

# FOIA MARKER

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Fast Track [2]

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**FAST TRACK AUTHORITY  
COMMUNICATIONS CALENDAR**

*As of 8/15/97*

DATE	EVENT	STATUS/FOLLOW UP
<u>AUGUST</u>	<u>AUGUST</u>	<u>AUGUST</u>
Wk. 8/4	Berman press outreach to WH reporters.	
8/10	Chamber of Commerce – Briefing by Berman and Radd.	
8/23	<b>Radio Address.</b> Make pivot from budget to Fast Track.	<ul style="list-style-type: none"> <li>• Radd to work with Rahm, Lewis etc...</li> </ul>
<u>SEPTEMBER</u>	<u>SEPTEMBER</u>	<u>SEPTEMBER</u>
Wk. 9/2	Hill Consultations and briefings by Berman et al.	Leg. Affairs.
Wk. 9/2	WH Briefing for Manufacturing Companies. Bowles-Rubin-Barshefsky-McLarty-Berman	OPL
Wk. 9/2	WH Briefing for High Technology Companies. VPOTUS-Barshefsky-McLarty-Gipps-Berman	OPL
Wk. 9/2	WH Briefing for AgriBusiness Companies. Glickman-Barshefsky-McLarty-Berman	OPL
9/8	Mail fast track packages to editorial boards.	NSC/Planning.
9/9	<b>Fall Agenda Speech.</b> Strong mention of Fast Track.	
9/9	BRT briefing by Berman.	<ul style="list-style-type: none"> <li>• OPL</li> </ul>
9/9	American Electronic Asc. Annual Mtg. (San Jose)	<ul style="list-style-type: none"> <li>• speaker/ltr/materials?</li> <li>• OPL/Cabinet/Sched.</li> </ul>
tbd.	Pre-event briefing for columnists, pundits by Berger, Barshefsky, Tarullo, others tbd.	<ul style="list-style-type: none"> <li>• NSC Planning</li> </ul>

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DATE	EVENT	STATUS/FOLLOW UP
9/10	<b>Kick-Off Event at White House.</b> POTUS submits legislation. Speakers: VPOTUS – worker – business leader – POTUS.	<ul style="list-style-type: none"> <li>• Event</li> <li>• Pre and post event media plan (NSC;NEC;USTR)</li> </ul>
9/10	VPOTUS speaks to Business Roundtable.	<ul style="list-style-type: none"> <li>• NSC/Planning coordinate with VP.</li> </ul>
9/12-14	National Sales Network (Chicago)	<ul style="list-style-type: none"> <li>• speaker/ltr/materials? OPL/Cabinet/Sched</li> </ul>
9/13	<b>CBC Dinner.</b> Emphasize in remarks?	
9/16	<b>Congressional Hispanic Caucus Dinner.</b> Emphasize in remarks?	
9/16	American Business Conference (T)	<ul style="list-style-type: none"> <li>• speaker/ltr/materials? OPL/Cabinet/Sched</li> </ul>
9/17	Albright – Economic speech in Miami.	<ul style="list-style-type: none"> <li>• State</li> </ul>
Tbd.	Glickman speech in Chicago (T).	<ul style="list-style-type: none"> <li>• Agriculture</li> </ul>
9/17	Ntl. Asc. Broadcasters Radio Show (New Orleans)	<ul style="list-style-type: none"> <li>• speaker/ltr/materials? OPL/Cabinet/Sched</li> </ul>
9/18	Rubin – Seattle speech	<ul style="list-style-type: none"> <li>• Treasury</li> </ul>
9/20	<del>Los Angeles</del> <b>Message Event (T)</b> <i>San Jose</i>	<ul style="list-style-type: none"> <li>• Radd follow up</li> </ul>
9/22	<b>UNGA Speech.</b> Section on open trading system?	
9/24	<b>AFL-CIO Convention (T).</b> Address FT?	

<b>DATE</b>	<b>EVENT</b>	<b>STATUS/FOLLOW UP</b>
<b><u>OCTOBER</u></b>	<b><u>OCTOBER</u></b>	<b><u>OCTOBER</u></b>
10/1-4	US Hispanic Chamber of Commerce Dinner (Houston). POTUS regretted.	<ul style="list-style-type: none"> <li>• speaker/ltr/materials? OPL/Cabinet/Sched</li> </ul>
10/2	<b>Meeting with Automobile Executives.</b> Emphasize in talking points?	
10/4	<b>Radio Address (T).</b>	
10/7	<b>Message Event with Leading Validators.</b> Former POTI; Sectys of State... if vote 10/9.	<ul style="list-style-type: none"> <li>• SP (NSC)</li> </ul>
10/9	American Business Cncl. Conf. (Williamsburgh)	<ul style="list-style-type: none"> <li>• speaker/ltr/materials? OPL/Cabinet/Sched</li> </ul>
10/9	<b>POSSIBLE HOUSE VOTE</b>	
10/12-20	Dow Jones Global Leadership Conference	<ul style="list-style-type: none"> <li>• speaker/ltr/materials? OPL/Cabinet/Sched</li> </ul>
10/12-20	<b>Latin America Trip</b>	<ul style="list-style-type: none"> <li>• speaker/ltr/materials? OPL/Cabinet/Sched</li> </ul>
10/17	Black Professionals in Intnt. Affairs (Arlington)	<ul style="list-style-type: none"> <li>• speaker/ltr/materials? OPL/Cabinet/Sched</li> </ul>
10/17	Ntl. Assoc. Black Women Entrepreneurs (Detroit)	<ul style="list-style-type: none"> <li>• speaker/ltr/materials? OPL/Cabinet/Sched</li> </ul>
<b><u>NOVEMBER</u></b>	<b><u>NOVEMBER</u></b>	<b><u>NOVEMBER</u></b>
11/7-8	National Small Business United 60 <sup>th</sup> Anniv. (D.C.)	Speaker?
11/14	<b>Zedillo Visit.</b>	
11/22-26	<b>APEC Meeting (Vancouver)</b>	

## ACTION ITEMS

ISSUE/IDEA/EVENT	STATUS/FOLLOW-UP
1. Kick Off Event	<ul style="list-style-type: none"> <li>• Shape lead-up; event; post-event follow up. See separate plan.</li> </ul>
2. Schedule of all relevant speeches by principals, sub-principals; meetings/briefings with Congress by POTUS, others; with interest groups; all relevant interviews.	<ul style="list-style-type: none"> <li>• All agencies to feed to Cabinet Secretary; OPL; WH Leg affairs and to NSC Planning</li> <li>• All agency communications directors to send memo to principals, sub-principals reminding to plug FT whenever approp.</li> </ul>
3. Create weekly blast fax & data base.	<ul style="list-style-type: none"> <li>• USTR lead</li> <li>• All agencies to feed in names, numbers</li> </ul>
4. Set up home page/web site	<ul style="list-style-type: none"> <li>• WH Communications lead</li> </ul>
5. Create fact book.	<ul style="list-style-type: none"> <li>• NSC/Planning lead.</li> </ul>
6. Create surrogate speaker tracking/scheduling system	<ul style="list-style-type: none"> <li>• Cabinet affairs/Scheduling</li> </ul>
7. Editorial Board call list	<ul style="list-style-type: none"> <li>• Media Affairs/Leg Affairs</li> </ul>
8. Create list of desired endorsements. Solicit.	<ul style="list-style-type: none"> <li>• Lead?</li> </ul>
9. Organize SBA Regional Admin. Events	<ul style="list-style-type: none"> <li>• Siewart/NEC</li> </ul>
10. Organize Commerce District Export Council Events	<ul style="list-style-type: none"> <li>• Radd</li> </ul>

→ Made input : Dole, Kissinger, Bush

ISSUE/IDEA/EVENT	STATUS/FOLLOW UP
11. Organize Leadership Days – WH briefings for community influentials recommended by MOCs.	<ul style="list-style-type: none"> <li>• O’Keefe/OPL</li> </ul>
12. Assign MOCs to Cabinet for personal calls	<ul style="list-style-type: none"> <li>• LegAffairs/Cabinet Affairs</li> </ul>
13. Organize events for Agriculture Department Regional Administrators	<ul style="list-style-type: none"> <li>• Agriculture</li> </ul>
14. Op/Eds	<ul style="list-style-type: none"> <li>• Dole-Bentsen</li> <li>• Bowles Columbia Business Journal</li> <li>• Generic op/ed</li> </ul>



Dear Member of Congress:

Now that the budget debate is over, we are about to begin an important public debate about the future of U.S. international leadership as Congress takes up President Clinton's request for renewed fast track negotiating authority this fall. As every Democratic President in this century has known, expanding trade is essential to creating economic opportunity for ordinary Americans.

As you head home for the August recess, we hope you will find these materials helpful in explaining these issues to your constituents. We have included:

- ▶ America and the World Economy: What Every American Needs to Know
- ▶ Fast Track: Myths and Realities Talking Points
- ▶ Fast Track Negotiating Authority: What It Is and How It Works
- ▶ Expanding the Winners Circle: A New Social Compact
- ▶ Key Facts About U.S. and World Trade
- ▶ Key Facts About NAFTA

Support for open markets and hostility to protectionism is the oldest principle of the Democratic Party. It is simply unfair to elevate the interests of industries or groups threatened by international competition above the interests of workers in exporting industries; of consumers; of communities that benefit from foreign investment; and of every American who benefits from steady growth, low unemployment, and low inflation. The trade agreements we forge today will determine the strength of our nation's global position tomorrow and define U.S. opportunities in the new global economy.

At the same time, we must substantially improve our efforts to equip all Americans with the education and skills they need to be as competitive as individual citizens as we now are as a nation. We must defend the rights of workers to organize and influence employer decisions that affect their jobs and income. We must encourage and reward good corporate citizenship towards both employees and their communities. And we must use trade negotiations not simply to knock down barriers but also to lift incomes here and abroad, create eager customers for our goods, and fair and worthy competitors at the same time.

The message about fast track is simple: If America can't negotiate, Americans lose. We will be supplying the best information we can find to help you sift through the facts. I can be reached at 202-546-0001, and look forward to assisting you and your staff in the weeks ahead.

Sincerely,

A handwritten signature in black ink that reads "Edith R. Wilson". The signature is fluid and cursive, with a long, sweeping underline.

