Tom Daschle of South Dakota will lead as many as 16 Democrats in another two-day swing. In addition to those appearances, there will be individual visits by several other senators stumping for campaign dollars.

"As we start the next year, everyone is looking to the new century's economy. And the Silicon Valley is the global leader of that economy," said Michael Meehan, political director for Daschle. "So it is natural that it would be one of the battlegrounds we would have economically and politically."

Ellen Stroud, communications director for the technology industry's bipartisan political organization Technology Network, said the December pilgrimages are about more than fund raising.

"Silicon Valley is the place to be," said Stroud, a former congressional staffer. "It is where the innovation and creative focus of the new economy is occurring. And (the senators) want to be part of that ... so they are going to be doing a lot more than raising money."

The lure of Silicon Valley has become virtually irresistible to Washington, D.C., lawmakers in recent years as the nation's leaders increasingly view it as the source of innovations in everything from national defense to public education.

"I think what we've seen is more and more policy-makers engaging with the high-tech industry because they see high-tech playing a greater and greater role not only in the economy but in society," said Tom Galvin, a spokesman for Cisco Systems Inc., a San Jose, Calif., company that is the leading maker of computer switchers and routers to direct data over the Internet.

The relationship was especially evident, Galvin noted, when Cisco Chief Executive John Chambers gave a dinner speech to a bipartisan political group in Washington that drew 93 members of Congress a crowd that rivaled the attendance at the appearance of the Dalai Lama.

The Lott-led delegation of Republicans this week will stage a round-table discussion of regulatory and privacy issues, technology imports and exports and the high-tech work force with 30 industry executives. The Republicans also will visit a San Jose elementary school to showcase a public-private educational partnership in classroom computer education.

"Over the past several years, we have started a dialogue on policy initiatives that are important to the high-tech industry," said Lezlee Westine, Technology Network's vice president, general counsel and GOP liaison.

In the politically pragmatic world of Silicon Valley, Republicans such as Westine say, the GOP is well-positioned to win over voters who are fiscally conservative and socially moderate.

Democratic Party leaders also see opportunities in the region.

"It is an area where we have built a lot of great relationships during the '90s," said Meehan of Daschle's office. "We intend to continue those."

Fuel Additive Dispute Pits Trade Rules vs. Local Controls
By Jonathan Peterson
Los Angeles Times

SEATTLE To consider the case of Canada's Methanex Corp. against the United States is to get a sense of how the 1990s trade rules are banging up against broader social concerns.

On March 25, California Gov. Gray Davis ordered the phase-out within

the state of a fuel additive known as MTBE, which had been detected in drinking water.

Within three months, Methanex, which produces the chief ingredient in MTBE, filed suit seeking $970 million in damages. The company, concerned about the sharp injury to its business, sued based on the North American Free Trade Agreemer which protects foreign investors from government policies that result in unfair "expropriation" of their profits.

Although the suit remains unresolved, the mere fact tha it could be filed led Daniel E. Seligman, trade policy analyst with the Sierra Club in Washington, to complain: "Before these trade rules came along, we thought it was our right to have clean air and clean water. This case shows that we have to pay foreign compani to maintain that right."

Ban on Testing of Drugs on Mentally Ill Is Lifted
By Nicholas Riccardi
Los Angeles Times

LOS ANGELES Los Angeles County's mental health department has quietly lifted its four-year ban on the testing of psychotropic drugs on severely disabled people in its care.

At the same time, officials are drawing up procedures t screen anticipated proposals for research on the drugs, which are used to treat mental disorders.

The more-than 2,000 patients affected are mostly impoverished people afflicted with severe schizophrenia whom a court has ruled unable to care for themselves and placed under th county's control as "conservatees." Scattered in nursing homes, board-and-care facilities and convalescent or state hospitals, conservatees can be forced to take certain drugs and lose their rig to vote.

While the mental health department believes it has the power to lift the ban on its own, it has asked the county's lawyers for an opinion on whether the Board of Supervisors is required to set the guidelines for permissible drug trials. That opinion is forthcoming.

County officials acknowledge that permitting medical tests on conservatees is highly controversial, especially given the heightened national debate over testing. They say their policy wi be extremely restrictive, most likely allowing only small-scale