

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: Press Secretary

Series/Staff Member: Dee Dee Myers

Subseries:

OA/ID Number: 1875

FolderID:

Folder Title:

NAFTA [North American Free Trade Agreement] [3]

Stack:

S

Row:

94

Section:

2

Shelf:

10

Position:

1

MAJOR NAFTA ISSUES
For the Week of September 27 through September 30, 1993

-- Tuesday, September 28

- 1) Release of Continental Shift** by William Orme, Jr. (Published by the Washington Post)

This book offers a stinging rebuke of the jobs numbers used by both sides in the NAFTA debate. It says the real issue is whether Mexico's economic and political interests are aligned or in competition with those of the United States; and strongly makes the argument that it is in the U.S. interest to see stability and economic growth in Mexico. The book says illegal immigration, export-job losses and less confidence about our oil supplies will result if NAFTA is defeated.

- 2) Secretary Bentsen will participate in the signing of a World Bank program that will provide \$1.8 billion in loans to Mexico for environmental clean-up over the next three years. Adding up matching funds from the Mexican government, there is now a \$4 billion commitment for Mexican border clean-up efforts.**

- 3) House Banking Committee Hearing on Financial Services impacts of NAFTA. (Ira Shapiro testifies)**

- 4) Tuesday-Friday...** Dept. of Treasury and Mexican government officials are engaged in negotiations in Washington, D.C. on financing issues, retraining, and border clean-up.

-- Wednesday, September 29

- 5) Secretary Brown will unveil National Export Strategy** designed to increase exports from \$600 billion today to \$1 trillion by the year 2000. This would boost trade jobs from 7.5 million in the U.S. to 13 million. **This event is another signal of the Clinton Administration's commitment to jobs.**

- 6) President Clinton's letter to House and Senate leaders** clearly advances the Administration's commitment to a vote on the NAFTA before the end of the year.

- 7) EPA Administrator Browner and Trade Representative Kantor will testify before a House Energy and Commerce Briefing and House Agriculture Committee.**

-- Thursday, September 30

- 8) Mark-up of the NAFTA legislation in Ways and Means.**

NAFTA

Suggested Talking Points for Meeting with "Big 3" Execs

NAFTA is good for the auto industry and will increase exports of cars and autoparts

-- The major roadblock to increasing car exports to Mexico today are tariffs that would be eliminated under NAFTA.

Continental Shift (released on Tuesday, 9/28) plainly makes the case that "Nafta's immediate effect on the auto industry would be flood of imports -- from the United States into Mexico."

* We cannot afford to underestimate the value of the Mexican market: Mexican auto sales have tripled since the mid-1980s, to roughly 700,000 cars a year, and automakers expect to reach the 1 million mark by 1995.

* Mexico is America's fastest-growing auto market.

* The U.S. has had a growing trade surplus with Mexico in auto parts -- with \$2.5 billion in total exports in 1989 to growing to \$4.5 billion in 1991.

(Background: Our growing auto parts surplus with Mexico occurred even as the UAW says 50,000 American auto jobs disappeared. There are a number of reasons why U.S. auto manufacturing jobs are disappearing, but trade with Mexico isn't one of them.)

The only way we can boost economic growth is to **boost our economic competitiveness** and become a more aggressive export producer. Export-driven jobs pay 17% more than the average American job.

* Since 1988, exports have accounted for 58% of U.S. GDP growth.

* The Administration's National Export Strategy (to be announced tomorrow) is designed to boost export jobs in the U.S. from 7 million export jobs today to 13 million by the year 2000, and from \$600 billion in exports today to \$1 trillion in exports.

* The Administration's export initiatives are designed to streamline export programs, reduce red tape, and provide better promotion of U.S. exports. The "one-stop shop" plan will consolidate all U.S. domestic field export promotion and trade finance services, and unify federal agencies with a role in export promotion.

DRAFT

NAFTA

THE WHITE HOUSE
WASHINGTON

Dear Mr. Speaker:

My Administration is now making the final preparations for submitting to the Congress the North American Free Trade Agreement (NAFTA). Over the next several weeks Administration officials will sit down with Congressional Committees and their staffs to hammer out the details of implementing legislation. Let me indicate to you what I regard as a reasonable approach to Congressional consideration of this historic agreement, in hopes that we can arrive at a mutually agreed procedure for such action.

I believe strongly that the NAFTA is a good deal for the United States that warrants approval. It will benefit our country, increasing jobs and economic growth for Americans and enhancing our overall competitiveness. The NAFTA, strengthened by the agreements we have recently reached with Mexico and Canada on the environment, labor and import surges also will help to resolve problems that have existed in our relationship with Mexico. I know you share my support for this historic agreement.

As you know, in order for these agreements to take effect as scheduled on January 1, 1994, the NAFTA must be approved and implemented by Congress in accordance with procedures set out in our trade laws -- the so-called "fast-track" procedures. These same procedures have worked successfully to approve and implement the results of multinational trade negotiations in 1979 and our bilateral free trade agreement with Canada in 1988. The practice has been for Congress and the executive branch to work closely together to develop a mutually satisfactory implementing bill before the President formally sends that bill to Congress. Working together in that way before introduction of the bills has resulted in rapid and overwhelming approval of the bills once introduced.

My administration is committed to the same process. We intend for the drafting of the implementing legislation to be a cooperative effort between the Administration and the Congress, in keeping with past practice. I cannot guarantee to be bound by legislation that is not yet drafted, just as you cannot commit the Congress to approve it. I can promise, however, that I will work closely with the Congress to draft legislation that best meets our mutual objectives.

2

I want to emphasize my strong belief that this bill should be voted on before Congress adjourns in 1993. For that to happen, I believe it is important that we conclude the joint drafting process with all Congressional Committees of jurisdiction by November 1, 1993, so that I may submit the legislation at that time. I would appreciate your efforts to enlist the cooperation of those Committees in achieving this timetable.

In the past, there has been a Congressional commitment to a vote prior to adjournment. I strongly believe that a similar commitment is called for and vital in this instance, so that this important matter can be decided this year. The national and congressional debate over NAFTA has already been long and, regrettably, rancorous.

By working together, I believe we can achieve a truly mutually satisfactory bill that will meet our obligations and enable Americans to take full advantage of the opportunities opened by these historic agreements. I greatly appreciate your efforts to this end.

Sincerely,

The Honorable Thomas S. Foley
Speaker of the
House of Representatives
Washington, D.C. 20515

Dee Dee- does this help? - aj

NAFTA TALKING POINTS FOR DEE DEE/MARK

FROM: AJONES

DATE: 9/30

TODAY'S WAYS AND MEANS VOTE--

--THIS IS A TRADE SUBCOMMITTEE OF WAYS AND MEANS. THE COMMITTEE IS VOTING ON IMPLEMENTING LEGISLATION AND IT IS PART OF THE UNIQUENESS OF THE FAST TRACK PROCESS (NO, THE CLOCK HAS NOT BEGUN TO TICK YET AND WON'T UNTIL THE PRESIDENT SUBMITS LEGISLATION. TODAY'S VOTE IS AN EARLY STEP IN THAT PART OF THE PROCESS). A ONE VOTE VICTORY IS A VICTORY A LANDSLIDE IS AN EVEN BIGGER VICTORY AND SHOULD BE PLAYED THAT WAY. (ROSTY WILL BE PRESENT FOR THE VOTE SO WE ARE EXPECTING A STRONG SHOWING)

ON FINANCING-----

--WE REMAIN COMMITTED TO FINANCING THE NAFTA AND OMB AND SENIOR MEMBERS OF THE ADMINISTRATION CONTINUE TO DEVELOPE A FINANCING PROGRAM THAT WILL BOTH COVER THE LOSS IN US TARIFFS (\$200 M IN FIRST YEAR) AND FOR WORKER RETRAINING.

--IN THE MEANTIME WE (PRESIDENT/ADMINISTRATION) REMAIN VERY ENCOURAGED BY THE PROGRESS WE ARE MAKING WITH THE NAFTA. THIS WEEK WE GAINED THE SUPPORT OF CALIFORNIA CONGRESSMEN HOWARD BERMAN AND TONY BEILENSEN.

--WE ARE FURTHER ENCOURAGED BY THE DECISION OF EUROPEAN AUTOMAKER MERCEDES BENZ RECOGNIZING THE QUALITY OF AMERICAN LABOR AND CITING A PLANT HERE (IN ALABAMA) INSTEAD OF MEXICO OR SOMEWHERE ELSE.

--PRESIDENT LOOKS FORWARD TO MEETING WITH MEMBERS TOMORROW (friday) TO DISCUSS NAFTA AND IS CONTINUING HIS DAILY PHONE CALLS TO MEMBERS.

Nafta

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

September 24, 1993

PRESS BRIEFING
BY
AMBASSADOR KANTOR, U.S. TRADE REPRESENTATIVE,
CAROL BROWNER, ADMINISTRATOR OF THE EPA
WEBB HUBBELL, ASSOCIATE ATTORNEY GENERAL
TIM WIRTH, UNDER SECRETARY OF STATE FOR GLOBAL AFFAIRS,
AND
WILLIAM DALEY, SPECIAL COUNSELLOR TO THE PRESIDENT FOR NAFTA
WILLIAM FRENZEL, SPECIAL ADVISER TO THE PRESIDENT ON NAFTA

The Briefing Room

3:05 P.M. EDT

MR. DALEY: Good afternoon, ladies and gentlemen. My name is Bill Daley. Bill Frenzel and I are the coordinators of the NAFTA effort for the administration. And we are very pleased to be here. We are, of course, pleased by the decision of the Court of Appeals. NAFTA, we know, creates jobs and improves the environment. And any cloud as to the schedule of NAFTA has been lifted and we are very pleased with that.

We have today Ambassador Kantor, Carol Browner, Webster Hubbell, and Tim Wirth who will speak, and then after they're finished they will each answer questions.

Ambassador Kantor.

AMBASSADOR KANTOR: Thank you, Bill. I first want to say that everyone up here had a hand in this important decision today. But I especially want to point out that Administrator Browner and her agency have not only been involved in this case but also involved in reviewing environmental aspects of NAFTA, helping USTR but also were so involved and so important to the negotiation we just finished which is -- of course we're very proud of -- which is the first and most important environmental side agreement ever connected to a trade agreement.

As you know, NAFTA is about changing unfair rules that Mexico has had for years which has hurt American workers. It's about jobs and -- creating them in this country, which it does. It's about making America more competitive. But it's also about cleaning up the environment.

And this morning the U.S. Court of Appeals for the District of Columbia Circuit announced its unanimous decision that the National Environmental Policy Act, known as NEPA, does not require the administration to prepare an environmental impact statement in connection with NAFTA, or the North American Free Trade Agreement. This decision reverses the June 30 decision by Judge Richey. The administration is gratified by this decision.

It was established law that NEPA and the EIS, or environmental impact statement, requirement applied to actions of federal agencies and not to actions of the President himself. We believed and argued strongly that the negotiation of the NAFTA and the submission of implementing legislation to Congress were the essence of presidential action and therefore the EIS requirement and NEPA did not apply.

MORE

By today's decision, the Court of Appeals erases those uncertainties. We want to recognize the Department of Justice and my General Counsel, Ira Shapiro, Justice Department led by Associate Attorney General Webb Hubbell who did such a wonderful job on this.

We recognize that the Richey decision raised in the minds of many the feeling that NAFTA could have an adverse effect on the environment. Nothing could be further from the truth. NAFTA will be good for the environment.

The issue in this case never was whether this administration was committed to assuring the protection of the environment in the NAFTA. The issue was how, and we have answered that. The administration believes that NAFTA will enhance environmental protection at the U.S.-Mexico border and throughout North America. Our view is shared by six environmental organizations representing 7.5 million people or about 80 percent of Americans who belong to environmental organizations.

The environmental issue -- the basis of the supplemental agreement we have negotiated. By focusing on environmental concerns and using trade as a catalyst for innovative steps to enhance environmental protection NAFTA breaks new grounds for an international trade agreement as I mentioned to you earlier.

The supplemental agreement on the environment commits each of the NAFTA countries to provide high levels of environmental protection and to continue to improve their laws in this area. In addition, it provides for the first time in Mexico access to administrative agency and to the courts for environmental laws and the enforcement of those laws and of course sets up two commissions of which most of you are aware, two commissions, to ensure that Mexico, the United States, and Canada all enforce their own laws in terms of protecting the environment.

The border clean-up plan that we are negotiating with Mexico will commit the two countries to an unprecedented clean-up effort of an area where there has been serious environmental degradation. And let me say this and say it once again for the five hundredth time. Without NAFTA we cannot, cannot clean up that border. Now, on Tuesday the World Bank will announce they are committing \$3 billion -- \$3 billion -- for the clean up of that border area because of the NAFTA.

The administration is committed to ensuring that Congress and the public have as much understanding as possible of the environmental issues that arise in connection with NAFTA. We want the Congress and the public to have confidence that these issues have been seriously considered and are being effectively addressed. USTR has had a review of the environmental issues involved in NAFTA and the supplemental agreement underway, along with the EPA and other agencies, which we intend to issue as soon as it is completed.

ADMINISTRATOR BROWNER: Thank you. We at EPA welcome the court's decision today because it is good for NAFTA and NAFTA is good for the environment. Not only is NAFTA good for jobs, it is also the most environmentally sensitive trade package in history. NAFTA's environmental side agreement itself requires constant monitoring of the impact of NAFTA on the environment.

As Ambassador Kantor said, EPA worked very closely with USTR in putting together this historic side agreement. And we believe it is a very, very strong side agreement, that it will allow for environmental protection, that it will allow for cooperation between the countries, and that it will allow for the clean-up of the border to begin.

This is the first trade package ever in the history of trade to promote prudent uses of natural resources. It's the first to require the enforcement of environmental laws and the first to require cooperation. For all of these reasons we are pleased to be able to move forward. We look forward to seeing NAFTA adopted into accepting all of the responsibilities that will come to our agency in the full implementation of the NAFTA and the border clean-up. Thank you.

MR. HUBBELL: Thank you. On behalf of the Department of Justice we are pleased to be here and to be a part of having one cloud removed from the submission of NAFTA to Congress. More importantly, for the Department of Justice is that the cloud is removed and NAFTA can be submitted and hopefully approved for the many important reasons it affects the Department of Justice -- the criminal justice area, the environment, and the immigration issues that NAFTA will help. Thank you.

MR. WIRTH: I'm Tim Wirth, the Under Secretary for Global Affairs at the State Department. I wanted to register just two thoughts about the decision of the court today. First, as has been pointed out before, it in no way diminishes the administration's commitment to NAFTA, to the clean-up, and to the importance of NAFTA in the clean-up operation. Without NAFTA, our ability to move on the border and, without NAFTA, our ability to continue to enforce with Mexico our own environmental laws, will be severely diminished.

Second, it's very important to point out that this in no way diminishes the U.S. government's commitment to cleaning up and maintaining the cleanliness of the global commons. Special reference to oceans, to space and to the Antarctic, we continue to believe that it is enormously important for us as members of the international community to maintain our commitment to those major areas.

Finally, I should know -- I just came back from a speaking tour in the west and the southwest related to NAFTA. What was striking to me is how few people knew that six of the seven largest environmental groups in the country had come out in support of NAFTA. It's important to repeat that the Environmental Defense Fund, Natural Resources Defense Council, Conservation International, the Audobon Society, the World Wildlife Fund, and the National Wildlife Federation, have all come out in support of the NAFTA and agree with us that the NAFTA continues a very important U.S. commitment to cleaning up the environment.

MR. DALEY: Just make two comments before questions begin. One is the Associate Attorney General Hubbell, of course, will have to be discreet in his answers because this is a pending matter. And the other is the Under Secretary will have to leave shortly for a previous commitment.

Any questions.

Q You say that the decision today has raised uncertainties. Now, not too long ago, many half an hour ago, these environmental agencies said that they are going to go to the Supreme Court, that they are not going to appeal because they can't, but that they are going to ask for a revision. Would that raise uncertainties again?

AMBASSADOR KANTOR: Well, since I'm the client and I can be freer to talk to my lawyer, Judge Hubbell. The last time Judge Hubbell and I worked together on a case, we were co-counseling; we lost. It's better to be his client than to be his co-counsel, let me put it that way.

No, it doesn't raise any uncertainties at all. I think the court's decision is quite clear. It relies on the Franklin case

of, I think, the last term. I could be -- I think it was the last term. And it's quite clear that presidential authority and power is involved -- presidential decision-making. And on that basis, the court ruled that NEPA did not apply. So we are not concerned at all. And I don't believe anyone in the Congress, or, frankly, in the public will be concerned either.

Q So from the legal point of view, if could you explain what does it imply --

AMBASSADOR KANTOR: Let's get a real lawyer up here.
(Laughter.)

Q -- to bring it to the Supreme Court, what is the revision and how long it would take or what are the implications?

MR. HUBBELL: I'm not clear, because I didn't attend the conference. What it sounds like is they're saying they're not going to appeal it but are going to seek some kind of modification order. I really don't know. I think it's pretty clear that the court relied on prior precedent that this was a presidential action and therefore not agency action and not subject to judicial review, which is in keeping with prior precedent. And I feel very confident that if they go to the Supreme Court, there are no clouds.

Q Ambassador Kantor, in political terms, what is this going to mean, if anything, to help you sell this, to help you get the fence-sitters off the fence, especially on the House side?

