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RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

November 5, 1993

REMARKS BY THE PRESIDENT
IN CONFERENCE CALL TO MIDWESTERN FARMERS AND RANCHERS
AND MIDWESTERN RADIO STATIONS

The Oval Office

1:23 P.M. EST

THE PRESIDENT: Hello?

Q Hello, Mr. President.

THE PRESIDENT: How are you?

Q Well, pretty good today, sir. How are you?

THE PRESIDENT: I'm great. Thank you for taking this time to visit with us.

Q Thank you for affording us the opportunity.

THE PRESIDENT: I know that all of you have some questions, but I'd like to make just a brief opening statement, if I might. As all of you know, I think, before I took this job I was a governor of an agricultural state, and I learned very early that the future of agriculture in America is in exports. We've got over 700,000 agriculture jobs in America today that are export-related. And, if NAFTA passes, that number will continue to rise, meaning more jobs for people in our farm communities.

I know now that a big part of my job as President is going to be to continue to raise more and more opportunities for exports in America, and I'm doing that and the negotiations we have going on with Japan now, we even have some hopes that we're going to be able sell some rice in Japan before too long; which is a big issue for farmers in my part of the country.

We're working hard across the board to get a new GATT agreement that will open agricultural markets for our farmers. And NAFTA is a part of our comprehensive strategy to boost farm income.

Since 1986, our agricultural exports to Mexico have nearly tripled. Mexico is now our fastest-growing major export market. In 1992 we exported almost \$4 billion worth of products to Mexico, 40 percent higher than 1990. And the Agriculture Department -- and Secretary Espy is here with me today as you know -- estimates that we will export \$2.6 billion more with NAFTA than without it by the end of the transition period in the agreement.

I think this is a good deal for our farmers. It's an even better deal this week than it was last week because of some of the agreements made by the Mexican government affecting sugar and citrus and, to a lesser extent, vegetables. But it is clearly a good thing for America's farmers. That's why most of the major farm groups have endorsed it. And I'm looking forward to discussing it with the farmers today and with the people from the ag radio networks. So maybe we ought to get right into your questions, and go forward.

MORE

I think Howard Hardecke is first. Is that right?

Q That is correct, Mr. President.

THE PRESIDENT: I remember when I was at your school.

Q You're kidding.

THE PRESIDENT: It was a great night.

Q Yes, it was.

THE PRESIDENT: My second grade teacher was there. I hadn't seen her since she left Arkansas. She was my second and third grade teacher. I really enjoyed that.

Q Is that right? Well we enjoyed having you there. The question that I have to address to you, Mr. President, is that we're very -- I'm in a beef cattle operation. I'm in southwest Missouri and I have a cow-calf operation. I raise calves from the mother cows until they're around 500-600 pounds and then sell them as feeder calves. I also have a backgrounding operation in which I pick up some calves from 400-500 pounds and raise them on up to 800 pounds and sell them to feed lots. We're very excited about NAFTA in -- as beef producers, because we feel that Mexico is going to open up a real expanding market for us. A concern of mine is what assurances do we have with NAFTA that other countries -- and primarily I'm thinking of Australia -- won't import cattle through Mexico and then on into the United States?

THE PRESIDENT: That's a good question. And believe it or not, it's a question that applies not only to agriculture, but to some of our manufacturing. We have strict rules of origin that apply to our agriculture as you know already --

Q Yes.

THE PRESIDENT: -- and there is nothing in the NAFTA agreement which changes that, so that the rules of origin that apply to Australian beef coming here directly would apply to them with equal force after NAFTA passes if they pass through Mexico. In other words, there's no loophole in the agreement to escape our rules of origin. So you'll be alright with that.

Q Okay, appreciate it.

THE PRESIDENT: Thank you. Is -- Terry Baer, are you next?

Q Yes, sir.

THE PRESIDENT: Howard, did you have another question? I want to make sure I've got this right, now.

Q We were told we had one question, so --

THE PRESIDENT: Okay. Well, go ahead, Terry.

Q Okay. Greetings, Mr. President, from central Illinois. I live near Edelstein, Illinois, which is near Peoria in central Illinois, and I have a grain production operation, consisting of corn and soybeans, and then I also work at Caterpillar, Incorporated in Peoria.

THE PRESIDENT: Good for you. I've been there.

Q Yes, well, I personally met you there when you were campaigning.

THE PRESIDENT: It's a great company.

Q Yes, it is, and I'm glad they're as close to my farm as they are. It works out real well.

THE PRESIDENT: It cuts the transportation cost of the equipment, too, doesn't it?

Q It sure does. So, Mr. President, I have a question on NAFTA for you. And that is, if NAFTA does not pass, what efforts do you see of Mexico forming treaties with other countries who also compete for the same markets as our U.S. farmers, and what effect might that have on our future farm economy and foreign competition for our U.S. products?

THE PRESIDENT: I think it'll make it a lot tougher on us. Because if NAFTA doesn't pass -- keep in mind Mexico has been opening its economy, its purchases of foreign products have been going up across the board. They want to give us some special opportunities to export into the Mexican market in return for being able to attract more investment to their country. So they will have to pursue their strategy of getting more investment and opening their markets to get it somewhere else if we don't take advantage of this. And, therefore, it could be an enormous setback for us if we just give our competitors a big leg up in one of the fastest-growing markets in the world.

And, of course, depending on whom they reached out to, it could really hurt the farmers. If the European Community, for example, decided that they would try to replace the United States in NAFTA, it could really foreclose a lot of farm markets. You know all the troubles we've been through just trying to get a new GATT agreement. I'm very, very concerned about it.

I would also point out to all the farmers who are listening that we believe if we do NAFTA -- and Mexico as the example, will lead us to the same opportunities in other Latin American countries with big possibilities for agricultural exports of all kinds. So I think it's a big plus if we do it, but frankly I think we have to face the fact that Mexico has got to have a plan B. And if we turn out to be unreliable, if we can't see through this trade agreement, they will be forced to turn elsewhere to try to get capital, and in return for that will almost certainly be willing to give the same kind of extra access to their market that the United States now has just for the asking if we'll go ahead and adopt this agreement.

Q Well, I agree with you if they do seek treaties with other countries and we fail to ratify NAFTA, it will put us at a big disadvantage. And so you feel that Mexico is aggressively seeking agreements whether it's with us or whether it's with our competitors.

THE PRESIDENT: Right now they've aggressively sought it with us. But they've made it clear and they've been very much willing to let us put some things in this trade agreement, I might add, than have never been in any other trade agreement. I mean, they've agreed with us to invest more money in cleaning up the environment and to subject their own environmental code to the trade controls of this agreement. They've agreed to do the same thing with their labor code. No other country's ever done that in a trade agreement. So they very much want to deal with the United States. Mexican people like American products of all kinds. They are now the second biggest per capita purchasers of American products, even though their incomes aren't very high. We sell over \$40 billion worth of stuff down there every year. Seventy cents of every dollar the Mexicans spend on foreign products are spent on American

products. And we have a chance to dramatically increase that or run the risk of shutting it down. And I think it would be a terrible mistake to turn away from it.

Q Yeah, I agree, and rest assured that I will do all I can to help you get this passed. I would hate to think that our U.S. Congress would pass up a free -- a chance at free trade.

THE PRESIDENT: Also good for Caterpillar, you know. Caterpillar's one of the greatest exporting companies in the whole United States.

Q Yeah, I realize that.

THE PRESIDENT: One of the few companies that's been able to really triumph in the Japanese market. And the more per capita income goes up in Mexico, the better that company will do, too. I appreciate that. Thank you very much.

Q Thank you.

Q Mr. President, could I just jump right in one second just to agree with you.

THE PRESIDENT: Sure.

SECRETARY ESPY: Who would blame Mexico -- if we did not pass the NAFTA, who would blame them if they began to look around for other countries to gain -- allow preferential access. But I've just returned from Mexico two months ago where we cut the ribbon on the largest trade show that we've ever held in any country anywhere -- 200 U.S. agricultural exhibits. And this was a trade show, elbow to elbow, standing room only and it wasn't even open to the general Mexican public.

Things like that make it very clear to me that they're very interested in an expanded relationship on a bilateral basis with the United States, and so if we don't pass the NAFTA, they might look elsewhere. But then, there's nothing to say that they won't begin to snap back these very high tariffs that they had before 1985, 1986. So I think that we've got a lot to lose if we don't do this.

THE PRESIDENT: Is Bill Wheeler on the phone?

Q Hello, Mr. President. Hello, Secretary Espy.

THE PRESIDENT: You calling us from Montana?

Q Yes sir, from Missoula, Montana -- that's the western part of the state.

THE PRESIDENT: I've been there, I know it well.

Q Well we hope that you see fit to come again. We would extend the invitation, certainly.

THE PRESIDENT: Thank you.

Q My wife Peg and two of our four children live at and operate the Tarkio (ph.) Montana Ranch, east of Superior, Montana. My family has been involved in farming and ranching in western Montana in excess of 50 years. Currently, the family farm is operated by a general partnership that includes me and two of my brothers, Tom and Joe Wheeler.

In order of economic importance, we produce small grains, hay and feed, livestock and timber. And my question -- or one of my questions today has to do with a problem that we are

experiencing currently in Montana. I know we have a free trade agreement with Canada that has been in effect since the mid-1980s. But in recent years, Canada has exported huge amounts of grain to the United States using transportation subsidies as one method of circumventing free trade agreement restrictions.

A large percentage of this grain is entering the United States at the northern Montana border. Montana producers experience delays at the elevator as they wait for the Canadian units to get offloaded. Prices are reduced due to the availability of this excess Canadian grain. Our transportation system to the export terminal at Portland is overloaded. This negative impact is regional. The current free trade agreement calls for nationwide producer impact before countervailing duty laws can give producers any relief. How will the NAFTA rectify this situation?

THE PRESIDENT: Well, let me first of all say that the agreement itself won't rectify it, but it will make it somewhat better, and by opening other markets it'll make a big difference. Let me make three or four comments. First of all, for all the others that are listening, there's been a special problem with a lot of our farmers in the northern part -- especially the wheat farmers because of exports from Canada and because of the support of the prices in Canada comes primarily in transportation supports, something that were not covered -- those supports were not covered when the United States negotiated its agreement with Canada several years ago.

Now, under this agreement, there will be certain provisions which should help to address the problem a little bit, such as end use certificates for Canadian imports that will help improve it. No, in an attempt to offset the impact of the Canadian imports, I approved export enhancement supports for American wheat to Mexico recently.

Thirdly, I've asked the Secretary of Agriculture now that there's been a Canadian election and there's a new Canadian Agriculture Minister ready to take office, to go to Canada and to sit down and meet with him about this issue, because it is not covered by the agreement, to see what we can do to go forward.

The last thing I'd like to say is, I think that the prices are going to go up here in America if we adopt the NAFTA agreement, because the primary thing NAFTA does is to give us access to sell more of our wheat and other grain crops to Mexico so that we'll have access to that market, and that will help to not only provide more sales, but as you know, increase the price.

So I think it will be better, but it does not specifically address the provision you don't from the Canadian agreement that was made several years ago. We're going to try to do that in these negotiations the Secretary of Agriculture is going to undertake. And I think we sent a signal to the Canadians that we're concerned about it when we use the export enhancement program to try to sell some of our wheat to Mexico to offset what had happened to the farmers.

Q Well, Mr. President, if Congress approves NAFTA, when will NAFTA go into effect, and will all parties involved sign simultaneously?

THE PRESIDENT: The answer is, it'll go into effect everywhere at the same time. But the different provisions are phased-in over several years.

Mike, were you going to say something?

SECRETARY ESPY: Yes, Mr. President. Just basically, I understand the problems that Mr. Wheeler is discussing, and I agree

with what you said. The CFTA, the Canadian Free Trade Agreement which was negotiated a couple of years ago really continues to give us grief in a couple of areas. They did have exclusions for their dairy and their eggs and their poultry. And we don't have these kinds of exclusions in a much better NAFTA agreement between the U.S. and Mexico.

And, secondly, they really do have a protected wheat scheme, because they subsidize their rail, their prices and policies are very nontransparent. And so we need to do better there, and I will do as you asked.

THE PRESIDENT: But to go back to your question, it will go into effect -- if we can pass it now, it will go into effect starting the first of 1994, at the beginning of the next year. But there are some provisions that are phased in. We will get the lion's share of the benefits from the tariff reductions almost immediately, and we'll see a big increase in American exports in 1994 if it goes in. But there are some things -- for example, some of our markets phase-out their protection over a period of seven or eight years.

Q Thank you, Mr. President.

THE PRESIDENT: Thanks.

Now, Murray Corriher? Is that right?

Q China Grove, North Carolina.

THE PRESIDENT: Where is that?

Q That's about 30 miles north of Charlotte, in the Piedmont. I grow corn, soybeans, small grains, sweet oats and barley and have a beef cattle operation, consisting of about 375 acres. My question, Mr. President: Farmers are in a severe cost-price squeeze. The price of wheat is about what farmers received in the 1950s. Other grains and soybeans are a little more than double the 1950 prices, while the cost of inputs have increased more than five times in most instances.

Farmers are looking for new uses and markets to increase demand and price. Ethanol is one of the best examples I can give of a new use with great potential for farmers and the environment.

My question is: Will the passage of NAFTA offer farmers increased prices that will allow us to stay in farming, continue to provide food and fiber for the people of the United States and the rest of the world?

THE PRESIDENT: The answer to that is, it should. Having lived on a farm, and having been a governor of a farm state for many years, I've learned never to say that something will increase farm prices. But the answer is that it should for this reason: There's no question that American exports will increase in the aggregate if NAFTA passes, and that Mexico is our fastest-growing farm export market.

Normally, when there's an increased demand for products abroad, that has an impact in increasing prices at home. That is, unless there is something that happens here at home that dramatically reduces domestic consumption; increasing demand abroad will increase the prices, because the aggregate supply and demand relationship will change. So it should happen.

Secondly, farmers should have their prices rise because they'll recover some of the monies that now go to tariffs in their trade. And we know that that will have some positive impact.

So for those reasons, I certainly would be real surprised if there was not an increase in the price and an increase in farm profits. You know, most Americans don't know this, but when the cost of production goes up five times as fast as the price of the product, the only way the farmers or any farmers are still in business in America is that we have the most productive farmers in the world. But there is a limit to how much you can do.

One of the things I like about NAFTA is, by giving the tariff relief and by increasing the total volume of agricultural sales, we should be able to have a positive impact on the price.

Q I certainly hope so.

THE PRESIDENT: I do, too. I wouldn't be for this if I didn't think it was going to help you, and I think it will.

Q I wouldn't be for it, either, if I didn't think it would help.

THE PRESIDENT: Thank you, Murray.

Q Thank you.

THE PRESIDENT: I think we're supposed to turn to the broadcasters now, and I think we're staying in North Carolina.

Bill Ray?

Q Yes, Mr. President.

THE PRESIDENT: You're from Elizabeth City, North Carolina?

Q That's true. We sure are. The question that I had for you, Mr. President, this afternoon is, how do you think NAFTA will affect U.S. positions of negotiations at the GATT? What happens if this thing doesn't pass?

THE PRESIDENT: It weakens our ability to get a GATT agreement by the end of the year because -- well, let me back up and say I think most farmers know we've worked real hard to open up more European markets and other ag markets. As I said earlier, we're working hard to make some progress in the Asian markets work that hard to open up more European markets and other ag markets.

As I said earlier, we're working hard to make some progress in the Asian markets -- in Japan, especially, with some of our products. The GATT agreement is critical to that. If we beat NAFTA, then other countries who are reluctant to support GATT will say, "Well look at America -- they're becoming more protectionist. Why shouldn't we?" On the other hand, if we pass NAFTA it will dramatically increase our credibility in the GATT negotiations. And it will reinforce our commitment -- and I think give a lot of courage to people in the European countries who want to do the same thing. The truth is that we've had so many hard economic years that really everybody thinks that we're in a sort of a win-lose situation. That there's no such thing as a win-win trade agreement. But no wealthy country -- whether it's the United States or the European countries or Japan and Asia -- can grow and increase incomes unless you increase the volume of world trade. That's the only way we can do it today.

So we need the GATT agreement. It will help us in the short run, in terms of jobs, even more than NAFTA because it involves so many more people. Over the long run, NAFTA's going to help us because it will bring in all of Latin America. But if we don't adopt NAFTA in November, it's going to be hard to get the GATT done in

December. And I can't promise that every country is going to agree in December, regardless. But we will have a much, much better chance to pass that GATT deal if Congress will adopt NAFTA. And that's a huge thing for America's jobs and incomes.

Q Mr. President, it looks like it would be really tough on Mickey Kantor if he has to go back to Brussels without a NAFTA deal.