Edith R. Wilson  
Trade Project Director

## Key Facts About NAFTA

### North American Trade

- ▶ In 1996, nearly 40 percent of U.S. trade in goods with the world was with the Western Hemisphere (\$242 billion). Trade with our North American Free Trade Agreement (NAFTA) partners has increased 44 percent since NAFTA was signed, compared with 33 percent for the rest of the world. Mexico and Canada accounted for 53 percent of the growth in total U.S. exports in the first four months of 1997.
- ▶ Between 1993 and 1996, U.S. exports to Mexico grew by 36.5 percent to a record high of \$15.2 billion, despite a 3.3 percent reduction in overall Mexican demand over this same period.

### NAFTA's Impact on Trade Barriers and the U.S. Economy

- ▶ Since NAFTA, Mexican tariffs on U.S. goods have been reduced by an average of 7.1 percent. U.S. tariffs on Mexican imports have been reduced by 1.4 percent; however, some of these reductions would have taken place under the Uruguay Round, regardless of NAFTA.
- ▶ Overall, U.S. trade with Mexico has grown nearly 60 percent in the last three years. Despite Mexico's economic problems and a temporary drop in U.S. exports, the United States still exported \$46.3 billion in 1993. U.S. investment in Mexico averages only half of one percent of domestic investment in plant and equipment. By the end of 1997, Mexico will be our second largest trading partner. For every dollar Mexico spends on foreign imports, 75 cents goes to the United States.
- ▶ The U.S. economy creates in one month the number of jobs displaced by NAFTA in three years.
- ▶ It is difficult, methodologically, to isolate NAFTA's effect on the U.S. economy because NAFTA is only three years old, the Mexican peso has fallen, and U.S. tariff reductions under the Uruguay Round have taken place during the same period. However, after controlling for other variables, several studies have shown that NAFTA had a modest positive impact on U.S. net exports, income, investment, and jobs supported by exports.

- ▶ A recent study by DRI estimates that NAFTA increased real exports to Mexico by \$12 billion in 1996, compared to a smaller real increase in imports of \$5 billion, controlling for the Mexican peso crisis. The larger impact on U.S. exports reflects the fact that under NAFTA, Mexico lowered its tariffs approximately five times more than the United States. DRI estimates that NAFTA contributed \$13 billion to U.S. real income and \$5 billion to business investment in 1996, controlling for the Mexican peso crisis.

## **NAFTA'S Impact on the Mexican Economy**

- ▶ In 1996, Mexico recovered from its most severe recession since the 1930s. NAFTA played a small, yet positive, role in this recovery by imposing economic discipline on the Mexican economy. In contrast to Mexico's 1982 financial crisis, Mexican economic output dropped more quickly in 1995, but it also rebounded more quickly, reaching pre-crisis levels at the end of 1996. In 1982, it took Mexico 7 years to return to international capital markets, in 1995, it took only 7 months.
- ▶ In 1995, Mexico continued to implement NAFTA provisions even as it raised tariffs on imports from other countries. As a result, U.S. exports recovered in 18 months and were up nearly 37 percent by the end of 1996 relative to pre-NAFTA levels, even though overall Mexican consumption decreased by 3.3 percent.

*For additional information , please visit our Web site: <http://www.dlcppi.org/trade.htm>.*



PHOTOCOPY  
PRESERVATION

**FAST TRACK:**  
*If America can't negotiate,  
Americans lose.*



Edith R. Wilson  
Director, Trade Project

518 C Street, NE  
Washington, DC 20002  
202-546-0007  
FAX: 202-544-5014  
E-mail: [ewilson@dlcppi.org](mailto:ewilson@dlcppi.org)  
WWW: <http://www.dlcppi.org/>

July 31, 1997

*Andrew*  
To: White House Staff  
(See Distribution)

Fr: Edie Wilson, Trade Project Director

Re: **Fast Track**

The enclosed materials were delivered to all Congressional offices today for use during the August recess. We thought you would like to have a copy.

I can be reached at 608-1236.

Distribution

Don Baer  
Beverly Barnes  
Jay Berman  
Erskine B. Bowles  
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Maria Echaveste  
Rahm Emmanuel  
Andrew Friendly  
Robert Kyle  
Anne Lewis  
Mac McLarty  
Linda Moore  
John Podesta  
Vicki Radd  
Steven Silverman  
Gene Sperling  
Daniel Tarullo

Thanks for your help  
in getting these  
distributed! I am  
meeting with Vicki  
on Monday at 3:30.

Cheers -

*Edie*

**FAST TRACK AUTHORITY**  
**COMMUNICATIONS CALENDAR**  
*As of 8/1/97*

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2. Schedule of all planned meetings/briefings with Congress by POTUS, other principals	
3. Schedule of all planned meetings/briefing with interest groups	
4. Schedule of all relevant media interviews	
5. Schedule of all relevant POTUS events for possible mention	
6. . Create blast fax model and data base	
7. Create fact book.	
8. Set up home page/web site	

## Pro-Fast Track Article Outlets

NFIB

US Chamber

Hispanic Chamber

US/Mexico Chamber

- other assoc.

- ASAE

- Realtors

- Tues.: ALOT mtg. at Sheraton Carlton  
10:30 am Potomac Rm.

Marty Duggan

- Jay to go to Chamber

Leadership Days: Sept 10 - Oct. 15

Mark - Monday 10am

Sept. 9<sup>th</sup> - Scene Setter speech

Sept. 10<sup>th</sup> - Intro legs of WH event

- Ports + exporters - thru IGA

Steve - Success Stories

# DISADVANTAGES TO U.S. BUSINESSES OF NOT HAVING PREFERENTIAL TRADE AGREEMENTS WITH FOREIGN COUNTRIES

① Stu  
② Desc  
③ ad

Country	Preferential Agreement	Disadvantages to US Businesses
Argentina	<p><b>Mercosur:</b> 85% of goods made in Argentina, Brazil, Uruguay, and Paraguay trade tariff-free within bloc.</p>	<ul style="list-style-type: none"> <li>-- Mercosur's common external tariff (5-20%) disadvantages US-based exporters and favors Mercosur producers, many of which are subsidiaries of US companies.</li> <li>-- IBM Argentina considering importing equipment from IBM Brazil rather than the US to avoid Mercosur's 16% common external tariff on infomatics (not yet fully implemented in Argentina).</li> </ul>
Bolivia	<p><b>Mercosur:</b> Bolivia became Associate Member of Mercosur in March 1997. Approximately 30% of the 7,000 goods listed in the agreement enter duty free. The vast majority of products will be traded at a zero tariff rate after 10 years.</p>	<ul style="list-style-type: none"> <li>-- Elimination of tariffs on wheat flour imports from Mercosur member Argentina will make US wheat exports to Bolivia less attractive.</li> <li>-- Brazil is expected to emerge as a more important supplier of manufactured goods, including machinery and aircraft, where the US now has a predominant market share.</li> </ul>
Brazil	<p><b>Mercosur:</b> 85% of goods made in Argentina, Brazil, Uruguay, and Paraguay trade tariff-free within bloc.</p>	<ul style="list-style-type: none"> <li>-- Firms from Mercosur countries have an advantage over US-based firms in terms of lower tariffs.</li> <li>-- Tariffs on US wheat and rice exports to Brazil are 10% and 20% respectively. Zero or close to zero tariffs are applied to Argentine, Chilean, and Uruguayan products entering Brazil.</li> </ul>

Country	Preferential Agreement	Disadvantages to US Businesses
Chile	<p><b>Chile-Canada Free Trade Agreement:</b> Beginning in June 1997, 80% of Canadian products will enter Chile duty free. Prior to Canada's FTA with Chile, all Canadian exporters paid standard 11% Chilean import tariff.</p>	<ul style="list-style-type: none"> <li>-- \$180 million US telephone equipment order lost. Southwestern Bell/VTR Communications joint venture in Chile opted to go with Canadian supplier because it will save almost \$20 million in customs duties when Chile-Canada FTA goes into effect in 1997.</li> <li>-- Canada will benefit from immediate duty free access to Chile for exports such as: <ul style="list-style-type: none"> <li>-- durum wheat</li> <li>-- barley</li> <li>-- lentils</li> <li>-- canary seed</li> <li>-- seed potatoes</li> <li>-- malt</li> <li>-- beer</li> <li>-- raspberries</li> <li>-- maple syrup</li> <li>-- mustard products</li> <li>-- mineral waters and various fruit juices</li> <li>-- quantities of beef, pork and Canola oil</li> </ul> </li> <li>-- FTA is expected to enhance commercial opportunities for Canadian service providers in mining, forestry, construction, engineering, consulting services, specialty air services, education and training, and tourism.</li> <li>-- Canada expects excellent opportunities in several sectors in Chilean market: <ul style="list-style-type: none"> <li>-- mining and forestry machinery equipment</li> <li>-- telecom equipment</li> <li>-- fertilizers</li> <li>-- metallurgical and thermal coal</li> <li>-- pharmaceuticals</li> <li>-- chemical and glass products</li> <li>-- aircraft</li> <li>-- rail and urban rail equipment</li> <li>-- autos and auto parts</li> <li>-- health and medical equipment</li> </ul> </li> </ul>

Country	Preferential Agreement	Disadvantages to US Businesses
Chile	<p><b>Chile-Mexico Free Trade Agreement:</b> Mexican exporters face no tariff on almost nine-tenths of their exports to Chile. (Standard Chilean 11% import duty applies to US goods).</p> <p><b>Chile-Venezuela Free Trade Agreement</b></p> <p><b>Mercosur:</b> Chile became Associate Member of Mercosur in 1996. Chile does not impose Mercosur's common external tariff on goods from third countries, which is higher than Chile's standard 11% import duty.</p>	<ul style="list-style-type: none"> <li>-- <b>Goodyear</b> is sourcing its raw materials and intermediate products from Mexico instead of from US.</li> <li>-- <b>McDonald's</b> is sourcing its food processing and handling equipment from Mexico (previously from the US).</li> <li>-- <b>IBM</b> imports \$35 million worth of personal computers annually from Mexico to avoid 11% tariff on US goods.</li> <li>-- <b>Ford</b> brings to Chile Escorts, Contours, and Fiestas manufactured in Mexico and Brazil instead of from the US to take advantage of lower tariff rates.</li> <li>-- <b>Exxon</b> supplies its lubricant production facilities in Chile with raw materials from Venezuela to avoid 11% tariff.</li> <li>-- <b>General Motors</b> brings in Chevy Cavaliers from Brazil to take advantage of lower tariff rates.</li> <li>-- <b>Ford</b> brings to Chile Escorts, Contours, and Fiestas manufactured in Brazil instead of from the US to take advantage of lower tariff rates.</li> <li>-- <b>Exxon</b> supplies its lubricant production facilities in Chile with raw materials from Argentina to avoid 11% tariff.</li> <li>-- <b>Caterpillar</b> plans to produce some of its lines of earth moving equipment (used heavily in Chile's mining industry) in Brazil rather than US to avoid 11% tariff.</li> <li>-- <b>Clorox</b> imports into Chile raw materials, such as polyethylene, from Argentina and Brazil to avoid 11% duty.</li> </ul>