AMBASSADOR KANTOR: It's momentum, number one. Number two, it makes it clear that this is the most important trade agreement in history in terms of the environment is concerned. Number three, it allows us to highlight the fact that border clean-up, access to the courts, the administrative agencies in Mexico, the commissions which enforce environmental laws in that country are all an important part of this agreement. It really raises these arguments to the front burner, politically, which is awfully important for us because we believe that is something many in Congress had been concerned about and will be satisfied as well as made confident that this agreement is in the best interest of the environment, as well as in the best interest of jobs for American workers which is, of course, critical.

Q Secretary Browner, what would you say to the advocates of let's say a dam project or something else that's subjected to an environmental impact statement, under the NEPA that -- where the project's delayed for months, perhaps even years, by what they see as bureaucratic red tape in Washington and then the administration turns around and says we don't think one is necessary for something as big and important as the NAFTA?

ADMINISTRATOR BROWNER: Well, there's a significant distinction to be made here. In the case of a dam you have direct environmental impacts that need to be evaluated. You have activities, you have bulldozers, things that will be happening that need to be evaluated in terms of both their short-term and long-term environmental consequences. What you have in today's decision is a recognition that the President has certain powers in terms of how he does his job, that the United States Trade Representative needs to be able to move in a timely manner to present legislation to the Congress to see that the trade agreements are implemented and a recognition of those powers, and I think an absolute distinction. I think it's also important to realize that in the environmental side agreement, there will -- there are extensive requirements for ongoing environmental monitoring of NAFTA. We've never had something like this before, and it's going to allow us to clearly understand both the direct environmental impacts, but also the indirect environmental

impacts of how we work together with Mexico in terms of improving the environment for both countries.

Q Ambassador Kantor, could you -- since mostly what this decision did today was remove a negative -- can you talk -- can you spin it forward for us a bit and tell us in the next month or so how you -- how the President is going to try to sell this? You still are facing a real uphill battle in Congress.

AMBASSADOR KANTOR: I think the President was quite clear about that today, as I understand the statements that he made. He has already, of course, made two appearances last week. He yesterday met with Lee Iacocca, who of course spoke with many of you I guess here at the White House. He has been making phone calls to members of Congress. Over the next few weeks there will be both events as well as phone calls by the President, the Vice President, every member of this Cabinet, as continues. We're making obvious an all out effort.

It's an uphill battle, but frankly, neither side has enough votes in the House today to gain their way. I think we're in reasonably good shape in the United States Senate, but we take nothing for granted. But the politics is one thing; the substance is quite another. And the substance is clear. We cannot -- we cannot create new jobs if we don't have the NAFTA in terms of our exports to Mexico. Number two, if we don't change these unfair rules that Mexico has maintained for years and get rid of the Maquiladora program, which has drawn jobs and businesses into northern Mexico, we'll continue to disadvantage American workers. And number three, we can't be competitive with the Japanese or the Europeans if we don't create this trade preference zone. All three reasons -- plus cleaning up the environment -- and as the Associate Attorney General said, stemming the flow of immigration -- make this a must for the country. And that's why the President is so adamant in his support for it.

Q Does the threat of a Supreme Court appeal at all jeopardize or slow down or threaten in any way the mock-up process on the Hill?

AMBASSADOR KANTOR: No.

Q Ambassador Kantor, is the \$3 billion in World Bank money -- is that contingent on NAFTA? Would that not be forthcoming without NAFTA?

AMBASSADOR KANTOR: Well, without -- I'll let the World Bank speak to that on Tuesday. But the fact is the -- what we're negotiating right now sets up a border environmental administration and I think that's correct, and a border environmental financing fund -- a BEFF. And without those institutions, it would be very difficult, of course, to have the kind of coordination, exercise of administration and the project development that you'll need to clean up that border and to create the infrastructure to address the environmental problems that now exist there because of the failure, the failure, to have a NAFTA.

Q But, to whom is this loan being made?

AMBASSADOR KANTOR: Well, that's exactly the point. With a border environmental administration, which we're negotiating now and a border environmental financing vehicle, both countries will of course be in control of that. That'll be the mechanism by which it is controlled. It'll be a -- by the way, the board will be made up of, if I'm not mistaken, 10 people --

ADMINISTRATOR BROWNER: That's right.

AMBASSADOR KANTOR: Ten people. And they will be both citizens as well as public officials, federal as well as state and local officials. Is that not correct?

Q So, it's contingent on NAFTA being implemented?

AMBASSADOR KANTOR: Well, you cannot -- without the leverage of NAFTA, you cannot engage in the kind of border environmental clean up and infrastructure development that we're talking about. It's not only the World Bank, it's also leveraging private funds, and it's also utilizing the funds that have already been committed at the state, local and federal level. We hope to create about \$8 billion worth -- and I'm looking to Administrator Browner -- I should probably call on her. I'm just parroting what she tells me to say.

Q If a reporter was writing a story about the loan would say the loan is going to whom?

AMBASSADOR KANTOR: An agency to be created, which would probably be the border environmental administration, which we are negotiating right now.

Q A loan in effect to both nations or --

AMBASSADOR KANTOR: The loan would go to Mexico but then it would go through -- come through the border environmental administration.

Q Ambassador Kantor, have you made any progress in figuring out how to pay for NAFTA?

AMBASSADOR KANTOR: Leon Panetta's making great progress.

Q But can you give us any details of where the hundreds of millions of dollars --

AMBASSADOR KANTOR: We're working with the Congress and Mr. Panetta has made some progress in discussions right now. We're fully confident that the money to pay for the loss tariffs in the pay-go system will be there as well as money for -- as I just explained -- the border environmental clean-up and infrastructure development as well as for the small amount of money that would be needed for reemployment for those who might be dislocated -- the very few people as a result of the NAFTA going into place.

Q But you were saying that you hope to create \$8 billion dollars of what? They didn't let you finish the sentence. Would you mind finishing your sentence? You were saying we hope to create \$8 billion --

AMBASSADOR KANTOR: Eight billion dollars for border environmental clean-up and infrastructure development.

MR. DALEY: Thank you.

Q Mr. Ambassador, earlier today, Senator Baucus suggested there was imminent action or developments from Mexico on sugar and from Secretary Espy on Canadian wheat. Can you tell us anything more?

AMBASSADOR KANTOR: No, I can't. (Laughter.)

Q Ambassador, you haven't responded -- the Public Citizen said you still have a legal obligation under the NEPA to do an environmental impact statement, but that you do not have a legally enforceable obligation -- that was the main point of their

conference, was they say that this was -- that the case was thrown out on procedural grounds --

AMBASSADOR KANTOR: I used to call that a distinction without a difference. The fact is that we're going to do our own review with EPA and we'll make that public. And we think that is a more than -- we're not required to do that by law, but we think that's an obligation in terms of full public disclosure. Thanks very much.

END

3:24 P.M. EDT

Nafta

THE WHITE HOUSE
WASHINGTON

September 28, 1993

Dear Mr. Speaker:

My Administration is now making the final preparations for submitting to the Congress the North American Free Trade Agreement (NAFTA). Over the next several weeks Administration officials will sit down with Congressional Committees and their staffs to hammer out the details of implementing legislation. Let me indicate to you what I regard as a reasonable approach to Congressional consideration of this historic agreement, in hopes that we can arrive at a mutually agreed procedure for such action.

I believe strongly that the NAFTA is a good deal for the United States that warrants approval. It will benefit our country, increasing jobs and economic growth for Americans and enhancing our overall competitiveness. The NAFTA, strengthened by the agreements we have recently reached with Mexico and Canada on the environment, labor and import surges also will help to resolve problems that have existed in our relationship with Mexico. I know you share my support for this historic agreement.

As you know, in order for these agreements to take effect as scheduled on January 1, 1994, the NAFTA must be approved and implemented by Congress in accordance with procedures set out in our trade laws -- the so-called "fast-track" procedures. These same procedures have worked successfully to approve and implement the results of multinational trade negotiations in 1979 and our bilateral free trade agreement with Canada in 1988. The practice has been for Congress and the executive branch to work closely together to develop a mutually satisfactory implementing bill before the President formally sends that bill to Congress. Working together in that way before introduction of the bills has resulted in rapid and overwhelming approval of the bills once introduced.

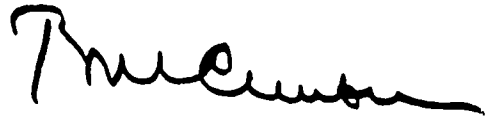
My administration is committed to the same process. We intend for the drafting of the implementing legislation to be a cooperative effort between the Administration and the Congress, in keeping with past practice. I cannot guarantee to be bound by legislation that is not yet drafted, just as you cannot commit the Congress to approve it. I can promise, however, that I will work closely with the Congress to draft legislation that best meets our mutual objectives.

I want to emphasize my strong belief that this bill should be voted on before Congress adjourns in 1993. For that to happen, I believe it is important that we conclude the joint drafting process with all Congressional Committees of jurisdiction by November 1, 1993, so that I may submit the legislation at that time. I would appreciate your efforts to enlist the cooperation of those Committees in achieving this timetable.

In the past, there has been a Congressional commitment to a vote prior to adjournment. I strongly believe that a similar commitment is called for and vital in this instance, so that this important matter can be decided this year. The national and congressional debate over NAFTA has already been long and, regrettably, rancorous.

By working together, I believe we can achieve a truly mutually satisfactory bill that will meet our obligations and enable Americans to take full advantage of the opportunities opened by these historic agreements. I greatly appreciate your efforts to this end.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Foley", with a long, sweeping horizontal stroke at the end.

The Honorable Thomas S. Foley
Speaker of the
House of Representatives
Washington, D.C. 20515

Nafta

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

October 19, 1993

REMARKS BY THE PRESIDENT
IN PHOTO OPPORTUNITY WITH MEMBERS OF CONGRESS ON NAFTA

The Cabinet Room

10:45 A.M. EDT

THE PRESIDENT: Let me say, first of all, I'm glad to have this bipartisan House delegation here, the latest in a round several meetings on NAFTA. I want to begin by expressing my encouragement of today's housing numbers as well as the reports of increased business investment, which indicate that the economy is picking up. And I'm encouraged by that. And I know that all of us hope that that will work and that the lower interest rates and the declining deficit will help to support continued economic renewal.

But if America wants to grow more jobs, we're going to have to increase our exports. And therefore it is critical that we continue pushing and pass this trade agreement before the Congress goes home. And I'm here to -- hopeful we pick up a few more votes for the NAFTA agreement today and to discuss some of the outstanding issues on it with the members here. It's imperative -- we can have an economic recovery, but if we're going to create jobs, we're going to have increase exports. That's what wealthy countries have to do. And I hope we can do that here and pass NAFTA.

Q Mr. President, does the withdrawal of the Rangers from Somalia, sir, mean that you've given up on the search for Aideed?

THE PRESIDENT: No, it's means that we have 3,600 Marines coming in, many of whom have similar capacities who will be there. And it means that right now we are engaging in a political process to see how we can resolve our mission in Somalia and to do all the things the United Nations ordered to do, including working out a political solution and having a process by which the people who were responsible for killing the Pakistani soldiers -- that's what started all this -- that that investigation can proceed in and appropriate action can be taken. There may be another way to do that. So right now we're in a stand-down position. It does mean that a final decision's been made.

Q Mr. President, you have set a deadline on March 31st to get the troops out of Somalia. Do you have any contingency plans for Somalia at all?

THE PRESIDENT: Well, we're doing what we agreed to do. We're pursuing negotiations to try to get a political solution. And I'm happy to say that if anything, as you probably noted in the paper today, we're able to fulfill our mission better now than we have been for the last few months. We're delivering the safety of the -- and our mission is going along as planned.

Q Mr. President, this is your sixth meeting with members of Congress on NAFTA. So far only three members have emerged

MORE

saying that they've shifted their position -- these meetings. Are you making the progress you need in order to ratify it and --

THE PRESIDENT: I think we are. I think -- a lot of people have said things to me privately that they haven't said yet in public. And I think the Congress is still waiting to see how we're going to work out some of these others issues, including the training programs -- a lot of the Democrats want to know -- and they're going to have a chance to vote on that. And we still have to work through the whole issue of how we deal with the fact that if we pass NAFTA, we have to reduce tariffs. And that's a \$2.5 billion tax on American consumers today, the tariffs are, that we will reduce. And under our budget laws, that has to be replacing -- so we have to work through that. There are still some practical things to work out.

I believe that a majority of the Congress today believes it's the right thing to do. So our question is whether we can persuade a majority to vote, do what they think is right. I think by the end of November we'll be able to do that.

THE VICE PRESIDENT: Good question.

Q Mr. President, I don't know if you recognize the young man here. There is Sean Donahue, who introduced you, he says, at an event in New Hampshire.

THE PRESIDENT: He sure did. I recognize him.

MR. DONAHUE: Thank you, Mr. Vice President.

THE PRESIDENT: How did you -- why didn't they tell me you were coming today?

Q I came earlier this morning, and they said that we could come in here and the White House lawn event, so --

THE PRESIDENT: You're going to come to the lawn event, too?

MR. DONAHUE: Yes, I will.

THE PRESIDENT: Who have you got with you?

MR. DONAHUE: This is a friend of mine from New York. And she's just starting to get interested in politics. Her name is Karina Meckel.

THE PRESIDENT: I want you to know, this guy grilled me -- he's really good. Are you only staying a day or are you -- you'll probably have me up a tree -- (laughter) --

MR. DONAHUE: We're on a committee of kids to speak out to different politicians about the issues that are concerning us, sponsored by Nintendo.

THE PRESIDENT: Good for you. And I'll see you at the next event, too.

MR. DONAHUE: Definitely, Mr. President. Thank you.
(Laughter.)

END

10:51 A.M. EDT

THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON
20506

October 29, 1993

MEMORANDUM TO THE PRESIDENT

FROM: MICHAEL KANTOR *mk*
SUBJECT: Washington Post Article

The story in the Washington Post today on page 2 of the Business Section concerning the NAFTA Side Agreements is erroneous. Peter Behr indicates he will clear this up. Peter confused a technical amendment in the "entry into force" clause with our commitment to the Side Agreements. I have spoken to Behr and have clarified this matter by stating:

1. The Administration will not proceed or continue with the NAFTA without the Side Agreements.
2. The Administration has supported House and Senate language which links the Side Agreements to the NAFTA in the "entry into force" clause.
3. The Administration has indicated, to avoid technical problems, that we would consult with the Congress if either Canada or Mexico failed to implement the Side Agreements before this failure to implement affected the NAFTA itself.

We will make it clear that this Administration is totally and completely committed to the implementation of the Side Agreements as part of the NAFTA.

Distribution:

Vice President Gore
Sandy Berger
Bo Cutter
Mark Gearan
David Gergan
Mack McLarty
DeeDee Myers
Bob Rubin

NEWS

FROM
THE
CARTER
CENTER

ONE CORPUSCULE LANE NEW CAN 10107

FOR IMMEDIATE RELEASE
Tuesday, Oct. 12, 1993

Contact: Carrie Harmon,
Public Information, 404-
420-5107

Dr. Robert Pastor, 404-
420-5180

Statement by Former Presidents Gerald Ford, Jimmy Carter and George Bush

After our meeting with President Bill Clinton at the White House on September 14th, we have listened to the debate on the North American Free Trade Agreement (NAFTA) with growing concern. The central issues at stake are being drowned out by those who would have us believe that the United States cannot be competitive and has much to fear from the agreement.

NAFTA poses fundamental issues for the United States. Can we protect our standard of living by building tariff walls and investment barriers, or should we dismantle the walls and compete successfully on a level playing field? Should we turn inward or outward to improve our nation's well-being? Are Mexico and Canada our superior competitors or our trading partners in a greatly expanded market? Do we move toward or away from the markets of the future?

We believe that NAFTA represents a significant and positive step forward for the United States, for our relations with our neighbors, and for the world. By reducing and eventually eliminating all trade and investment barriers within North America, NAFTA will create the largest, most productive free-trade area in the world. It will defend environmental standards and, with the adjustment assistance and educational training package being developed by President Clinton, it will help those who might be hurt by increased competition. As consumers, we will be able to purchase better and less expensive products. As producers, we will help to meet the needs of millions of new customers in this hemisphere. As Americans, we have nothing to fear from more competition and much to gain. America's future is best secured not when we retreat, but when we compete.

FROM
THE
CARTER
CENTER

2

To give expression to our deep belief in the importance of NAFTA, we are convening a small group of eminent persons to help Americans understand the true issues at stake in NAFTA. We are pleased to serve together, along with former President Reagan, as honorary chairmen. We are confident that other Americans will support the North American Free Trade Agreement when they know its importance to the future of the American economy. A preliminary list of the men and women we have asked to join us follows.

We will soon be announcing the specific approach we will be taking to implement this mission.