THE PRESIDENT: It will be tough on him. And I'm going -- right after the NAFTA vote, I'm going out to Washington State to meet with the leaders of many of the Pacific countries -- trying to convince them to buy more of our products and trying to work out a new trade relationship there. And again, if NAFTA passes, I'll have a lot of leverage in dealing with that. If it doesn't pass, it will make it more difficult for me to argue that the United States is trying to lead a big, broad-based coalition of trading nations. And we now -- after all that we've been through in the 1980s with our industries changing and restructuring -- we now in agriculture and in industry are the most productive country in the world. We can sell anywhere. We can do well even in the countries with wages much lower than ours if we just have access to the markets.

So this GATT thing is a big deal. And if we pass NAFTA, I'll have a lot better chance of bringing home that bacon along with Ambassador Kantor.

The next person is, I think, Max Armstrong in Chicago.

Q Hi, Mr. President.

THE PRESIDENT: How you doing?

Q I'm doing well, thank you. It seems as we visit with our farmers, we find very few of them are fond of accepting imports, although we realize that trade has to be a two-way street. Many of our growers have asked us about the standards to which Mexico's food and agriculture industry will be held. Will they be held, for example, to the same pesticide requirements? And will their food, shipped into the United States, have to meet the same food safety requirements that are being met by our companies in the U.S.?

THE PRESIDENT: Yes. Absolutely. And I might say a related thing, since you're calling me from Chicago and we've got a lot of teamsters in the upper middle west and a lot of trucking enterprises, if a Mexican truck driver under this agreement stays with a load of produce -- agricultural produce -- or an industrial product or anything else, crossing from Mexico into the United States, then that truck driver must meet all the same standards that an American driver would have to meet on an American highway.

Our standards control -- whether it's on the safety of food or on the safety on our highways. And that's very important. That's one of the things that we worked hard -- and the flip side is true, too -- we have to comply with their standards when operating in their country or when selling food into their country. And one of the biggest problems that we had, one of the reasons that I insisted on these side agreements before I would agree to present this trade agreement to Congress is that Mexico, historically, has had some good laws on the books that weren't vigorously enforced. And so what we wanted to make sure of was that, not only would our laws be observed on food coming into our country, but that they would observe their own laws, just as we have to observe ours.

So I think that, overall, the quality of all of these operations will go up if we honor that.

Q So there should be no concern among U.S. consumers about quality?

THE PRESIDENT: Absolutely not. No. We are not going to permit food to be sold here which does not meet the standards that American food has to meet.

And, by the way, we import other food from a lot of other countries now, and it's the same thing there. We didn't change that at all, and we wouldn't think of it.

Q Thank you, Mr. President.

THE PRESIDENT: Is Taylor Brown next?

Q Yes, Mr. President, thank you.

THE PRESIDENT: And you're from Billings, Montana?

Q Sure am. I'm a long way from Bill Wheeler, but we're in the same state.

THE PRESIDENT: You sure are. (Laughter.) I've been to Billings, too. You have to go -- it's the third biggest state, isn't it?

Q It's the fourth biggest in land mass, you bet. The wheat industry is perhaps as conscious of the importance of the free trade agreement as, I think, any segment of American agriculture. Because the fact is that when we raise three bushels of wheat, we have to put two of them on a boat and ship them overseas and over to make the industry work.

But the American wheat grower has been burned by the Canadian Free Trade Agreement. Canada has continued to use those transportation subsidies and that closed pricing system and they've gained market share in the U.S. and Mexico. And it's no secret -- you addressed that in an earlier question. The Reagan administration knew it, the Bush administration knew it, we still know it but nothing is being done.

I guess my question is that, given the fact that we know this, wheat farmers have been pretty nervous this week about the indication they're getting that even though the USDA panel in September concluded that Canadian wheat imports were materially interfering with the operation of our wheat program, we still can't make up our mind whether we're going to take any action against those imports. So will we go ahead with a Section 22 type of action?

THE PRESIDENT: Let me tell you what I think I should do first. And let me remind you, when I came into office, I raised this issue, I acknowledged it, our Trade Representative embraced it. To send a signal to the Canadians that we were serious about this we used the export enhancement program to give our own wheat an advantage down in Mexico. We also did it with barley. So I know this is a problem, and I've tried to send a clear signal to the Canadians that we intend to see it addressed.

If you've been following this in the last few days, you know, they've got some issues that they want to discuss with us, also, that don't have anything to do with the NAFTA agreement, but -- two-way trade agreement between the United States and Canada. So I have asked the Secretary of Agriculture to go up there, and before we take any further action, at least sit down face to face with the new government, hear them out and have them hear us out.

The reason I want to do that is because we do have, still, a significant trade surplus in agriculture with Canada through

bread, pasta and other processed foods, including products that contain American wheat. I've always followed the policy that before I put another person I'm dealing with in a position of retaliating, at least they have to know where we're coming from and why. So I want the Secretary of Agriculture to go up there and sit down and try to work through this.

But there is no question that when the last agreement was made several years ago with Canada, we did not reach to the subsidies that relate to their transportation, and to the unique way in which the Canadian Wheat Board operates, which every wheat farmer in America now understands, and which puts our folks in a difficult position.

I will say again, on the NAFTA agreement, whatever you think about that, this is a net advantage to an American wheat farmer because it opens more products, more markets to American wheat. And so it'll certainly help, and it'll help to get the price up.

Mike, do you want to say anything else about what you're going to do?

SECRETARY ESPY: Yes, sir. There's not a lot to add to what you said -- that this CFTA was negotiated a couple of years ago, and we anything else about what you're going to do?

SECRETARY ESPY: Yes, sir. There's not a lot to add to what you said -- is that this CFTA was negotiated a couple of years ago, and we continue to have problems. That's why we've done a wheat EEP, the largest EEP ever, from the USDA approved by the President. And now we've done a barley EEP, and it's just the fact that we've got to compete with them to claim out traditional markets and our traditional market share. And we're going to do that. But as he said, they've got a new government and yesterday they appointed a new Commissioner, or a new Minister for Agriculture and Agribusiness. And on the President's direction I will go up and try to talk to him about these problems.

THE PRESIDENT: Is George Lawson on the phone?

Q Yes, Mr. President.

THE PRESIDENT: Are you calling from Wichita?

Q Yes, sir. Can you hear me okay?

THE PRESIDENT: I can hear you fine.

Q Mrs. Clinton and Vice President Gore were in Wichita during the campaign. I hope you'll get a chance to visit our all American city at some point.

THE PRESIDENT: I'd like to. I was there a couple of years ago and I really enjoyed it. It's a beautiful town.

Q Can you explain for us how NAFTA will be able to add jobs to the U.S. agriculture sector?

THE PRESIDENT: Yes, and let me say since you're in Wichita I might just mention we talked a lot about wheat and grains and how the markets will grow there and the tariffs go down. But I also think, given where you are and the people that listen in mid-American AgNet I ought to emphasize that Mexico is also one of the fastest growing markets for American wheat -- I mean American meat, especially processed meat products. And all these exports will increase with NAFTA because the tariff on beef will be phased out to zero.

Mexico already accounts for about a quarter of U.S. pork exports, and as the tariffs go down, incomes go up, we'll expand those exports to Mexico. Poultry exports have increased from \$16 million in 1987 to over \$153 million in 1992, and that demand is just growing like wildfire. And interestingly enough, it's a nice compliment to the American consumption habits, because of the preference for different kinds of meat. So, I think you're going to see, obviously more grains, just pure and simple because the tariffs are coming down and because we've got access to the market and we can get the grain there in a hurry and efficiently. But I also want to emphasize there's going to be a big increase in meat exports, too.

SECRETARY ESPY: Mr. President, the creation of jobs, specifically, we believe that we are going to have a gain of 52,000 jobs over the period of implementation. And we know that because just since '86, since President Salinas has been there, as you said earlier, we have quadrupled sales of American agriculture products to Mexico -- from \$1.3 billion in '86 to what is now almost \$4 billion. And they still have tariffs about four percent -- 10 percent -- but we have four percent. So, if they go to zero over the period of implementation, then we're going to see huge gains in jobs, export related jobs to Mexico.

THE PRESIDENT: Is Roddy Peeples -- Roddy -- Roddy Peeples?

Q That's correct, Mr. President.

THE PRESIDENT: San Angelo, Texas?

Q -- in San Angelo, Texas. And I'd just like to preface my question with the observation after listening to all the rest here that everybody does seem to support the NAFTA. And I think that that is shared by the vast majority of farmers and ranchers in Texas. And I just wanted to ask, with that in mind, Mr. President, I've even talked to a few people this morning about this, and we're concerned about the obviousness and the effectiveness of your support for NAFTA by having turned over the debate with Ross Perot to Vice President Clinton; and that is my question, sir. Would you address that.

THE PRESIDENT: I thought I elevated the debate by allowing the Vice President to debate with him. I don't consider Ross -- first of all, in the Congress Ross Perot is not the primary problem we've got. The primary problem we've got in the Congress is the united intents and sometimes vociferous endorsement -- efforts of the labor movement to beat this and to convince Republicans that they basically like, they'll get them opponents and Democrats if they like, they'll never give them money again. So that's the big problem we've got.

Mr. Perot's arguments have been largely discredited when he's been willing -- when he's been questioned on them, and when the evidence has been examined. But it was the Vice President's idea all along to challenge him to a debate. So I debated him three times last year, and the more we got to talk about the issues, the better it got. So I think the Vice President will do just fine. I've got a lot of confidence in him.

Q And the follow-up question to that one, sir -- and this one's probably a minor point except for those who are affected by it -- watermelon producers in Texas. Can you take a watermelon question?

THE PRESIDENT: Yes. You know I was born in a town that grows big watermelons, so I can do that.

Q -- and under the yoke of a lot of labor and wage and environmental regulations that Mexican producers do not have.

THE PRESIDENT: Yes.

Q The question is, is there any chance that the phase-out period for the present 20 percent tariff on imported watermelons could be extended from the proposed 10 years to 15 years, since the phase-out on the tariffs on some of the other crops I'm told are going to be that long?

THE PRESIDENT: I don't think so. I think -- we think it's enough for our folks to be okay under it. Keep in mind, one of the things that's going to happen -- and I want to emphasize this very strongly because -- and this relates to another question that was raised earlier -- one of the things that's plainly going to happen in this trade with agriculture, even though the agreement streamlines customs and inspection procedures, is that we're going to have a very vigilant oversight of safety standards and quality. And I believe what you're going to see over -- when you've got a 10-year phase-out period with Mexican incomes rising more rapidly across the board because of this trade is that you are not going to see the kind of economic disadvantage at the end of this phase-out period to a lot of the agricultural products that some fear now because the cost of production in Mexico, in terms of sheer labor, is lower.

I mean, I really believe that we're going to do a lot better on some of these things than we think. Now we have in the agreement -- I want to emphasize this -- there is a provision in the agreement that allows us to slow anything down if there is a so-called surge; that is, if there is a totally unforeseeable development that threatens to take out some sector of our economy.

By the way, the Mexicans have the same thing if we do that to them. If there's some totally unpredictable or unforeseen economically adverse development here in the term of -- in the businesses -- the surge -- that there is provision in this agreement to slow that down and take another look at it. So there is sort of a safety hatch here. And I think that, plus the fact that we're going to be quite vigilant in making sure that the safety standards are going to be observed for the production and the delivery of our food, will provide the protection that we need.

The Secretary of Agriculture just passed me a note and reminded me, too, that just last -- we are this week, we got an agreement from the Mexicans to do a yearly review of the impact of this trade agreement on all vegetables. So there may be an argument of what a watermelon is, but it includes the -- it's included in the agreement.

SECRETARY ESPY: Yeah, Mr. President, as you said, we are conscious of impact on commodities across the board and we've made improvements when it comes to sugar and citrus, but also when it comes to fruits and vegetables. There will be a yearly review under the consideration -- there will be a yearly review of impact on fruits and vegetables, and if we think that those are deleterious and a huge negative impact on American vegetable industry then these agreements allow for consideration of a snapback.

Q Thank you very much, Mr. President and Secretary Espy.

THE PRESIDENT: Thank you. I want to thank all the farmers and all the broadcasters for their questions today and for listening. And for those of you who support this agreement, I want to tell you I'm very grateful. I think it's a very, very important part of our attempt to open America to the rest of the world, to take advantage of the high productivity of our farmers and our

manufacturing workers, our service industries; and to build bridges to the rest of Latin American and to get this GATT agreement done. And I know that every active farmer in this country understands what it could mean to us if we can pass this GATT agreement by the end of the year. I believe that passing NAFTA is a big first step to getting that done. It will plainly put America on the side of expanded trade and give us some leverage as we go down the road.

So I hope you'll do whatever you can to tell your members of Congress, without regard to party, that you're for this, that this is good for America. And meanwhile the Secretary of Agriculture and I will keep working on the problems that all of you outlined today. We won't forget them. We've taken the steps that we thought we could to date. And the Secretary is going up to Canada soon.

Mike, would you like to say anything before we get off the phone?

SECRETARY ESPY: No sir, I think you've said it all.
Thank you.

THE PRESIDENT: Thank you for your hard work.

Thanks, appreciate it fellas.

Q Thank you.

* * * * *

Q Mr. President, are you concerned about interest rates creeping up?

THE PRESIDENT: No. I mean, what's happened is, the economy's getting much healthier. And you've had huge increases in home sales. We've had big increases in other economic activity. And when that happens, when the economy really begins to show signs of recovery, it's hard to keep interest rates at a 25- or 30-year low.

Because there is no inflation apparent in this economy, I don't expect a big increase in the rates. And we're going to watch it very closely obviously. But we've had an awfully good run with low interest rates, and a lot of people have taken advantage of them. From the time we announced the intention to have a serious effort to reduce the deficit, until I introduced my economic plan, until it passed, the interest rates dropped dramatically. And they've stayed down.

I was on a plane the other day coming back from one of my NAFTA meetings, and two of the people riding told me they've refinanced their homes this year. And one of them's saving just under \$300 a month, the other is saving about \$500 a month on the refinancing. These things have happened to millions of people around the country. There's still good opportunities there for home mortgages, both for new ones and for refinancing.

But if the economy really picks up, there have to be some movements in the interest rate. I don't think there will be a lot because -- as long as we can keep inflation down. And I wouldn't be surprised, by the way, to see, as one of the experts reported in the press -- I wouldn't be surprised to see them drop again. But we just -- I was kind of concerned when we had this big surge in housing and big surge in new investments that there might be a little pickup in it. But I'm not alarmed by it right now.

Q Mr. President, Ross Perot says he doesn't like the idea of the debate forum that the Vice President suggested. He says the Vice President ought to bring you and some of you spin doctors to his event. Is there any chance you'd agree to that?

THE PRESIDENT: No, what Ross Perot wants, as always, is a show not a debate. I mean, he basically wants Al Gore to show up at a rally that he's paid for with a crowd full of people that don't like NAFTA in the first place so they could shout at Al Gore, and in the hope that the shouting will obscure the arguments and the evidence and that facts. And that's not a debate or a discussion. What we suggested, and what Al did -- it was all his idea -- was that he called Larry King -- Larry King host an honest and quiet and straightforward discussion that the American people could watch in their living rooms, one that would shed light and not heat. And I could understand why that's not Mr. Perot's preferred format. I mean, he'd rather have a rally where he's paid for it, has organized all these people to come, they're all against it anyway, and they shout at Al Gore. I don't blame him, but no sensible American would expect that to substitute for a debate. I mean, I think everybody can pretty well figure out --

Q Do you think he's trying to win --

THE PRESIDENT: Win what?

Q Win out of a head-on-head debate?

THE PRESIDENT: You all get at all that name-calling -- I'm not going to do that. I think he's trying to negotiate the best possible position for himself. But it is not -- it wouldn't be a credible debate for us to show up at his rally.

THE PRESS: Thank you.

END

2:00 P.M. EST

THE WHITE HOUSE

Office of the Press Secretary
(Lexington, Kentucky)

For Immediate Release

November 4, 1993

REMARKS BY THE PRESIDENT
TO THE WORKERS OF LEXMARK INTERNATIONAL, INC.Lexmark International, Inc.
Lexington, Kentucky

1:45 P.M. EST

THE PRESIDENT: Thank you very much. You know, Roberta was nervous as a cat, but she did a good job, didn't she? Let's give her a hand. She did great. (Applause.)

I want to thank Marvin Mann for his remarks and for hosting us here today; my longtime friend and former colleague, Governor Jones, for his support and his kind remarks; your fine Congressman Scotty Baesler for his support of NAFTA. And I want to thank also -- there are people here from at least four other operations, business operations, in this area I know of. Raise your hand if you're here so I'll know whether I've got it right.

There are people here from Texas Instruments, I think. Where are you? Over here. From Monarch Tool and Manufacturing, from Rand McNally, and from DataBeam. Gosh, I can't believe they wrote you off over here. (Laughter.) They're afraid you'll pick up some trade secrets, I think. (Laughter.)