Country	Preferential Agreement	Disadvantages to US Businesses
Colombia	<p><b>Andean Community (formerly Andean Pact):</b> Most of Colombia's imports from Andean partners (Bolivia, Peru, Ecuador, Venezuela) enter Colombia duty free.</p> <p><b>Colombia-Chile Free Trade Agreement</b></p> <p><b>Latin American Integration Association (ALADI):</b> Colombia, a member, participates in tariff reduction accords that provide other members preferential access to Colombia's markets.</p>	<p>-- Oilseeds and oilseed products from the Andean Community enter Colombia duty free. Because of the trade pact, US has lost market share in Colombia for soybeans.</p> <p>-- US fruit imports are assessed a 15% duty. Imports of Chilean fruit are duty free. This has contributed to fruit imports from the US amounting to only about 20% of total fruit imports, while those from Chile average 60%. Were it not for the fact that the availability of Chilean fruit is limited during their winter period, Colombian imports from the United States would probably be even smaller. Apples, pears, and peaches are the main fruits imported from Chile and the US.</p> <p>-- US wine imports are assessed taxes (import duty, and sales and consumption taxes) ranging from 50-65%, depending on the kind of wine. Wines from ALADI member countries (including Chile) or Andean Community are duty free and pay only 24% for the sales and consumption taxes. These tax preferences have contributed to Chile's supplying about 60% of Colombian wine imports and the US providing only 5% of them. About half of the wine consumed in Colombia is imported.</p>

Country	Preferential Agreement	Disadvantages to US Businesses
Peru	<p><b>Andean Community (formerly Andean Pact):</b> 85% of Peru's trade with its Andean partners (Bolivia, Venezuela, Ecuador, Colombia) is tariff free because of <b>bilateral agreements</b> and Peru's partial integration into the Andean Community Free Trade Area.</p> <p><b>Peru-Bolivia Free Trade Agreement</b></p> <p>Until Peru temporarily suspended Argentina's preferential access in 1996 under the <b>Latin American Integration Association (ALADI)</b>, Argentine wheat entered at a reduce rate (7.5% instead of regular 15%).</p> <p>Peru is negotiating <b>bilateral free trade agreements with Chile and Mexico</b> and participates as part of the Andean Community in free trade negotiations with <b>Mercosur</b>.</p>	<ul style="list-style-type: none"> <li>-- Andean integration appears to have lowered US exports of crude oil and diesel fuel to Peru in favor of Andean Community producers, particularly Venezuela. US exports of US crude oil and diesel fuel to Peru declined from \$85 million to \$24 million between 1994 and 1995; Andean Community exports grew from \$103 to \$425 million during same time frame .</li> <li>-- US exporters of inputs for packaged foods and beverages, including gum bases and beverage bases, have indicated that they are adversely affected by tariff preferences Peru has granted to Venezuela in its bilateral trade accord. US exporters pay 15% tariff for these products while Venezuelan exporters pay no tariff. (US exporters have only \$2 million of the total \$50 million market for these products).</li> <li>-- US exporters of US soybean oil and meal contend they could be more competitive in Peru if Bolivia did not have an effective 15% price advantage over US competitors. Bolivian soybean oil and meal enter Peru duty free. (In 1996 US exporters had only \$17 million of the total \$115 million Peruvian market for these products).</li> <li>-- US wheat exporters had been adversely affected by tariff preferences granted to Argentina until 1996. The tariff preference can be reinstated, however. US wheat exports grew to about half of \$235 million market during 1996.</li> <li>-- Such agreements would provide market access in Peru not currently enjoyed by US competitors and potentially disadvantage US firms.</li> </ul>

Country	Preferential Agreement	Disadvantages to US Businesses
Venezuela	<p data-bbox="289 152 832 298"><b>Andean Community (formerly Andean Pact):</b> Most of Venezuela's imports from Andean partners (Bolivia, Peru, Ecuador, Colombia) enter duty free.</p> <p data-bbox="289 834 821 980"><b>Bilateral trade agreements</b> with Brazil, Argentina, Paraguay, Uruguay and Chile provide them with preferential tariffs in Venezuelan market.</p>	<ul style="list-style-type: none"> <li data-bbox="923 152 2030 331">-- US bread, pastry, cakes, and biscuit products assessed 20% tariff. Duty-free access from Andean Community nations, particularly from Colombia, has made it difficult for US to compete in this market. If US products were accorded the same preference given Colombia, US market share could grow from its current 14% to 33% according to Embassy estimates.</li> <li data-bbox="923 380 2030 591">-- US-based auto firms are subject to a 35% tariff on assembled cars imported from outside the Andean bloc of Colombia, Ecuador and Venezuela. The Andean's common automotive policy allows the free circulation of locally produced passenger cars among the three countries. As a result, several foreign car companies have established assembly plants in Venezuela. US subsidiaries are the ones largely taking advantage of the policy.</li> <li data-bbox="923 639 2030 786">-- US-based tire companies pay 20% import tariff, while tires locally produced in Venezuela can enter Colombia and Ecuador duty free. While this puts exports from US-based plants at a disadvantage, it is US subsidiaries, like Goodyear of Venezuela, which are benefiting.</li> <li data-bbox="923 834 2030 1013">-- Tariff on US soybeans is determined by Andean Community variable levy system, but is usually 15%. The tariff for Paraguay is 9.9% and 13.2% for Argentina and Brazil. If US soybeans were accorded the same preferences given our competitors, US market share could grow from its current 76% to 90% according to Embassy estimates.</li> <li data-bbox="923 1062 2030 1208">-- Base tariff on US soybean oils is 15%. Paraguayan, Argentine, and Brazilian soybean oils pay tariffs of 1%, 8% and 10% respectively. If US soybean oil was accorded same preferences given our competitors, US market share could grow from its current 9% to 30% according to Embassy estimates.</li> <li data-bbox="923 1256 2030 1435">-- Base tariff on US soybean meal is 15%. Bilateral trade agreement with Paraguay allows its soybean meal to be assessed a tariff of 3.75% upon entering Venezuela. If US soybean meal was accorded the same preference given Paraguay, US market share could grow from its current 35% to 75%, according to Embassy estimates.</li> </ul>



Country	Preferential Agreement	Disadvantages to US Businesses
Czech Republic	Free Trade Agreement with EU	<ul style="list-style-type: none"> <li>-- Thermo-King (US company) forced to cut back on use of US components in the manufacture of industrial refrigeration due to elimination of duty drawbacks for non-EU products.</li> </ul>
Hungary	<p>Hungary-EU Association Agreement</p> <p>Hungary's elimination of duty drawbacks per the Pan-European Customs Zone Agreement</p>	<ul style="list-style-type: none"> <li>-- Edwards (US smoke detector company) complained in 1996 of higher tariffs on its US-made products relative to tariffs on competitors' products made in EU.</li> <li>-- Mars candy company reoriented sourcing from the US to its EU operations. It noted in 1994 reverse tariff preferences favored EU-sourced material.</li> <li>-- General Electric representative expressed concern in late 1996 that the elimination of duty drawbacks would impact capital equipment imports from the US.</li> <li>-- Alcoa Aluminum complained in 1996 that the elimination of duty drawbacks would cost the firm about \$6 million yearly in its importation of raw materials, mostly from Russia.</li> </ul>
Ireland	<p>Customs reclassification: EU decision to effectively increase tariffs on US-produced Lan products through customs reclassification has diminished the competitiveness of Cabletron's US product line in Europe.</p>	<ul style="list-style-type: none"> <li>-- Cabletron has spent \$500,000 in legal fees appealing the customs reclassification of its Lan equipment to the Irish Appeal Commissioners. (Cabletron maintains its European distribution center in Ireland for US-made products.) A preferential agreement between the US and EU, such as the ITA, could have helped if it had been in place.</li> </ul>

Country	Preferential Agreement	Disadvantages to US Businesses
Poland	<p><b>Poland-EU Association Agreement:</b> creates a tariff differential in favor of EU-origin exports to Poland. Agreement cut tariff rates for 247 agricultural commodities of EU origin by 10%.</p>	<ul style="list-style-type: none"> <li>-- US rice is strongly affected by a 10% differential. Key alternative suppliers, such as Thailand, benefit from LDC concessional tariff rates.</li> <li>-- US peanuts face a 7.5% tariff on a \$750/ton item. EU product has zero tariff. Majority of Poland's ground nuts are imported from China, an LDC tariff beneficiary, but Netherlands is an EU-source country.</li> <li>-- US soy products face a 7.5% tariff on a \$200/ton commodity; EU products have no duty. US has high sales of soybeans to EU countries, which process it for oil. Tariff differential allows EU countries to sell the byproduct soybean meal more cheaply; sales of US soy meal in Poland remain flat.</li> <li>-- <b>Westinghouse</b> -- which faces stiff EU competition for Polish boiler turbine contracts -- finds tariff differential places company at a significant competitive disadvantage. In a current \$40 million turbine refurbishment bid, the 6% tariff differential creates a \$2.4 million gap for Westinghouse in comparison to EU-based competitors.</li> <li>-- <b>Westinghouse</b> on two occasions resorted to subcontracting a European firm to gain the EU-based price advantage, even though Westinghouse prefers US products.</li> <li>-- <b>Atlas Copco Wagner</b> (Hdqs: Oregon) has consistently reported that its mining equipment cannot overcome the tariff disadvantage vis-a-vis European equipment. In 1996, its \$340,000 scoops faced a 20% duty, while EU products faced no duty.</li> <li>-- <b>Vanguard Supreme</b> (Hdqs: N.Carolina) has reported that the tariff differential makes its textile knitting machines uncompetitive compared to European equipment.</li> </ul>