###

PRELIMINARY ACCEPTANCE LIST
EMINENT PERSONS CONVENED BY PRESIDENTS FORD, CARTER, AND BUSH

The Hon. James Baker III
The Hon. Zbigniew Brzezinski
The Hon. Lawrence Eagleburger
Mr. William Gates
The Hon. Alexander Haig
The Hon. Carla A. Hills
Mr. Lee Iacocca
Prof. Barbara Jordan
The Hon. Jeanne Kirkpatrick
The Hon. Henry Kissinger
The Hon. Juanita Kreps
The Hon. Sol M. Linowitz
The Hon. Lynn Martin
The Hon. Robert A. Mosbacher Sr.
The Hon. Edmund S. Muskie
The Hon. Tip O'Neill
Prof. Michael E. Porter
The Hon. George Shultz
The Hon. Robert Strauss
The Hon. Cyrus Vance
The Hon. Paul A. Volcker
Dr. Eddie N. Williams
The Hon. Andrew Young

Nafta

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

October 16, 1993

RADIO ADDRESS BY THE PRESIDENT
TO THE NATION

The Oval Office

10:06 A.M. EDT

THE PRESIDENT: Good morning. I want to talk with you today about our prosperity and our strength now and in the years to come. From the beginning of our administration I promised bold action with a plan for economic growth. We moved to put our fiscal house in order, to bring the deficit down, to spur business investment and start investing in our own people again. Our plan passed the Congress, and now good things are beginning to happen.

We still have a long way to go, but there's clearly been real progress. Long-term interest rates are at historic lows. That means more businesses investing in jobs and economic growth. Home mortgages are at a 25-year low. That's put more money in the pockets of millions of Americans who are now buying or refinancing their homes.

During the first eight months of this administration our American economy has created 1.1 million private sector jobs, more than had been generated in the previous four years. Our people have been waiting for a long time for a strong recovery. We've made progress, but we know there are other things we've got to do if we're going to put America at full strength for the long term.

For one thing, we've got to have someone to buy our products and our services. To do that, we've got to look beyond our borders, to jolt our export markets so they will grow and create jobs here at home.

All wealthy nations are finding today that they can't create jobs without expanding trade. It's not just the United States, the same thing is true in Germany and the rest of Europe and in Japan. I know we can do it, because, just as with the rest of the progress we've made so far, we've got a plan to increase exports.

Already we've lowered Cold War trade barriers -- \$37 billion worth of high-tech equipment which we can now sell in the export markets. We're working with Japan and with the entire international trading system to open up new markets for our manufactured products. And we've got a very important part of that plan right here in our area, called the North American Free Trade Agreement. Perhaps you've heard it called NAFTA.

The bottom line is this: NAFTA will help create export relationships that will produce jobs -- 200,000 of them by 1995 -- and will continue to create jobs in the future. It will help our economy to grow.

Everywhere on Earth, more exports mean more jobs. And these jobs on average pay better -- 17 percent better than jobs that don't have anything to do with exports. Critics may say what they will, but they can't dispute the facts. We are competing in an era of almost unimaginable economic change; where investment and information can cross the globe in the flicker of a computer screen.

MORE

It's a new world. But on the trade front, America has to often been playing by old rules.

Our chief rivals in the global marketplace have been adapting. Europe has been developing its own trading block. Japan has cornered much of Asia. And now with NAFTA, we can adapt by using our friends and neighbors, first in Canada and Mexico, and eventually in the rest of Latin America.

With NAFTA, our products will have easier access to Canada and the second fastest growing market in the entire world: Latin America. Without NAFTA, one of our best markets, Mexico, could turn to Japan and Europe to make a sweetheart deal for trade. With NAFTA, we'll be creating the biggest trading block in the world right at our doorstep and led by the United States. Without NAFTA, Mexico could well become an export platform allowing more products from Japan and Europe into America.

Why would we want that to happen? It's no accident that NAFTA is supported by every living former president, almost every serving governor, and leaders of both parties. And yet, I know many Americans are worried about the agreement. They've been told that companies will head south once the ink is dry because wages are lower and environmental investments are cheaper in Mexico. But all the wishing in the world won't stop those companies from leaving today. Today companies can go to Mexico and produce for the American market with low tariffs if they want to. But NAFTA will require Mexico to enforce it's own environmental laws and labor standards, to raise the cost of production in Mexico by raising wages and raising environmental investments. That will make it less likely, not more likely, that a company will cross the Rio Grande River to take advantage of lower wages or lax pollution laws.

I say again, under NAFTA more jobs will stay at home here in America, and more Americans exports will head to Mexico. NAFTA means exports and exports mean jobs. I believe with all my heart the fear stirred up over NAFTA flow from the pounding the middle class took over the past decade and a half, not from NAFTA itself. But I have to tell you, as your President, I could not be for this trade agreement unless I believed strongly that we needed to ensure the economic security of our hard-working middle class families.

That's why I'm fighting in Congress to pass NAFTA when it votes on it next month. I hope you'll tell your representatives that you want it to pass, too. If you want to create more American jobs, if you want to lower the differences in cost of production in America and Mexico, if you want to take down barriers in Mexico to exports, then you should want NAFTA.

And let me say again, America right now has a trade surplus with Mexico. Mexicans, even though their incomes are lower than Americans, are the second largest purchaser of American products per person -- second only to Canada. This means greater opportunities for our people and more jobs. I hope that you will support it.

Before I close, I want to say a word about our brave helicopter pilot who was held and then released in Somalia. Tonight Michael Durant is on his way home. We are thankful beyond words that Chief Warrant Officer Durant will be reunited with his family and that he will recover from his wounds. At the same time, our hearts and the hearts of all Americans go out to the 18 families who are grieving tonight for their loved ones who were lost in Somalia, and to nearly 100 others who were wounded. They and their comrades are in our prayers.

God bless you all. And thanks for listening.

Nafta

The White House
Office of the Press Secretary

For Immediate Release

October 12, 1993

STATEMENT BY PRESIDENT CLINTON IN RESPONSE TO EMINENT AMERICANS
GROUP IN SUPPORT OF NAFTA

I am very pleased today to acknowledge the efforts of President Bush, President Carter, and President Ford in convening a group of prominent citizens for NAFTA. Never before have former presidents joined forces to speak to the nation about such a pressing issue.

This group includes distinguished Americans who have demonstrated achievement in such diverse fields as government, industry and civil rights. These individuals have taken many paths to prominence, but they have come to a common conclusion that this trade pact is good for America and good for America's economic fortunes.

This debate is fundamentally about creating jobs and defining America's role in an increasingly competitive global economy. Our fundamental choice is whether we will respond to change and create the high wage jobs of tomorrow or attempt to cling to the jobs of the past. America is always at its best when we look to the future.

While I continue to be concerned about America's rate of economic growth, it is increasingly clear that exports are a key factor in boosting our economy. NAFTA represents the best immediate opportunity to expand our markets and create new jobs at home.

I am increasingly confident that this agreement will be approved by Congress. When thoughtful people look at the facts about NAFTA, they will come to the same conclusion as this group of distinguished Americans. I am hopeful that this group will elevate the debate about NAFTA and participate vigorously in the discussion about which direction America should take.

THE WHITE HOUSE
Office of the Press Secretary

BACKGROUND BRIEFING
BY
SENIOR ADMINISTRATION OFFICIAL

September 14, 1993

The Briefing Room

1:35 P.M. EDT

MR. JONES: This briefing on NAFTA is a BACKGROUND BRIEFING, and it will be by Ambassador Rufus Yerxa, who is the Deputy U.S. Trade Representative, and was the chief negotiator for the side agreements. Copies of the side agreements will be available after this, as well as a summary that are on their way. So -- and I think there will be an opening statement by Ambassador Yerxa.

SENIOR ADMINISTRATION OFFICIAL: Thank you very much. I'll just make a couple of brief opening remarks and then open it up. First of all, of course, you all heard today from the President as well as the three former Presidents all the compelling arguments for the NAFTA. So I'm not going to try to duplicate anything they said. The purpose of this briefing, obviously, in your coverage of the story to fill in anything you need to know about the NAFTA itself, about the supplemental agreements, about the legislative process for finalizing the agreements and for finalizing the implementing legislation.

I'd like to start first by very, very briefly describing for you what will happen from this point forward. The President, obviously, started off the administration's effort this morning. This was directly followed by testimony by Ambassador Kantor, Secretary Reich and Administrator Browner before the House Ways and Means Committee. They're probably still being grilled up there. And tomorrow, Secretary Bentsen, Secretary Christopher and Ambassador Kantor will be testifying before the Finance Committee.

The President, of course, is going to New Orleans to speak to this issue in the Port of New Orleans tomorrow. And in addition, we have a full schedule of Cabinet officers traveling to various points around the country to convey the administration's message, to explain the arguments in favor of this very important agreement.

The legislative process, just so you understand, is an extremely arduous and detailed process. Perhaps the greatest misnomer is fast track, because this is a process that takes quite a bit of time. We work very, very carefully with all of the relevant committees in the Congress to fashion appropriate legislation. The President will not introduce legislation in the Congress to implement the NAFTA until we have worked with all of the committees of relevant jurisdiction, both on the House and Senate side. And they actually have a process that duplicates the normal legislative process, except instead of markups and conferences, they call them "nonmarkups and nonconferences," because the bill hasn't been introduced yet.

Once the committees have finished that process, working with the administration to fashion the appropriate language, the President then takes the recommendations of the Congress, folds them

MORE

into the implementing legislation. Of course, he has to ensure that what's being recommended is consistent with the spirit and the letter of the NAFTA itself, and then he introduces an implementing bill.

Our target for introduction of that legislation -- and we think it's a very reasonable target -- would be late October or no later than the first of November. At that point, that legislation, which is introduced, is considered by both Houses under the fast track procedure. It is not amendable. There is a period for committee votes and committee hearings, followed then by floor action and a final vote. And we fully expect that the Congress would be able to finalize and approve this legislation this year.

The date of entry into force of the NAFTA is January 1, 1994, which means, of course, the President is committed to introducing it and securing the necessary congressional approval this year.

With respect to the supplemental agreements, let me just say, first of all, they were fully described to you by the President. They are available to you and you can see in quite a bit of detail what the supplemental agreements addressed. They establish new commissions for both -- North American commissions for both the environment and labor. And they provide a mechanism for addressing our concerns about adequate enforcement in both the labor and environment field and also for addressing any possible risks of import surges under the agreement.

Now, I can, of course, answer for you any questions about exactly what the NAFTA itself does. The simplest way to describe it obviously: it is an agreement which reduces and eventually eliminates all tariffs among the three countries in North America. And it also eliminates nontariff barriers; that is investment restrictions and other forms of nontariff restriction that might exist on U.S. exports to Mexico.

Now I will just stop there and open it up for discussion.

Q The way the House works, the President is going to open himself up to a lot of criticism if he goes -- he doesn't introduce a bill before they start hearings.

SENIOR ADMINISTRATION OFFICIAL: Well, under the --

Q If they don't have anything specific from him to work on, or he's going to get a lot of criticism from Congress, especially from the Republicans.

SENIOR ADMINISTRATION OFFICIAL: Yes, but let me explain. This is -- we will handle this the same way other trade agreement implementations have been handled in previous administrations including the 1979 Trade Agreements Act, the 1988 Canada Act. We will propose draft legislation to the committees which begins the committee process. We will then work with the committees to get their approval to those drafts before the President introduces the bill. If he introduces the bill before talking to the committees there will be even more criticism from the committees because he will not have taken into account their concerns.

We want to work with the Congress in fashioning the legislation and we've been asked by the committees not to introduce the legislation until after the committees have had the necessary period to work out with us the implementing language.

Q I have a question on process.

SENIOR ADMINISTRATION OFFICIAL: Yes.

Q With the fast track, as I understand it, it's 90 legislative days from the date of introduction.

SENIOR ADMINISTRATION OFFICIAL: It's a little more confusing than that.

Q And does it expire after that if it goes over to next year?

SENIOR ADMINISTRATION OFFICIAL: No --

Q What's the December 15th --

SENIOR ADMINISTRATION OFFICIAL: Let me try to answer one question at a time. The fast track does not expire for NAFTA because President Bush signed the NAFTA before the expiry of the original fast track period. So the NAFTA, if we follow the appropriate procedures, the NAFTA legislation is entitled to fast track treatment.

Now, you're going to the question of what happens once we actually introduce the final bill. Once we introduce the final bill --

Q Which you're suggestion would be no later than November 1st?

SENIOR ADMINISTRATION OFFICIAL: That's right. Once we introduce the final bill, there is then a period of 45 legislative days for consideration in the House, and an additional 15 days on the committee -- in the Senate committees -- with, if necessary, an additional period for the Senate floor. Now, that may immediately raise the question of whether we are guaranteed under fast track procedures a vote before the Congress adjourns, and I understand that question. We are working with the congressional leadership to secure that action as rapidly as possible.

The important thing to emphasize here is that in no previous fast track bill has that full period ever been utilized, because once the bill is introduced it is unamendable and the committees normally report it and vote on it expeditiously. If you look at what happened with the '79 act or the '88 act, it was voted on within a month of being introduced.

Q Isn't unrealistic to think that you could introduce legislation November 1st and have something before the end of the year?

SENIOR ADMINISTRATION OFFICIAL: But try to understand, fast track is different than other procedures because we actually introduce a draft bill in the next several days and work out the language of the legislation with the committees. So before it's ever been introduced, we go through an entire legislative process.

And I've been through two fast track bills in the Congress myself, and I know that you have a period of committee markups, you have a conference between the House and the Senate, and all that takes place before the date of introduction.

Q Are you going to take it up first in the Senate or the House?

SENIOR ADMINISTRATION OFFICIAL: No, it will be taken up in the normal process. We will work out the draft legislation with both Houses, introduce it. Our expectation then would be, of course, that the House and the Senate will work out the timetable for action.

Q Can you go back -- you said 45 days in the House, and then you said 15 days in the Senate Finance, and then maybe more time for the Senate?

SENIOR ADMINISTRATION OFFICIAL: Fifteen days in the committees, and an additional 15 days on the floor, yes.

Q So there's 75 -- there's no such thing as 90 days, even though that's what everybody talks about?

SENIOR ADMINISTRATION OFFICIAL: There is a grand -- this is complicated stuff. There is a grand total of 90 legislative days that could be used if all of the committees and if both House floors utilize their full time period.

Q But they can't fudge each other's time?

SENIOR ADMINISTRATION OFFICIAL: Now, I want to point out these are legislative days, they're not calendar days. And legislative days is a very complicated formulation because it excludes days when the Congress isn't in session for a certain number of days.

Q -- is what we're talking about.

SENIOR ADMINISTRATION OFFICIAL: My point here is that we're not going to need all of those days. We haven't, under prior trade agreements legislation. And once the bill is introduced, it is not amendable. The job for the committees at that point is to decide whether or not to approve the legislation.

Q In terms of the specifics that you are going to be working on as this draft legislation moves through the committees, are there enough points that there is room for give and take on, that they're going to change anybody's votes, or isn't it just basically the whole concept of NAFTA that's upsetting a lot of the opponents to this legislation?

SENIOR ADMINISTRATION OFFICIAL: In implementing an agreement of this type, obviously, we have certain discretion with respect to how we implement our obligations. The legislation does have to be consistent with the agreement. We have to honor the terms of the agreement. But how Congress does that and how they wish to do it is a matter that allows certain flexibility in the implementation process.

If you look at prior trade agreements, that's why the Congress places such a heavy emphasis on what I've described to you -- this nonmarkup and nonconference process -- because we do work out legislative language. Under the agreement you have flexibility as to how you implement certain of these obligations.

Q Can you give us an example of some of the places that you think that there is room for give and take, that you see --

SENIOR ADMINISTRATION OFFICIAL: I'm not going to prejudge the process. I'm certainly not going to offer anything before we've begun to talk to the committees. But I can give you all kinds of examples of what's been done in the past. With respect to the Canada Free Trade Agreement, for example, the administration and the Congress worked out certain language about subsidy practices and how they would be addressed under U.S. law, which was directly relevant to the agreement.

So there are a number of things that can be done. My point here is that the implementing legislation that the President will introduce ultimately will carry out our obligations under the

agreement, but will do so in a way we work out with the congressional committees.

Q Are you prepared in dealing with the congressional committees to make changes in the administration's position to try to get individual members or blocks of members' votes?

SENIOR ADMINISTRATION OFFICIAL: I don't know what you mean by changes in the administration position. The President has endorsed and is supporting and will submit to the Congress the NAFTA agreement. That has to be successfully implemented by this bill. As I said, we have flexibility in certain aspects of how we carry it out.

Q Is the administration going to introduce some sort of jobs displacement package separate from stuff already out there as a way of answering and reassuring people about job loss?

SENIOR ADMINISTRATION OFFICIAL: Well, I think the President, Secretary Reich, others have described a comprehensive dislocated worker program that the administration is discussing with the Congress and would expect to introduce this fall. That would address the -- not only the dislocation caused by trade but the much greater dislocation caused by other changes in our economy.

I think what they will say to the committees today, and there's discussion of this in their testimony, is that the administration strongly supports a comprehensive, as the President said today, reemployment program, because many of the workers who have lost their job in our economy over the last several years had not gone back to their original job, they've gone to new jobs. And we need a program to deal with those adjustments. That will be something that the administration will be addressing this fall. And it would be obviously designed to take care of the very, very minimal dislocations that might occur under trade agreements. I might also point out that, as the President said, the NAFTA creates far more jobs than would be lost.

Q Not for the same people, though, right?

SENIOR ADMINISTRATION OFFICIAL: Well, as he said, in any change, in any effort to create a new and larger and more expanding economic base and market, you obviously are going to have some transitions in the economy.

Q What do you mean by minimal?

SENIOR ADMINISTRATION OFFICIAL: What do I mean by minimal?

Q We heard the million jobs over a five years.