I wanted to come here to Kentucky and to this plant and to you folks today to talk about the North American Free Trade Agreement. I also asked to come to a place where I could spend some time with real American workers -- men and women whose lives are on the line every day and whose children have a stake in the decisions that I must make and the Congress must make for you and for our economy.

I came here mostly to answer questions. And I'm going to take some time answering questions when I finish my remarks, so I hope you'll be thinking of them -- questions about this North American Free Trade Agreement, about our economy, about how they fit together. And if you have some hard questions just give them to me with the bark off. I'm used to it. One of the things that -- dealing with the distinguished Washington press corps back there does is to sort of harden you to the questions of daily life, and now I look forward to them every day.

I also want to say to you this: Before I became President I was Governor of a state not all that much unlike Kentucky. My job was to try to create jobs and keep jobs. It was to try to educate people so that they could do the jobs of today and tomorrow. For most of the time I was governor, our unemployment rate was above the national average, but we kept working to export, to increase investment both domestic and foreign, to improve our education and training programs. And in my last year in office, in every month we were first or second in the country in job growth after a long, dry spell.

We had plants shut down and move to Mexico when I was governor of my state; at least three that I know of. I'm proud to say that we got one of them to come back because our people were more productive and they were good at changing the product line on a quick basis when the demand required it.

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I say that to make this point first and foremost. I spent most of the last 20 years around hard-working people who were struggling to survive, and sometimes to get ahead in a tough global economy. I ran for president because I was worried about the future of our country and my own child's future moving toward the 20th century, because I thought we had three great problems: economic stagnation, a society that was coming apart with violence and other problems when it ought to be coming together, and a political system that was not facing up to the problems, where there was a huge gap between what people in public office said and what they did.

And ever since I have been in Washington, I have been trying to change that. We've tried to give the economy some health by bringing the deficit down, getting interest rates down, getting the economy going again. We've had more private sector jobs come into this economy in the last nine months than in the previous four years. We're beginning to turn it around.

But I came here to talk about this trade agreement today for one simple reason: Every wealthy country in the world, including the United States, is having trouble creating jobs. Every wealthy country in the world in the last 10 years saw an increase in inequality -- that is, middle-class people's wages didn't keep up with inflation, while people who were particularly able to triumph in the global economy had their incomes go way up. So what had happened in America from World War II until about 10 or 15 years ago, which was we all got richer, but we came together, the country was growing together, began to change and we began to grow apart. So that a majority of our people were working a longer work week for the same or lower wages to pay more for the basics in life -- health care, housing, education -- and I was concerned about that.

We can bring the deficit down, we can get interest rates down, we can get investment back up. But there is nobody anywhere in the world who has come forward with a good argument for any way to create more jobs and raise the incomes of working people without expanding trade. You've got to have more people to buy more products if you want to have the benefits of all the increasing productivity.

When we were coming here today, Mr. Mann said, "You know, we're producing a new product and the workers really figured out how to produce it. We have a new way of dealing with defects and they figured out how to do that. We now have all this empty space in this factory because they figured out how to do more in less space and increase productivity."

Well, if you want the benefits of that, you've got to have more people to buy the things that you're producing, because productivity is the same person producing more in less time, right? No wealthy country can create more jobs and increase incomes, I will say again, without expanding world trade and global economic growth. Nobody has explained how that gets done. And nobody fighting this trade agreement has made an argument about how that gets done. It cannot be done.

About a half of the growth in our economy in the last five years has come from exports. Jobs that are tied to exports, on average, pay about 17 percent more than jobs that have nothing to do with exports. We do have trade problems in America, but they aren't with Mexico. Five years ago we had a \$5.6 billion trade deficit with Mexico. This year we're going to have a \$5.5 billion trade surplus with Mexico. The Mexican people collectively bought over \$40 billion worth of American products last year. We have a big trade deficit with our trading partners in Asia and I'm working hard to do something about that. I'm going out to Washington State to meet with the leaders of all the Asian countries later this month. But we need to know that

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right here at home, on our border there are people who like American products who are willing to buy them.

Let me just give you one example. This company produces components that go into personal computers. Three years ago Mexico bought 120,000 computers from us; last year 390,000; this year 600,000. There are 90 million people there. This trade agreement, NAFTA, takes the tariff on computers and software parts -- for software from 20 percent to zero. In other words, instead of 600,000 computers, we can be selling millions there. That's just one example. It will create jobs for us. Exports from Kentucky alone have grown 350 percent to Mexico over the last five years because they've been bringing their tariffs down.

Now, if this trade agreement passes, NAFTA, we estimate America will add another 200,000 jobs by 1995 alone. Why? For the following reasons: Number one, our tariffs today on Mexican products are much lower than their tariffs on ours, so when they take theirs down we'll gain more. Number two, they have a lot of domestic content requirements, especially on automobiles. In other words, they say if you want to sell them in the Mexican market you've got to make this stuff here. That alone, that change alone we estimate will enable our autoworkers here in America to go from selling only 1,000 cars in Mexico to 50,000 to 60,000 cars in Mexico next year alone. This is a big deal.

Now, the people who are against this, what do they say? They say, you don't want to have a trade agreement with Mexico because look at all the jobs that went to Mexico in the 1980s because they had low wages and lax environmental enforcement, and all this will do is to make that happen everywhere in the country. It will be a disaster.

That one fellow talks about the giant sucking sound. Let me tell you something, folks. I know a little about this. I was a governor of a state that lost plants to Mexico. My state was small enough that if somebody shut a plant down and moved it to Mexico there was a good chance I knew who they were -- the people that ran the plants, the people who worked in the plants. I used to go stand at plants on the last day they were open and shake hands with people when they walked off the job for the last time. I know something about that. And I want you to understand this very clearly from somebody who's lived through this: This agreement will make that less likely, not more likely.

If we beat this NAFTA agreement, anybody who wants to go down to Mexico right across the line for low wages, for lax environmental enforcement, can go right on doing it; and can make products there and put it back into the American market with zero tariff as long as they're close enough to the border. If we beat it.

If we adopt it, their tariffs will go down on our products; their requirements that we produce in their country to sell in their country will go down, less incentive to move factories there. They will get factories all over their country not to import stuff to America, but to produce for the Mexican market. That's what they get out of this.

The short of it is everything bad that everybody tells you about with this agreement can go right on happening if we don't adopt it. If we do adopt it, it will get better. Why? Because wages will go up faster in Mexico if they adopt it, because they'll have more growth and because the trade agreement requires them to observe their own labor code, and the President has committed to raise the minimum wage every time economic growth goes up every year.

Number two, for the first time their own environmental codes, which are pretty good on the books, will

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have to be enforced because they're in this trade agreement. This has never happened in the whole history of world trade where one country has said, you can put our environmental laws in the trade agreement and enforce them. We'll be able to do that.

The third thing I want to say to you is that you know this here in Kentucky because you trade so much. Wage rates are not the only thing that determine where smart people put their plants. Otherwise, there would be no plants at all in Kentucky, and Haiti would have no unemployment rate. Right? I mean, you don't even have to take the Americans' word for it. Look at where Toyota is. Pretty close to here, right? BMW. Where are they? South Carolina. Mercedes just made a decision. Where did they go? To Mexico? No, to Alabama. Why? Because a study recently concluded on the auto industry shows that you can manufacture a car in America and put it in an American showroom for over \$400 less than you can manufacture it in Mexico and put it in an American showroom, because our workers are more than five times more productive and the transportation cost is less, even though the labor costs are higher.

We can compete and win. People talk all the time about the apparel industry because we phase out some of the protections on apparel and textiles. Do you know that we exported to Mexico \$1.6 billion of textiles and apparels last year? We sent to them. They wanted to buy our stuff. Even there, we can compete when given the chance.

Now, will some people be dislocated? Yes, they will. Some people will be dislocated if we do nothing. Every year, Americans lose their jobs. And one of the tough parts of the world economy we're living in is that now, unlike it was 10 or 20 years ago, when people lose their jobs, they don't normally get back the same job they lost, they normally have to find a new job. That means that we owe you, those of us who are in Washington, we owe you a system of education and training and investment incentives that will help people to find new jobs. We have to do that, and we are going to do that.

The whole unemployment system today is a joke for the economy we're facing today. I know that, and I know we have to fix it. But that has to be done without regard to NAFTA. NAFTA creates jobs. NAFTA makes the problems we've got in our trade and investment with Mexico go down, not go up. NAFTA enables us -- and this is the last point I want to make -- NAFTA enables us to take this trade agreement with Mexico and extend it to other countries in Latin America who are democracies and believe in free market economics. And that's where the real jobs come in -- when you've got a whole trading bloc from Canada all the way to the southern tip of Latin America; when you've got over 700 million people working together and trading together. And we know those people like Americans, like American products and want to be a part of our future.

It is our insurance policy. We hope that we will have a new trade agreement by the end of the year when all nations, from Asia to Europe and all around, lower their barriers to our products. We hope that. But we know the people in Latin America like our people, like our culture, like our products, will buy them if they get a chance, and are dying to do it. And they are going to look at Congress and how we vote on this NAFTA legislation, and they're going to decide whether America is going to be a trustworthy, reliable leader and partner in the years ahead to make this world what it ought to be.

I have worked my heart out for this because I think it's good for your jobs and good for your children's future. And I don't think we can afford to cut and run. We cannot turn away from the world. If I thought for a minute that we could run off from this agreement and all the others and build a wall around this country and make jobs stable again and raise incomes, well then I would certainly do it because it would be in your

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interest. But it won't happen. You cannot run and hide from the world we are living in. So we better just rear back and do exactly what this company's doing, we're going to have to compete and win. I think we can do it. This is a big vote.

I compliment your Congressman for having the courage to be for this agreement. I hope you'll ask the other members of the Kentucky delegation and the senators to vote for it, because it will determine in large measure where we go as an economy over the next 10 years and whether we can escape this terrible trap that is gripping Japan and Europe and the United States of not being able to create enough jobs and not being able to raise people's incomes every year. We've got to turn it around. This is the first step and I ask you to help us get it done.

Thank you very much. (Applause.)

We've got some microphones in the back. Who has the mikes? Raise your hands. Anybody have a question about this? There are some. Just go through and find people and I'll go from mike to mike. Go ahead.

Q Good afternoon, Mr. President. I have a two-part question. One is, does Mexico have similar tariffs with the European Community nations and also the Asian nations? And the second part is, is there a danger or risk if the U.S. and Canada don't sign this agreement with Mexico that the European Community or some of the Asian nations will?

THE PRESIDENT: The answer to both questions is, yes. And let me explain that. If you take the -- let's just take computers because that's an easy example. If you take computers, there's a 20 percent tariff on all computers made outside of Mexico for sale in Mexico -- on our products, on European products, on Japanese products. If this agreement goes through, the tariffs will be phased out on American products; they will maintain the same tariffs on Japanese and European products. So we will get a trade advantage over them in the Mexican market, in return for which they will get more access to American investment throughout their country.

If we don't do it, what will happen? They'll go get the money from Japan or Europe and they'll give them the same deal. And they won't be nearly as concerned as we have been at what effect this has on American wages and on the environment, because they don't live next door to Mexico. I mean, what would you do? If I were the Finance Minister of Japan on the day after Congress voted down the North American Free Trade Agreement, I'd get on an airplane and go to Mexico City and cut a deal. That's what I would do. And the risk of that is very high.

That's one reason why, in addition to these others -- I should have said this in my talk -- every living former President, every living former Secretary of State, every living former Secretary of the Treasury, every living Nobel Prize-winning economist and 41 of the 50 governors have endorsed this.

You know, these economists, they disagree on more stuff than all the living former Presidents to. (Laughter.) You might think any one of us would do something wrong to you, but surely not all of us would at the same time, right? (Laughter.) And that's one reason.

Next question.

Q Can NAFTA help improve exports to Japan and the European Community as well?

THE PRESIDENT: It can indirectly, and let me tell you why. That's a very good question, and it's important. Let me explain, first of all, from the point of view of these other

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nations that have basically caught up to the United States since World War II. That's not all bad; that's enabled them to buy more of our products.

But in Asia, most nations have developed by willfully keeping their wages down, getting very high savings rates, plowing back the savings into new plant and equipment and new products all the time. That's what they've done. When you do that, you don't have enough money to buy other people's products. So Japan has a big trade surplus with us. They've been very good about investing in our country and putting our people to work, but they still don't buy as many of our products. This year, for the first time, we're selling some rice to them, for example, which is at least popular back where I come from.

China has a \$19-billion trade surplus with us. We buy 38 percent of all the exports of China -- all of us do. Taiwan this year bought \$9 billion, although it goes up and down. Europe will have a trade deficit, or a trade surplus with us. Sometimes they buy a lot more from us than they sell us, but they have to be growing to do it. Now, their economies are flat.

Here's what I think will happen. I can't promise you this, but here's what I think will happen. If we adopt NAFTA, the rest of the world, Europe and Japan will see -- well, America might have a whole trading bloc, from Canada down to the southern tip of South America, and we could be really at a disadvantage there. So we better adopt this new worldwide trading agreement they wanted, lower our tariffs, lower our barriers, let them sell into our markets so we'll have at least some access to the rest of the markets.

So I think NAFTA will be a huge indirect incentive for Japan and for Europe to reach an agreement on a new world trading system by the end of the year that I've been pushing for hard and that we've been working for, for years and years. If that happens, you will see a very large increase in the number of manufacturing jobs in America in a short time, just because Europe and Japan have so much more money than Mexico does. I mean, there's more of them and they've got more money. So I think that would really be a Godsend, and I think there's a good chance that it will happen.

Q Good afternoon, Mr. President. My question has to do with the long and the short run. The argument is made that, in the long run, some companies may move labor force to Mexico. In the long run, Lexmark will be able to sell a greater amount of printers. There will be a lot of trade done between the countries. The government of President Salinas is going to benefit because it will show a true commitment from the United States to Latin America that the United States wants to be a true partner.

But looking at it from the U.S. point of view -- and while I am a very strong supporter of the NAFTA agreement -- my question to you is what specific programs did you set up when you were in Arkansas and some of those factories moved to Mexico? And what specific programs the NAFTA agreement has that will help some of those people that will lose their jobs? Because that is a tremendous question that is really in the mind of a lot of American workers. Thank you.

THE PRESIDENT: He asked -- he said there's a big difference of opinion about whether this -- what will happen in the long and the short run. Even if it's good for us in the long run, will we lose some jobs in the short run? What did we do for people who lost their jobs when I was in Arkansas? And what have we proposed to do with this NAFTA agreement? All good questions.

First let me say what I think will happen in the long and short run, then let me answer the other two questions. And this is a complicated thing. There will still be people from

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the United States who will vest in factories in Mexico if this agreement goes through. But today when people invest in factories in Mexico, they invest along the American border in factories for the purpose of producing there and selling here. What the Mexicans want is to, in effect, erase that borderline and get investments in Mexico City to put people to work there to produce for the Mexican market -- not for the American market. That's what they get out of this deal. And obviously, the more investment they get down there and the more jobs that are created and the more they sell to themselves, the higher their incomes will be and the more they'll be able to spend money on foreign products, too.

Today -- this is an astonishing thing -- Mexico buys more American products per capita than any country in the world except Canada, even though it's still a poor country. That's because 70 percent of all the money they have to spend on foreign products gets spent on American products. So what I think will happen is, there will be more investment by Americans in Mexico, but instead of being along the border to make products to sell back here, it will be down in the country to make products to sell in the country. That will put more people to work. It will stabilize the population. Over the long run it will reduce illegal immigration and will increase their ability to buy our products.

Now, will some people be dislocated? Probably, because nearly every trade agreement that creates jobs costs some. When that happened at home what we did was several things. First of all, we'd go into a community if it had high unemployment and actually offer to invest money at the state level to help attract new industries to that plant -- that town. Then we would offer to share the cost of training the workers. And if they had -- if it was a distressed community we would also give them an enterprise zone that would give extra tax incentives to invest there.

What we're doing at the national level is to provide much more money for job retraining, number one. Number two, we're going to set up a development bank to try to get funds for indigenous businesses to start in areas that have been hurt by this, which I think is very important. And number three, we're going to have something we now -- we don't call them enterprise zones, we call them empowerment zones at the federal level -- that we're going to locate in some of the most distressed communities in this country that will give huge incentives for people in the private sector to put Americans back to work in high unemployment areas.

There is not enough government money to fix all these problems. You've got to get the private sector to invest and put people back to work. So those are the three things we're working on doing now. That's a very good question.

Q Since this is basically an extension of the U.S.-Canada trade agreement, what numerical benefits has the U.S. gained from the U.S.-Canadian trade agreement?