Country	Preferential Agreement	Disadvantages to US Businesses
Romania	Free Trade Agreement with EU	<ul style="list-style-type: none"> <li>-- IBM, Blue Ridge International, Romsys-Sun Microsystems, Total Technologies-Packard Bell, Salient-Salient International (USA), Lucent Technologies, Logic-Telcom (US-Romanian Joint Venture) are subject to Romanian 15-20% tariff on US computer hardware and peripherals. EU-sourced products pay 0-5% duty.</li> <li>-- Motorola is subject to 8% Romanian tariff on cellular and mobile telephones (assembled in UK); tariffs on products that are 60% EU-content are imported duty-free.</li> <li>-- Wentz Brothers, US wine exporter, subject to 144% import tariff on US wine; tariff on EU wine is 108%.</li> </ul>
Slovenia	Free Trade Agreement with EU	<ul style="list-style-type: none"> <li>-- Chrysler motor vehicles with less than 60% EU content are subject to 27% tariff; hurts sales of Chrysler minivans (also in Visegrad countries: Poland, Hungary, Czech Republic, Slovakia).</li> <li>-- Tariffs on US electrical and telecommunications equipment are as high as 20%; tariffs on EU industrial products are being reduced to zero.</li> </ul>
Turkey	Customs Union with EU	<ul style="list-style-type: none"> <li>-- In 1995, the weighted average Turkish tariff for EU European Free Trade Area (EU/EFTA) industrial products was 5.9%, while the average weighted tariff on US industrial products was 10.8%. Tariffs on EU/EFTA products are dropping to zero. Turkey will adopt the EU common external tariff in 1999, which will lower average tariffs on US industrial products to 3.5%.</li> </ul>
Ukraine	Agreement on mutual recognition of certificates signed by CIS countries	<ul style="list-style-type: none"> <li>-- To make entry and access of US goods into Ukrainian market easier, US could sign an agreement on mutual recognition of certificates with Ukraine. Currently, US pharmaceutical firms have to apply for corresponding Ukrainian certificates while CIS companies just have to re-register their certificates.</li> </ul>

Country	Preferential Agreement	Disadvantages to US Businesses
Jordan	<p><b>“Partnership Agreement” with EU:</b> Jordan expected to sign soon. Ultimate objective is EU-Jordan FTA by 2010. By 2005, EU countries will be able to take advantage of virtually free movement of goods, services, capital, and people.</p>	<p>-- Implementation of the agreement will disadvantage US light industrial input products, including some chemical and telecommunications products, which will remain subject to Jordan’s prohibitively high customs duties. By the second year of the agreement, import duties for light industrial products are to decline sharply.</p>
Morocco	<p><b>Free Trade Agreement with EU</b></p>	<p>-- Average tariff on US industrial products is 24.6%, while tariffs on EU industrial products are being reduced to zero. US products will also be disadvantaged by Moroccan adoption of EU regulations limiting duty drawbacks.</p>
Tunisia	<p><b>Tunisia-EU Free Trade Agreement:</b> Recent exemption for EU-origin computer products is in keeping with first-phase implementation of the Tunisia-EU FTA that removes duties on certain (EU-origin) raw materials and capital goods not produced in Tunisia.</p>	<p>-- <b>Microsoft</b> computer software subject to higher tariff. Import duties on computer software of non-EU origin increased from zero to 10% in January 1997.</p>

## THE WHITE HOUSE

WASHINGTON

July 23, 1997

MEETING WITHSELECTED MEMBERS OF THE HOUSE

DATE: July 24, 1997

LOCATION: Cabinet Room

TIME: 10:00 a.m. - 11:00 a.m.

FROM: SAMUEL BERGER *SB*  
GENE SPERLING *GS*  
DANIEL K. TARULLO *DT*  
JOHN HILLEY *JH*

I. PURPOSE

To make our affirmative case for fast track to undecided Democratic House members, and to encourage them to keep an open mind during the August recess.

II. BACKGROUND

We continue to use the July-August period to organize our efforts for a more visible Congressional and public fast track effort in the fall. Efforts during this period include building the White House and agency team (Jay Berman is now fully on board), sharpening our message, building our coalition through outreach to business, agriculture, state/local officials and others, laying a foundation of support with the press and elites and developing a communications and legislative strategy for the fall.

We also need to ensure that we avoid attrition on the Hill during the August recess, when we expect our opponents to mount a significant communications and lobbying effort. To that end, Ambassador Barshefsky has met with approximately 170 Members of Congress over the past few months to solicit their opinions and gather information; Legislative Affairs at the White House, NSC Legislative Affairs, USTR and various Agencies have made staff level calls to all House offices; the Cabinet has been informed that they need to be available to participate in satellite interviews, press conference calls and in-state visits to approximately 35 supportive, yet undecided, member districts during the month of August; we have offered Cabinet members and Administration officials to various House and Senate Caucuses, Sub-caucuses and Committees.

This meeting is an important part of that effort. The purpose is to make the affirmative case for fast track and, at a minimum, persuade them to remain neutral until we set forth legislation (including a labor/environment approach) in the fall. We recommend your message be built around three themes:

1. Optimism/Future v. Pessimism/Past: This issue is at the center of our national debate about our future: whether we will meet the challenge to compete and win, or whether we will convince ourselves -- against the evidence -- that we should not move forward. Trade expansion has been a key element of a forward-looking economic strategy that has created 12.5 million jobs, brought core inflation to a 30-year low and created sustained economic growth.

2. American Leadership: As we enter the 21st Century, we need to be in front of world trade opening efforts, not lagging behind and losing market opportunities. The world is watching. If we don't act, others will.

3. Important Market Opening Opportunities: Fast track is the tool for eliminating foreign barriers, whether through sectoral agreements (e.g., medical equipment, environmental technology, agriculture), continuing regional processes in Latin America or Asia or eliminating global barriers in the WTO. This is not a referendum on NAFTA, as some suggest. It is about a far different agenda: eliminating foreign barriers worldwide, which are much higher than ours.

Members are likely to be interested in our approach on labor and the environment. (We have separately sent you a decision memo on this subject.) However, we do not recommend you foreshadow our approach at this meeting; it likely would leak and would make it even more difficult for Members to stay neutral during August. Instead, we suggest you reaffirm your commitment to these issues and indicate we will set forth an approach in September.

### III. PARTICIPANTS

See Tab C.

### IV. PRESS PLAN

None

V. SEQUENCE

We recommend you open with brief remarks (attached), introduce Jay Berman and Vicki Radd, then open the floor for discussion.

## Attachments

Points to be Made  
Q's and A's

Hill Participants

Representative Robert Matsui  
Representative Cal Dooley  
Representative Nita Lowey  
Representative Vic Fazio  
Representative Robert Menendez  
Representative E.B. Johnson  
Representative Charles Rangel  
Representative Tom Sawyer  
Representative Ron Kind  
Representative Wm. Jefferson  
Representative Ben Cardin  
Representative Jim Davis  
Representative Charles Stenholm  
Representative Howard Berman  
Representative Earl Blumenauer  
Representative David Skaggs  
Representative Ed Markey  
Representative Tim Roemer  
Representative Barbara Kennelly  
Representative Karen Thurman  
Representative Nick Lampson  
Representative Richard Neal  
Representative Solomon Ortiz  
Representative Anna Eshoo  
Representative Steny Hoyer  
Representative Earl Pomeroy  
Representative Karen McCarthy  
Representative Leonard Boswell  
Representative Jim McDermott  
Representative Floyd Flake  
Representative Darlene Hooley  
Representative David Price

Administration Participants

The President  
Vice President  
Secretary Rubin  
Secretary Glickman  
Secretary Dailey  
Secretary Herman  
Administrator Browner  
Ambassador Barshefsky  
Under Secretary Eizenstat  
Erskine Bowles  
Sandy Berger  
Daniel K. Tarullo  
Gene Sperling  
John Hilley  
Mack McLarty  
Jay Berman  
Vicki Radd  
Susan Brophy  
Bob Kyle  
Bill Danvers  
John Podesta/Sylvia Mathews

POINTS TO BE MADE FOR MEETING ON  
FAST TRACK

Introduction

- I want to talk with you about why it is in our nation's interest to renew fast track trade negotiating authority. Before I begin, let me introduce Jay Berman and Vicki Radd, who will be leading our effort. Their appointment underscores the high priority I attach to this issue. It is one of the most important votes you will cast this year. In fact, when we look back, I think it will be one of the most important decisions we will make this decade.

Optimism/Future v. Pessimism/Past

- This issue is at the heart of our effort to define America's future. It tests whether we will confidently meet the challenge to compete and win in the global economy, or whether we will convince ourselves -- against the evidence -- that we should not move forward. As President, I have tried to adopt a forward-looking economic strategy that guides our country into the 21st Century. And it is clear to me that international trade is central to that strategy:
  - Over the next decade, the global economy is expected to grow at three times the rate of the U.S. economy. Over the past four years, one-quarter of our economic growth came from trade. In a world where over 96 percent of the world's consumers live outside the U.S., we must export to sustain growth at home.

Our strategy has made the American economy the envy of the world. We are perfectly positioned to seize these trade opportunities.

- We have enjoyed the longest period of sustained growth of all of our G-7 partners -- seven years as of last March. We have created 12 million net new jobs, more than all of the other G-7 countries combined. The unemployment rate was 5% in June, the lowest in over 23 years.
- We are once again the world's largest exporter, the largest producer of semiconductors, the largest producer of automobiles. Independent studies have found America to be the most competitive economy in the world for the past five years. No country in the world is better positioned to compete.