SENIOR ADMINISTRATION OFFICIAL: If you look at the reputable estimates of the job impacts of NAFTA, the reputable estimates as to opposed to the estimates by those who maybe have some ulterior motive for putting them forward, you will find that the consensus among those reputable estimates is over the period of full entry into force of the NAFTA. Which, by the way, doesn't become fully effective until 15 years after it's first implemented. That is the tariffs phase down over 15 years.

The reputable estimates are total job losses to the U.S. job economy of no more than 200,000. That's the consensus of these groups -- more than outweighed by the job gains which in all most all of these studies are a much larger number. That's why we recently received a letter from 294 economists. You know, I've never seen 294 economists agree on anything, but what they all agreed on, including

all 12 living Nobel Prize winners -- I tried to get some of the dead ones but I -- was the following comment --

Q How could you tell the difference? (Laughter.)

Q Oooh, Andrea. (Laughter.)

SENIOR ADMINISTRATION OFFICIAL: Well, I'm not an economist so I can tell the difference, but -- (laughter.)

Q Are you blushing, Andrea? (Laughter.)

SENIOR ADMINISTRATION OFFICIAL: You knew a different economist than I did. (Laughter.)

Anyway, what they say is that they all agree that NAFTA -- well, there's disagreement among these economists on the precise numbers, and that's not surprising. They all agree that NAFTA will create far more jobs than it loses and that the estimates of massive job losses or massive increased imports are without foundation -- without basis. And that's in a letter to the President from these economists. I'm sure we can make that available to you.

Q You give the job loss number. What's the job gain number? What is that?

SENIOR ADMINISTRATION OFFICIAL: What we have said, and I think all of the studies bear this out, whether you look at the Congressional Budget Office study or the private independent studies that have been done, is that net job creation over the next several years will be anywhere from the low figure in these studies of something like 35,000 net jobs to a high figure of I think it's a net job creation of a million. Now, that one study that showed a million net job creation I would be a little bit careful of because it --

Q The President used it today in his speech.

SENIOR ADMINISTRATION OFFICIAL: No, no, no. That's not the figure.

Q Yes, it is.

SENIOR ADMINISTRATION OFFICIAL: Let me explain what the President --

Q Over five years.

SENIOR ADMINISTRATION OFFICIAL: What he said was -- yes, what he said was a million jobs -- let me explain exactly what that means. By 1995, we will have nearly a million jobs in the U.S. economy directly dependant on exports to Mexico. There are about 700,000 today and over the next two years with NAFTA we will create 200,000 more jobs. So nearly a million jobs -- I think the figure is something like 940,000 -- directly dependent on exports to Mexico made secure by the NAFTA agreement.

Q Excuse me, that's not what he said. He said, "I believe that NAFTA will create a million jobs in the first five years."

Q NAFTA will create a million jobs.

SENIOR ADMINISTRATION OFFICIAL: And as I said, there are studies out there that show anywhere from 35,000 to 1.1 million --

Q Be careful of the million.

Q You don't agree with him.

SENIOR ADMINISTRATION OFFICIAL: What I'm trying to tell you is, there are all kinds of estimates out there of job gains. These 294 economists couldn't agree exactly among themselves because this process of estimating job loss and job gains -- and all of you know this -- is an art form. It's not an exact science. You can't precisely calculate exactly every job change that's going to occur. But the impressive thing is that the vast majority of these studies show net job creation and show significant net job gains.

The only people who seem to be disputing that are people who have created some pretty phony numbers. Let me give you an example. The study that Mr. Perot and Mr. Choate rely on says 5.9 million jobs at risk under NAFTA. Now, how do they get that 5.9 million job figure? They get it by taking every job in America in the manufacturing or production sector, which includes agriculture where more than 20 percent of the costs of that industry are direct labor costs.

They then take all of those jobs and move them to Mexico, which means, of course, the entire aircraft industry, the entire telecommunications industry, the entire automobile industry and many others. I've just named you three industries that are big winners under NAFTA because we increase exports. The Big Three auto producers have estimated that in the first year of NAFTA, we will have an increase of our exports to Mexico of 60,000 vehicles.

So for Mr. Perot to suggest that 5.9 million jobs go to Mexico is wildly outrageous. Let me just give you the numbers so you understand how outrageous it is. In order for 5.9 million jobs to go to Mexico, Mexico would have to increase its exports to us by \$350 billion. That is the entire GNP of Mexico -- \$350 billion -- that's the entire GNP of Mexico.

So my point to you here is, there are some people out there who have postulated for you big job loss numbers, and their studies are not based on any sound economic modeling, they're not based on any serious examination of the record, and the serious examination which has been done, the President cited it today by numerous private sector studies, by the Congressional Budget Office, by the International Trade Commission, all show net job creation.

Now, we can quibble about exactly how many jobs, and I can tell you that those are based -- all of those are based on certain assumptions and you have to decide which assumptions to accept.

We do know this: We know that since 1987, we've created 700,000 export-related jobs to Mexico because of liberalization. We know that there are numerous barriers that are still in place that the NAFTA wipes out. And if we look at the sectors where the NAFTA wipes out the barriers such as automobiles, we can predict significant growth in exports.

Q Can we go back to timing for a minute? You are saying that -- you're saying that it's conceivable that those things can all be done with a cooperative Congress, and you're saying -- you're citing as examples of this the fact that it has happened before in past trade agreements. And the past trade agreements that you helped negotiate or were witness to --

SENIOR ADMINISTRATION OFFICIAL: No, I was working in Congress at the time.

Q In Congress? Okay. Was the Congress as divided over those as they are over this, number one; and number two, is

there anything that happens if these things are not passed by January 1? And if it's not, why push it?

SENIOR ADMINISTRATION OFFICIAL: Well, look, you all are better at reading the tea leaves than I am. You know what the sentiment is about this agreement. All I can tell you is that the administration and the President believe that a lot of the arguments are wrong, that we are beginning to change the perception of this agreement, that we're beginning to convince the Congress that this is a good agreement.

Can I ensure that all of the congressional committees will act expeditiously on this matter? Of course, I can't give you that assurance. What I can tell you is, the administration is going to the Congress, we're presenting the draft legislation. We've already gotten indications of cooperation from the two principle committees, the Ways and Means and Finance Committees. We will begin the nonmarkup process. We expect to introduce the legislation, as I said, no later than late October or the first of November. And at that point, the President will push very hard for the Congress to approve this.

Q Let me just try to get you to answer two pieces of that. Why January 1st? Why push for that date? And in your experience, was Congress as divided last time over the last agreements that you talked about as they are over this?

SENIOR ADMINISTRATION OFFICIAL: January 1st is the date of entry into force of the agreement. That is the date that the three countries negotiated. They negotiated a provision that says it enters into force on January 1st.

Q What happens if it's not passed by then?

SENIOR ADMINISTRATION OFFICIAL: If it's not passed, obviously, we're in breach of the agreement.

Q Then what does that mean? Is that the end of NAFTA or --

Q Do you renegotiate a different date?

SENIOR ADMINISTRATION OFFICIAL: Listen, all I can tell you is that we would be in breach of the terms of the agreement, that means that Mexico and Canada would obviously not implement the agreement, either, and that at that point there would be uncertainty as to the future of the agreement.

Q Vice President Gore suggested the other day that this fight for ratification of this treaty could go past January 1st. Do you anticipate that as a possibility?

SENIOR ADMINISTRATION OFFICIAL: Can I finish her question first? Then I'll answer it. The second part of it was whether previous legislative debates have been, in my opinion, have had as much opposition. I mean, I think we're going to let the Congress speak to what their position is on this over the next several days. We'll see what attitude members are taking towards the agreement. We've already seen indications of undecided members moving to support it. I think you saw several congressional leadership figures at today's event. And obviously, as we get the message out, we would expect greater support.

Is it a very controversial issue at this point? Of course, it is. But, you know, it's -- we have just begun to fight. And it's not over until the vote.

Q Is it possible ratification will go past January 1st? I mean, is that something that -- Gore had suggested this might happen the other day. And is that something that you say is, well, if we can't get it before then, maybe it will go later?

SENIOR ADMINISTRATION OFFICIAL: The President is going to fight to have this legislation approved by the Congress this year.

Q In your strategy, who is the point person who's going to respond to Ross Perot?

SENIOR ADMINISTRATION OFFICIAL: You're above my pay grade here. You're above my pay grade.

Q In which industries will you see job loss as a result of NAFTA?

SENIOR ADMINISTRATION OFFICIAL: The studies that have been done obviously indicate that there will be changes in jobs in the industries that currently have high import protection. Now, the industries that have high import protection include such products as household glassware, corn brooms --

Q What?

SENIOR ADMINISTRATION OFFICIAL: Corn brooms.

Q What are corn brooms?

SENIOR ADMINISTRATION OFFICIAL: You know, you've been to a grocery store; you see those brooms that are made out of real broom corn.

Q What about agriculture?

SENIOR ADMINISTRATION OFFICIAL: Well, but you've got to understand, the reason many, many textile companies are supporting this legislation is that we have very, very favorable rules under the NAFTA for joint production. And actually, the vast majority of production in Mexico is based on U.S. yarn and fabrics. And many of the major textile producers believe that this is a win-win situation and we do not estimate major job losses in that sector.

Q If it's going to be such a boon to the automotive industry than why is the entire, I think all most the entire Michigan delegation against this?

SENIOR ADMINISTRATION OFFICIAL: Well, you answer that question for me. Let me tell you what the current situation is on automobiles. Many, many U.S. companies produce autos in Mexico today and ship them to the United States. The tariff that they pay coming into the U.S. is 2.5 percent, which is basically an insignificant tariff. That's what we're reducing under this agreement.

On the other hand, U.S. auto companies are essentially barred from exporting to Mexico unless they produce in Mexico. And the barriers we're wiping out in Mexico include their local content rules, their investment restrictions and their very high tariff on automobiles, which comes down almost immediately under this agreement. The consequence of which there are much, much greater incentives to move auto production from Mexico back to the United States and ship to Mexico. In fact, as the President said today, one auto company had recently moved jobs from Mexico back to the United States.

And we've had conversations with, as I say, the major auto producers. The major auto parts producers all support this agreement because they believe that it means a bigger market for

parts in the United States for inclusion in products shipped to Mexico. Why is there a --

Q Why is every union opposing it, most of the Democrats opposing it? It's hard to believe that just because --

SENIOR ADMINISTRATION OFFICIAL: Don't say most of the Democrats.

Q -- corn broom growers --

SENIOR ADMINISTRATION OFFICIAL: There are a number of Democrats who support this legislation. All I'm trying to do is --

Q A majority of Democrats in Congress thus far, according to the White House count have said this.

SENIOR ADMINISTRATION OFFICIAL: I understand that. Well, you know, sometimes people need to hear the facts and hear exactly what the agreement is about and what it does. And I think you have to make your own judgments after you've listened to those arguments whether or not the concerns, the uncertainties that are out there about the future of our economy.

Q What other industries besides auto will prosper from this?

SENIOR ADMINISTRATION OFFICIAL: Telecommunications, automobiles, the agriculture sector is a big winner under this agreement, a number of others as well.

THE PRESS: Thank you.

END

2:05 P.M. EDT

insurance costs, if you use medical services at all, are higher than your premium. Under the President's plan, your deductibles will be limited and the cost of your premium will go down substantially.

And then there's that 15 percent who are mostly young, healthy people, who through community ratings will see their rates go up somewhat. But that's a modest increase for most of those people. And -- let me make one other point -- we're talking about the first year. We're talking about the point of beginning. As the plan is implemented and the cost controls take effect, people's overall insurance costs will continue to decline. And so more people will see better benefits. And that doesn't take into account the greatest benefit of all, which is you'll have a guaranteed package of benefits that can never be taken away.

Now, even if you're healthy and 25, if you become sick you could lose your insurance, you could develop a preexisting condition which would mean that you would never be able to get insurance again. All of those fears will be alleviated under the President's plan.

Q Two foreign policy ones for today's newspapers. On China, why is the U.S. softening its policy now when at the same time it's been giving human rights warnings?

MS. MYERS: We're absolutely not softening our policy. Our policy has never been to isolate China. Our policy has always been to engage China; to talk about the issues of concern to us, particularly human rights, trade, and nonproliferation issues. This is part of an ongoing attempt to continue to work with China to promote our concerns; to maintain a dialogue that will help address our concerns. That's why we attached conditions to renewal of MFN; that's why we added sanctions when -- over the sale of M-11 technology. We will continue to press our agenda with the Chinese -- but through engagement as opposed to isolation. It's never been our policy to isolate them.

Q And the reports about selling missiles to Taiwan, is that part of the same thing, an effort to balance relations between the two?

MS. MYERS: What reports of selling missiles to Taiwan?

Q It came out last week -- that was a Taiwanese newspaper report, the U.S. is selling shoulder missiles to Taiwan.

MS. MYERS: I'm unfamiliar with that, and I certainly will get back to you on it. But our policy toward China has not changed.

Q Do you have a figure, either number of people or percentage, who would be paying more in health care premiums if the present system were allowed to continue?

MS. MYERS: Paying more than they pay now? I think that there's no question that their health premiums will continue to go up, as they have every year for the past X number of years. Health costs --

Q Is that 100 percent, everybody's premiums? In other words, have you folks provided some analysis to show how many more Americans would see their premiums go up if nothing is done as against how many more Americans will see their premiums go up under the President's plan?

MS. MYERS: I'll take the question and see if we have that specifically broken down. As you know, our estimates are that

health spending will go from what it currently is to nearly 20 percent of the GDP by the year 2000. That is a substantial increase and somebody is going to have to be paying for it. It will come mostly from health consumers. But I'll see if we have it broken down by -- similar to the statistics about under the plan.

Q This morning you said you were taking a question from us about whether the President keeps a diary or any kind of thing like that.

MS. MYERS: I don't know what prompted that.
(Laughter.) The President said that he occasionally takes notes which are a part of the White House record, historic record, and he also periodically dictates into a tape recorder.

Q Has he made any arrangements or any plans with any biographers the way that Bush did?

Q Would he like one?

MS. MYERS: I don't know. You guys can ask him that.

Q Does he have a tape system in the Oval Office?

MS. MYERS: I don't believe so.

Q Can you take that?

MS. MYERS: Sure. I'm sure that there is -- I don't know if there's a system still in place. It's not in use if it is. But I'll see. I think it's been dismantled. (Laughter.) I think the lessons of previous presidents are fairly powerful in that regard.

Q What does he do with these tapes? I mean, does he just put them in storage? I mean, what does he intend to do with these tapes?

MS. MYERS: I think they're largely for the historical record. They're his recollections of events.

Q Will be they be transcribed? Whose -- is there somebody in the White House now who's in charge of transcribing these tapes, or are they just being stored?

MS. MYERS: I think they're just being stored at this point. And I think at some point he'll make a decision about what or how he wants to do with them. But at this point, I think it's something that's he's been doing for a few months just to record his impressions of events as they happen.

Q Does he do it at any particular time of the day, like at the end of the day --

MS. MYERS: No, I think he generally does it at the end of the day, at night, probably rather late at night, if the past is prologue.

Q Is it a small, hand-held tape recorder?

MS. MYERS: I didn't get the model and make.
(Laughter.) I'm happy to --

Q I'm just curious.

Q Japanese.

MS. MYERS: Yes -- (laughter) -- I'm sure it's an American brand.

Q He doesn't have to reach all the way across the credenza and turn it on and off, does he?

MS. MYERS: I did not get the specific technology that is employed for this practice. But it is a tape recorder.

Q But you are sure that there is no recording in the Oval Office of --

MS. MYERS: I'll double-check it. I mean, we've had this conversation kind of in jest over the course of the last many months. But I will -- I don't know how it was set up in the early '70s, for example.

Q Ask David.

Q Was the President aware of the CIA involvement, payments to some of the military leaders in Haiti?

MS. MYERS: As you know, we cannot --

Q Question?

MS. MYERS: CIA -- allegations about CIA payments to Haitian officials. It is an intelligence issue and, therefore, I cannot comment on it.

Q -- confirmed by members of the committee.

MS. MYERS: Nonetheless, it is an intelligence issue, and I can't comment on it.

Q Would the President think it would be appropriate to --

MS. MYERS: I just can't comment on intelligence matters.

Q Again, with regard to the election, if Florio and Dinkins, who have been helped by the President lose -- should lose tomorrow -- or forget that -- how does the White House read the significance to the President of tomorrow's election? What is the political significance meaning of tomorrow's elections?

MS. MYERS: Well, I think that they, again, are, as we've said all along through local elections, that they are largely about local issues. To the degree that the President shares an agenda, or at least a common goal on certain issues, he's been willing and happy to campaign, to talk about those things -- health care again, violence, fiscal responsibility, whatever. But I think local elections turn largely on local issues. And if the President can go down there and help by underscoring some of the things that they share, then he's been happy to do that.

Q Let me follow on that, Dee Dee. In New Jersey, it's very possible, for example, the Florio election could turn on tax increases, which is hardly necessarily just a local issue. In fact, it's being looked at as sort of a national bellwether. And the President had sort of a similar experience when he first came in office here -- he increased taxes. Don't you at least have to face some choices -- if Florio loses tomorrow, people are going to, especially Republicans obviously, are going to point at the White House and say this is happening nationally, too; the President should watch out?

MS. MYERS: And then if Florio wins, what are you all going to say?

Q Local issues. (Laughter.)