THE PRESIDENT: Well, the trade agreement we have with Canada is -- it is an extension of it, but what we did with Canada was to basically take more and more of our trade and put it into a free trade zone; that is, we took quotas off, we lowered tariffs. But Canada and the United States are both quite well-developed countries. So the main benefit that we got out of the Canada-U.S. trade agreement is we got to sell more of the things that we were really good at producing or had a low cost advantage in, they got to sell more of what they were good at producing or had a low cost advantage in. So we essentially got to play to our strengths. And the volume in trade in both countries went way up.

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Our trade with Canada is more or less in balance. But even when trade is in balance, it can be a great benefit to both countries if, by putting it in balance, it grows faster than your economy would have grown otherwise. In other words, if we added more economic growth and they added more economic growth, we both came out ahead. And that's been the primary benefit there.

In the case of Mexico, because they're at a different point in their development, in all probability, we will continue to have a trade surplus with them and they will get an investment advantage from us in the rest of their country. So I do think that the two countries are not too analogous now. I think 30 years from now they will be. But I think in the meanwhile -- let me just say, the people in Mexico who are not for this deal -- and there are people in Mexico who are not for it -- they're not for it because they think that they're giving us a permanent trade surplus with them in return for having access to our capital because Mexicans like American products so much. So there will be a difference there.

In other words, they can't possibly quite enter into the same relationship with us that Canada did because they're not capable -- their economy's not big enough or diverse enough yet. The Mexican economy, even though 90 million people live there, is about the size of the California economy from Los Angeles to the Mexican border. That's about how big it is -- about one-twentieth the American economy.

Q Good afternoon, Mr. President. Thank you for coming to Lexmark. We certainly appreciate it. I'd like to take us into the future, say, maybe 1996, the month October, Hillary is ahead by maybe five points in the -- no, I understand you'll be running for reelection; hopefully, Congressman Baesler will be right there with you.

THE PRESIDENT: I don't know, this has turned out to be a hard job. (Laughter.) Go ahead.

Q My question is, at that point in time can we look back and see that there was any legislation on the books that would help the specific people who were displaced as a result of NAFTA? The analogy I would draw is the person whose farm is dissected by an interstate. I mean, we all would support the interstate system, but somebody suffers. For those people who are specifically displaced, incur economic hardship, is there anything that we can do for those people?

THE PRESIDENT: The people who are specifically displaced, there are only three things you can do for them, in my opinion that I can think of, anyway, and I've been working at this now for the better part of 20 years, on and off. One is, they should have access to a system of training and education that is much more effective than the one we have today.

The federal government has got 150 different employment training programs. The unemployment system, as all of you know, still works like it used to: you get an unemployment check, and you're supposed to basically check around and see if you can find a new job. But the idea is, people wait until the benefits run out, hoping their old employer will call them back. That used to happen; it doesn't happen much anymore.

What we're going to do is to construct a system that will give anybody who loses their job because of a trade-related dislocation access to a much better training program much more quickly, tied to identifying those areas where the jobs are growing in number anywhere within driving distance of them, first thing.

Secondly, we're going to have a North American Development Bank which will concentrate its activities in areas

where there have been substantial job losses to try to start new job enterprises there.

The third thing we're going to do is to develop special investment incentives targeted to those areas where the jobs have been lost. Those are the only things that I can think of that we can do. Except to give you a healthy economy that's producing more jobs.

One of the things that makes this so frightening to people is that it used to be -- I mean, when I was a kid, when somebody lost their job, when the country had a three-percent unemployment rate, that was like having zero unemployment, because there were three percent of the people who were moving around all the time. Now, when people lose their jobs they're afraid they'll never get another one or they'll never get another one paying as much as the one that they just lost. So we have a much heavier responsibility.

The answer to your question is that you should be able to see these specific programs on the books not by October of '96, but by the end of the budget cycle in '94, we should have passed these programs and put them in place for those folks. Because that's when you'll begin to see it. In other words, when we adopt the trade agreement the end of this year, we have \$90 million set aside right now for extra training investment for those folks in the short run, to buy us a year and a half to enact a new training program and investment strategy. But we should be able to get it done by the end of '94 when Congress goes home; that's our goal.

And if I could plug my wife a bit, if we provide health care security to all of them, that'll also be a huge incentive, because then at least they won't lose that for their children. (Applause.)

Q Welcome to Lexmark, Mr. President. My question is, do you have concerns, if there are any concerns, about Canada's recent leadership change being -- and it is an anti-NAFTA leadership change. Are you concerned about that?

THE PRESIDENT: Basically, no. We've had a lot of conversations with the new leader of Canada and the new party. He raised a lot of the same questions about NAFTA that I did. And when I called him, I mean what I wanted to do with this trade agreement -- and I guess I ought to tell you that -- I wanted to have three things added to the agreement, which have been added. One is, I wanted to know that there would be some device by which we could make sure the Mexicans were moving to enforce their own labor code so that we would raise labor standards on both sides of the border. We have that now.

Secondly, I wanted to know that they would enforce their environmental laws, because they weren't now. Their environmental code is actually pretty good, but it's not being enforced. So we set up a mechanism for doing that, and a financing mechanism to get the money to do it.

The third thing I wanted was a provision that would take account of unintended consequences. And that really goes to something that two or three of you have asked about. That is, suppose all these brilliant people who have been negotiating this turn out to be wrong about something? Not just for us, but for them, too? I mean, suppose within a year after this deal takes effect, there's some small, but not insignificant part of their economy or ours that seems to be on the verge of just vanishing like that? Something no one foresaw?

This agreement has a provision to put the brakes on that, and to reinstitute the former system as it applies to that sector of the economy for a period of three years while we work

it out. So there's a protection against unintended consequences.

And the last thing I guess I ought to say is, suppose any party becomes convinced that the others are proceeding in bad faith, you can pull out with six months notice. That's another thing most Americans don't know. This is not the enemy. In other words, if somebody turns out to be lying or it turns out to be -- some development turns out to be unanticipated, there are ways to correct this.

Now, to go back to your specific question, Canada likes what we did on the environmental agreement, on the labor agreement; they wanted that done. They now have substantially, to the best of my knowledge, no more problems with Mexico. They have some outstanding problems with us in trade, which we are negotiating through now. We do not believe that it will be in any way necessary to reopen the agreement to resolve those problems, and we're working hard on them and we have been this week. So I feel pretty optimistic that it'll be okay.

Let's get over here. Give equal time to the other folks here.

Q Mr. President, many Americans and American companies are concerned with intellectual property rights, particularly in the Mexican market. Has there been any provisions in NAFTA to address that?

THE PRESIDENT: Yes. The NAFTA agreement offers protections for intellectual property rights and for investment, which I think are quite important. You know, the intellectual property rights may sound esoteric to some of you, may sound like somebody wants to write a book and not have it copied, and that's part of it. But it's also part of the software business. And part of anything that comes out of people's creative skills -- it's a big part of America's economic advantage in the world is that we develop all these ideas.

And I've just been working to try to open other markets for a lot of our products that were closed during the Cold War because we were worried about letting other people get our technology or our ideas. And we've just taken the wraps off \$37 billion a year worth of computers, supercomputers and telecommunications equipment. And we're looking at some others -- some software and things like that. And one of the problems is protecting the intellectual property rights of our people around the world. But I think you will find that the provisions there on intellectual property substantially improve what happens now there.

Q Mr. President, I haven't seen too many things in my life that Republicans and Democrats have agreed on. You may have noticed some of that in Washington. Doesn't it scare you when your opponents suddenly become friendly? And also, are there some human rights demands in this thing?

THE PRESIDENT: He's worried about the agreement because the Republicans and Democrats agree on it -- right? (Laughter.)

Let me just say, first of all, back when I was a governor I had much less partisanship to contend with than I do in Washington. It seems to be a disease that grips the water up there. But I think what happens, I think all these people who have served as President, when they get out and they have no other personal agenda, really, by and large, and they look on their country and they look at the rest of the world -- and most people, after they've been President and they can't run for anything else or do much else in terms of their personal ambition or politically, I think that they really are saying what they honestly believe to be in the best interests of the country.

Now, there are a lot of people who have criticized the NAFTA agreement, coming out of the labor movement,

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particularly, on the grounds that there are violations of human rights in Mexico or the Mexican system is not as democratic as ours is. It is different from ours and not as open and democratic as ours is. But it is becoming more democratic. Again, I think if we shut them off from us, it is likely to become less democratic.

We do a lot of trade with a lot of other countries that are not as close to us politically as they are. I mean, we've had a lot of political problems, for example, with China after Tiananmen Square. But we keep buying a lot of products from them, and most American business interests have asked us to continue to do it. And many American labor interests have asked us to continue to do it because we're beginning to invest over there and get some markets over there.

I think we have to be mindful of that. And if we think that there are abuses of human rights anywhere, we should stand up to them. And I've tried to do that. But I don't think, given the dramatic improvements in the people who are -- on that score, who are operating in Mexico in the last several years, I don't think that that's a good argument to run away from this trade agreement.

That is, to me, the Salinas government and the man who was there before him started a move away from their anti-American, single-party, hunker-down, isolate from the world, operate in ways that we don't consider acceptable system, to one that's more pro-American, more open and more democratic. I think they are moving in our direction.

I think if we reject them, they will develop a different strategy, and it'll make it less likely that they will grow in human rights and democracy observance.

Q It's been estimated that this is going to require \$2.4 billion in funding over the next five years. How do you propose that we generate that funding?

THE PRESIDENT: I don't know how -- I don't think it will. What will it require the money for? What's the money going to be spent on? They keep throwing these dollars around. What money will be required?

Q The lack of tariffs, what we're charging on tariffs now, funding for the programs that would be for the displaced jobs, et cetera.

THE PRESIDENT: Over the next five years, I'll tell you what I think it will cost. We will have -- the tariffs are a tax, essentially, and we're going to reduce the tariffs -- that costs \$2.5 billion over five years. The package that we sent up to the Congress will replace those tariffs by having a temporary fee of \$1.50 on foreign travel, air travel coming into the United States, and by changing some of the ways we collect customs and things of that kind. That will make up the \$2.5 billion.

Then, we think that the training programs will cost about \$90 million in the first year, and then thereafter more. But they will be funded next year in the budget cycle in the ordinary course of planning the federal budget; not massive amounts.

On the environmental cost, we've now got an agreement with the World Bank to finance through appropriate loans several billion dollars worth of environmental cleanup in Mexico which will be paid back presumably by the polluters themselves in Mexico; they have to work out the repayment terms.

Now, that will be the lion's share of it. There may be some environmental obligations on us that are not yet fully paid for, but they won't get up anywhere near the figure you

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mentioned. And we have a border commission with some money in the till there, a few hundred million dollars, and some other bonding options that we have to fund the environmental costs. So we've covered the loss of tariffs in the bill now before the Congress, the training programs will be covered as part of the training initiative I present to the Congress next year, and the only other issue we have to worry about is whatever comes up over the next five years in environmental costs that we have to pay for in America, that is usually done by asking the people who do the pollution to pay the lion's share of cleaning it up through making bond payments. So I think we're going to be okay on that.

A lot of the costs have been way overstated, in my view, based on what we know.

Q I hesitate to interrupt this important discussion, but we here at Lexmark have a serious problem.

THE PRESIDENT: You've got to go back to work?
(Laughter..)

Q Our laser printers are so hot in the marketplace that people want more of them than we can build. And so these people are going to be mad at me. (Applause.) They're going to be upset at me if I don't let them get back to work soon. (Laughter.) So please take one more question, and then we probably ought to close.

Q It's my understanding that some tariffs will still be in place after the agreement comes into effect. My question is what percentage of goods going each way will still have tariffs on them immediately after, and then after five years?

THE PRESIDENT: Most of them will be all gone after five years. I can't answer that, but I'll get you an answer. If you give me your address, I'll send you a specific answer to it.

Let me tell you what -- this was a part of the negotiation, but some of the particularly sensitive items that were clearly felt by one side or the other to need a longer period of time to get to where they could fully compete were given more time. There are some phase-out -- a few things where the phase-out goes all the way to seven years, or 10 years. But, by and large, there are substantial reductions in the tariffs immediately, and almost all the reductions occur within the first three years.

Now -- and let me just back up and say, while the products that we've mentioned here -- and I think all the products that are produced by any of these folks at these five companies that could be sold into Mexico -- have a 20-percent tariff, some Mexican products are less. And the average Mexican tariff is just a little over 10 percent. But a lot of the stuff where we've got real hot opportunities, that's a 20 percent tariff. So that's why I've been so interested in them. Our average tariff on their products is four percent.

Where there is a longer phase-out period, it's normally because we have something called a nontariff barrier; that is, an absolute limit on how much can come in. That's normally on textiles and apparel. So there's a longer period of phase-out there to make sure that there's more of an opportunity to adjust to whatever the competitive developments are, so that we don't just throw cold water on them.

I wish I could stay all day. You guys have been great. I hope you will support this. It means more jobs for this country.

And also, don't forget, one of the things I want to emphasize again -- it didn't come up in the questions. When I was at the United Nations a few weeks ago, I had a reception for

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all leaders of all the other Latin American countries who were there. And I can tell you that Argentina and Chile and Venezuela and Colombia and Bolivia and a lot of other countries that are struggling to maintain democracy want to open up markets with us and they want to buy our products. Tiny Colombia, in the last two years, has increased their purchase of American products by 69 to 64 percent a year. This is a big deal. But if we don't do NAFTA, they'll wonder whether we're really serious about embracing all of Latin America.

Again, I say I hope you will support it. I do believe that it will give us in the short-term a competitive advantage over the Europeans and the Japanese. But the most important thing is it will pressure them to adopt a new worldwide trade agreement. American workers are now the most productive in the world. You've got to believe in yourselves. We can do this. We can compete, we can win if we have access to the markets. That's what this gives us.

Thank you very much. We need your help.

(Applause.)

END

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REMARKS BY THE PRESIDENT
IN NAFTA SATELLITE HOOKUP

US. Chamber of Commerce
Washington, DC

12:35 P.M. EDT

THE PRESIDENT: Thank you very much. I'm delighted to see all of you here and to know that there are people all across the country watching this important event. I thank the Chamber of Commerce for organizing this and for providing the technology that makes it possible. I'm glad to see Governor Edgar of Illinois here. And I listened intently in the back room there to my former colleagues, Governor Wilson and Governor Weld, talk about NAFTA.

I want to thank Dick Leshner and Ivan Gorr and Larry Bossidy for their work through U.S.A. NAFTA and the Chamber of Commerce to help us pass this very important piece of legislation. And I think former Congressman Bill Frenzel, who's the cochair of our effort, is here somewhere. I want to thank him for making our bipartisan administration effort as successful as it's been.

I know that there are people all over the country here, but if you'll forgive me for a little bit of parochialism, I want to observe that there are 150 people from my homestate of Arkansas listening at the Excelsior Hotel in Little Rock, where we had the economic summit last December, and one of our good employers I just shook hands with on the platform up here.

I say that to make this point: Any governor will tell you that the job of being governor today is the job of getting and keeping jobs and educating and training people to do them. That is the lion's share of the work on a daily basis of doing that job. For a dozen years, it was my job to try to deal with the pressures of global competition, the enormous economic difficulties of the 1980s. When plants closed, I knew people's names who ran the plants, who worked in the plants. When people closed their plants and went to Mexico, I knew about them, and I was proud that -- of the three or four we lost when I was governor, we actually brought one back before I left office. It made me feel that in part, we had squared the circle.

The point I want to make is this: Anybody who has ever dealt with these issues knows that most of the arguments being raised against NAFTA today are arguments being raised about economic forces and developments that occurred in the past. And anybody who has ever read the agreement knows that if you don't like it when people shut plants down and move to Mexico, that this agreement will actually make that less likely. And if we don't pass it, it will do nothing to stop what people who are complaining about it, are complaining about.

I would never knowingly do anything that would cost an American a job. My job is to try to recover the economic vitality of this country by working in partnership with the private sector. It is important, it is imperative, that we make it clear to the American people, first of all, that you ought to look at what this agreement

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does -- it helps to alleviate the problems that led to so many jobs moving out of our manufacturing sector, either into machines or offshore -- whether to Mexico or to other places.

I want to acknowledge that in Cincinnati today, Congressman David Mann is there with 130 people at the General Electric Aircraft Engine Plant. I think if NAFTA passes we'll not only sell aircraft engines from Cincinnati, we may even sell some of that Cincinnati chili, too.

In Seattle there are 100 people in attendance at the Lake Washington Technical College. One in six jobs in the state of Washington are related to trade today, and by the time most of the students at that college hit their stride, even more jobs will be dependant on trade.

I have to tell you that again I have heard all the debates on this issue, I have listened carefully to the opponents and the supporters -- I have never heard anyone seriously argue that a great country with a high per capita income can expand its incomes or its jobs without expanding trade. There is simply no way to do it. There is no example anywhere now, of a country that can grow more jobs without selling its products beyond its borders. And that, in the end, is the most important lesson we have to learn if we're going to make a good decision about NAFTA.