## Global Leadership

- To continue that record, I need the authority to continue opening markets. Without it, America will not maintain its leadership position in world trade and a critical part of our economic expansion will stall. We must be in front of market opening efforts, not lagging behind and losing opportunities.
- Let's not kid ourselves -- if we don't act, others will.
  - Since 1992, in Latin America and Asia alone, other countries have reached more than 20 preferential trade agreements without us.
  - Today every major economy in this hemisphere has a preferential trade deal with Chile, except the United States. Chile has an 11 percent across-the-board tariff that these countries are eliminating for their products. That means every time an American company competes to sell to Chile, it will face an immediate 11 percent cost disadvantage compared to its Canadian competitor. Canada's Northern Telecomm won a \$180 million telecommunications contract over three U.S. companies in part because it could avoid paying \$20 million worth of tariffs.
  - The EU, China and others are on the move. The EU has begun a process to reach a free trade agreement with Brazil, Argentina and other MERCOSUR countries. President Chirac has declared "the future of the region rests with Europe, not the United States." China has targeted Mexico, Argentina, Brazil, Chile and Venezuela as "strategic priorities" in Latin America.

## Significant Market Opportunities

- The potential gains are great, if we seize them. If you give me the authority, we will attack foreign trade barriers on a number of fronts:
  - Sectoral Agreements: We would negotiate agreements in sectors where the U.S. is most competitive. The recent Information Technology Agreement, for example, eliminated tariffs and unshackled \$500 billion of trade in semiconductors, computers, telecommunications equipment and software, amounting to a \$5 billion tax cut in tariffs on American exports. With fast track authority, I can tear down more barriers in areas like medical equipment and environmental technology, where America leads the world.

- Latin America/Caribbean: This area was the fastest growing market for U.S. exports in 1996. If trends continue, Latin America and the Caribbean will exceed the EU as a destination for U.S. exports by 2000 and exceed Japan and the EU combined by 2010. We remain committed to the Free Trade Area of the Americas process. Chile would be our first step in this process.
- Asia: Contains the fastest growing economies in the world, with nearly 3 billion people. Forecasters expect real growth of 6-7% annually for the next 15 years. In APEC, we are working to reach agreements in key sectors that could open these markets to America's most competitive products. Without fast track, that process will come to a halt.
- Africa: Working with Congress, I recently launched an Africa trade initiative. Africa's nations are joining the march toward freedom and open markets - and we should encourage it. Sub-Saharan Africa alone has 700 million people, but we supply only 7 percent of Africa's imports. We want to explore negotiations with South Africa when it is ready.
- Global: Over 50 years of persistent American leadership has helped bring down global tariffs from an average of 40 percent at the end of World War II to about 5 percent today, leading to a 90-fold increase in global trade. Upcoming WTO talks on agriculture can help us cut barriers and subsidies in the \$526 billion global farm market. We can eliminate barriers to services trade, a \$1.2 trillion global market, where U.S. firms had a surplus of \$74 billion in 1996.

### Conclusion

- We face a critical choice. We can recognize that the American economy is the model for the world, continue to open foreign markets and seize the initiative. Or we can convince ourselves that we are on the wrong track, that we cannot succeed and that we should not move forward. Years from now, we will either proudly recognize that we saw our opportunities and we took them. Or we will have become paralyzed by indecision, squandered our strong competitive advantage and let others seize the initiative. The choice is that clear -- and that important. I ask you to support me on this critical issue.

QUESTIONS AND ANSWERS  
FAST TRACK MEETING

NAFTA

Q: NAFTA is relevant to fast track. Critics argue that NAFTA has cost us over 400,000 jobs. Our trade surplus has turned into a deficit. If NAFTA was a failure, why should we extend it to the rest of the hemisphere and beyond?

A: The critics are wrong. The best information available indicates that NAFTA has had a positive effect on jobs, creating 90,000 to 160,000 jobs in trade with Mexico alone. The trade deficit with Mexico was caused by Mexico's peso crisis and the recession, not NAFTA.

If anything, the trade deficit would have increased further if it were not for NAFTA. When Mexico had its last financial crisis in 1981-82, it imposed 100 percent duties on American products, U.S. exports fell in half and it took 7 years for us to recover to 1981 levels. This time, Mexico continued to reduce its tariffs as required by NAFTA (even though it raised on them on our competitors). U.S. exports recovered to pre-recession levels in 18 months, protecting the 750,000 jobs dependent on those exports. A Federal Reserve of Dallas study concluded U.S. export growth was 7 percent higher than it would have been absent NAFTA.

Q: What will you do about labor/environment in future trade agreements?

A: I share your concerns about labor and environmental issues. We must remain committed to promoting worker rights and ensuring that economic growth is not at the expense of the environment. In the fall, I will set forth a proposal addressing these concerns. In the meantime, I ask you to keep an open mind.

But failing to engage these countries will not improve their worker rights or the environment. These countries will advance economically, whether or not we negotiate trade agreements with them -- and other countries won't be as concerned about their labor or environmental protection. By leading the world, we have a far better opportunity to promote our values than by disengaging.

Q: NAFTA was supposed to have improved labor/environment conditions on the border, but it hasn't. In fact, the problem is worse.

A: The problems along the border existed before NAFTA and they won't be solved overnight. But NAFTA has given us better

progress and cooperation than we would have had without it. There are clear signs of improvement:

- From 1993 to 1996, Mexico increased its budget for enforcement of labor laws by 250 percent.
- The overall rate of occupational injuries and illnesses fell from 47 per thousand in 1994 to 33 per 1000 in 1996.
- Mexico has seen the number of environmental violations dropping; with a 72 percent reduction in serious violations in the maquiladora industry from 1993 to 1996; and a 43 percent increase in the number of maquiladora facilities in complete compliance.
- The NAFTA institutions financing border cleanup projects have certified 16 projects, including infrastructure projects costing nearly \$230 million.

Q: Opponents have successfully made this a referendum on NAFTA. How do I refute that?

A: I think NAFTA's been good for this country. But no matter what you think, this is not about NAFTA. It's about the global trading agenda I outlined.

- Our competitors would like nothing better than to have us rehash the NAFTA debate for four years, while they seize new market opportunities.
- Inaction will simply let foreign barriers stand. When we reach these trade agreements, we give up very little, while other countries give up far more. When the Uruguay Round is phased in, our tariffs will average only 2.8 percent. Other countries are far higher: India (31 percent); Thailand and Turkey (26 percent); Chile and Indonesia (11 percent). Becoming mired in a debate about NAFTA won't level the playing field.

Q: NAFTA has diverted investment from the U.S. to Mexico. It was an investment agreement, not a trade agreement.

A: No. U.S. foreign direct investment in Mexico averaged \$3.1 billion in 1994-96, little changed from the \$2.5 billion the year before NAFTA took effect. The \$3.1 billion was less than 0.3 percent of gross private fixed investment in the U.S. in 1996. The Big 3 invested \$39 billion in the U.S. economy in the last three years, only \$3 billion in Mexico.

Q: U.S. companies use the threat of relocation to Mexico to jawbone down the wages of America's workers. That will just happen over and over again if we reach more free trade agreements.

A: The fact is that NAFTA makes it more attractive to stay in the United States. Before NAFTA, U.S. exports faced an average 10 percent tariff when sending U.S.-made goods to Mexico. They had restrictions that basically forced us to locate car production down there if we wanted to sell in their market. NAFTA eliminates all of this -- and will eliminate only a 2 percent average tariff on products coming here.

If we let other countries reach trade agreements, while we sit on the sidelines, it will make it even more attractive for U.S. companies to move offshore. If Brazil has eliminated all tariffs it faces in this hemisphere -- and we still face high tariffs -- U.S. companies have one more incentive to move offshore. If we want to keep jobs here, we should eliminate trade barriers for U.S.-made products.

### Trade Generally

Q: Why should we reach trade agreements with low wage countries? How can U.S. workers compete against foreign workers earning a fraction of U.S. wages?

A: The fact is that U.S. workers do compete successfully with low wage countries. In the last 10 years, U.S. exports to low-wage countries have risen 240 percent, while exports to high wage countries are up just 140 percent and domestic sales by 75 percent. Exports to low wage countries now account for 42 percent of total U.S. exports. And these are good jobs. Wages for export-related jobs pay 13-16% more than the national average.

Competition from low wage countries does create competitive pressures in industries where skills and productivity are lower, but most such jobs don't compete with imports. In fact, imports from non-oil developing countries account for only 4 percent of U.S. spending and has grown only 1.5 percent during the past decade.

For those workers who are affected, we need to maintain our commitment to education and worker retraining. That's why I have made them a priority. It must be part of a complete strategy to prepare us for global competition.

Q: The U.S. trade deficit has hurt the U.S. economy and cost American jobs.

A: It's hard to argue that the trade deficit is devastating the U.S. economy. We are growing at a steady pace of about 3 percent

per year over the past five years, unemployment is at a 23 year low, income levels are rising and exports are at record levels.

But one way to attack the deficit is to break down foreign barriers - and I can't do that unless I have fast track authority.

Desk

①  
Answer

Let's discuss  
MCP

②  
Desk

MACK McLARTY

July 15, 1997

To: Vicki Radd

We need to discuss this as soon as possible.

MCP

Attachment

(202) 783-6000  
TELEPHONE

(202) 783-4171  
FACSIMILE

**SAM M. GIBBONS**

**GIBBONS & COMPANY**  
THE WILLARD OFFICE BUILDING  
1455 PENNSYLVANIA AVENUE, N. W.  
SUITE 525  
WASHINGTON, D. C. 20004

*Sam M. Gibbons*

*Wack:*

*I'd like to be the "Point Person" on  
last track. I'll work closely with  
you and devote full time to this  
effort.*

*I would appreciate your support  
and look forward to working with  
you.*

*Sam*

GIBBONS & COMPANY

1455 PENNSYLVANIA AVENUE, N.W.

THE WILLARD OFFICE BUILDING

SUITE 525

WASHINGTON, D.C. 20004

TEL (202) 783-6000

FAX (202) 783-4171

July 9, 1997

President William Jefferson Clinton  
The White House  
1600 Pennsylvania Avenue, N.W.  
Washington, DC 20500

Dear Mr. President:

I want you to know of my strong interest in serving you as your Administration "point person" to coordinate the intense lobbying campaign for Congressional approval of "fast track" trade negotiating authority. I have the experience, knowledge, vision, and ability to successfully do the job for you.