MS. MYERS: If you weren't such a good golfer.

Q In all seriousness, I mean, Republicans obviously are going to use this against you if Florio loses.

MS. MYERS: They're going to use it if Florio loses no matter what the circumstances are. And, again, we went where the local organizations thought it would be helpful. We tried to underscore issues where the President and the Governor or the President and the Mayor see things in common. We'll see how things go. We certainly wish him the best of luck. Again, the President supports both strongly and hopes they both win.

Q -- Bosnia before again, The Washington Times story on Bosnia -- is the President going to authorize and increase in air drops?

MS. MYERS: I'll have to take that. I don't know the answer to that.

Q Dee Dee, when you mentioned earlier the 60-percent figure for those who would pay the same or less under the President's plan, you're talking only about --

MS. MYERS: Premiums. Yes, exactly, the universe we're talking about here is people who are presently privately insured.

Q It's actually a 50-50 breakdown or close to that, is it not, if you include the working uninsured now who would actually have to pay a little more in the President's plan?

MS. MYERS: Well, the working uninsured don't have any insurance. So to go from having nothing to having something requires that you have to contribute to that. I'm not sure what the exact figure is. I think that somebody in one of the committees said last week it was 50 percent. But those people don't presently have insurance, so in order to add them, I think it's reasonable to assume -- expect that they would have to pay something. But that still doesn't get you to 100 percent of the universe because you have Medicare, Medicaid.

Q What was the reaction in the White House today to the publication of the staff salaries?

MS. MYERS: I think we're going to post White House correspondent salaries and then you guys could do a comparable study.

Q That would put us in a dilemma. (Laughter.)

Q Will you disclose your sources when you do it?

MS. MYERS: Sure. No, I think there's always a great deal of interest in such stories, as you can imagine. Any organization where salaries are published -- I think it becomes a topic of conversation.

Q Do you think the EEOC is going to look into the fact that, in general, women tend to make less than the men in the White House?

MS. MYERS: I don't know. You'll have to ask the EEOC.

Q Well, should they look into it?

MS. MYERS: I'll refrain from commenting on that.

Q You say this great interest -- but why, since there's so much interest, why did you all refuse to put it out?

MS. MYERS: Well, we thought it was a privacy issue. We think that -- we gave ranges for senior staff. Everybody knew what their commissions were, whether they were an assistant or a deputy assistant, therefore, what their salary range was. We thought that was sufficient.

Q Has the publication shown any discrepancies that people find a matter of concern?

Q Have they asked for a raise?

MS. MYERS: Sure, I think we've done the best we can throughout this process to both recruit people from all over the country, to have as diverse a staff as we can, both in terms of previous experience, in terms of where they come from in the country, in terms of their backgrounds and their ethnic and gender backgrounds. And I think, generally, we've done a good job. We've also tried to make sure that people's salaries are commensurate with their responsibilities. Now, I don't think you can ever do that to the satisfaction of every single individual in every single instance; but I think largely we've been successful. And if there are places that we need to make adjustments, I think we'll look at where those adjustments ought to be made.

Q So it's just sort of something -- you think this job is worth and you put a salary on, there's no criteria, there's no standards?

MS. MYERS: No, I think there's -- sure there's criteria. There's salary ranges for the top slots, which we published -- which we made public months ago. And I think then there is certainly history. We looked at how other White Houses did it, how they were organized, how people were paid, and tried to use both historical precedent and our own judgment and our own sense of what people's functions were because sometimes they're in jobs that don't necessarily reflect the full range of their responsibilities. So it's a very subjective process, as you know, and we tried to take as many factors as we could into consideration. And I think, generally, we feel that we've done a pretty good job. But it's never perfect and if there's ways we can make it better I think we'll look at that.

Q In your claim to pay less than the Bush administration people got -- compared to what period of time during the Bush administration?

MS. MYERS: Well, there's a congressionally or legislatively-permitted ceiling which went up at the end of the Bush administration to I think \$134,000. We came in and made just a judgment that the top salary range would be \$125,000. And so -- and then the other salaries were adjusted downward based on that.

Q The article seems to indicate that your claim to be paying less than the Bush people is somewhat of an exaggeration, since they only got it for like -- they only got raises for like two weeks.

MS. MYERS: But we were authorized at that level, so I think it is fair because we were authorized at that level. And had President Bush been reelected, his staff would be currently making a

higher level of salary than what the Clinton White House is currently making.

I would also point out that we worked very hard to reduce the White House staff and to reduce the overall budget of the White House, which we did, although not by 25 percent. But the overall budget of the White House was reduced by some \$10 million. And I think that's a significant accomplishment and it certainly wasn't easy. So I think there's a number of factors that have contributed to the salary structure. And, again, if there's some glaring discrepancies, we'll be looking at them.

Q Are there? Are there any glaring discrepancies?

MS. MYERS: Not that I know of. We're only eight hours into this. I'm sure -- give us a few more hours.

Q Is Ricki Seidman still on the payroll?

MS. MYERS: Ricki, yes, and Ricki -- she's not currently being paid. She's on administrative leave. I think she begins again next Monday as Director of Scheduling. And we'll be glad to have her back.

Q Is Bruce Lindsay still doing personnel, or not anymore?

MS. MYERS: Yes, he is.

Q Yes? Because The Post had his job marked as if it had changed.

MS. MYERS: Well, I think at some point it was always the expectation that as personnel became less Bruce would transition into another job; that's in the process.

Q What job is that?

Q It hasn't happened yet, though.

MS. MYERS: It hasn't officially happened yet, no.

Q Who is that?

MS. MYERS: Bruce.

Q What's the reaction around here to The New York Times Magazine piece on David Gergen yesterday?

MS. MYERS: I think there's an official reaction.

Q What's the unofficial reaction?

MS. MYERS: It was an interesting piece. (Laughter.)

Q In the Public Liaison Office, you have two number-two positions, one held by a male and the other by a female. And the male person gets \$90,000 and the female gets \$80,000, and yet the titles are exactly the same. Is that difference of responsibilities regardless of title?

MS. MYERS: I would imagine. I can certainly look -- I mean, I don't know if we'll be looking into that, but --

Q Could you check into that?

MS. MYERS: Sure.

Q Has Oakley arrived in Somalia?

MS. MYERS: Yes, he arrived, I believe, this morning or perhaps last night, but he is there now.

Q What are his plans?

Q What -- who?

MS. MYERS: Bob Oakley's back in Somalia as of today. His plans are to continue to work with people on the ground there to help the transition there; to work with the other African leaders in establishing a process for both establishing who is responsible for killing of the Pakistani peacekeepers last summer and other episodes; and for creating a process to move that country towards a more stable government.

Q Is he no longer under investigation himself?

MS. MYERS: I don't know. You'd have to check with the State Department. I don't know whether they've completed that, or not, or whether they would tell him if they had.

Q On Somalia, can you respond to The Post editorial that says -- the analysis piece that says the President's aims of keeping open the lines of communication, the delivery of services and stuff, have all slipped since the special forces left and the redeployment and the deemphasis of the search for Aideed; and that some of the reasons the President said we couldn't simply withdraw from Somalia immediately we're not fulfilling now; that the streets are not as safe as they were and that things are not getting done?

MS. MYERS: Well, I think that we would take -- I think things are getting done. We're continuing to protect, as was laid out by the President, supply lines and lines of communication.

Q Well, let me go over them one at a time. The article says that the supply lines are not as open and that the streets are not as safe. Do you deny that?

MS. MYERS: I think that we are doing the best we can to keep the supply lines open. Food is continuing to be delivered. That is something that we remain committed to. Communications lines continue to function. That is something that we are committed to. There's been a reduction in hostilities certainly directed toward U.S. forces there and U.N. forces there. That is certainly something that we're committed to. Again, Durant was released, and we feel we're making some progress on establishing a commission with the help of the African leaders. And Bob Oakley is back there, and we're continuing to work on it.

Q So do you then deny the general thrust of the article, which was that Somalia is a more dangerous place and that delivery of aid is a less certain proposition?

MS. MYERS: Well, things are difficult in Somalia. And they will continue to be difficult. The circumstances have always been -- it's never been an easy situation. Nonetheless, as I said, supplies are continuing to be delivered. The communications lines continue to function. Those are things that we've said that our forces were there to maintain. And we expect to continue to maintain it.

Q Can I then assume that you deny the thrust of the editorial?

MS. MYERS: I let my answer stand for itself.

Q On health care, do you consider the insurance industry to be the main enemy that you've got in terms of getting this package through Congress?

MS. MYERS: The main enemy is anybody who is against universal coverage, a minimum -- or a comprehensive package of benefits that can never be taken away. Anybody -- that is the President's bottom line. Anybody who believes that that's not a necessity of the health care package is somebody that we're going to disagree with and fight.

Q Dee Dee, in Mrs. Clinton's remarks this morning to the pediatricians, she said that what the doctor should try to do is stand up and take the decision-making process back, and they should be the ones to decide. And a lot of the critics, on the Hill at least, are saying that the problem with the President's plan is not -- it's not that the decisions will be going back to the doctors but to the government. And the White House itself has said that the government is broken, so why give it to the government to handle?

MS. MYERS: That's not true. The President's plan is based on a market-driven, private sector system, just as we have now. The health alliances -- what the government will do is set minimum standards and then get out of the way. It will be a largely market-driven process. But because you will have universal coverage under the President's plan, you won't have insurance companies deciding things like who gets covered, how long people can stay, what treatments may or may not be relevant. Those decisions --

Q Who would make those decisions? The doctors?

MS. MYERS: Doctors.

Q But a lot of people have felt that the reduction in medical inflation, the slow-down of the rate of increase recently has been precisely because insurance companies have been requiring doctors to justify excessive tests, to shorten hospital stays, and to intervene in the process.

MS. MYERS: But what we're going to look at is instead of -- we have a number of other mechanisms that we believe will control costs, which are covering everybody, promoting things like preventive care, introducing competition into the system to squeeze out some of the waste. A number of measures like that that will help bring down the cost, as opposed to letting insurance companies decide that four days is enough when, perhaps, it's not.

Q Are you going to have an Assistant Attorney General for Civil Rights this week?

MS. MYERS: I think there's a good chance. A good chance.

THE PRESS: Thank you.

END

3:11 P.M. EDT

#127-11/01

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

SEP 14 1993

The Honorable Tom Hockin
Minister for International Trade
Ottawa, Ontario

Dear Minister Hockin:

I have the honor to confirm the following understanding reached between the delegations of the United States of America, Canada, and the United Mexican States in connection with the North American Free Trade Agreement (hereinafter referred to as the "NAFTA"):

**"UNDERSTANDING BETWEEN THE
PARTIES TO THE NORTH AMERICAN FREE TRADE AGREEMENT
CONCERNING
CHAPTER EIGHT - EMERGENCY ACTION**

Article 1: Objectives

The objectives of this Understanding are to establish additional procedures to facilitate the effective use of Chapter Eight of the North American Free Trade Agreement (NAFTA).

Article 2: Working Group on Emergency Action

1. The Parties hereby establish a Working Group on Emergency Action comprising one representative of each Party to the NAFTA. The Working Group shall be deemed to be a working group established under Article 2001(2)(d) of the NAFTA.

2. The Working Group shall report to the Free Trade Commission established under the NAFTA, and shall be subject to the supervision of the Commission.

3. The NAFTA Secretariat shall provide technical support to the Working Group.

4. The Working Group shall meet at least annually, unless the Parties otherwise agree, and on request of any Party.

5. The Working Group may call on the assistance of such experts and advisers as it deems appropriate.

6. All decisions of the Working Group shall be taken by consensus, except as otherwise agreed or provided for in this Understanding.

Article 3: Functions of the Working Group

1. The Working Group shall consider any issue related to recourse to Chapter Eight of the NAFTA and may make recommendations to the Commission.

2. The Working Group shall consider any recourse to Article XIX of the General Agreement on Tariffs and Trade by any Party to the NAFTA, and, at the request of any Party, may serve as a forum for consultations before or during any such use of Article XIX.

3. The Parties may consult in the Working Group on the request of a Party where a Party considers that:

- (a) in accordance with Article 801 or 802, goods originating in the territory of another Party are being imported in such increased quantities as to constitute a substantial cause of, or contribute importantly to, serious injury, or threat thereof, to its domestic industry, as evidenced by the factors set out in Annex 803.3(9) of the NAFTA, including trade, productivity, and employment; or
- (b) another Party is contemplating having recourse to Chapter Eight.

Any consultations under this paragraph shall be without prejudice as to whether any subsequent emergency action proceeding is consistent with the NAFTA.

4. The Parties may agree that consultations under paragraph C shall constitute consultations under Article 801(2) or 802(5) of the NAFTA.

5. Subject to the rights and obligations of the Parties under the NAFTA, the Working Group shall serve as a forum for examining, at the request of any Party and with the agreement of two-thirds of the Parties, trade, productivity, employment and other economic factors with respect to any good, provided that such discussions shall not serve as a justification for restricting or prohibiting trade in any manner inconsistent with Chapter Eight.

6. The Working Group may make recommendations to the Commission for any improvements to Chapter Eight of the NAFTA that the Working Group deems appropriate, consistent with the objectives of the NAFTA and of this Understanding.

Article 4: Definitions

Unless otherwise specified, all terms of this Understanding shall have the meaning assigned to them in the NAFTA."

I have the honor to propose that this letter and your letter of confirmation in reply constitute an understanding between our two Governments, to enter into effect upon the entry into force of the NAFTA.

Sincerely,



Michael Kantor

NEWS

MAX BAUCUS, MONTANA, CHAIRMAN
DANIEL PATRICK MOYNIHAN, NEW YORK
GEORGE F. MITCHELL, MAINE
FRANK R. LAUTENBERG, NEW JERSEY
HARRY REID, NEVADA
BOB GRAHAM, FLORIDA
JOSEPH I. LIEBERMAN, CONNECTICUT
HOWARD M. METZENBAUM, OHIO
HARRIS WOFFORD, PENNSYLVANIA
BARBARA BOXER, CALIFORNIA
JOHN H. CHAFEE, RHODE ISLAND
ALAN K. SIMPSON, WYOMING
DAVE DURENBERGER, MINNESOTA
JOHN W. WARNER, VIRGINIA
ROBERT SMITH, NEW HAMPSHIRE
LAUCH FAIRCLOTH, NORTH CAROLINA
DIRK KEMPTHORNE, IDAHO
PETER L. SCHER, STAFF DIRECTOR
STEVEN J. SHIMBERG, MINORITY STAFF DIRECTOR AND CHIEF COUNSEL

U.S. SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

(202) 224-6176

FOR IMMEDIATE RELEASE
September 14, 1993

CONTACT: Deborah DeYoung
202/ 224-2075

GORE, BAUCUS, BROWNER AND KANTOR WILL JOIN SIX

TOP ENVIRONMENTAL GROUPS IN ENDORSING NAFTA ON WEDNESDAY

WASHINGTON -- Chairman Max Baucus, D-Montana, will host a press conference on the North American Free Trade Agreement Wednesday where he and the Chief Executive Officers of six national environmental groups will endorse the North American Free Trade Agreement:

When: 9:30 - 10 a.m.
Wednesday, September 15

Where: Room 406, Dirksen Senate Office Bldg.

Who: Vice President Al Gore
Administrator Carol Browner, Environmental Protection Agency
Ambassador Mickey Kantor, U.S. Trade Representative

Jay Hair, President, National Wildlife Federation
Kathryn Fuller, President, World Wildlife Fund
Peter Berle, President, Audubon Society
Fred Krupp, Executive Director, Environmental Defense Fund
John Adams, Executive Director, Natural Resources Defense Council
Peter Seligman, President, Conservation International

"The Administration's breakthroughs on the side agreements are remarkable. The framework they have negotiated is flexible enough to address both known concerns and the unknown problems of the future," Baucus said.

"For the first time in a trade accord, we have explicit recognition that trade agreements and the economic development they bring have environmental consequences that must be addressed. NAFTA gives the U.S. environmental

movement a powerful spotlight to shine on Mexican practices -- and gives the U.S. government a way to compel Mexico to clean up its act," Baucus said.

"The groups represented by these leaders have a combined membership of nearly seven and a half million people. They have worked hard to make these side agreements strong, and I look forward to working with them to make sure that NAFTA's tools can achieve real environmental progress," Baucus added.

The membership of the groups represented is:

National Wildlife Federation	5,500,000
World Wildlife Fund	1,000,000
Audubon Society	550,000
Environmental Defense Fund	170,000
Natural Resources Defense Council	170,000
Conservation International	<u>55,000</u>
Total Members:	7,445,000



NATIONAL WILDLIFE FEDERATION NEWS

PUBLIC AFFAIRS DEPARTMENT, 1400 16th Street, NW, Washington, DC 20036-2266 (202) 797-6850

FOR IMMEDIATE RELEASE:

September 14, 1993

CONTACT:

Stewart Hudson, (202) 797-6602

Rodrigo Prudencio, (202) 797-6603

AMERICA'S LARGEST ENVIRONMENTAL GROUP SUPPORTS NAFTA

WASHINGTON, D.C., Sept. 14 -- The National Wildlife Federation, along with a majority of the country's leading environmental organizations, today pledged its support for the North American Free Trade Agreement and promised to advocate its passage in Congress.