When I became President, I had a very clear set of priorities in my mind about what I ought to do with this economy. I knew we had to try to bring the deficit down and get interest rates down. And it's immensely gratifying to have the lowest home mortgage rates in 25 years -- the lowest 30 year rate since we've been calculating them come out in the last few months; to know that the deficit came in \$55 billion less this year than we were told it would be on January 20th. But I also know, that even though there are indications that we see an increase in investment in homes, in cars, in long term investments by businesses, in the end this economy will not grow unless we sell more of our products and services beyond our borders. We cannot simply create a healthy economy only by changes here.

The other day we announced our new export initiative, which among other things removed over \$35 billion worth of high-tech equipment from export controls and opened those things to the international market -- computers, supercomputers, telecommunications equipment. Some one has to buy them. In the last two years, Mexico has gone from purchasing 390,000 to 600,000 computers -- just from one year to the next. But 600,000 in a consumer market of 90 million men, women, and children is not so many. Think what will happen when the barriers to tariffs go down, when there is no 20 percent tariff barrier. And think what it will be like when that tariff barrier is down for us but not for our major competitors. We've been on the opposite side of that fence a lot of times. Now, we're going to be given preferential treatment in a market that we're going to help develop. It's a very, very important issue.

I want to say to all of you that if we don't approve NAFTA, it will weaken our ability to get a General Agreement on Tariffs and Trade passed by the end of the year. If we do approve NAFTA, it will not only put us in a stronger position with Mexico and with all the rest of Latin America, it will help us to say to our trading partners in Europe and in Asia what we really need is to continue to expand trade worldwide.

The real job gains in NAFTA come not just from passing NAFTA, although we are convinced it will create 200,000 new jobs by 1995. The real job gains come when we take that NAFTA agreement and we take it to Chile, we take it to Argentina, we take it to Columbia, we take it to Venezuela, we take it to the other market-oriented

democracies in Latin America and enable us to create a consumer market of over 700 million people -- soon to be over one billion people, early in the next century. And we use that leverage then to say to our friends in Asia and our friends in Europe that it's okay for you to have trading blocs but we need to open up trade worldwide. We need that. If we don't pass NAFTA, our leverage to get that done will be much more limited.

So I say to all of you it is important not only on its own terms, but this issue has acquired an enormous significance because of the advantage it will give us in the Mexican market over our competitors in Japan and Europe and because of the leverage that will then give us to get a worldwide trade agreement that the world desperately needs to restore global growth. Without that we're not going to be able to sell our products. We're not going to be able to create more jobs. We're not going to be able to see our workers' incomes go up. With it, we have the prospect of having several years now of sustained, vigorous economic growth because we are getting control of our economic house. We are putting things in order. We are getting our priorities straightened out in this country. We are focusing on investment and on training. We have to have the markets.

Now let me just say one final thing about this. I think if there were a secret vote in the Congress today, we would win. Now that's a big issue -- winning the secret ballot. I say that not to criticize anyone or to put anyone down, but to recognize that the pressures against NAFTA are enormous, but they reflect, as I have said many times and many places, the accumulated frustrations and grievances and insecurities people bring to this day in American history. More and more people are worried about losing their jobs. More and more people know if they lose their jobs, they won't get it back. That's true. That's true.

We have an unemployment system premised on a set of conditions that no longer exist. You know, you lose your job and then the recession's over and your old company hires you back. That only happens about one in five times now.

So there is all this uncertainty out there in America today. I understand that. And our administration has done what we could to try to alleviate the insecurities of the American working families. The family leave law was designed to say to people, you can be a good worker and a good parent.

The attempt to control health care costs and still provide health care for everyone is an attempt to say, yes, you may lose your job, but at least your family can be taken care of. The attempt that the Congress is making now on a bipartisan basis to pass a new crime bill is a way of saying, we know you have to feel safer on your streets. If you work hard and play by the rules, you shouldn't worry about having your children shot going to and from school.

But with all of this, we cannot turn away from the global economy that is engulfing us. And what I want to ask all of you to do, every one of you listening to me today, is to think about what you can do between now and November the 17th, either directly by contacting a member of Congress or indirectly by getting employees or friends or others to contact members of Congress to say, we know America can compete and win. We are not going to turn tail and run. We have not given up on America. The Mexican economy may have 90 million people, but today it is the size of California, from Los Angeles to the Mexican border.

The idea that America is just going to shrivel up if we adopt this trade agreement is ridiculous. This trade agreement is a door that opens all of Latin America to us. It is a lever that will open a broader trading system in the world to us. And we cannot run

away. We've got to compete and win. You have to be, in other words, the engines of confidence in our future. And employees, people who work with you who understand this, can have a huge impact on turning what is now only a secret ballot victory on NAFTA into a public victory on November 17th.

This is a difficult time for America. And it's hard for people to have confidence when they've been battered and pushed around and worried. But we cannot turn away from the future that is there before us. I honestly believe the next 20 years could be the best 20 years this country ever had -- if we have the courage and the vision to take advantage of the end of the Cold War; the continued efforts to reduce nuclear arms; the fact that economic competition may expand opportunity for everyone if we do it right. But this issue -- when we started, NAFTA had a significance for those who were fighting against it all out of proportion -- all out of proportion to the impact it could have. You saw on that film -- there are several unions, many major unions in this country who are going to gain jobs if this passes. But they decided that NAFTA would be the receptacle in which all the resentments and fears and insecurities of that last 12 to 20 years of stagnant wages and economic difficulties would be poured.

It has acquired a symbolic significance for those of us who are for it, too. This is a huge diplomatic, foreign policy and economic issue for America. You simply cannot divide domestic and foreign policy anymore as you once could. This is a major thing for the United States. If we walk away from this -- if we walk away from this and Mexico decides to pursue its development strategy, what must it do? It must make this deal with Europe or with Japan. And what would that do? That could change the purchasing habits of 90 million Mexicans and hundreds of millions of people in Latin America. It could cut us off from not only economic but political opportunities to promote democracy and freedom and stability in our hemisphere that we can now only imagine.

If we embrace it, we not only will get in the immediate future a competitive advantage in selling into the Mexican market, a way of embracing all of Latin America, but the security of knowing that America is still marching in the right direction; that we are on future's side; that we are grasping for a time when our people will be able to compete and win in a global economy that will be less protectionist, more open, more full of opportunity, and more full of peace and democracy. This is a huge issue.

So I will close with this plea to you: This not exactly like a church service. I know I am preaching to the saved, as we say at home. (Laughter.) But you all have to be missionaries. We only have 17 days or so. We need you to go out and make sure that your members of Congress -- every man and woman in the Congress that you can reach -- is contacted by real people who say, my life will be better. I don't know how many members I've heard from both parties saying, all the organized vote is against this. I'd just like to hear from a few people who will rationally tell me that their lives will be better and that our country will be better off, and that our district will be better off. Please do that. Don't miss a chance to do it.

Don't wake up on the morning of November the 18th and wish that you had done something to give America a brighter future, to give our hemisphere a more solid, more democratic, more market-oriented future, and to open up the future in a way that is worthy of our country, and that I am convinced is absolutely essential for our long-term success.

We need your help. Many of these members you can have more influence on them than I can, because I can only vote in one congressional district every two years. You can vote in all of them.

We need your help. Thank you very much. (Applause.)

MODERATOR: Ladies and gentlemen, the President has agreed to take some questions. Behind you are small business owners. They all are wearing NAFTA buttons, but there's one man who's wearing an attitude button, as well. Would you like to ask the President a question?

Q Yes I would. Mr. President, my name is Toby Malaki*. I'm president and managing director of Malaki Diversified Limited in Indianapolis, Indiana. As a small company, I've been official spokesman for U.S.A. NAFTA since day one of negotiations. How do you respond to those whose attitudes favor protectionism as the better idea?

THE PRESIDENT: I respond in two ways. Number one, most of those people believe that all managers make all decisions based on labor costs. If that were true, what you would be reading this morning about Haiti is not whether a police chief and an army guy want to make it even poorer -- even though it's already the third poorest country in the world. What you would read is that Haiti had all the manufacturing jobs in America, right? I mean, if this were a case of low wages, the headlines on Haiti today would be "General Motors shuts down in Michigan", "Caterpillar leaves Illinois -- goes to Port au Prince", right? (Laughter.) So it's just -- number one, it's not factually true that labor costs or environmental investments are the only thing involved.

Germany, which has a trading system at least as open -- arguably more open than ours -- and higher labor costs has almost one-third of its work force in manufacturing -- almost twice the percentage we do. It's simply not true. How well you do in production of goods and services depends upon how productive you are, how well organized you are and whether you can sell.

The second thing I would say is there is this fear because of what's happened to us, because we're going through this wrenching restructuring, that is emotional, that just -- that we can't compete and win anymore and that's just not true either. We're going to have to be able to suit up and go out and play and win. That's the attitude issue -- do you believe that this country can win or not? I mean, we're gaining back market share in auto, American autos, shoving our foreign competitors out of the American market because of quality and price. And there are lots of other examples. Our manufacturing productivity's gone up now for a dozen years, has an annual rate of over 4 percent a year. This is nuts, this idea that we can't compete and win.

It is true we're having trouble creating large numbers of new jobs. That is true for every wealthy country in the world. We have to solve that problem. But no one can solve it without more markets.

Those are my answers, and I thank you.

MODERATOR: Please raise your hand for questions. Mr. President, while I'm trying to find a question, there's a gentlemen who got up at 3:00 a.m. this morning, milked the cows and came because he cares about NAFTA. If you shook his hand, he'd have stories to tell for years. He's right behind you in the white shirt. (Applause.)

THE PRESIDENT: Where is he? (Applause.) I want to say this before you get to the question: That man is a dairy farmer, and

*All names are spelled phonetically.

sometimes I feel sorry for myself -- if you think you work hard, you ought to start a dairy farm. (Laughter.) It's a 24 hour a day, seven day a week job. I never could figure out how any of the dairy farmers in my state even made it to their kids' high school graduation. But I thank you for coming here today.

MODERATOR: What is your business and what is your question?

Q Mr. President, my name is Bruce Cowan. I'm President of TRC Companies. We're a small publicly-owned environmental engineering and consulting company. And the passage of NAFTA would be a great benefit to our company -- outstanding opportunities in the environmental services market and to our environmental industry. It would be a shame if NAFTA wasn't passed. And my question, sir, is what would happen if NAFTA wasn't passed to our economy as compared to the economies of Europe and Japan?

THE PRESIDENT: Let me say, first of all, to the opponents of NAFTA, you can't name a single solitary thing you don't like that wouldn't continue to happen at maybe a greater pace if it fails. So you don't gain anything by beating it, for the people who are against it.

In addition to that, if Mexico follows that same strategy -- let's ask rationally, what do they get out of this deal? If it's such a good deal for us and we sell even more consumer products -- they are already the second biggest purchaser of American products in the world, even though they're by no means a wealthy country. They buy more per person than any other country in the world, except Canada -- what do they get out of it? They get development capital, not to invest to export back to the American market but to build up Mexico. That's what the get.

Now, if they stay with that strategy and we turn them down, what do you think they're going to do? There's only two places they can get it. They can make the same deal with Europe, or the same deal with Japan, which means they will give them preferential access to their market instead of giving us preferential access to their market, which means that you, sir, will have to face a 20 percent disability if you want to sell into the Mexican market against what either the European people are doing more or less what you do, or the Japanese business people who do. That's exactly what's going to happen.

In addition to that, we will probable see a reversal of the good feeling that now exists for the United States and Mexico and throughout Latin American, and the opportunity to do this same deal with other countries. I mentioned a few: Chile, Argentina, Colombia, Venezuela, there are others -- none of whom will be getting investment to export back to the American market, but all of whom will buy more American products. Those opportunities will also be lost.

So, this is a good deal for this country, and not doing it conversely, is a very, very dangerous strategy. It's a dangerous strategy economically; it's dangerous politically; it will hurt us in the short run; and it will hurt us for 20 years. I am convinced it is a terrible, terrible mistake.

MODERATOR: Do you have time for one more, Mr. President?

THE PRESIDENT: Sure, I'm with you. (Laughter.)

MODERATOR: This gentleman flew all the way in from California. He didn't want to talk to the Governor, he wanted to talk to the President. Please go ahead.

Q Mr. President, my name is Dick Heckman, I'm Chairman of the United States Filter Corporation out in California. And as you know, out in California many people are saying that NAFTA will increase illegal immigration. How do you feel about that, sir?

THE PRESIDENT: It won't. There's no evidence that it will. I can't even figure out that argument. I really -- I've really -- I stayed up late trying to figure that one. (Laughter.) I can't figure it out. (Applause.)

To be fair, let's talk about it. There is a sophisticated argument that development in Mexico increases immigration to America. And let me tell you what it is and then say why NAFTA makes it better. Most of the people who immigrate from Mexico to the United States illegally are looking for jobs. Some are looking for welfare, but most are looking for work. When we set up the Maquilladora system along the Mexican border, which, after all, was set up by our government to help Mexico develop, right? The idea was you could go down there and put up a plant and then export back to the United States duty-free. So a lot of people who don't have access to other jobs in other parts of Mexico come up there, they work in the Maquilladora plant, but they can make more money in America; or they come looking for a job, they don't get it, so they just -- it's very close to the border. So you could argue that the Maquilladora system has perversely increased illegal immigration.

How will NAFTA reverse that? It erases the Maquilladora Line. This will permit investment to occur in Mexico City and south of there. This will permit a balanced development approach so there will not only be more jobs and higher incomes, but they'll be strewed out all over the country instead right there on the American border, all of which will reduce illegal immigration long-term.

Also, since you said that, if NAFTA passes we will get much more cooperation from the Mexican government in enforcing our immigration laws and our drug laws. There's no question that we'll get a higher level of cooperation on both those very important issues if this passes.

Thank you.

MODERATOR: Was that answer worth your trip?

Q Absolutely perfect. And I'll go home and tell --

THE PRESIDENT: Don't you think it's right --

Q You're absolutely right. And I'll go home and tell the story for you.

THE PRESIDENT: Thank you.

Q Mr. President, my name is Stacy Shepherd, and I represent AAI Corporation. It's a company that designs and produces computer-based firefighter training systems. Our company and business is based on finding new markets throughout the world, especially within this hemisphere. So can you explain America's conviction that U.S. businesses can no longer compete?

THE PRESIDENT: Well, I -- again, you see, I don't agree with it. But we have lost a lot of manufacturing jobs in the last 20 years. We've been losing manufacturing jobs for 35 years. But the percentage of our economy devoted to manufacturing is just what it was 12 years ago. In other words, what's happening is we -- just what happened in agriculture. Going back to the beginning of this century, you've got fewer people increasing their productivity and increasing their -- therefore increasing their output. That doesn't

mean we can't compete, it means we have to get more and more productive to compete.

Now, here's my argument to the people against NAFTA. Let's say we've got 16 percent of the American work force in manufacturing today -- it is 16 to 17 percent -- producing about 20 percent of our national wealth. And let's say that 15 years ago -- I can't remember -- but let's say 15 years ago, it was about 23 percent -- I think that's about what it was -- producing 20 percent of our national wealth. If you want to go back to 23 percent, what do you have to do? You have to make more things and sell them to more people.

I will say it again, Germany -- a country with a shorter work week and higher labor costs, but extraordinary productivity in manufacturing -- has almost a third of its workers in manufacturing. Now, do they account for 20 percent of the wealth in Germany? No, they account for about 40 percent of the wealth. So if you want to do more in manufacturing or in services or in agriculture or in anything else, you have to have somebody to sell to.

So people have missed the -- they assume that when the number of manufacturing workers go down, that the production's going down so people have missed. They assume that when the number of manufacturing workers go down that the production's going down because nobody's buying it. In fact, production is just where it was. It's just that more people are more productive.

So my answer to those folks is, if you want more people to work in manufacturing again, find more customers. There is no other way to do it. Find new products and more customers.

This gentlemen here in the environmental area, one of the things we're trying to is to take a lot of these defense companies that are losing their defense contracts and do partnerships with the federal government to give them the time they need to develop new technologies. You have to find different products and more customers. There is no other way. It has nothing to do with lower wages. That's not what the problem is.

MODERATOR: Mr. President, your friends from the Excelsior Hotel are trying to reach you.

THE PRESIDENT: I may owe some money -- (laughter).

MODERATOR: They've gotten to you by fax. It's your Arkansas NAFTA coalition assembled at the Excelsior Hotel. How is that hotel?

THE PRESIDENT: It's a very nice hotel. (Laughter.)

MODERATOR: Okay. All right. (Laughter.)

THE PRESIDENT: Also to give you -- it happens to belong to some Japanese investors who employ a lot of Arkansans. I mean, I think that's the -- that's the world we're living in. We can't run from it. We ought to embrace it and figure out a way to win in it.