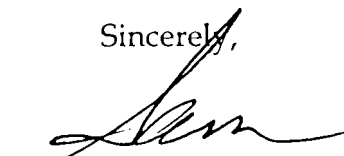
Over the past two decades, I led the charge for every major trade bill in the Congress. I have been the primary advocate, vote counter and House floor manager for numerous "fast track" bills. I have the integrity, track record and close bipartisan working relationships with the Congress, the international trade policy people in your Cabinet and within the business community. I am confident that with a well-planned and aggressively implemented strategy we can win "fast track" renewal. I have always won final passage of this legislation. I can get the job done.

Moreover, I have absolutely no conflicts of interest. If necessary, I can sever my relations with Gibbons & Company. Our firm represents no foreign clients and none of the firm's current clients have any direct or indirect interest in the renewal of "fast track" authority.

I would greatly appreciate it if you would consider me to serve as your "fast track" coordinator in the White House. I look forward to talking with you. I could begin work immediately.

Thank you!

Sincerely,

  
Sam M. Gibbons

① News

② Steve

Best

Uyke  
Susan?

Victor

Best

## SAM M. GIBBONS

---

**Mr. Gibbons** served as a Member of the United States Congress in the House of Representatives for 34 years (1962-1996). He was Chairman of the Ways and Means Committee and its Subcommittee on Trade, Vice-Chairman of the Joint Committee on Taxation, and U.S. Advisor to the General Agreement on Tariffs and Trade and the World Trade Organization.

Mr. Gibbons worked closely on a bipartisan basis with eight U.S. Presidents in the development, passage, and implementation of major domestic and international policy initiatives. He has extensive legislative expertise in the areas of international trade, taxation, healthcare, public and private pensions, budget, and education.

As a leading architect of American trade policy for more than 25 years, he is widely recognized as one of the foremost proponents of open markets and free trade. Mr. Gibbons was a primary advocate and sponsor of every major trade law enacted during this period, including The Trade Acts of 1984 and 1988, legislation implementing the Tokyo and the Uruguay Rounds of the General Agreement of Tariffs and Trade, the Caribbean Basin Initiative, the U.S./Israel Free Trade Agreement, the U.S./Canada Free Trade Agreement, the Andean Trade Preference Act, and the North American Free Trade Agreement.

While Chairman of the Ways and Means Subcommittee on Trade, Mr. Gibbons frequently led trade and interparliamentary delegations throughout Europe, Latin America, the Middle East, and Asia, including the former Soviet Union, Japan, China, Australia, and Vietnam. He conferred regularly with heads of Governments, their principal trade and economic officials, and business leaders both in the United States and abroad.

Mr. Gibbons served as Chairman of the Trade and Economic Committee of the U.S./Canada Interparliamentary Group, the U.S./Mexico Interparliamentary Group, and Co-Chairman of the U.S. delegation to the U.S./European Parliament Interparliamentary Group. He counseled numerous U.S. Trade Representatives on international trade negotiations and legislation.

## **SAM M. GIBBONS**

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Throughout his 28 years on the House Ways and Means Committee, Mr. Gibbons advocated reform of the Federal income and payroll tax systems. In addition, he drafted and vigorously advocated legislation to repeal these systems and replace them with a simplified, broad-based, boarder-adjustable, value-added tax. He was also involved in the development of every Federal healthcare financing law since the inception of Medicare in 1966.

Before election to the United States Congress, Mr. Gibbons served for 10 years in the Florida Legislature, where one of his major accomplishments was to establish the University of South Florida, now the 13th largest university in the United States. He received his undergraduate and law degrees from the University of Florida, and is admitted to practice law in Washington, D.C., Florida, and before the United States Supreme Court.

Mr. Gibbons served as an officer for 5 years during World War II with the U.S. Army's 101st Airborne Division. He led parachute infantry forces in major combat actions including the pre-dawn assault on D-Day in Normandy, the invasion of Holland, the Battle of Bastogne, and operations in central Germany. He was awarded the Bronze Star.

## PROPOSED BUSINESS SCHEDULE FOR FAST TRACK

### Goals

- Outline Administration plan for Fast Track effort
- Obtain positive business stories that support Administration's position
- Energize our base; the business and agriculture communities

### Strategy:

#### I. Outreach

##### Key groups

- a) business (manufacturing, high-tech, agriculture)
- b) dc rep core group
- c) opinion leaders (political, academic, economists, foreign policy experts, former secretaries of state, treasury, commerce and trade reps)

#### II. Events in August

- a) manufacturing companies (primarily Fortune 500)

Roosevelt Room

principals: Bowles, Rubin, Amb. Barshefsky, McLarty, Berman

*Daley*

- B) high technology companies

Roosevelt Room

principals: VPOTUS, Amb. Barshefsky, McLarty, Gipps, Berman

*Don*

*Daley*

*Hi-tech  
for VPOTUS*

- c) agri-business companies

Roosevelt Room

principals: Secretary Glickman, Amb. Barshefsky, McLarty, Berman

*Daley*

#### Events in September

- a) washington reps roll-out event

East Room of the White House

principals: President Clinton

- b) The Business Roundtable

September 10th, JW Marriott

Principle: The Vice President

- c) American Business Conference (proposed event)

September 16th, The White House

Principle: The President

*Barry Rosenthal  
fastest growing companies*

- III. Other outreach targets
  - a) in-town conferences
  - b) targeted regional audiences
  - c) major associations, U.S. Chamber, Hispanic Chamber

***Fast Track: In the National Interest of the United States:***

**FAST TRACK MEANS:      IMPROVING OUR STANDARD OF LIVING**

- The Economy is Strong. The President's economic strategy of cutting the deficit, investing in education and training and opening markets abroad is working. America has enjoyed the longest period of sustained growth in a generation— 25% of which was produced by exports. The result: 12 million new jobs, unemployment at 5%, inflation the lowest in a generation.
- Our Future Prosperity Depends on Trade. 96% of the world's consumers live outside the US. The global economy will grow at three times the rate of the US economy. The American people need fast track to negotiate smart new trade agreements that keep us competitive, expand our exports, create more jobs, and raise our standard of living.
- Staying on the Fast Track. By knocking down trade barriers and creating new jobs, President Clinton will use fast track to keep America's economic expansion on the global fast track.

**FAST TRACK MEANS:      CREATING MORE JOBS**

- Knocking Down Barriers. The President will keep knocking down barriers to American products and services because that strategy is working for the American people. The US is once again the world's largest total exporter, the largest producer of semiconductors, and the largest producer of automobiles. Exports support 11 million American jobs, including one million manufacturing jobs, and over the past four years, one-quarter of our economic growth came from trade and exports.
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- Staying On Top. As we prepare the American people for the challenges of the 21st century, we face a critical choice: Embrace the global economy and continue to shape it to America's advantage, or turn back and fail to compete for new contracts, new business or new job opportunities.
- Lead or Be Left Behind. Since 1992, in Latin America and Asia other countries have reached more than 20 preferential agreements without the United States. Lack of leadership will let barriers block American products and deny American workers the opportunity to increase their prosperity.
- Bipartisanship. Every President since Ford has had fast track authority. Congress has consistently recognized the President must have the authority to break down foreign trade barriers and a bipartisan majority of the United States Congress has consistently supported American leadership in opening markets and creating jobs.

# Fast Track Talking Points:

## GENERAL POINTS

- Fast track authority is in the national interest of the United States. America's economic strength and standard of living is linked to knocking down trade barriers, exporting our goods and services, and creating more high skilled jobs.
- Fast track is a prerequisite to US negotiating credibility and without it, the President cannot assure our negotiating partners that the deal they strike is the deal that will be voted on by Congress. Without that assurance, foreign governments are reluctant to negotiate with the United States.
- As we prepare the American people for the challenges of the 21st century, we face a critical choice: We can embrace the global economy and continue America's economic expansion, or we can turn our back on the world and fail to compete for new contracts, new markets, new business or new job opportunities.
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## THE RECORD IS CLEAR

- President Clinton's economic strategy of deficit reduction, investing in our people through education and training, and opening markets to our goods and services has created the largest economic expansion in a generation.
- The American people have enjoyed the longest period of sustained growth of all our G-7 partners--seven years as of last March. The US economy has created 12 million new jobs, the unemployment rate is 5%, core inflation is at a 30 year low, and the value of the stock market has doubled since 1993.
- The United States is once again the world's largest exporter, the largest producer of semiconductors, and the largest producer of automobiles. Independent studies have found America to be the most competitive economy in the world for the past five years.
- Over the last four years, American manufactured exports rose by 42%, high technology exports jumped 46%, service exports climbed 26% and farm exports rose 43%.

- US industrial production has increased by 18% in real terms between 1992 and 1996, while Japan's has risen just 8% and Germany's declined by 1%.
- No country is better positioned to compete than the United States. To maintain the standard of living of the American people, President Clinton needs fast track authority to continue America's record economic expansion.

## **STAYING ON THE FAST TRACK: CREATING AMERICAN JOBS**

- Over the past four years, one-quarter of our economic growth has come from overseas trade and US exports have created 1.4 million new American jobs. Fast track will help this trend continue.
- In addition, 11 million total American jobs are supported by exports, including one in five manufacturing jobs--paying 13-16% more than non-trade related jobs.
- Over the next decade, the global economy is expected to grow at three times the rate of the US economy. Growth will be particularly powerful in the world's emerging markets.
- In a world where over 96% of the world's consumers live outside of the United States, we must export our goods and services to sustain our standard of living at home. To stay on the global fast track, the American economy needs fast track authority.

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The rapidly expanding global economy presents enormous potential for American companies and workers:

- Sectoral Agreements: The President would negotiate agreements in sectors where the US is most competitive. From medical equipment, environmental technology, telecommunications to high tech computers, the President will tear down more barriers to American exports. For example, the recent Information Technology Agreement eliminated tariffs and unshackled \$500 billion of trade in semiconductors, computers, telecommunications equipment and software, amounting to a \$5 billion tax cut in tariffs on American exports.
- Agriculture: The President would use fast track authority for negotiations to cut barriers in the \$536 billion global agriculture market that will attack such practices as export subsidies and domestic support programs.
- Services: A \$1.2 trillion global market—where US firms exported more than \$220 billion in 1996 with a surplus of \$74 billion. The President would address a wide range of service sectors, including health care, education, entertainment, tourism and business consulting and advertising.