"We have broken new ground in the negotiation of trade agreements," said NWF President Jay D. Hair. "The NAFTA is clearly a change away from business as usual. It fully assures environmental protection will not take a back seat to economic concerns."

The National Wildlife Federation has worked with NAFTA negotiators to assure that a number of pressing environmental questions were answered. The NAFTA, in combination with the newly formed North American Commission on Environmental Cooperation, will assure that:

- the protection of strong U.S. food safety and environmental standards is maintained and strengthened.
- environmental clean-up projects along the U.S.-Mexico border will receive adequate funding.
- countries will enforce their environmental laws and not relax their pollution controls to attract business.
- citizen participation in environmental issues will continue to grow.

"The NAFTA and the environmental side-agreement is a real opportunity to change the nature of trade, and its effect on the environment," Hair said. The NAFTA package promises to be a powerful tool in harnessing economic resources in the name of environmental protection."

Joining NWF in supporting NAFTA were the World Wildlife Fund, Environmental Defense Fund, National Audubon Society, Natural Resources Defense Council, and Conservation International.

NOTE TO REPORTERS: Hair and other environmental leaders will be joining Administration and Congressional leaders for a NAFTA/environment press conference Wednesday at 9:15 a.m., Wednesday, Sept. 15, in room 406 of the Dirksen Senate Office Building.



**ENVIRONMENTAL
DEFENSE FUND**

257 Park Avenue South, New York, NY 10010

NEWS RELEASE

For Immediate Release

Contact: Pete Emerson 512 478-5161

ENVIRONMENTAL DEFENSE FUND JOINS GROUPS IN SUPPORT OF NAFTA

(14 September -- Washington) The Environmental Defense Fund (EDF) today joined other major environmental groups at the White House in supporting the NAFTA and its side accords. "For the first time we have specific commitments in a trade agreement to improve enforcement of environmental laws and cooperation on environmental problem solving in North America," said EDF executive director Fred Krupp.

"Any disputes over environmental issues will be settled by the newly created Commission for Environmental Cooperation (CEC), with full public participation," said EDF senior economist Pete Emerson. "In addition, the CEC will oversee commitments made by all countries to strengthen public participation, access to information, and the right to bring enforcement actions. We now have integrated environmental safeguards into a commercial trade agreement. This should lead to similar improvements in the General Agreement on Tariffs and Trade (GATT)."

"Environmentalists have helped build a NAFTA that cannot override existing international environmental treaties or future treaties agreed to by the parties. Environmentalists have also won guarantees that non-discriminatory local, state and Federal environmental laws are protected from challenge on trade grounds," said Marcia Aronoff, EDF deputy director. "This is a major improvement over previous trade agreements that could override environmental protections."

"Our efforts have also helped secure a trade agreement that for the first time discourages countries from lowering environmental standards to attract business," said Emerson. "In fact, NAFTA is the first trade agreement to call for fines and sanctions if countries repeatedly fail to enforce their environmental laws."

"In addition to these important protections, EDF has been given strong assurances by the administration that U.S. NAFTA implementing legislation will aggressively work to clean up border pollution problems that have gone unaddressed for decades. This new effort will combine public and private funding to attack pollution problems along the border with oversight by state, local and non-governmental groups," said Aronoff.

The Environmental Defense Fund, a leading, national, NY-based nonprofit organization with over 200,000 members, links science, economics, and law to create innovative, economically viable solutions to today's environmental problems.



Statement of John H. Adams, Executive Director
Natural Resources Defense Council

on Environmental Issues Surrounding the
North American Free Trade Agreement

September 14, 1993

Just a few years ago, environmental issues were not a factor in trade policy and negotiations. Today's events, with the creation of strong environmental safeguards for NAFTA, demonstrate how profoundly that situation has changed.

As the NAFTA process has unfolded, the North American environmental community has established an enduring and effective voice on the trade policy choices affecting citizens throughout the continent. The process has opened doors for environmental groups in all three countries to work together to combat shared problems. The progress achieved to date has set the stage for environmental reform of the world trading system under GATT, as well as further Western Hemisphere trade liberalization.

The historic environmental side agreement will establish a new North American Commission on Environmental Cooperation, which provides a strong foundation for strengthening the development, implementation, and enforcement of environmental laws throughout the continent. The Administration has also provided the assurances and clarifications to satisfy us that the rights of federal and state governments to establish health and environmental standards will be protected under NAFTA. Finally, there has been real progress toward developing a mechanism to fund the cleanup of the badly polluted U.S.-Mexico border region.

I want specifically to commend U.S. Trade Representative Mickey Kantor, EPA Administrator Carol Browner, as well as their staffs and predecessors, for responding to environmental concerns in the NAFTA package. In addition, Senator Max Baucus has played a key role in the conception and completion of a strong supplemental agreement on the environment. We look forward to working with these officials and many others in the Administration and Congress as the NAFTA legislation takes shape.

I recognize that this is a complex and difficult issue on which reasonable people with the same values and objectives can differ. After ample consideration, we have made the judgment that the NAFTA package will indeed be environmentally beneficial. To us, NAFTA represents not the end of a process, but instead the beginning of a major, sustained effort to address the environmental challenges we face in North America.

#

#

#

#

For Immediate Release
September 14, 1993

Contact: Justin Ward
Lynn Fischer
Sarah Silver
202-783-7800

NRDC APPLAUDS NAFTA ENVIRONMENTAL SAFEGUARDS

The Natural Resources Defense Council (NRDC) today commended the achievement of strong environmental safeguards within the North American Free Trade Agreement (NAFTA) package. In the coming weeks, NRDC plans to work with the Administration and Congress on implementing legislation for the trade agreement.

"The Clinton Administration has successfully linked strong environmental measures, for the first time, to international trade and economic integration," said John Adams, NRDC executive director.

"We are pleased that the package incorporates major recommendations we have made over the last two and a half years of negotiations," Adams added. Since the beginning of the NAFTA process in 1991, NRDC has worked closely with the Office of the U.S. Trade Representative, the Environmental Protection Agency and other agencies to incorporate specific provisions into the trade agreement and the recently completed environmental side accord.

"The side agreement constitutes a positive step by creating a trinational commission on the environment, greater citizen involvement in environmental policy, and penalties for any country's chronic failure to enforce pollution control laws," said Justin Ward, NRDC trade policy specialist.

"On the whole, the environmental agreement provides a solid institutional framework that can be elaborated over time," Ward added. "The next step is for governments and environmental groups throughout the continent to put energy and resources behind effective implementation. We also look forward to continuing to work with the Administration in shaping a comprehensive initiative to protect the U.S.-Mexico border region, including substantial funding for environmental infrastructure and pollution cleanup."

"Administration officials have provided assurances that NAFTA will fully respect the ability of federal and state governments to set strong health and environmental

-- more --

page 2

regulations," said S. Jacob Scherr, NRDC senior attorney. "We will work with them to incorporate these assurances in the final NAFTA package."

Other environmental groups joining NRDC in praising the NAFTA environmental provisions included Conservation International, Environmental Defense Fund, National Audubon Society, National Wildlife Federation, and World Wildlife Fund. These groups will hold a press briefing at 9:15 am on Wednesday, September 15, in room 406 of the Dirksen Senate Office Building.

NRDC is a non-profit environmental advocacy group with more than 170,000 members nationwide.

###



CONSERVATION INTERNATIONAL

Contact: Patti Reilly
(202) 973-2204

Conservation International Declares Support for NAFTA

September 14, 1993; Washington, D.C. -- Conservation International (CI) declared its strong support for the North American Free Trade Agreement (NAFTA) at the signing of NAFTA's side agreements by President Bill Clinton today. The historic agreement goes far beyond any other to acknowledge the clear link between economic and environmental concerns, according to the organization.

"By providing increased economic opportunities, we firmly believe the NAFTA package will benefit both the people and the natural resources of the United States, Mexico and Canada," stated Peter Seligmann, Conservation International's Chairman and Chief Executive Officer. "A growing economy and strong laws -- along with solid political commitment -- are the key to formulating a sound environmental policy framework in any nation."

Much of the environmental concern over NAFTA has centered around the effectiveness and enforcement of Mexican environmental laws. Conservation International believes this concern to be misplaced.

"The current administration in Mexico has been a strong advocate for promoting environmental awareness and enacting stricter regulations and laws," explained Peter Seligmann. "In particular, we feel that Mexico has shown strong leadership and foresight in conserving its rich biological diversity."

For example, in 1991 CI and the Mexican government negotiated the country's first debt-for-nature swap that provided more than \$4 million to help protect the threatened habitats such as the Selva Lacandona tropical forest and the Sea of Cortes marine ecosystem -- two areas the Mexican government subsequently designated biosphere reserves. The following year, the government made a landmark decision to re-route a major highway around one of the nation's oldest nature reserves, El Ocote, due to environmental concerns. More recently, the Mexican government has been working with members of the environmental community to foster private sector support of conservation initiatives, similar to the charitable tradition that has been established in the United States.

In 1992, Mexico convened the world's first presidential commission on biodiversity. To create this body, President Carlos Salinas de Gortari personally brought together more than two dozen world-renowned biodiversity experts to share ideas and plan conservation efforts. It is only this year that the U.S. government made biodiversity conservation a priority by belatedly signing the Biodiversity Convention negotiated at the 1992 Earth Summit.

"We believe that NAFTA will enable all of North America to continue their efforts to better protect the environment," added Seligmann.

Conservation International joins the National Audubon Society, the Environmental Defense Fund, the National Wildlife Federation, the Natural Resources Defense Council, and the World Wildlife Fund in support of the NAFTA package.

###

TALKING POINTS ON THE LAUNCH OF
THE ADMINISTRATION'S CAMPAIGN TO PASS NAFTA

* President Clinton on Tuesday launched a vigorous, administration-wide campaign to fight for the North American Free Trade Agreement (NAFTA). In strong remarks, he defined the debate -- we will only generate jobs by competing, not retreating.

* The packed East Room event showed that support for NAFTA is picking up steam:

- o he was joined by three former Presidents -- George Bush, Jimmy Carter and Gerald Ford -- in an extraordinary display of bipartisan unity.

- o Nine governors and sixty members of Congress attended.

- o Three hundred business and community leaders attended, many more than had been expected.

- o The pact was endorsed by major environmental groups including the Natural Resources Defense Council, Audobon Society, Environmental Defense Fund, National Wildlife Federation, and the World Wildlife Federation.

* Tomorrow, nine members of the Cabinet are fanning out across the country to sell NAFTA, conducting scores of press interviews and speaking to community leaders in a dozen cities.

* The President travels to the Port of New Orleans, where he will speak to workers and managers whose firms benefit from exports to Mexico.

* The message carried by the administration is clear: NAFTA means good paying American jobs. If it didn't, President Clinton wouldn't support it.

- o It will create at least 200,000 jobs over the next two years due to expanded exports to Mexico.

- o It will create the biggest market in the world

- o It will discourage job flight, by requiring that Mexico enforce its environmental and worker protection laws.

September 9, 1993

To: William Daley
Michael Waldman
Arthur Jones
Paul Toback
Steve Silverman
NAFTA Warroom Staff

cc: Dee Tree

Fr: Ernie Gobble, Media Affairs

Re: Local Press Strategy for September 14 NAFTA Event & Beyond

I. Media for William Daley (9/14)

Our satellite time for 9/14 should concentrate on our NAFTA Czar. We would do a one hour tour out of the DNC to the following markets:

Chicago
New York City
Los Angeles
Dallas
Boston
Atlanta

We should have no problem selling out Chicago. If we can't break into the larger markets, we'll move on to secondary targets. Much depends on how aggressive we want to be. For example, I think we could target Dallas and probably get most of the stations there because of Perot's high profile. It would be seen as a gutsy move - a show of how serious we are about passing NAFTA - and it might actually generate extra press coverage (esp. if we let everybody know we're doing it). We can't fool ourselves into thinking we can get this kind of TV exposure anytime we want; without the President spotlighting the issue, we'll have a hard time breaking into the bigger markets. We should make the most of it on the 14th.

II. Cabinet Secretaries

There is a very real possibility that we can get TV from our Cabinet Secretaries, especially Secretary Bentsen and Ambassador Kantor. We could either do it out of the DNC, or through groups like Potomac, Hearst Broadcasting, Conus and CNBC who have expressed an interest in doing interviews on the North Lawn after the event. There is also the possibility (albeit a fairly slim one) that some local stations will travel for the signing. If that's the case, they should definitely be set up with an interview.

We need an hour each from Secretary Bentsen and Ambassador Kantor for TV. We may need an hour from Secretary Reich or Brown; I'll know better after the affiliate services talk to their stations. I'm not too worried about radio or print - we have the President's words for that - but we have an opportunity to expand our local TV coverage into key markets, which is crucial.

III. After the 14th

Suggestions for scheduling local press for William Daley and the Cabinet for the week of September 20 and beyond:

William Daley: One hour each business day, including travel.

Cabinet: One hour each business day from the Cabinet, not including travel.

We should keep it simple, both for the schedulers and for the Media Affairs staff, who are juggling not only NAFTA, but also Health Care and REGO. The weekly schedule would look something like this:

Monday: Secretary Bentsen, 1/2 hr. radio & 1/2 hour print
Tuesday: Secretary Reich, 1/2 hour radio & 1/2 hour print
Wednesday: Secretary Cisneros, 1/2 hour radio & 1/2 hour print
Thursday: Secretary Espy, 1/2 hour radio & 1/2 hour print
Friday: Secretary Brown, 1/2 hour radio & 1/2 hour print

This would give us a base of about 10 hours of local press a week, a pretty good chunk.

Obviously the schedule would remain flexible due to travel, emergencies, etc. and others could fill in, but consistency is key both for getting the message out and for simplicity in scheduling.

Over and above the base would include cabinet travel time (I'm guessing at about three hours of NAFTA travel a week for the entire cabinet) Ambassador Kantor, whom I assume will be in a near continual NAFTA mode as well as time put in by Dr. Tyson, Administrator Bowles and, of course, the President.

IV. Electronic Mail & INTERNET

Jock Gill of Media Affairs will set up a NAFTA group over the INTERNET which can be accessed by millions (literally) of electronic information network users. What we need - **absolutely cannot do without** - is **information on disk**. Any paper we put out; any speeches, or documents must be on disk so we can distribute both over the INTERNET and via our fax distribution lists. If it's not on disk, Media Affairs can't

use it - it's that simple.

V. Congressional Targeting

I cannot overemphasize how important it is that we get good congressional targeting information. We had it for reconciliation and it saved the package. A congressional targeting list should be available by Thursday 9/16 so that we can get a feel for where we have to go.

What we're hearing now from Congress is the same thing we heard at the beginning of the reconciliation process - "The White House isn't doing anything!" We need to know the Members who are yelling the loudest so we can do media in their area. They should be able to call up and ask our congressional NAFTA liaison for help in their district and we should be able to deliver. No amount of lobbying can replace the feeling that there will always be someone in the White House who can put a Cabinet Secretary on a Member's local radio station.

VI. Conclusion

This plan is based on the strategy we used for reconciliation. It will be modified as situations demand, but it served us pretty well in getting the budget passed. What we need is discipline both in message and delivery - then we can pound away at the local press day in and day out until it's over.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

September 14, 1993

REMARKS BY PRESIDENT CLINTON,
PRESIDENT BUSH, PRESIDENT CARTER, PRESIDENT FORD,
AND VICE PRESIDENT GORE
IN SIGNING OF NAFTA SIDE AGREEMENTS

The East Room

10:39 A.M. EDT

VICE PRESIDENT GORE: Ladies and gentlemen, please be seated. We'd like to welcome all of you. President and Mrs. Ford, President and Mrs. Carter, President Bush, Mr. President, to the First Lady, to the Ambassador of Mexico, Mr. Montano, Ambassador Keegan of Canada, Ambassador Kantor. To the distinguished leaders of Congress here -- the Speaker of the House Tom Foley -- I got you all a little out of order, I apologize -- and to the Majority Leader, Senator Mitchell; to the Republican Leader, Senator Dole; the Minority Leader of the House Bob Michel; to all of the distinguished members of the House and Senate who are here. To the other members of our Cabinet -- of President Clinton's Cabinet who are here -- Secretary Christopher, Secretary Bentsen, Secretary Espy, Secretary Reich, Secretary Riley, Secretary Browner, Secretary Babbitt, Attorney General Reno, OMB Director Panetta. And to all of the distinguished guests who are present. We deeply appreciate the demonstration of support for a treaty of such importance to the United States of America.

If you're anything like me and my family, you're still kind of rubbing your eyes a little bit after yesterday's event, where the Prime Minister of Israel and the Chairman of the PLO were on the White House lawn. But that event has something in common with the event here this morning; something that was thought to be impossible, but good for our country and good for the world was made possible by a long series of commitments by presidents in both parties.

There are some issues that transcend ideology. That is, the view is so uniform that it unites people in both parties. This means our country can pursue a bipartisan policy with continuity over the decades. That's how we won the Cold War. That's how we have promoted peace and reconciliation in the Middle East. And that's how the United States of America has promoted freer trade and bigger markets for our products and those of other nations throughout the world. NAFTA is such an issue.

The presence of three former presidents, two Republicans and one Democrat, to join President Clinton here today on this stage, is evidence of our country's ability to support what is in our nation's best interest over the long term without respect to partisanship.

Arthur Vandenberg, the Senator most identified with bipartisanship during and after World War II once wrote: "Bipartisanship does not involve the remotest surrender of free debate in determining our position. On the contrary, frank cooperation and free debate are indispensable to ultimate unity."