MODERATOR: Here is their question, Mr. President. If NAFTA fails, isn't it reasonable to expect that Japan and the European Community will step into Mexico and take much of the market away from the U.S., thereby costing U.S. jobs not saving them?

THE PRESIDENT: Well, I'll tell you what I would do. If I were the prime minister of Japan and I had a low growth rate, and I had my companies going crazy because they have a sort of a -- they have hidden unemployment since they have, in theory, lifetime employment. So they've got about 7 percent unemployment, but it only

scores at 2.5 percent, which means all those companies are carrying idle workers on their books. I would jump on this like flies on a Junebug. I mean, it would be -- I would be there on the next day. If Congress votes this down on the 17th of November, I would, if I were the prime minister of Japan, have the finance minister of my country in to see the president of Mexico on the 18th of November. That's what I would do. I'd say, we got more money than we do anyway; make the deal with us. That's what I would do. And if I were running the economic affairs of the European Community, I would do that same thing. because it's a new market for them at a preferential rate so they can actually push us out of a new market that we're already well established in. That's what I would do, that's what I think will happen. That's what you'd do, too, isn't it? If you were running --

MODERATOR: Mr. President, you remember the budget vote?

THE PRESIDENT: I do. (Laughter.) As the Vice President says, whenever he votes, he always wins. (Laughter and applause.)

MODERATOR: The speculation is that it's going to come down to a pretty close vote, so I was trying to see whether or not you might have the same feeling about this vote that you had about the budget vote.

THE PRESIDENT: I think it will pass -- I'll tell you what I think will happen. I think it will pass for the same reason the budget passed. I think what will happen is people will get up to the point of decision, they will look over the abyss, members of Congress who have been -- excuse me -- subjected to unbelievable pressure and they will think, can I actually do this to my country? What are the consequences of not doing this?

Now, you can say whatever you want to about the details of the budget, it's hard to argue with the conclusions. We've now got very stable long-term low interest rates; we've got investment going back up in the country; we've got America being complimented instead of being condemned by the Europeans and the Asians for getting control of our budgetary affairs. That's what the members of Congress knew. So, finally, they had to swap and squall and break and everything happened, but we got enough votes to pass the thing. So, that's what I think will happen with NAFTA.

But let me say this, in order to win by a vote or two or three or four, you have to be close so that there is a magnet leading people to take the right decision. If the members of the Congress who are under so much pressure from organized groups, whether it's the Perot crowd or the labor groups, if they sense that it's not close, they might run away from it in great numbers, which is why your efforts are so important. I honestly believe it will pass, but you need to understand that is the dynamic that will operate in the Congress.

Let me also say, that one of the things that I think is worth pointing out is we all know who's against NAFTA, but it's worth pointing out that 41 of the 50 governors have endorsed it -- and they make their living, without regard to party, they make their living creating jobs, keeping jobs; twelve Nobel prize winning economists; and every living former president. I had several of them at the White House the other day and we were trying to figure out if there was any other issue on which all of us have ever agreed. (Laughter.) And maybe something else equally controversial, who knows, but I think that's important.

So, that's the answer. The answer is, yes, I remember the budget vote. Yes, it could be close. But in order for it to be close you all have to push between now and then. If it's close, I

think we'll win. If they perceive it's not close, then you'll see a big movement away from it just to avoid making anybody mad who's arguing to vote against it.

MODERATOR: Thank you Mr. President. They're here to help you and thank you so much for your time.

THE PRESIDENT: Thank you very much. (Applause.)

END

1:07 P.M. EDT

Week of October 31

Sunday, 31st: HRC w/Koop at American Academy of Pediatrics
Monday, 1st: POTUS NAFTA Event
Tuesday, 2nd:
Wednesday, 3rd:
Thursday, 4th: POTUS will travel for NAFTA or Health care
Friday, 5th:
Saturday, 6th:

- * Families USA Health Security Meter hits 3 million 11/2
- * SBA Town Hall, Denver, CO 11/3
- * NASW Conference 11/3
- * One year anniversary of election 11/3

Week of November 7th

Sunday, 7th: HRC at Koop forum, D.C.
Monday, 8th: SBA Town Hall, Des Moines, Iowa
Tuesday, 9th: HRC possibly in NYC (NW Managed Health Care Conf.?)
Wednesday, 10th:
Thursday, 11th: Veterans Day
Friday, 12th:
Saturday, 13th:

- * Ira Magaziner does town hall w/Kennelly in Hartford

Week of November 14

Sunday, 14th:
Monday, 15th:
Tuesday, 16th:
Wednesday, 17th: NAFTA House vote
Thursday, 18th: Passage of health care resolution?
POTUS "Success/victory/wrap-up" event?
POTUS departs for APEC Summit, Seattle
Friday, 19th: POTUS at APEC, Seattle
Saturday, 20th: POTUS at APEC, Seattle

Week of November 21

Sunday, 21st:
Monday, 22nd:
Tuesday, 23rd:
Wednesday, 24th:
Thursday, 25th: Thanksgiving



THE WHITE HOUSE

Office of the Press Secretary
(New York, New York)

For Immediate Release

October 28, 1993

REMARKS BY THE PRESIDENT
TO THE WALL STREET JOURNAL
SECOND ANNUAL CONFERENCE ON THE AMERICASWaldorf Astoria
New York, New York

8:23 P.M. EDT

THE PRESIDENT: Thank you very much, Peter. And thank you for that wonderfully understated observation that your editorial positions don't always agree with mine. (Laughter.)

I am delighted to be here tonight on a matter in which we both agree. I thank you for sponsoring this meeting and I was glad to see you and my longtime acquaintance, Al Hunt, who invited me. I would say "friend," but it would destroy his reputation in the circle in which we find ourselves. (Laughter.) He invited me here only because he had been replaced by Alan Murray, and therefore, he knew he could not guarantee me one line of good press for accepting his invitation. (Laughter.)

I thank you. I thank William Rhodes and Karen Elliott House, and all the others who are responsible for this event.

Ladies and gentlemen, I will get right to the point. When we concluded the side agreements with Mexico and Canada in the NAFTA negotiations and actually had a proposal to take to the Congress, I really believed that the cause was so self-evidently in the interests of the United States that after a little bit of smoke and stirring around, that the votes would rather quickly line up in behalf of what was plainly in our short and long-term national interests. It is no secret that that has not happened.

And since I have always prided myself on being a fairly good reader of the political tea leaves, I have pondered quite a bit about why we are engaged in a great struggle that I think is very much worth making and that I still believe we will win, but why has it been so hard? And what can all of us who believe that NAFTA ought to prevail and in a larger sense believe we need to succeed in getting a new GATT Round by the end of the year, and in promoting a continually more open world trading system -- what is it that all of us can do to try to give new energy, new drive to this vision that we all share for the post-Cold War world?

Anyway, let's begin by why it turned out to be so hard. I think it is far more complicated than just saying that the labor movement in America and Ross Perot's organized group had a lot of time to bash NAFTA without regard to what would ultimately be in the final agreement.

It is far more complicated than that. And it is at root a reflection of the deep ambivalence the American people now feel as they look toward the future. So that in a profound way, at this moment in time, NAFTA has become sort of the catch-all for the accumulated resentments of the past, the anxieties about the future and the frustrations of the present. Irrelevant are the specific provisions of the agreement, which plainly make better all the specific complaints many of the people opposing NAFTA have about our relationship with Mexico.

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I mean, plainly if you just read the agreement, it will cause the cost of labor and the cost of environmental compliance to go up more rapidly in Mexico. Plainly, if you just read the agreement, it reduces the requirements of domestic content for production and sale in Mexico in ways that will enable Americans to export more. Plainly, the main benefit to the Mexican people is opening the entire country in a more secure way to American investment -- not for production back to the American market, but to build the Mexican market -- to build jobs and incomes and an infrastructure of a working market economy for more of the 90 million people who are our largest close neighbors.

So this opposition is in spite of the plain terms of the agreement. It is also in spite of the fact that plainly NAFTA could lead the way to a new partnership with Chile, with Argentina, with Colombia, with Venezuela, with a whole range of countries in Latin America who have embraced democracy and market economics. And I say this to my friends who are not from Latin America, but who are from other nations here tonight: we see this not as an exclusive agreement, but as part of the building block of a framework of continually expanding global trade.

So this is not about the letters, the words, the phrases, the terms or the practical impact of this agreement. That is not what is bedeviling those of us who are trying so hard to pass this agreement. This agreement has become the symbol, as I said, for the emotional frustrations, anxieties and disappointments of the American people. Feelings that are shared, as we now see from the results of the recent Canadian elections and other wealthy countries, the results of the recent elections in France, manifest in the low growth rates in Europe and the low growth rates in Japan and the recent elections there.

What we are seeing is a period of global stagnation which comes at the end of several years in which global growth did not necessarily mean more jobs or higher incomes in wealthy countries. We are living in a time of great hope where there's more democracy, more adherence to market economics; when the wonders of technology are providing new areas of economic endeavor and new, millions of new successes every year in all continents. But where still there is so much frustration for those who cannot figure out how to make these changes friendly to them.

So that in America, for example, having nothing whatever to do with NAFTA or our trade with Mexico, we are now at the end of a 20-year period when hourly wage workers have seen their incomes remain basically stagnant while their work weeks have lengthened. When income plus fringe benefits have gone up modestly, but mostly that's been inflation and wage costs. When for the last several years, we have seen more and more working people subject to the restructuring of industries, which means that for the first time since World War II people who lose their jobs in America now normally don't get the same job back, they get a different job after a longer period of time, usually with a smaller company, usually paying a lower wage with a weaker package of fringe benefits.

Now, to be sure, though, a lot of good things are happening. Manufacturing and productivity in this country is growing very rapidly and has been for several years. We are recapturing part of our own automobile market, for example, this year. It's quite astonishing to see what's happened to the American manufacturers' share of the American car market. That's just one example. American productivity in the service sector is beginning to come back, and if you give me a couple of years to work with the Vice President on this reinventing government, we'll give you more productivity in the government sector, too, which will have private sector impact.

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But the plain fact is there are an awful lot of people in this country who feel that they are working harder, caught on a treadmill, not moving up; who feel quite insecure and uncertain.

If you look at what has happened, basically, we live in a world where money management and almost all, but not all technology is mobile; where productivity and prosperity are largely a function of the skills of the work force, the level of appropriate investment and infrastructure, and in the private sector, the organization of work and a system for maintaining ever new and different skills; and the systems that support work and family; the systems that support expanding exports; and the systems that support dealing with sweeping economic change. To whatever extent any nation with a high per capita income lacks those factors, people will suffer. And there will always be some dislocation simply because of the rapid pace of change.

What happened today in America is we have a whole lot of people who have dealt with this not very well, who feel that they have worked hard and played by the rules, and who now are the seed bed of resentment welling up against NAFTA -- not because of anything that's in NAFTA, but because it's the flypaper that's catching all the emotion that is a part of the runoff of the last 10 or 12 years, in many cases, 15 years, of experience with the global economy where the United States has not made all the investments we should have made; has not made all the changes we should have made; has not made the adjustments we should have made.

Therefore, what I have tried to do -- what I tried to do in my speech to the AFL-CIO in San Francisco recently, was to argue that we needed America to face the future with confidence, to believe that we can compete and win, not to run away and not to pretend that these global changes had not occurred; but also, to argue that we ought to have a certain base level of security in this country so we could deal with the future.

That's why I supported the family leave law, because most people who are parents also work. So we shouldn't make it impossible in America for a person to be a good parent and a good worker. I believe it adds to worker productivity even though it's a little extra cost for employers.

That's why I think we have to become the last advanced nation to provide health security to all working people, because people are going to lose their jobs in this economy. It's a dynamic economy. One that creates jobs in as many different ways as ours does will also have people losing jobs all the time. And if we want that dynamism to be there, there has to be a bedrock of security underneath it. People cannot feel when they go home tonight to face their families, their children, over the dinner table that if they have lost their jobs they have put their children's health in danger. So we need to build that underneath.

That's why, next year, we're going to propose radically changing the unemployment system in this country to a reemployment system where, instead of just getting benefits until they run out, you immediately begin a job search, an analysis of the jobs in a given area, the areas of job growth and a retraining program immediately, because most people will not get their old job back. And that's what the unemployment system is premised on. It is taking taxes from employers and dragging down the economy under a false premise because it's no longer relevant to the world we live in. What is all that got to do with NAFTA? If we had all this in place, we'd have a more secure work force and it would be easier to argue to them we must face the future with confidence.

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In that connection I would like to ask those of you here who are Americans who are employers here to do one or two things tonight. Number one, I ask that you tell your own employees and publicly commit that you will support a rich, full and adequate job retraining program for the people who will be displaced because of this agreement. This is a job winner for America -- we're going to get more jobs than we lose; but some will lose.

One of the more sophisticated opponents of this agreement said to me the other day, "I know you will create more jobs than you'll lose. But the people who will get new jobs won't feel as much joy as the people who lose them will feel pain." Interesting argument. If you were on the losing end, you might agree. What do we owe those people? A far better training and retraining program than we have; a far more aggressive reemployment program than we have. You should support that so that the people who are at risk will feel that we are moving forward into the future together. It is very important.

The second thing that I ask of all of you is this -- that you ask your employees who support this to contact their members of Congress. I've had as many Republican as Democratic members of Congress that I am lobbying say to me, "I want to hear from the people who work for the employers, not just from the employers. I want to hear from the people who know that their jobs will be made more secure, not less secure, if NAFTA passes." That is very important.

We have all these wavering members of Congress now, many of them moderate Republicans and moderate to conservative Democrats, who come from districts where they have both labor union members asking them to vote against this and people who are part of the old parole organization asking them to vote against this, and they just want some other real voters to ask them to vote for it. They just want another somebody in their district who understands that this is good for America.

The last thing that I ask you to do is to lift this debate up in the last three weeks. I'm going to travel this country, intensify my contacts with the Congress and try to get as many other people enlisted in this battle as possible. But we have to realize that the people of America can view this through their personal spectrum, but the members of Congress must be statesmen and stateswomen. They have to realize what is at stake for America in this. We have to decide whether we are going to face the future with confidence and with a belief that we can compete and win, and with genuine respect for the heroic changes undertaken by our neighbors in Mexico to the south and other heroic changes being taken by neighbors to the south of them, and engage them in friendship and partnership, or whether we're going to turn away from all that and pretend that we can really do well in a world that we no longer try to lead.

You know, the psychological aspect of this whole debate is absolutely fascinating to me. The element of isolationism that I see coming into some of our foreign policy debates is equally present in the NAFTA debate: "I've got to worry about myself, and I don't have time to worry about anybody else." The problem is, in the world we're living in, worrying about yourself is worrying about somebody else. We're too connected. We don't have that option. And if you think about this in more personal terms. Every time an individual, a family, a state or a nation faces a crisis brought on by change, you have only two options. You can sort of batten down the hatches, hunker down and hope it will go away -- and that works about one time in 100; or you can take a deep breath, take your licks, figure out what's happening and embrace the future with zest. That's what America has done -- that's why we're still around.

This is a real test of our character as a country. Whether we believe that we can compete and win, whether we

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believe that partnership is good global economics and good American economics, and whether we really understand that we have to make our people see the rest of the world as an opportunity not a threat.

So I ask all of you to think about that. To our friends here who have operations in both the United States and Mexico or other parts of Latin America, I ask you to explain to members of Congress that nothing in this agreement makes it more attractive to invest in Mexico to sell in the American market. But this agreement does make it more attractive for Americans to invest in Mexico to help build Mexico. No longer will Maquilladora line be some magic line in the sand -- now you can invest in Mexico City and help to build a strong market of millions of consumers who can be even better partners with the United States. I promise you, a lot of people who will vote on this agreement and carry its fate still do not understand that elemental principle.

You need to say if you have experience in both countries that if you don't pass this agreement, everything that you don't like about the present situation will get worse. And if you do pass it, everything you do like will get better.

These sound like simple things, but I tell you, I've been to so many of these meetings where all of us stand up who agree with one another, and it's like we're all preaching to the saved, as we say at home. Well, there's lots of folks out there who aren't saved yet, but they are willing to listen. And the members of the United States Congress need to understand what the consequences of passing this are, and what the consequences of not passing this are -- not only in Mexico, but throughout Latin America.

The changes in Mexico, political and economic in the last several years, have been truly astonishing, of historic proportions. To continue that, they need a partner, and it ought to be us. And in the long run, even though I know some of our friends in Asia don't like this agreement now, it is in the best interest of the Asians; it is in the best interest of our friends in Europe; it is in the best interest of the world trading system for Latin American and the United States of America and Canada to grow more, to increase their wealth, diversify their activities, so that we can embrace our full share of responsibility for a new fully integrated global trading system.

I think, whether we like it or not, that NAFTA has acquired a symbolic significance, perhaps out of proportion to its narrow economic impact, not only for all those who are agin' it, but for all of us who are for it, too.