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- Asia: Asia has the fastest growing economies in the world, with nearly 3 billion consumers. Forecasters expect real growth of 6-7% annually for the next 15 years. In APEC, the President is working to reach agreement in key sectors that could open these markets to America's goods and services.
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## **AMERICAN LEADERSHIP**

- Over 50 years of persistent American leadership has helped bring down global barriers to America's products--falling from an average 40% at the end of World War II to about 5% today. This has lead to a 90-fold increase in global trade.
- As the world's sole superpower, we simply cannot turn our back on the global economy. The United States exports more products and services than any country in the world and trade provided more than one-fourth of our economic growth over the past four years. Without fast track authority, the United States will lose our strong competitive advantage, erode our growing economic expansion and miss the opportunity to increase our exports and create more job opportunities.

## **THE PRICE OF INACTION:**

- America's failure to participate in shaping the global trading system will allow our competitors to negotiate preferential trade arrangements, form strategic relationships excluding the United States and create new exclusive trade alliances. The United States must not abdicate its global leadership to the detriment of the American economy.
- Since 1992, in Latin America and Asia alone, our competitors have negotiated 20 free trade pacts excluding the United States.
- Today every major economy in this hemisphere has a preferential trade deal with Chile except the United States. This gives our competitors an 8% across-the-board tariff advantage for their products, which means American companies must sell to Chile with an immediate 8% cost disadvantage.

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- Opening foreign markets does not mean retreating from our commitment to labor and the environment. The President is committed to promoting worker rights and ensuring that economic growth does not come at the expense of a clean and healthy environment. Failing to engage the world's markets will not improve worker rights or protect the environment—but through dialogue and engagement these issues will be addressed.

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July 28, 1997  
Memorandum to the President  
From: Al From  
Subject: Fast Track Event

*Not  
A. J. ...  
Steve  
Mack*

The purpose of this memorandum is to ask you to do a high profile event with the DLC in September in support of expanding trade and fast track.

Expanding trade and restoring American competitiveness is a defining issue for New Democrats and will be an essential part of your legacy. Yet the progress you've made would be undermined if you are not able to win fast track authority this fall. And the most substantial opposition to your winning is likely to come from within our own party.

As we did on the NAFTA fight in 1993, the DLC is devoting considerable resources to helping you in the fast track fight. I believe we can play a critically important role both in rallying Democratic support behind fast track and in demonstrating to the media that there are Democrats who oppose the protectionist line of many of our interest groups.

Our plan would be to bring in elected Democrats from around the country for a show of support on fast track and a forum on trade and its benefits to ordinary citizens. I would very much appreciate it if you could speak to that event.

It would give you a forum for making a pro-trade, pro-fast track speech to a Democratic audience – and it would give real credibility to our effort to help you pass fast track. That, in turn, would help us pull together the resources to give a higher profile to our pro-fast track campaign.

As we've discussed before we need to talk in great detail about a number of things we can do to secure your legacy and the changes you and the New Democrats have brought to our party and our country. But winning the fast-track fight is one of them – and I hope you will agree to a DLC event in September that can help that cause.

I'll follow up with Erskine and Mack, and I really hope you'll do this. It will be good for you and important to me. Thanks.



F Street, N.W. Suite 600  
Washington, DC 20004  
202.347.0911  
Fax: 202.628.5035  
Email: alot@conx.com

July 25, 1997

The Honorable William J. Clinton  
The White House  
Washington, DC 20500

Dear Mr. President:

We are writing to urge your strong leadership in proposing and working for Congressional passage of new fast track trade negotiating authority. We share your often-stated view that fast track authority is a critical prerequisite for our nation to reach agreements that will open up foreign markets and expand opportunities for U.S. businesses, farmers and workers.

You have demonstrated significant leadership in the past on important trade issues, including NAFTA and the Uruguay Round. The nation needs strong leadership once again. We urge you to submit a proposal to Congress for pro-trade fast track authority as soon as possible. We are committed to work with you and fast track proponents in the Congress to ensure quick renewal of this important authority. We believe that America's global trade leadership over the next decade is at stake.

Sincerely,

Samuel L. Maury  
President  
The Business Roundtable

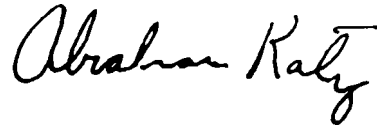
Frank D. Kittredge  
President  
National Foreign Trade Council, Inc.

Barry Rogstad  
President  
American Business Conference


E. Martin Duggan  
President & CEO  
Small Business Exporters Association



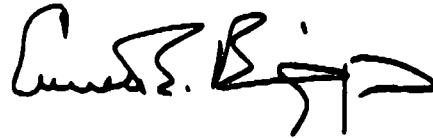
Edward J. Black  
President and CEO  
Computer & Communications Industry  
Association



Abraham Katz  
President  
United States Council for International  
Business



Daniel G. Amstutz  
President & CEO  
North American Export Grain Association,  
Inc.




Everett E. Briggs  
President  
Council of the Americas



Tracy Mullin  
President  
National Retail Federation



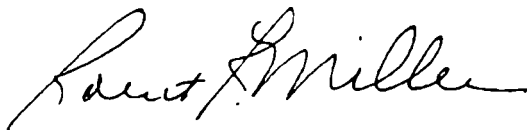
Jerry J. Jasinowski  
President  
National Association of Manufacturers



William T. Archey  
President & CEO  
American Electronics Association



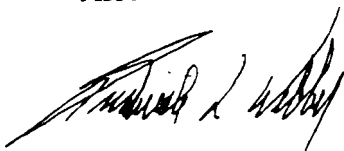
Don Fuqua  
President  
Aerospace Industries Association



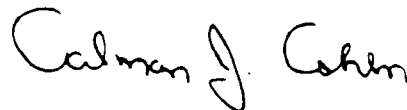
Robert R. Miller  
President & CEO  
Motor & Equipment Manufacturers  
Association



Alan F. Homer  
President  
Pharmaceutical Research and  
Manufacturers of America



Frederick L. Webber  
President & CEO  
Chemical Manufacturers Association




Calman J. Cohen  
President  
Emergency Committee for American Trade



Max Deets  
President  
National Cattlemen's Beef Association



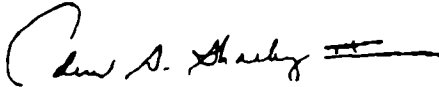
Robert J. Verdisco  
President  
International Mass Retail Association



Sid Smith  
President and CEO  
National Association of Hosiery  
Manufacturers



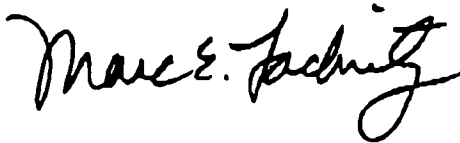
Joseph G. Gerard  
Vice President of Government Affairs  
American Furniture Manufacturers  
Association



Andrew G. Sharkey, III  
President & CEO  
American Iron and Steel Institute



Matthew B. Coffey  
President  
National Tooling and Machining  
Association



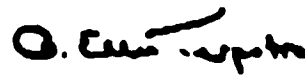
Marc E. Lackritz  
President  
Securities Industry Association



Matthew P. Fink  
President  
Investment Company Institute



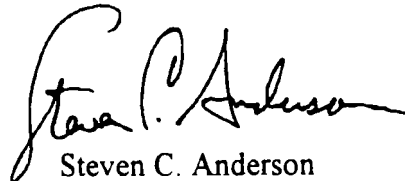
Kurt J. Nagle  
President & CEO  
American Association of Port Authorities



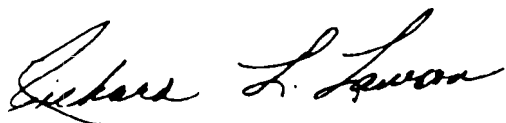
A. Ellen Terpstra  
President  
U.S. Apple Association



Harris N. Miller  
President  
Information Technology Association of  
America



Steven C. Anderson  
President & CEO  
American Frozen Food Institute



Richard L. Lawson  
President & CEO  
National Mining Association



Angelo M. Iasiello, II  
Director, International Affairs  
The American Consulting Engineers  
Council



David N. Parker  
President  
The Aluminum Association



Ann R. Wise  
Director General  
Pacific Basin Economic Council U.S.  
Member Committee



Matthew J. Flanigan  
President  
Telecommunications Industry Association



Rhett Dawson  
President  
Information Technology Industry Council



Peter F. McCloskey  
President  
Electronic Industries Association

THE WHITE HOUSE

WASHINGTON

July 8, 1997

Mack,

Attached is my first cut at the Fast Track Game Plan. I thought you might like to review it before our 3:30 p.m. meeting.



Attachment: Draft Fast Track Game Plan

- ~~1~~
- ① Steve
- ② Andrew
- ③ Dan
- ④ Nelson

## FAST TRACK GAME PLAN

### Phase One: Present -September

Summary: Our goals during this period are to: 1) establish a virtual war room, including a White House coordinator and supporting resources; 2) finalize our substantive positions, particularly regarding the uses of fast track and labor/environment; 3) implement an aggressive, early outreach effort to staunch further attrition on the Hill; 4) work with key constituencies (e.g., business, agriculture) to organize their efforts and push back against early opposition efforts; 5) lay the groundwork for broader support among the press, state/local officials, think tanks, validators and others; 6) develop a communications and legislative game plan for September and beyond.

The first step is to develop an interim organizational structure. Until a coordinator is chosen, a senior White House official, working closely with Ambassador Barshefsky, should convene a meeting at least weekly to assess progress and give direction. USTR would be the lead agency in the effort. The White House staff team should consist of officials largely dedicated to this effort from the following disciplines: legislative, communications, policy, outreach, intergovernmental and cabinet affairs. We would create three interagency working groups (Legislative, Communications/Outreach and Policy) to meet at least weekly. In addition, we would assemble a group of 4-5 agency detailees that would assist the effort generally and assist the coordinator once he is on board.

We also need to sharpen our message. USTR has produced a solid foundation, as reflected in its main message document, substantial Q&A's, a defense of NAFTA and the NAFTA side agreements and other documents. However, we need to resolve fundamental questions relating to the scope of the agreements we would seek and labor/environment positions. We also need to dramatize key arguments (e.g., the costs of inaction, the size and extent of foreign trade barriers), develop better anecdotes, and build the geographic and sectoral data to prove the case for expanded trade.