We will, indeed, have much room for free debate during this controversy. That it is in our nation's best interest to ratify and pass this treaty cannot be left to doubt. The person who is leading the fight and who has marshaled support in both parties is the person it is my pleasure to introduce now. The President of the United States, Bill Clinton. (Applause.)

THE PRESIDENT: Thank you very much. Mr. Vice President, President Bush, President Carter, President Ford, ladies and gentlemen. I would like to acknowledge just a couple of other people who are in the audience because I think they deserve to be seen by America since you'll be seeing a lot more of them: my good friend, Bill Daley, from Chicago; and former Congressman Bill Frenzel from Minnesota, who have agreed to lead this fight for our administration on a bipartisan basis. Would you please stand and be recognized. (Applause.)

It's an honor for me today to be joined by my predecessor, President Bush, who took the major steps in negotiating this North American Free Trade Agreement; President Jimmy Carter, whose vision of hemispherical development gives great energy to our efforts and has been a consistent theme of his for many, many years now; and President Ford who has argued as fiercely for expanded trade and for this agreement as any American citizen and whose counsel I continue to value.

These men, differing in party and outlook, join us today because we all recognize the important stakes for our nation in this issue. Yesterday we saw the sight of an old world dying, a new one being born in hope and a spirit of peace. Peoples who for a decade were caught in the cycle of war and frustration chose hope over fear and took a great risk to make the future better.

Today we turn to face the challenge of our own hemisphere, our own country, our own economic fortunes. In a few moments, I will sign three agreements that will complete our negotiations with Mexico and Canada to create a North American Free Trade Agreement. In the coming months I will submit this pack to Congress for approval. It will be a hard fight, and I expect to be there with all of you every step of the way. (Applause.)

We will make our case as hard and as well as we can.

And, though the fight will be difficult, I deeply believe we will win. And I'd like to tell you why. First of all, because NAFTA means jobs. American jobs, and good-paying American jobs. If I didn't believe that, I wouldn't support this agreement.

As President, it is my duty to speak frankly to the American people about the world in which we now live. Fifty years at the end of World War II, an unchallenged America was protected by the oceans and by our technological superiority; and, very frankly, by the economic devastation of the people who could otherwise have been our competitors. We chose, then, to try to help rebuild our former enemies and to create a world of free trade supported by institutions which would facilitate it.

As a result of that effort, global trade grew from \$200 billion in 1950 to \$800 billion in 1980. As a result, jobs were created and opportunity thrived all across the world. But make no mistake about it: Our decision at the end of World War II to create a system of global, expanded, freer trade and the supporting institutions played a major role in creating the prosperity of the American middle class.

20 trillion *8.3 Trillion* ✓

Ours is now an era in which commerce is global and in which money, management, technology are highly mobile. For the last 20 years in all the wealthy countries of the world, because of changes in the global environment, because of the growth of technology, because of increasing competition, the middle class that was created and enlarged by the wise policies of expanding trade at the end of World War II has been under severe stress. Most Americans are working harder for less. They are vulnerable to the fear tactics and the adverseness to change that is behind much of the opposition to NAFTA.

But I want to say to my fellow Americans, when you live in a time of change the only way to recover your security and to broaden your horizons is to adapt to the change, to embrace, to move forward. Nothing we do -- nothing we do in this great capital can change the fact that factories or information can flash across the world; that people can move money around in the blink of an eye. Nothing can change the fact that technology can be adopted once created by people all across the world, and then rapidly adapted in new and different ways by people who have a little different take on the way the technology works.

For two decades, the winds of global competition have made these things clear to any American with eyes to see. The only way we can recover the fortunes of the middle class in this country so that people who work harder and smarter can at least prosper more, the only way we can pass on the American Dream of the last 40 years to our children and their children for the next 40 is to adapt to the changes which are occurring.

In a fundamental sense, this debate about NAFTA is a debate about whether we will embrace these changes and create the

jobs of tomorrow, or try to resist these changes, hoping we can preserve the economic structures of yesterday.

I tell you, my fellow Americans, that if we learn anything from the collapse of the Berlin Wall and the fall of the governments in Eastern Europe, even a totally controlled society cannot resist the winds of change that economics and technology and information flow have imposed in this world of ours. That is not an option. Our only realistic option is to embrace these changes and create the jobs of tomorrow. (Applause.)

I believe that NAFTA will create 200,000 American jobs in the first two years of its effect. I believe if you look at the trends -- and President Bush and I were talking about it this morning -- starting about the time he was elected president, over one-third of our economic growth, and in some years over one-half of our net new jobs came directly from exports. And on average, those export-related jobs paid much higher than jobs that had no connection to exports.

I believe that NAFTA will create a million jobs in the first five years of its impact. And I believe that that is many more jobs than will be lost, as inevitably some will be as always happens when you open up the mix to a new range of competition.

NAFTA will generate these jobs by fostering an export boom to Mexico; by tearing down tariff walls which have been lowered quite a bit by the present administration of President Salinas, but are still higher than Americans.

Already Mexican consumers buy more per capita from the United States than other consumers in other nations. Most Americans don't know this, but the average Mexican citizen -- even though wages are much lower in Mexico, the average Mexican citizen is now spending \$450 per year per person to buy American goods. That is more than the average Japanese, the average German, or the average Canadian buys; more than the average German, Swiss and Italian citizens put together.

So when people say that this trade agreement is just about how to move jobs to Mexico so nobody can make a living, how do they explain the fact that Mexicans keep buying more products made in America every year? Go out and tell the American people that. Mexican citizens with lower incomes spend more money -- real dollars, not percentage of their income -- more money on American products than Germans, Japanese, Canadians. That is a fact. And there will be more if they have more money to spend. That is what expanding trade is all about.

In 1987, Mexico exported \$5.7 billion more of products to the United States than they purchased from us. We had a trade deficit. Because of the free market, tariff-lowering policies of the Salinas government in Mexico, and because our people are becoming more export-oriented, that \$5.7-billion trade deficit has been turned

into a \$5.4-billion trade surplus for the United States. It has created hundreds of thousands of jobs.

Even when you subtract the jobs that have moved into the Maquilladora areas, America is a net job winner in what has happened in trade in the last six years. When Mexico boosts its consumption of petroleum products in Louisiana, where we're going tomorrow to talk about NAFTA, as it did by about 200 percent in that period, Louisiana refinery workers gained job security. When Mexico purchased industrial machinery and computer equipment made in Illinois, that means more jobs. And guess what? In this same period, Mexico increased those purchases out of Illinois by 300 percent.

Forty-eight out of the 50 states have boosted exports to Mexico since 1987. That's one reason why 41 of our nation's 50 governors, some of them who are here today -- and I thank them for their presence -- support this trade pack. I can tell you, if you're a governor, people won't leave you in office unless they think you get up every day trying to create more jobs. They think that's what your jobs is if you're a governor. And the people who have the job of creating jobs for their state and working with their business community, working with their labor community, 41 out of the 50 have already embraced the NAFTA pact. ✓

Many Americans are still worried that this agreement will move jobs south of the border because they've seen jobs move south of the border and because they know that there are still great differences in the wage rates. There have been 19 serious economic studies of NAFTA by liberals and conservatives alike; 18 of them have concluded that there will be no job loss.

Businesses do not choose to locate based solely on wages. If they did, Haiti and Bangladesh would have the largest number of manufacturing jobs in the world. Businesses do choose to locate based on the skills and productivity of the work force, the attitude of the government, the roads and railroads to deliver products, the availability of a market close enough to make the transportation costs meaningful, the communications networks necessary to support the enterprise. That is our strength, and it will continue to be our strength. As it becomes Mexico's strength and they generate more jobs, they will have higher incomes and they will buy more American products.

We can win this. This is not a time for defeatism. It is a time to look at an opportunity that is enormous.

Moreover, there are specific provisions in this agreement that remove some of the current incentives for people to move their jobs just across our border. For example, today Mexican law requires United States automakers who want to sell cars to Mexicans to build them in Mexico. This year we will export only 1,000 cars to Mexico.

Under NAFTA, the Big Three automakers expect to ship 60,000 cars to Mexico in the first year alone, and that is one reason why one of the automakers recently announced moving 1,000 jobs from Mexico back to Michigan.

In a few moments, I will sign side agreements to NAFTA that will make it harder than it is today for businesses to relocate solely because of very low wages or lax environmental rules. These side agreements will make a difference. The environmental agreement will, for the first time ever, apply trade sanctions against any of the countries that fails to enforce its own environmental laws. I might say to those who say that's giving up of our sovereignty, for people who have been asking us to ask that of Mexico, how do we have the right to ask that of Mexico if we don't demand it of ourselves? It's nothing but fair.

This is the first time that there have ever been trade sanctions in the environmental law area. This ground-breaking agreement is one of the reasons why major environmental groups, ranging from the Audubon Society to the Natural Resources Defense Council, are supporting NAFTA.

The second agreement ensures the Mexico enforces its laws in areas that include worker health and safety, child labor and the minimum wage. And I might say, this is the first time in the history of world trade agreements when any nation has ever been willing to tie its minimum wage to the growth in its own economy.

What does that mean? It means that there will be an even more rapid closing of the gap between our two wage rates. And as the benefits of economic growth are spread in Mexico to working people, what will happen? They'll have more disposable income to buy more American products and there will be less illegal immigration because more Mexicans will be able to support their children by staying home. This is a very important thing. (Applause.)

The third agreement answers one of the primary attacks on NAFTA that I heard for a year, which is, well, you can say all this, but something might happen that you can't foresee. Well, that's a good thing; otherwise we never would have had yesterday. (Laughter and applause.) I mean, I plead guilty to that. Something might happen that Carla Hills didn't foresee, or George Bush didn't foresee, or Mickey Kantor, or Bill Clinton didn't foresee. That's true.

Now, the third agreement protects our industries against unforeseen surges in exports from either one of our trading partners. And the flip side is also true. Economic change, as I said before, has often been cruel to the middle class, but we have to make change their friend. NAFTA will help to do that.

This imposes also a new obligation on our government -- and I'm glad to see so many members of Congress from both parties here today. We do have some obligations here. We have to make sure

that our workers are the best prepared, the best trained in the world.

Without regard to NAFTA, we know now that the average 18-year-old American will change jobs eight times in a lifetime. The Secretary of Labor has told us, without regard to NAFTA, that over the last 10 years, for the first time, when people lose their jobs most of them do not go back to their old job, they go back to a different job; so that we no longer need an unemployment system, we need a reemployment system. And we have to create that.

And that's our job. We have to tell American workers who will be dislocated because of this agreement or because of things that will happen regardless of this agreement, that we are going to have a reemployment program for training in America, and we intend to do that.

Together, the efforts of two administrations now have created a trade agreement that moves beyond the traditional notions of free trade, seeking to ensure trade that pulls everybody up instead of dragging some down while others go up. We have put the environment at the center of this in future agreements. We have sought to avoid a debilitating contest for business where countries seek to lure them only by slashing wages or despoiling the environment.

This agreement will create jobs, thanks to trade with our neighbors. That's reason enough to support it. But I must close with a couple of other points. NAFTA is essential to our long-term ability to compete with Asia and Europe. Across the globe our competitors are consolidating, creating huge trading blocks. This pact will create a free trade zone stretching from the Arctic to the tropics, the largest in the world -- a \$6.5 billion market, with 370 million people. It will help our businesses to be both more efficient and to better compete with our rivals in other parts of the world.

This is also essential to our leadership in this hemisphere and the world. Having won the Cold War, we face the more subtle challenge of consolidating the victory of democracy and opportunity and freedom.

For decades, we have preached and preached and preached greater democracy, greater respect for human rights, and more open markets to Latin America. NAFTA finally offers them the opportunity to reap the benefits of this. Secretary Shalala represented me recently at the installation of the President of Paraguay. And she talked to presidents from Colombia, from Chile, from Venezuela, from Uruguay, from Argentina, from Brazil. They all wanted to know, tell me if NAFTA is going to pass so we can become part of this great new market. more, hundreds of millions more of American consumers for our products.

It's no secret that there is division within both the

Democratic and Republican parties on this issue. That often happens in a time of great change. I just want to say something about this because it's very important. Are you guys resting? (Laughter and applause.) I'm going to sit down when you talk, so I'm glad you got to do it. (Laughter.) I am very grateful to the presidents for coming here because there is division in the Democratic Party and there is division in the Republican Party. That's because this fight is not a traditional fight between Democrats and Republicans, and liberals and conservatives. It is right at the center of the effort that we're making in America to define what the future is going to be about.

And so there are differences. But if you strip away the differences, it is clear that most of the people that oppose this pact are rooted in the fears and insecurities that are legitimately gripping the great American middle class. It is no use to deny that these fears and insecurities exist. It is no use denying that many of our people have lost in the battle for change. But it is a great mistake to think that NAFTA will make it worse. Every single solitary thing you hear people talk about that they're worried about can happen whether this trade agreement passes or not, and most of them will be made worse if it fails. And I can tell you it will be better if it passes. (Applause.)

So I say this to you: Are we going to compete and win, or are we going to withdraw? Are we going to face the future with confidence that we can create tomorrow's jobs, or are we going to try against all the evidence of the last 20 years to hold on to yesterday's? Are we going to take the plain evidence of the good faith of Mexico in opening their own markets and buying more of our products and creating more of our jobs, or are we going to give in to the fears of the worst-case scenario? Are we going to pretend that we don't have the first trade agreement in history dealing seriously with labor standards, environmental standards and cleverly and clearly taking account of unforeseen consequences, or are we going to say this is the best you can do and then some?

In an imperfect world, we have something which will enable us to go forward together and to create a future that is worthy of our children and grandchildren, worthy of the legacy of America, and consistent with what we did at the end of World War II. We have to do that again. We have to create a new world economy. And if we don't do it, we cannot then point the finger at Europe and Japan or anybody else and say, why don't you pass the GATT agreement; why don't you help to create a world economy. If we walk away from this, we have no right to say to other countries in the world, you're not fulfilling your world leadership, you're not being fair with us. This is our opportunity to provide an impetus to freedom and democracy in Latin America and create new jobs for America as well. It's a good deal and we ought to take it.

Thank you. (Applause.)

(NAFTA side agreements are signed.) (Applause.)

I'd like to ask now each of the presidents in their turn to come forward and make a statement, beginning with President Bush and going to President Carter and President Ford. And I will play musical chairs with their seats. (Laughter and applause.)

PRESIDENT BUSH: Thank you very much. I thought that was a very eloquent statement by President Clinton, and now I understand why he's inside looking out and I'm outside looking in. (Laughter and applause.)

But this is an outstanding statement that really covered all the bases, and I'm just delighted to be here to speak for NAFTA. I salute, sir, all in your administration, particularly Mr. Kantor and his team who worked to bring these agreements to fruition; who are continuing now to try to get NAFTA through -- Bill Daley and Bill Frenzel -- outstanding co-workers in the best nonpartisan, bipartisan sense. We're proud of them.

And, of course, I am very proud of those with whom I worked to sign a NAFTA agreement: Jim Baker, Bob Mosbacher, certainly Brent Scowcroft, and particularly the toughest of them all, Carla Hills, whose over here with us today. (Applause.)

And I certainly salute former Presidents Carter and Ford for their speaking out so strongly. My predecessor, Ronald Reagan had a beautiful piece, op-ed piece in the paper the other day spelling out why we must pass this. So it is a bipartisan agreement. You heard an eloquent statement by the President about jobs, and let me just say a word on another facet of this, which he also touched on.

Under Carlos Salinas, a truly courageous young leader, Mexico has changed. And they have moved on environmental matters and on labor matters. And they're working closely with us in the narcotics fight. They're good neighbors and they're good friends, and they're good partners. And on a wide array of fronts, Mexico's courageous young President has tangled with his own bureaucracy, taken on his own special interests. Moving to privatization, he's dramatically improved Mexico. And now the whole world -- and President Clinton touched on this -- particularly those countries south of the Rio Grande are watching and they're wondering if we're going to go through with this excellent agreement.

Other countries in South America want in, as the President said. And in my view, we should encourage similar deals with other countries because that just simply means more jobs for Americans.

Skeptics abound. Many are taking the cheap and easy way out on this one, appealing to demagoguery and to interests that are very, very special. There's been some longstanding feeling down below our border -- oh, well, the United States will make a free trade agreement with Canada, but when it comes to Latin America, when it comes to Hispanics, see if they'll do the same thing for Latin

countries. And if we fail, the losers will be those in South America, not just in Mexico who want better relations with us, and the biggest loser, of course, in my view, will be the good old USA.

Democracy is one the rise in this hemisphere, anti-Americanism is waning, and I honestly believe democracy will be given a setback in those countries if we fail to pass this outstanding agreement. We must say to Mexico that we want you as equal trading partners, and that's good for both of us.

So let's not listen to those who are trying to scare the American people, those demagogues who appeal to the worst instincts that our special interest groups possess, let's do what is right and let's have enough confidence in ourselves, as the President just said, to pass this good agreement.

Thank you very much. (Applause.)

PRESIDENT CARTER: Well, this is as much excitement and as important an issue in this room as when Barishnikov danced, or Leontyne Price sang, or Horowitz and I were trying to arrange the carpet so his piano would sound the best, or Willy Nelson played a guitar, whichever you prefer. (Laughter.) But I don't think there's any more important issue that could have come up than this one in this year.