We have to face the fact that it is, in our time, the debate which enables us to make a statement about what kind of country we are and what kind of partners we are going to be and what kind of future we are going to make.

And tell you, I believe we will win in the end because I have seen Congress time and time again go to the brink with the easy choice and make the hard one because they knew it was the right thing to do for America. But they need help. The two things you can most do to give that help is to say, I am an employer; I am a taxpayer; I know that is to say I am an employer, I am a taxpayer, I know that people who are disturbed by this, who are dislocated by this agreement should have access to the finest training program this country has ever provided. And I will support that. I will insist that the President and the Congress take care of the people who lose out.

And the second thing you can do is, for goodness sakes, to tell people how it works. We cannot let the legitimate grievances, the honest fears, the well-founded anxieties of

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people who are not doing very well in this economy stop them from doing better tomorrow. We cannot let the American people act in ways that are against their self-interests.

As I said when I was in San Francisco talking to the AFL-CIO, the truth is that this agreement will create more jobs for labor union members in the United States. We have to assert those facts, and we can prevail if we do.

Now, we have, as you know, about two-and-a-half weeks, a little more, before the scheduled vote. That is an eternity. The Congress wants to do the right thing. I am convinced about a week or 10 days ago we passed what I always think of as the first threshold in a big struggle in the Congress; I believe we won the secret battle. That is, I think if there were no recorded votes we could ratify NAFTA tomorrow. And that is a very good sign. It is also not ignoble for people to listen to their constituents.

So you need to make -- what we have to do now is move from winning the secret ballot battle to winning the recorded battle. We can do it. We can do it. But I ask you to remember that all those people that are hanging fire, all the undecided voters in the Congress are carrying with them the accumulated fears, resentments and anxieties of a lot of Americans who did the very best they could and it still didn't work out for them.

And I ask you to at least go far enough with those folks to say, if anything happens to you, we're going to give you a chance to learn a new skill. We're going to give you a chance to change. As I tell people, the average 18-year-old is going to change jobs eight times in a lifetime anyway; we might as well get used to it. The average 60-year-old worker in America is going to have to get used to learning a new skill. They might as well learn to enjoy it. It will make life a lot more interesting.

NAFTA can be the beginning of our decision to be a secure nation in a global economy; to lead, not follow; to reach out, not hunker down. We owe it not just to our friends in Mexico and Canada and Latin America; not just to the rest of the world. We owe it to the tradition of America. And I believe we will do it. But it's going to take all hands on deck. And I came here tonight to ask for your help, as much as you can do, in every way that you can in the next three weeks.

Thank you very much. (Applause.)

END

8:46 P.M. EDT

NAFTA

Sept. 14, 1993

Dufus Yerxa
Bkgnd Briefing

(1)

- Testimony by Browner Reich, Kantor
H. Ways + Means
- Bentsen Chris, Kantor Senate
Finance on Wed
- POTUS, 11 cabinet ofers to travel
- Legislative process:
 - "fast track" = misnomer
 - Pres. will intro. leg. to implement agreement
 - no mark up + non-conferences
b/c leg. not intro'd yet
 - POTUS will
- Target for introduct = late Oct
no later than Nov 1
- legis. then considered under
Fast track
followed by floor action + final vote
- expect action this yr. Implem.
date in treaty = Jan 1 '94
- New Commis. for Enviro + Labor
Provide Mechanism for addressing
enviro, labor, surge questions

- Elim all tariffs & non-tariff barriers between countries
- Trade agreements always handled:
Admin submits draft legis. to committees, non-hearing & non-mark-up proceeds, Congress makes recommendations
- 90 legislative days
- Fast Track doesn't expire for NAFTA b/c Bush signed Treaty w/ Fast
- Once bill intro'd: *Legis. NOT calendar days
45 days in House
15 days move for Senate committee
15 add'l time for floor vote in Senate
[90 days could be used]
- working w/ Congress to secure early vote.
- Once bill intro'd, can't be amended
action happens quickly

Q Andrea: Isn't it unrealistic to expect Congress to approve by end of yr?
A: No

"We're not gonna need all of those days"

(3)

- Work out draft legis. w/ both House Senate committees. The Congress will work out specific language sched for final votes
- Legis has to be consistent w/ agreement
- Non-mark-up / Non-conference process
- implementing legis will carry out terms of agreement

Q: JOBS displacement package?

A: Reich, et al have described a "comprehensive dislocated worker package to be intro'd in Fall. Admin strongly supports "comp. re-empl. ~~stat~~ program"

Q: What do you mean by "minimal" job loss?

A: Consensus of reputable estimates (fully implemented after 15 yrs) losses to US economy = 200,000 job gains = much larger

(4)

294 econ. agree more jobs than
will be lost

* Job gains #:

35,000 low

1 million (net job creation)

By 1995 -

we will have 1 million
jobs in US econ directly
dependent on exports
to Mexico

± 700,000 now

± 200,000 new jobs under NAFTA

± 950,000

JOB LOSS #'S

depend. on Mexico increases
in exports of \$350, B -

the ~~entire~~ entire GNP of Mex.

Since 1987 -

* Created 700,000 exports-reli'd
jobs to Mexico b/c of liberalized
trade

textiles, household glassware
corn brooms

THE WHITE HOUSE

WASHINGTON

October 18, 1993

MEETING WITH HOUSE MEMBERS ON NAFTA

DATE: October 19, 1993
LOCATION: Cabinet Room
TIME: 10:30 am -- 11:30 am
From: Susan Brophy

I. PURPOSE

To meet with a bipartisan group of House Members to discuss the NAFTA.

II. BACKGROUND

The members you will be meeting with are undecided on the NAFTA. As you know, the Cabinet Secretaries have been active on this issue. Cabinet Secretaries will be traveling over the next week to swing Members' districts.

Attached is a list of the members we expect to attend.

III. PARTICIPANTS

Vice President Gore, Bill Daley, and the attached list.

IV. PRESS PLAN

Pool spray at beginning.

V. SEQUENCE OF EVENTS

The Vice President will make brief remarks. The President will follow with brief remarks, and then the meeting will open for a question and answer session.

VI. REMARKS

Attached.

EVENT: NAFTA Meeting
DATE: Tues, 10/19
TIME: 10:30-11:30 am
LOCATION: Cabinet Room
Sgt at Arms: House Steps 10:10 am

PARTICIPANTS:

POTUS
VPOTUS
Kantor

MEMBERS:

Rep. Mike Kopetski
Rep. Bob Clement
Rep. Chet Edwards
Rep. Tillie Fowler
Rep. Bob Goodlatte
Rep. Bart Gordon
Rep. John Lewis
Rep. Ed Markey
Rep. Jim McDermott
Rep. Bill Orton
Rep. Mel Reynolds
Rep. Jim Saxton
Rep. Craig Thomas
Rep. Robert Toricelli
Rep. Peter King
Rep. Thomas Ridge ?
Rep. Dick Armey
Rep. Jay Dickey ?

BC: Prob we're trying to work thru:
Talked to Michel, Foley, Newt.
Nafta reduces taxes (tariffs)
on consumer

- Under rules, revenue has to be replaced w/ new revenue or cuts in mandatory spending - not RESO or increased revenue that Nafta will produce
- Whole thing is scoring prob brought on by 1990 Budget act
- Any ideas that Dem or Rep offer, I'm open to

B: Won't more trade lead to incr. taxes

A: Yes, but rules won't allow us to score it

Arroyo: You've indicated an impasse - not of your making - want to work w/ you so we can

Don't scare Reps + invite "tax revolt"

"I'm going to be there w/ you hand in-hand"

VP: Don't they see tariff reduction as tax reduction

"no net tax increase"

Army: ~~Part~~ Those of us who are
"less ideologically hidebound"
[laughter]

BC: Tariff is tax on consumer.
It is a tax shift. Jeon tried
to find a fee

Don't intend to let this become an
issue that ~~to~~ divides bi-part.
consensus I'm trying to bridge

Q: What about off-setting spending cut

BC: Budget act requires cut in mandatory
(not discretionary) spending. [Medicare,
Medicaid, Vets benefits]
Can't use Rego or other savings

Can waive rule in House, but
Mitchell says he doesn't want
to do it in Senate (+ takes 60 votes)

VP: Can you all help us come up
w/ ideas?

P: Not trying to jam anybody

Army: We tied our hands - you didn't
do that, we did

BC: If you look advanced econ, all are having trouble creating jobs. But econ that are open - Germany - are doing better

You can have growth, but can't create jobs w/in exports.

- Fastest growing part of world / most closed
Our real trade prob: \$49.5 / Japan
China - \$19.5 Taiwan \$9.5

Second fastest growing: Latin Amer.

2 kinds of objections:

The White House

Health Care Reform Today

September 15, 1993

◆ Today, Republican members of the House and the Senate will release their separate plans for health reform. We are confident that, like us, the Republicans are serious about comprehensive health reform, and that there will be significant areas of agreement between their plans and ours. We look forward to engaging in the same constructive dialogue around their plan as the proponents of reform from both sides of the aisle have done with us. And we believe that in judging the different reform proposals that will be considered by the Congress in the coming months, the American people should judge them all against the same test:

- Does the plan cover every American?
- Does it guarantee the security that insurance is rock solid-- no dropping people, no excluding people, no lifetime limits?
- Does it provide comprehensive benefits, including full coverage of primary and preventive care-- to all Americans?
- Does it guarantee that costs are brought under control and kept under control, so that health care is affordable and the deficit controlled?
- Does it guarantee that the paperwork mess that bogs down doctors and nurses and befuddles consumers is cleaned up and made simple?
- Does it preserve and enhance the high quality of American medicine, and preserve the right to choose your own doctor?

◆ The Laborer's International Union yesterday got firmly behind the President's health reform plan. LIUNA President Arthur Coia said at a Laborers' health Care conference in Pittsburgh: "Laborers and their employers need health care reform. Our survival depends on it. The Clinton program insures the stability of our union and the security of our members. Coia, a member of the AFL-CIO's blue ribbon committee on health care reform, committed LIUNA to a national grass roots campaign to "inform our members and all working men and women in this country that we must have the willingness and ability to change."

NAFTA SUPPLEMENTAL: AGREEMENT ON ENVIRONMENTAL COOPERATION

HISTORIC UNDERTAKING: This is the first environmental agreement negotiated specifically to accompany and build on a trade agreement. NAFTA will establish the largest market in the world, create jobs in America, and enhance the region's competitiveness. The Agreement on Environmental Cooperation will ensure that economic growth is consistent with goals of sustainable development.

NEW INDEPENDENT ORGANIZATION: The Agreement creates a new Commission on Environmental Cooperation. The three countries' top environmental officials (the EPA Administrator for the United States) will comprise the Commission's *Council*.

- ◆ A *Joint Advisory Committee* made up of nongovernmental organizations from all three countries will advise the Council in its deliberations.
- ◆ The heart of the Commission is its *Secretariat*, housed in a single location and operating under the direction of an Executive Director. He will take broad direction from the Council, but maintain a high degree of independence.

ENVIRONMENTAL OBLIGATIONS: The NAFTA partners commit themselves to undertake important environmental policies regarding the development, implementation, and enforcement of their environmental laws.

- ◆ Countries guarantee their citizens *access to national courts* to petition governments to undertake enforcement actions and to seek redress of harm.
- ◆ Countries will ensure the openness of judicial and administrative proceedings and *transparent procedures* for the creation of environmental laws and regulations.
- ◆ Canada, Mexico and the United States pledged to ensure that their laws and standards continue to *provide high levels of environmental protection* and to work cooperatively in enhancing protections.
- ◆ They have committed to *effectively enforce those laws*, a commitment backed up by a dispute settlement process.
- ◆ The agreement does not affect the *rights of states and provinces* under the NAFTA to maintain standards at levels higher than the federal governments.
- ◆ Countries are obligated to *report on the state of their environments*, and to promote environmental education, scientific research, and technological development.
- ◆ They will work toward *limiting trade in toxic substances* that they have banned domestically.

THE COMMISSION'S AGENDA: A major goal of the Commission is to broaden cooperative activities among the NAFTA partners. The Commission will have an aggressive and important workplan.

- ◆ It will consider the environmental implications of process and production methods, or, as the agreement states, "environmental implications of products throughout their lifecycles."
- ◆ It will promote greater public access to information about hazardous substances (what we call "community right-to-know").
- ◆ It will consider ways to promote the assessment and mitigation of transboundary environmental problems.
- ◆ The Commission will serve as a point of enquiry for public concerns about NAFTA's effect on the environment, and be an avenue for NAFTA dispute settlement panels to obtain environmental expertise when faced with environmental issues.

PUBLIC PARTICIPATION AND DISPUTE SETTLEMENT: Transparency is the hallmark of the agreement, and citizens of all three countries will be free to make submissions to the commission on their concerns related to the full range of environmental issues.

- ◆ The Commission's secretariat will act on submissions appropriately to develop fact-finding reports. The reports will be made public if two of three Parties concur (i.e., the complained against party cannot bar publication).
- ◆ The agreement creates a consultative process for the Council to discuss issues, including those brought to light through the public submission process and the Secretariat's fact-finding activities.
- ◆ Special attention is given to matters involving non-enforcement of a nation's environmental law when consultations fail to resolve the matter.
- ◆ In the event that one Party considers that another Party has persistently failed to effectively enforce its environmental laws (affecting a sector involving traded goods or services), the matter may be referred to a dispute settlement panel.
- ◆ The dispute settlement process provides, in the end, for sanctions if countries have failed to correct problems of nonenforcement.

SCOPE: The Agreement has a broad, inclusive scope.

- ◆ Any environmental or natural resource issue may be addressed through the work program, and any environmental concern or obligation of the agreement may be the subject of consultations between parties.
- ◆ Understandably, the realm of issues subject to dispute settlement panels and possible sanctions is more circumscribed, focused on whether the Parties are effectively enforcing their environmental laws, and whether that nonenforcement is related to trade or competition among the Parties.

- ◆ An *Evaluation Committee of Experts (ECE)*, composed of independent experts, will be convened at the request of any party to examine a matter involving a pattern of practice; the ECE will report and make recommendations on the matter as it is treated in each of the member countries;
- ◆ *Dispute Settlement Panels, backed ultimately by fines and trade sanctions*, can be invoked if a party believes that another is demonstrating a persistent pattern of failure to effectively enforce labor laws.

The intent of these many processes is to encourage voluntary improvement of enforcement through exposure of problems. Trade sanctions are truly a last resort, since the intent is to encourage parties to enforce their law, not to establish new trade barriers. Canada in fact has agreed to make dispute settlement panel judgements on fines and remedial actions automatically enforceable in its domestic court, which obviates any need for trade sanctions vis-a-vis Canada.

NAFTA SUPPLEMENTAL: AGREEMENT ON LABOR COOPERATION

HISTORIC UNDERTAKING: This is the first labor agreement negotiated specifically to accompany and build on a trade agreement. NAFTA will create the largest market in the world, grow jobs in America, and enhance the region's competitiveness. The Agreement on Labor Cooperation will promote improved labor conditions and strong enforcement of national labor laws in all three countries of North America.

LABOR COMMISSION: The Agreement creates a new Commission on Labor Cooperation, with each country represented on a *Council* by its top, cabinet-level labor official.

- ◆ The Council has a *broad mandate* to work cooperatively on labor issues, including occupational health and safety, child labor, benefits for workers, minimum wages, industrial relations, legislation on formation and operation of unions and the resolution of labor disputes, and many others.
- ◆ The Council will be able to obtain *public advice and assistance* in these activities.
- ◆ An independent *International Coordinating Secretariat (ICS)* will provide technical support to the Council, and will itself report periodically to the Council on a wide range of labor issues, including labor laws and their enforcement, labor market conditions such as average wages and labor productivity, and training and adjustment programs in the three countries. The ICS will be headed by an Executive Director appointed by consensus of the parties for a fixed term, and the Executive Director will appoint the staff.
- ◆ Each country will also appoint a *National Administrative Office (NAO)* that will be a point of contact between other Commission entities and national governments and that can also consult with the other NAO's to seek and exchange information on labor matters. Each country has a right to determine how its own NAO is staffed, and what powers and functions it will have beyond the minimum requirements to serve as a point of contact for public input and unit for gathering and disseminating information on labor matters.

LABOR PRINCIPLES AND OBJECTIVES: The objectives of the agreement include promotion of improved labor laws and standards, effective enforcement of these laws, encouraging competition based on rising productivity and quality, and the promotion of key labor principles that will be set out in an annex.

- ◆ These principles include such vital issues as protection against child labor, the right to strike and to bargain collectively, freedom of association, minimum employment standards, including minimum wages, elimination of employment discrimination, and prevention of occupational accidents and diseases.