Since I left the White House, which is a long time ago, we've spent a lot of time in Latin America. The Carter Center has special programs, one of which is to promote democracy. With my good friend, Gerald Ford, we went to Panama to try to bring both peace and democracy to that country. It finally came with the help of George Bush. We went into Nicaragua to try to hold an honest election and to replace a communist regime. We went to Haiti and to the Dominican Republic and, later on, to Guyana, and just recently to Paraguay. And just this month they've inaugurated a democratically-elected civilian to be the President of Paraguay.

The point is that there is a wave of democracy brought about by the strong U.S. human rights policy that is indeed inspirational to us and is very beneficial to those of us who live in the United States.

We haven't made any progress on Cuba. And Mexico has a long way to go to have a truly honest democratic election. But I think the single most important factor that will democracy and honest elections to our next-door neighbor is to have NAFTA approved and implemented. If this is done, then I believe that we will have rich dividends for our own country.

I'm not going to go into detail about how this will be done. I think you can see it clearly. And I'll get to that in just a few minutes. The two most rapidly growing trade areas in the world are Asia and Latin America. Asia is rapidly growing because their exports to us are increasing. Latin America is rapidly growing

because our exports to them are increasing. It's obvious to everyone who looks at this rationally that it's much better to have democracy, freedom and eager markets for American products among our next-door neighbors, who have always looked to the United States with intense interest, far exceeding what I even realized when I was President -- sometimes with trepidation, sometimes with admiration, and sometimes with confidence.

We've seen what happens with the Contra war. We've seen what's happened with the allegations about human rights violations in Guatemala and El Salvador. But there's a pent-up desire to match their own commitments to peace, to freedom, to democracy, and to human rights with ours, if we demonstrate to them that we have proper respect for them as human beings and as neighbors.

This is not always clear. Foreigners don't understand the lack of continuity in the administrations in Washington. But in just my brief time in politics I've seen the importance of that. Under President Lyndon Johnson, there was a crisis created and diplomatic relations broken with Panama. The operation of the Panama Canal was in danger. After President Johnson came a series of Democratic and Republican presidents, each one committed to having an honest and decent Panama Canal treaty. It was finally passed under my administration -- one of the most difficult and courageous acts that members of the Senate ever took.

I called on President Nixon, I called on President Ford to help me and we narrowly got the two-thirds majority necessary. It's only been because of that and other things that Latins see that we can have bipartisan support of common goals as it affects our neighbors.

Yesterday I was filled with emotion at the signing ceremony just a few yards from here, something that I knew would happen someday perhaps, but maybe not in my own lifetime. And the handshake that has inspired the world took place because President Nixon and President Ford, and then I and then President Reagan and President Bush and Bill Clinton all were committed to a common purpose. Democrats and Republicans working together to help bring peace to the Middle East.

We don't know what's going to happen in the future. There's a lot of uncertainty about it. But nobody can doubt that this was brought about only because our two major parties in this country were able to put aside the differences that are narrow and self-serving and partisan, and say for a common purpose we will cooperate.

President Bush obviously started the NAFTA agreement, a very superb achievement for him. There were some honest problems with it. I called Bill Clinton only three times during his administration -- during his campaign. I was for him from the beginning. It's the first time I ever said this publicly, but I'm proud of it. (Laughter.) Because I've tried to stay neutral, you

know, within the Democratic Party, but Rosalynn and I were for Bill. I called him three times. One of those time was when I feared that he might make a public statement denouncing the North American Free Trade Agreement. And he said, okay, I will be for it, but with provisos. We've got to do something about labor, to protect the working people of our country, and we've got to do something about the environment. That has now been done. The side agreements have alleviated the serious questions that did arise about NAFTA. That's been done.

Finally, let me say that in a time like this with an earth-shaking change in international relations confronting us, there are those who doubt the ability, or even the integrity of government. That exists, I guess, in all countries and in ours as well. And there are those who are uncertain about the future and doubtful about their own jobs.

NAFTA, as has been so eloquently described by our President and by President Bush, will alleviate those legitimate concerns. But unfortunately, in our country now, we have a demagogue who has unlimited financial resources and who is extremely careless with the truth, who is preying on the fears and the uncertainties of the American public. And this must be met, because this powerful voice can be pervasive, even within the Congress of the United States, unless it's met by people of courage who vote and act and persuade in the best interest of our country. (Applause.)

I just want to make one other brief comment, and that is about the consequences of failure. I cannot think of any other failure, even including a rejection of the Panama Canal Treaties, which may have brought a war, that will be more far-reaching than the rejection of our Mexican neighbors, who have put their faith in a Republican President and his allies, George Bush, and a Democratic administration that follows.

If we fail, I think it would be the end of any hope in the near future that we'll have honest democratic elections in Mexico. The illegal immigration will increase. American jobs will be lost. The Japanese and others will move in and take over the markets that are basically and rightly ours.

So I'm not trying to be a foreseer of doom, but I do believe that we ought to think not only about the benefits to be derived from this agreement, but we ought to be deeply concerned about the well-being of our nation that will be in danger if we fail. We cannot afford to fail. (Applause.)

PRESIDENT FORD: It's a very, very high honor and a very great privilege for me to have the opportunity to follow each of the former Presidents and President Clinton to indicate my very strong affirmative endorsement of the NAFTA Agreement. I will not repeat what each one of them have said -- they've done it eloquently and convincingly -- but I'm old enough and have been around this town long enough to remember some things that ought to be put on the

table.

Right after World War II, there was a tremendous effort by Democratic presidents, Republican presidents, Democratic congresses and Republican congresses to pass what we then called reciprocal trade legislation. And the aim and objective, as Lloyd Bentsen well knows, was to undo the stupidity of what had been done in 1930 and '31 by the then-Congress of the United States to pass what they called the Smoot-Hawley Tariff Act, which raised tariffs all around the United States to prevent any imports. And the net result was, we, the United States, could not sell abroad.

And in order to undo that very unwise decision back in '30 and '31, Republicans and Democrats, the White House and the Congress strongly supported the kind of legislation that has led to tremendous expansion of trade on a global basis.

I don't recall the statistical data, but the truth is that world trade has been the real engine that has given the free Western industrial nations the capacity to have prosperity and growth.

In my judgment, NAFTA is a follow-on to what was done in the post-World War II period to undertake a new global effort. And the consequence of NAFTA, as has been pointed out by my predecessors, is vitally important not only for the United States, this hemisphere, and the globe, but it's important primarily for jobs that are going to be built here in the United States. Our exports will expand tremendously, as the President has pointed out.

And then let's look at what has happened in our neighbor to the south. A few of us can remember five, six years ago when we were deeply concerned with Mexico's \$100-billion foreign debt, how was that going to be resolved. We were worried about runaway inflation in Mexico, over 100 percent. We were concerned about the instability of government in our good neighbor to the south.

In my judgment, President Salinas has done a fantastic job. You no longer hear about their foreign debt. They've privatized banks, airlines, et cetera. They've reduced inflation from 100 percent to less than 10 percent. Mexico is a growing, thriving neighbor, and we should be happy.

I fear very strongly that if NAFTA is defeated it could have serious political and economic ramifications in Mexico. Under Salinas, jobs are growing, wages are going up. Mexicans want to stay in Mexico and work in Mexico.

I read the other day a prominent Mexican political leader said, pass NAFTA and we will have jobs for Mexicans in Mexico. Defeat NAFTA and there will be a tremendous flow of Mexicans to the United States wanting jobs in the United States. We don't want that. We want Mexicans to stay in Mexico so they can work in their home country. We don't want a huge flow of illegal immigrants into the

United States from Mexico.

And I say with all respect to my former members of the House and the Congress, don't gamble. If you defeat NAFTA, if you defeat NAFTA, you have to share the responsibility for increased immigration to the United States, where they want jobs that are presently being held by Americans. It's that cold-blooded and practical. And members of the House and Senate ought to understand that.

I think it's a matter of tremendous importance for NAFTA to be approved so we can solidify 370 million people in all of Western society. So we can have growth, prosperity, jobs from the Arctic to the Antarctic. And I applaud those -- President Bush, Carla Hills and her associate, President Clinton, Mickey Kantor and his -- for bringing before this country an opportunity for future prosperity and good living for people in this entire hemisphere.

We can't afford to make the stupid, serious mistake that was made in the 1930s and 1931 with the passage of legislation that tried to put a protective ring around the United States with high tariffs and high tariff barriers. So I hope and trust that the Congress, the House and Senate, will respond affirmatively. It's good for the United States. It's good for our people in the Western Hemisphere.

And I'm pleased to be here this morning to join President Clinton and his associates on this occasion. Thank you very much. (Applause.)

PRESIDENT CLINTON: I wanted you to welcome Mrs. Carter and we're going -- (applause.) Let me again express my profound thanks on behalf of all of us to President Bush, President Carter and President Ford; and close the meeting by invoking a phrase made famous last year by Vice President Gore: "It's time for us to go." (Laughter.) Thank you very much. (Applause.)

END

11:33 A.M. EDT

Please
call
Sylvia
X2174

THE WHITE HOUSE

WASHINGTON

November 16, 1993

MEMORANDUM FOR DEE DEE MYERS

FROM: Ellen Seidman, NEC *ES*

SUBJECT: GM pension contribution; publication of list of 50 companies with the most underfunded pension plans

(1) Issue for today

Yesterday afternoon, Monday, November 15, General Motors announced that it intended to contribute approximately \$5.7 billion of its Class E stock to its underfunded pension plan for hourly workers. That plan is approximately \$18 billion underfunded. The proposal requires approval by the Labor Department, and GM wants some assurances on a few issues from Treasury and the Pension Benefit Guaranty Corporation (PBGC), the government pension-guarantee agency. Nevertheless, it is a welcome step by GM. Attached are the Wall Street Journal article on the contribution (see Reich statement at end) and the statement made by Marty Slate, Executive Director of the PBGC. It probably does not make sense for you to go further.

See labor release for talking points

(2) Issue for today

On November 22, the PBGC intends to make its annual release of the 50 companies with the most underfunded pension plans as of the end of 1992. Total underfunding by these companies is up about \$10 billion from last year (to \$38 billion), mainly because of declining interest rates (which increase the amount of assets required to fund pensions in the future).

Issue for today Nov 22

The list is very similar to prior lists. 38 of the companies were on the list last year and two others had been on before. As has been the case for many years, GM (at about \$20 billion underfunding) leads the list with about one-half of the total underfunding and 10 times the underfunding of the two nearest companies. The GM underfunding does not reflect the proposed \$5.5 billion contribution, as it has not yet been made.

The release usually is picked up on the front page of business sections, certainly at the WSJ and Washington Post. Congressman Pickle will undoubtedly issue a release saying this is why pension reform is needed.

Our reaction should be:

- o Release of the list is standard practice for the PBGC
- o The increase from last year is troubling, even though it is largely attributable to changes in interest rates rather than companies taking on major new unfunded pension responsibilities

- o The Administration has submitted legislation to Congress to reduce dramatically both current and future underfunding because we believe that both the workers counting on pensions and the government which backs them need greater assurance that the money will be available when benefits come due
- o We are pleased with the reception the legislation has gotten on the Hill and look forward to passage early in the next session



NEWS

Pension Benefit
Guaranty Corporation
2020 K Street, N.W.
Washington, D.C. 20006-1860

5

FOR IMMEDIATE RELEASE
November 15, 1993

CONTACT: Judith Bekelman, Director
Communications & Public Affairs
(202) 778-8840

STATEMENT OF
SECRETARY OF LABOR ROBERT REICH
CHAIRMAN, PBGC BOARD OF DIRECTORS
ON
GENERAL MOTORS' PENSIONS

"As Chairman of the PBGC Board of Directors, I have been concerned about General Motors' pension funding, and the PBGC has been in discussions with the company for some time. I am pleased to see GM coming forward with a proposal of this magnitude. The Department of Labor will review the proposal carefully to assure that the retirement security of GM's workers and retirees is protected. At the same time, it should be noted that approval of a number of government agencies is still required."

-###-

EDITORS: This is a statement responding to General Motors' announcement today of a potential contribution of stock to its pension plan for hourly workers.

GM May Use Class E Stock in Bid To Rein In Huge Pension Liability

Continued From Page A3

issued in 1992. GM said the contribution of Class E shares wouldn't dilute earnings attributable to the Class E stock currently outstanding because the dividend base used for determining dividends and per-share earnings will remain the same. GM said it believes the move would be neutral to per-share earnings for its regular common shares.

GM said the contribution of Class E securities to the pension fund would be in addition to its planned cash contributions, which so far this year have come to more than \$4 billion. Company officials said the aim is to accelerate a plan to have the pension plans fully funded by 2000. The officials said the plan involves cash contributions in excess of amounts required by federal law, and those payments are to continue regardless of whether the Class E contribution is cleared.

Clearly, GM is trying to find a way to resolve the unfunded pension liability without diverting more cash and without diluting its regular common shares. And, as GM disclosed in a filing with the Securities and Exchange Commission yesterday, the size of the liability holds the potential of significantly eroding shareholder equity.

GM estimated that the increase in the size of its pension liability to \$24 billion at year end from \$14 billion at the end of 1992 would reduce shareholder equity at year end by \$2.3 billion. (The increased liability reflects lower interest rates and richer pension benefits under GM's new labor contract.) As of the end of 1992, GM's shareholder equity amounted to just \$6.2 billion. GM officials said that if the contribution is approved, shareholder equity would rise by the value of the contribution, currently \$5.7 billion.

Big Hurdles

At the same time, GM made clear that there's no guarantee that the proposed contribution will ever take place. That's because it would require clearance by the Internal Revenue Service and the Labor Department's Pension Welfare Benefits Administration, which would have to grant exemptions from rules governing the investment holdings of pension funds.

For example, GM said, if the Class E contribution were made, its hourly pension plan would hold 38% of the Class E shares, exceeding a federal limit of 25% on a plan's holding in any class of securities issued by the employer. In addition, the Class E holding would exceed a limit of 10% on the amount of a plan's assets that an employer's shares can represent. GM said the plan already owns 17 million Class E shares, which were contributed in 1977.

Moreover, GM said, the proposal would require an exemption from a 10% excise tax that can apply when large contributions are made to a pension plan. They acknowledged that legislation would be required. In fact, the Clinton administration's proposed reform of the Pension Benefit Guaranty Corp., which aims to accelerate the funding of underfunded plans, would include such an exemption, GM said.

"I am pleased to see GM coming forward with a proposal of this magnitude," Robert Reich, the secretary of Labor and

the chairman of the Pension Benefit Guaranty Corp., said in a statement. He said the Department of Labor "will review the proposal carefully to be sure that the retirement security of GM's workers and retirees is protected."

Effort to Create Jobs

Separately, GM has begun quietly creating jobs for some of its laid-off workers. In its new labor contract, GM agreed to add 200 seat-making jobs at its assembly plant in Van Nuys, Calif., which was closed in 1992, and to start building seats in Pontiac, Mich., adding 140 jobs. Although outside suppliers could do the work paying less than half GM's average hourly wages-and-benefits cost of \$87,000 a year, GM would have to spend about \$60,000 a worker in unemployment benefits to keep the workers idled.

"They pay the guys whether they work or not," observed one securities analyst. While such moves may help GM get some value for what it would pay the workers anyway, they could hinder efforts to make its operations more competitive by shedding excess workers.

GM May Use Shares to Rein In Pension Liability

Plan to Give \$5.7 Billion In Class E Stock to Fund Faces Many Obstacles

By ROBERT L. SMITHSON
And JOSEPH B. WHITE

Staff Reporters of THE WALL STREET JOURNAL
NEW YORK — General Motors Corp. unveiled an innovative but risky plan for reducing the biggest U.S. unfunded pension liability, a proposal to give a \$5.7 billion block of its Class E stock to a fund for hourly workers.

While the move apparently would take a big chunk out of GM's \$24 billion pension liability, bolstering shareholder equity and reassuring edgy federal officials, it faces major regulatory hurdles and board arge and would require an act of Congress. Nonetheless, GM and government officials, who have been huddling over the problem for months, hailed the proposal as a significant attempt to do something to ease a major headache for both of them.

GM had been under considerable pressure to offer some good news on the pension issue when it holds an annual session today with securities analysts and institutional investors. The proposal to contribute shares tied to earnings of GM's Electronic Data Systems Inc. was disclosed after the market closed Friday. GM's regular common shares fell 37.5 cents to \$51.50 in New York Stock Exchange composite trading. Separately, GM is expected to discuss moves to provide more work for hundreds of its idled auto workers.

GM said it is considering contributing 185 million of its remaining available treasury shares of Class E stock to its pension fund for hourly workers. At Friday's Big Board closing price of \$31, the proposed contribution would be valued at about \$5.7 billion. Separately, Chrysler Corp. said it contributed \$2.6 billion to its pension fund so far this year. (article on page B4).

The Class E shares represent a dividend claim on the earnings of GM's wholly owned EDS unit, not an equity stake in it. GM said its board's present policy is to declare Class E dividends representing 30% of the prior year's EDS earnings. That currently amounts to 40 cents a share annually. By contributing the 185 million-share block, GM would thus give up dividends of \$74 million a year.

Presently there are 247 million Class E shares in public hands. A further 45 million are held in reserve for possible conversion of Series C convertible preference stock.

Please Turn to Page A4, Column 3