TRANSPARENCY AND DOMESTIC ENFORCEMENT: Each country undertakes to ensure transparency of its laws and to enforce those laws through several means:

- ◆ Publication of laws, regulations and procedures *and* promotion of public awareness of these laws and regulations, so that workers and employers will know their rights and responsibilities;
- ◆ promotion of compliance with laws and enforcement through appropriate tools, including:
 - ◆ appointment and training of inspectors,
 - ◆ monitoring and on-site inspections,
 - ◆ encouragement of voluntary compliance,
 - ◆ mandatory reporting, and
 - ◆ enforcement actions.

ACCESS TO FAIR DOMESTIC PROCEDURES: The Agreement establishes detailed requirements, consistent with U.S. law and process, to assure fair administrative and judicial review, including commitments to:

- ◆ provide effective means for binding domestic enforcement of rights granted under its labor laws (including collective bargaining rights) for all groups with a legally recognized interest under that country's laws;
- ◆ maintain domestic administrative and judicial processes that are independent and impartial, comply with due process, allow parties to be heard and present evidence, and normally are open to the public
- ◆ providing for a right to seek independent review as appropriate of administrative determinations.
- ◆ providing a right for those who are parties to a proceeding to seek remedies for the enforcement of labor rights, including remedies, as appropriate, from compliance agreements to penalties, fines or injunctions.

ENCOURAGING EFFECTIVE ENFORCEMENT BY GOVERNMENTS: The Agreement has several avenues to encourage effective national enforcement of labor laws:

- ◆ *The ICS* will be reporting periodically on labor laws and their enforcement in each country;
- ◆ The *NAO's* can also consult and exchange information on enforcement, as well as providing information to the Council and the ICS;
- ◆ The *Council* can consult on any labor matter, including enforcement questions on any labor law;

FUNDING ENVIRONMENTAL INFRASTRUCTURE PROJECTS IN THE U.S.-MEXICO BORDER REGION

NEW INSTITUTIONAL DEVELOPMENTS: Although negotiators have not yet begun work on the language of a text, basic agreement was reached on a new institutional structure to promote effective coordination of infrastructure projects.

- ◆ A hallmark of the institution will be a transparent process which incorporates the views of local residents and non-government organizations.
- ◆ Initially, the institution will focus on projects addressing the serious wastewater treatment and water pollution problems along the border.
- ◆ The institution will provide assistance on both the technical and financial aspects of the projects.

FINANCING OPTIONS: Though the institution will not itself offer bonds initially, it will work to mobilize multiple sources of financing, depending on the nature of the individual project.

- ◆ As appropriate, it could turn to the private sector, direct government support (loans, grants or guarantees at the federal, state and local level), and a *border environmental financing facility*.
- ◆ Subject to future agreement, the institution could raise capital directly.

BORDER ENVIRONMENTAL FINANCING FACILITY: The United States and Mexico are exploring capitalization of a new financing mechanism to serve the border institution as one source of direct loans and partial guarantees.

U.S. and Mexican officials will hold further discussion in coming weeks, including discussions on the important question of the required levels of funding.

NAFTA SUPPLEMENTAL: AGREEMENT ON IMPORT SURGES

"EARLY WARNING SYSTEM": The understanding on import surges establishes a new mechanism for consultations among the NAFTA countries and for examining economic factors, including employment, in the region. It is meant to anticipate national trade measures, authorized under the NAFTA, to respond to increased imports.

- ◆ For example, a country might call for consultations and a joint examination in the committee as a result of declining employment in a particular industry.

NAFTA SAFEGUARD PROVISIONS: The NAFTA itself contains several important provisions to safeguard a country's industry and workers against import surges.

- ◆ *A bilateral safeguard mechanism* permits the "snap-back" to pre-NAFTA or MFN tariff rates for up to three years — or four years for extremely sensitive products — if increased imports from Mexico are a substantial cause of or threaten serious injury to a domestic industry.
- ◆ *A global safeguard mechanism* allows the imposition of tariffs or quotas on imports from Mexico and/or Canada as part of a multilateral safeguard action when imports from either or both countries are a substantial cause of or threaten serious injury to a domestic industry.
- ◆ *Sensitive agriculture products* are handled specially in the form of tariff-rate quotas, where high MFN tariffs kick in above a specified quantity of imports.
- ◆ *Sensitive textile and apparel products* also have special safeguard provisions to respond to those industries needs.

CHANGING NAFTA'S PROVISIONS: The Working Group established under the agreement will consider how well NAFTA's safeguard provisions are working and make recommendations for revisions, as appropriate.

ACCESS TO COURTS AND DUE PROCESS

The labor and environmental side agreements fulfill President Clinton's goal that all three countries should commit to providing their citizens with access to fair, transparent and equitable court proceedings for the redress of harms and for enforcement of their country's environmental and labor laws.

In each agreement, the NAFTA partners undertake vital commitments regarding public access to remedies and the structure of their judicial systems. The Agreements establish detailed requirements, consistent with U.S. law and process, to assure fair administrative and judicial review, including commitments to:

- ◆ ensuring that anyone with a legally recognized interest have access to administrative or judicial procedures for the enforcement of that country's environmental or labor laws;
- ◆ maintaining domestic administrative and judicial processes that are independent and impartial, comply with due process, allow parties to be heard and present evidence, and normally are open to the public;
- ◆ providing for a right to seek independent review as appropriate of administrative determinations; and
- ◆ providing a right for those who are parties to a proceeding to seek remedies for the enforcement of labor rights or environmental laws, including, as appropriate, compliance agreements, penalties, damages, fines or injunctions.

In addition, each Party guarantees its citizens the right to ask the authorities to investigate alleged violations of its environmental or labor laws, and will give those requests due consideration.

September 14, 1993

TO: Dee Dee Myers
FR: Arthur Jones
RE: Cabinet NAFTA Travel

TRAVEL SCHEDULE

Bentsen	Chicago	Thursday, Sept. 16
Babbitt	San Francisco	Wednesday, Sept. 15
	San Jose	Thursday, Sept. 16
	Los Angeles	
Browner	Orlando	Thursday, Sept. 15
Tyson	Boston	Thursday, Sept. 16
Cisneros	Baltimore	Wednesday, Sept. 15
Altman	Atlanta	Thursday, Sept. 16
Yerxa	Detroit	Thursday, Sept. 16
Ron Brown	Pittsburgh	Thursday, Sept. 16
Pena	Miami	Wednesday, Sept. 15

AS OF September 14, 1993: 7:36

We also are doing targeted regional media feeds today with 9 Cabinet officers doing 25 media markets.

Confirmed for today

**NAFTA SCHEDULE: TUESDAY, SEPT. 14
DRAFT 2**

PRINCIPAL	SCHEDULER	PRESS	WH CONTACT	TIMES	MARKETS (Print, Radio, t.v.)	OTHER
SECRETARY CHRISTOPHER	Linda Dewan 647-5733 647-6434					
SECRETARY BENTSEN	Kevin Varney 622-0049 622-0073	Chris Peacock 622-2930 622-1999	Lisa Mortman 456-7150			
SECRETARY T	Laura Daniel- Davis 208-7551	Kevin Sweeney 208-7564 208-5133	Kim Hopper 456-7150	4:30- 5:30	Idaho <i>Print/Radio</i> St. Louis Flagstaff/ <i>Phoenix</i>	
SECRETARY ESPY	Eloise Thomas 720-3631	Tom Amontree 720-4623				
SECRETARY BROWN	Dalia Trahnham 482-5880 482-0052	Jill Schuker 482-5151 Jim Desler 482-4883		1:30- 2:30 SAT- TELITE AT DNC	New York TV Philadelphia TV Boston TV	
SECRETARY REICH	Allison Cutler 219-8271 219-7659	Ann Lewis 219-8211 219-8699				Testimony before House Ways and Means
SECRETARY CISNEROS	Sylvia Arce- Garcia 708-0417 708-2476	Jean Nolan 708-0890 619-8153				
SECRETARY PENA	James Day 366-5899	Richard Mintz Jenny Watson 366-4531	Ernie Gibbell 456-7150	5-6:00	Spokane Radio Los Angeles Latino Radio Washington State Print	Meeting with Hispanic Business CEOs

ADMINISTRATOR BROWNER	Denise Schwartz 260-4700	Melissa Bonni 260-3683	Josh Silverman 456-7150	4:30- 5:30	Miami Radio Tampa Radio Atlanta	Testimony before House Ways and Means
DIRECTOR PANETTA	Diana Marino 395-4840	Barry Toib 395-3880	Kim Hopper 456-7150	3:00- 4:00	Salinas/Monterrey San Jose <i>SF</i> Sacramento	
BILL DALEY	Joy Charusmi 456-7050	Arthur Jones 456-2100	Ernie Gibble 456-7150	Satteli te Needed: 2:30- 3:30 AT DNC	Chicago TV San Francisco TV Boston TV	
IR TYSON	Tom O'Donnell 395-5084		Lisa Mortman 456-7150	3-4:00	Jacksonville Richmond Print Pittsburgh Print	
AMBASSADOR R	Demetri Boutris 395-6850	Anne Luzzatto 395-3350	Ernie Gibbel 456-7150		Boston Radio <i>Globe</i>	NBC Today Show OEOB Press Briefing at 3:15 Testimony before House Ways and Means Committee
SECRETARY O'LEARY	Johanna Pottorri 586-5534					
RUBIN	Linda McLaughlin 456-2174	Josh Silverman 456-7150 456-2878	Josh Silverman 456-7150	11:30- 12:15	TV VIA SATTELITE ON WH LAWN	

TO: Dee Dee, Arthur
FR: Kim
RE: NATFA -- Local Media

1. Attached is an advisory on today's event. The governors, mayors and business leaders are expected to do follow-up press on the North Lawn with local media.

2. Daley and Brown will both be doing satellite tours this afternoon into targeted markets. (The stations will be pitched this morning by Dave Anderson). Rubin will also be interviewed by the NBC News Channel and CNBC at the White House after the event.

3. Attached also is a NAFTA schedule listing which Administration officials are doing local media this afternoon. (Primarily print and radio conference calls. Let me know if you need the specific papers and radio stations.) We're expecting a commitment of approximately an hour a day from a surrogate in the coming weeks.

THE WHITE HOUSE
OFFICE OF MEDIA AFFAIRS

FOR PRESS USE ONLY
SEPTEMBER 13, 1993

CONTACT: ERNIE GIBBLE
202.456.7150

MEDIA ADVISORY
FOR SIGNING OF NAFTA SIDE AGREEMENTS

EVENT: Signing of NAFTA side agreements
WHEN: Tuesday September 14, 1993 @ 10:30
WHERE: East Room, The White House
COVERAGE: Open Press. Media without White House credentials should FAX full name, date of birth and social security number to 202.456.6409 attention Ernie Gibble. All press should enter via the NW gate (17th & Pennsylvania Ave.). Unless otherwise requested, all press will be cleared to enter beginning at 9:30 am.

The following Governors, Mayors and business people will be in attendance:

Gov. Carroll Campbell, South Carolina
Gov. Tom Carper, Delaware
Gov. Howard Dean, Vermont
Gov. Joan Finney, Kansas
Gov. Bruce King, New Mexico
Gov. Mike Leavitt, Utah
Gov. Pedro Rossello, Puerto Rico
Gov. William Schaefer, Maryland
Gov. Edward Schafer, North Dakota
Gov. Fife Symington, Arizona
Gov. Tommy Thompson, Wisconsin
Gov. David Walters, Oklahoma
Gov. Douglas Wilder, Virginia

Mayor Steve Bartlett, Dallas, Texas
Mayor Nelson Wolff, San Antonio, Texas
Mayor Louis Saavedra, Albuquerque, New Mexico
Mayor Saul Ramirez, Jr. Laredo, TX

Mr. Lawrence Bossidy, CEO Allied-Signal, Morristown, NJ
Mr. Toby Malichi, President Malichi Diversified, Indianapolis, IN
Mr. Ivan Gorr, Chairman Cooper Tire & Rubber, Findlay, OH
Mr. Dean Kleckner, Pres. American Farm Bureau Federation, Park Ridge, IL
Mr. Larry Libenow, President Quaker Fabrics, Fall River, MA
Mr. Roland Boreham, Chairman Baldor Electric Co., Ft. Smith, AR
Ms. Christine Mueller, V.P. Lectro Engineering Co., St. Louis, MO

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Charles Kupchan/Mike Froman to Dee Dee Myers; re: Canadian Elections and NAFTA (1 page)	00/00/0000	P1/b(1)

COLLECTION:

Clinton Presidential Records
Press Secretary
Dee Dee Myers
OA/Box Number: 1875

FOLDER TITLE:

NAFTA [North American Free Trade Agreement] [6]

2011-0587-F
jp3765

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

NAFTA FINANCING POINTS
October 19, 1993

The air passenger fees are not a new tax. This proposal is an extension of existing fees approved in 1986 as a bi-partisan proposal. U.S. taxpayers and domestic air travellers have to this day subsidized U.S. customs costs for processing international travellers. Our small fee increase will make international travellers pay for the U.S. Customs services they require. *As they do now.*

We're determined not to let this historic opportunity to increase economic growth in the U.S. pass us by. Financing is a very small issue that we've been working on for some time.

Don't lose sight of the big picture: Increased trade and jobs under NAFTA will boost revenues to the U.S. Treasury by an estimated \$10 billion over 5 years. Under the existing budget law, we must compensate for revenue losses from reduced tariffs, but don't get the credit for overall increases in revenues.

The only reason we're in this discussion is that NAFTA cuts taxes. NAFTA will cut costs for U.S. consumers and businesses significantly by eliminating tariffs with Mexico.

The reality is that the law requires us to offset any and all revenue losses. The other options are cuts in entitlements -- cutting Social Security and Medicare -- or finding other sources of funding.

The proposal we are considering would raise passenger fees by \$2.50 -- half as much as news stories reported today. This proposal is the fairest and most equitable way to finance a course of tariff reductions that will boost economic growth and generate additional revenues for the U.S. treasury.

HERE ARE THE FACTS:

- * More than 45% of passenger fee revenues will be paid by foreign citizens.
- * This proposal will not raise fees for domestic travel.
- * International passenger fees have remained the same since they were set in 1986. As a result domestic passengers and taxpayers subsidize customs costs for international travelers.

* The passenger fee proposal will level the playing field and treat all U.S. bound passengers equally regardless of their point of origin. The 1986 legislation exempted Mexico, Canada and the CBI countries.

* The \$5 fee is a tiny fraction of the cost for international travelers -- 1% to 3% of ticket prices. The very people who will benefit most from NAFTA are international travelers. And, airline travel will increase under NAFTA.

* No individual airline is placed at a disadvantage and domestic airlines will not be adversely affected relative to foreign competitors.

* The proposed fee does not violate the spirit or letter of NAFTA or GATT. The proposal does not violate bilateral trade agreements. This proposal would not affect the flow of merchandise across borders.

* This proposal was developed in conjunction with Democratic and Republican leaders and members of Congress.



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

THE DIRECTOR

Honorable Newt Gingrich
U.S. House of Representatives
2428 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Gingrich:

Thank you for your letter expressing concern about how to offset the revenue loss resulting from the reduction in tariffs under NAFTA.

The Administration shares your view that economic growth and higher individual and corporate incomes resulting from this historic agreement will generate benefits, including revenues, far in excess of the lost tariff receipts. As you know, however, the Budget Enforcement Act requires that any legislation which decreases revenue must be offset by legislated spending reductions or revenue increases sufficiently predictable to be scored as savings by the Congressional Budget Office (CBO) and OMB. Moreover, these savings must be in mandatory spending -- such as Medicare, Medicaid, Social Security, pensions, agriculture subsidies, veterans benefits, income assistance to the poor -- or revenues. We have worked intensively for several weeks to examine a wide range of possible offsets, focusing on spending reductions that might be acceptable on a bipartisan basis. That search for options continues to this very day, and we would welcome specific suggestions from you to assist in this important bipartisan effort.

After reviewing the options to date, we believe the most promising package of offsets includes an increase in the existing international air and sea passenger processing fee imposed to cover the cost of operating the Customs Service. First imposed in the 1986 budget agreement, these fees have never covered all Customs Service operating costs, and have never been raised. A small increase in this fee, we believe, would have no measurable effect on the volume of international air travel and would cover the full cost of Customs operations. Indeed, preliminary CBO scoring of the proposal projects traffic volume continuing to grow at 9 percent annually. There will be no net fee increase above that needed to cover Customs Service costs.

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Once again, let me underscore our willingness to work with members of the Congress, on a bipartisan basis, to explore this and other alternatives. If we are successful, adoption of NAFTA will be a signal achievement for all of us, and a major contribution to assuring America's future economic prosperity. I hope to work with you to resolve outstanding differences. We cannot afford to let this issue be the stumbling block to an historic improvement in economic opportunities for the United States under NAFTA.

Sincerely,

Leon Panetta