We also should use this period to assemble our coalition. The business community needs to step up their fundraising efforts (they are raising \$2-3 million; \$3-5 million was raised for the Uruguay Round fight, \$10 million for NAFTA), broaden their coalition, create a grass roots operation (including district efforts in August), mount an August advertising campaign and develop a fall strategy. We should also engage the agriculture community, which became more active on China MFN. Governors, local leaders, opinion leaders, validators and others also need to be engaged..

Perhaps the most immediate challenge is to avoid losing more Hill votes during this interim period. The President should hold a meeting with target House members prior to the August recess, various Cabinet members should be active (both inside and outside Washington) with targeted members, and the business community should be energized to launch an ad campaign to counter an expected opposition campaign in August/September.

Administration/Internal

- Start regular meetings (Ongoing)
  - Weekly senior WH meetings (WH COS/USTR)
  - MWF White House/Agency working group meetings (Kyle)
  - Internal USTR meetings (USTR to convene)
  - Weekly Interagency Legislative meetings (Brophy/Arky)
  - Weekly Interagency Communications/Outreach meetings (D. Johnson?/Ziegler)
  - Weekly Interagency Policy meetings (Kyle/Novick)
  - NEC/NSC Deputies meetings (as needed)(Tarullo/Berger)
- Secure WH fast track coordinator (WH/USTR)(end of July)
- Assemble White House team (WH COS/NEC) (July 15) (proposed list being provide to Erskine)
- Retain 4-5 agency detailees to assist effort (WH COS/NEC/NSC)(end of July) (proposed list to be provided to Erskine)
- Develop plan for broader Cabinet role (WH Cabinet Affairs/USTR) (July 20)

Policy

- Finalize substantive positions (Tarullo/Barshesky/Kyle)
  - Uses of fast track (July 20)
  - Labor/Environment (August)
  - List of sectoral initiatives (late July)
  - Form of proposed legislation (August)
  - Administration Statement of Intent (August)
- Sharpen affirmative arguments (NEC/USTR/WH Communications)(July 25)
  - Costs of Inaction
  - Foreign barriers high than U.S.
  - Other key arguments
- Sharpen key defensive arguments (NEC/USTR/WH Communications (July 25)
  - Defense of NAFTA
  - Defense of NAFTA side agreements
  - Develop additional labor/environment border achievements
  - Sharpen key Q&A's
  - Other key defenses
- Develop anecdotes/data for use in effort (USTR/Commerce/NEC) (end of July)
  - Sharpen state-by-state data
  - Develop anecdotes (including Council of America examples)
  - Other data/examples

### Legislative [Susan Brophy to supplement Tuesday]

- Plan POTUS meeting with Members (Brophy) (prior to August recess)
- Letters to targeted Members (to address articulated concerns) as part of NAFTA Report roll-out (USTR/Brophy) (Week of July 7)
- Agency calls to all House/Senate offices (Brophy) (assignments made, calls to occur by [insert date])
- Develop "digestible" message packet for Congressmen (WH/USTR) (July 25)
- Develop notional House vote count (Brophy) ([insert date])
- McLarty to lead co-del to Chile (McLarty) (August)
- Ways & Means hearing (USTR) (Being planned)
- Develop action plan for fall campaign (Brophy/USTR) (end of July)

### Communications

- Develop overall communications action plan for July-September (USTR/NEC/NSC) (July 11)
- Sharpen main message (Sperling/Baer/USTR) (July 25)
- Coordinate other trade activities with fast track (NEC/USTR)
  - NAFTA Report (Week of July 7)
  - Section 108 (FTA Report) (USTR/NEC) (To be released in the fall)
- Develop list of other events that might have impact on fast track and monitor (USTR) (July 20)
- Develop speaking calendar for Administration officials (USTR/NSC Communications) (July 15)
- Develop rapid response capability (USTR/NSC Communications) (July 15)
- Outreach to key reporters/editorial board writers to reinforce message and commitment (USTR/NSC) (Ongoing)
- Begin validator outreach (USTR/NSC) (Ongoing; secure many by fall kick-off)
  - Former Presidents
  - Former Secretaries of State, Treasury, Commerce, USTR and NSC Advisors (respective agencies responsible for securing)
  - Other validators (Communications group to determine)
- Explore September POTUS kick-off event (NEC/WH Communications) (August)
- Develop action plan for fall communications campaign (Sperling/Baer/USTR)
- Develop strategy for responding to anticipated AFL-CIO August/fall ad campaign (NEC/WH Communications/USTR) (July 25)

### Outreach

- Business
  - Meeting with senior Administration officials and Business Roundtable CEO's (Sperling/Other Cabinet officials) (Week of July 14)
  - Other Cabinet calls to CEO's, as appropriate (NEC/USTR) (by late July)
  - Encourage desired business activity (USTR/WH Public Liaison) (late July):
    - Raise sufficient funds
    - Retain outside advisors (Wexler already retained)
    - Organize grassroots efforts

- Start advertising campaign
- Share information on Congressional effort
- Develop small business participation (McLarty office/WH Public Liason) (end of July)
- Attend weekly meetings of business fast track coalition (USTR/NEC)
- Counter August/Labor Day labor advertising campaign (USTR/WH Communications/NEC) (Plan by July 25)
- Secure industry support for sectoral initiatives (USTR) (July 30)
  
- Agriculture
  - Gain full support of all groups (USTR/Agriculture) (late July)
  - Encourage organizational efforts (USTR/Agriculture) (Ongoing)
  
- Think Tanks (USTR) (Ongoing)
  - Heritage Foundation
  - PPI
  - Citizens for a Sound Economy
  - AEI
  - Brookings
  - Others
  
- State/Local Officials (WH Intergovernmental/USTR) (Ongoing)
  - Develop expressions of support (governors, mayors, etc.)
  - Develop broader plan for their assistance in this effort
  - Manage various policy issues affected state/local governments (e.g., Massachusetts Burma sanctions legislation)
  
- Labor/Environmental Groups (USTR/Podesta/McGinty) (Ongoing)
  - Continue consultations, as appropriate
  - Consider other Administration initiatives responsive to labor/environmental concerns

## PROSPECTS AND POLITICS FOR FAST TRACK LEGISLATION IN THE 105TH CONGRESS

by

Philip H. Potter  
President, Federal Strategies Group

### UPDATE

June 6, 1997

During the week of May 12 the Republican leadership of the House Ways & Means Committee attempted to pressure the Administration into starting the negotiation and markup of the Fast Track legislation. The White House demurred on the timing but not the substance of the Republican proposal. There were indications that the Administration may ultimately accept the Republican approach to limit issues like environmental and labor protection to those which are "trade related", if not "directly trade related".

The White House Press Secretary indicated that there was no need for the authority until March 1998 when the President goes to Chile for the second Summit of the Americas to launch the FTAA negotiations. Chairman Bill Archer responded by making it clear that it will be very difficult after May for the Committee to take up Fast Track this year. The first two months of 1998 is too little time to get a bill through both the House and Senate by March. Archer responded in a letter to the President, "Accordingly, your actions dictate that discussion on renewal of fast-track negotiating authority be set aside." The subcommittee markup scheduled for May 15 was canceled but Mr. Archer did not close the door on Fast Track for this year. Subsequently, the White House indicated it would send up its proposal in September.

The White House explains its delay by noting that Fast Track will require much of the President's personal time, and there simply isn't enough of that now with the negotiations on the budget ongoing and the debate on MFN for China starting. The President announced renewal of MFN for China on Monday, May 19 which was two weeks earlier than the deadline of June 3. This is a greater priority for the business community. There have been back and forth charges between the business sector and the White House over the last few weeks that neither is prepared for the effort required for Fast Track.

There appears to be a genuine intent by the White House to move on Fast Track after the August recess. The Congress currently plans to remain in session from Labor Day through November 14. Presumably the Budget and Appropriation process, including any Reconciliation bills, will be completed by October 1. The critical timing will be when Ways & Means completes its work on the tax portion of the Budget Agreement and it passes the House. That is currently scheduled to be completed before the August recess that starts August 1.

Senate Finance held a hearing on June 3. Virtually all of the Senators present criticized the Administration for the delay. Sen. Moynihan (D-NY) stated that if the President had moved sooner the Finance Committee could have had the bill marked up by now. That assumes a lot and should not be taken literally. Sen. Moynihan also said this delay "is not seemly" if it is due to presidential politics.

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in the year 2000. The clear implication was that this was being delayed for the benefit of the Vice-President. Sen. Graham (D-FL) expressed personal disappointment and recounted a string of delays by the White House on this issue. He said that the President was helping his opponents by delaying action and if Fast Track doesn't get done this year it is unlikely next year and even less likely in 1999 or 2000.

While there is little chance of passing any Fast Track bill without the active, personal participation of the President, there appears to be a general view that there will still be an opportunity to do this in the fall. John Sweeney, head of the AFL-CIO, Rep. Gephardt and Rep. Bonior are reportedly already meeting with targeted Democrats to build opposition. Gephardt has publicly opposed the President on the Budget deal and China MFN as well as Fast Track, but he and the unions will go all out on Fast Track. The House vote on the Budget Resolution on June 5 was 327 - 97. Of the 97 voting against, only about 70 were Democrats including Gephardt. Bonior voted for it, but that could have been for parliamentary purposes. Presumably, the China MFN vote will be closer. The biggest risk on the China vote is that a lot of House Members are starting to look on it as a "free vote" since they assume the Senate will uphold the President or the President will veto. Their view is to let the Senate and the President take the heat on China this year. It is still more likely that the House will vote to uphold the President and pass alternate, non-binding resolutions on the other concerns Members have with China.

That still leaves the critical question whether enough support for Fast Track can be mustered after Labor Day. If the President keeps winning a majority of both Democrats and Republicans on these high profile issues, it can be passed. This would also disprove the worries of some political types in the White House that the President would dissipate too much political capital on Fast Track if it went first and not have enough left to take on Gephardt and the House Democrats on the Budget and China. Politics is about winning. The more you win the more you are able to win as President. Political capital is replenished. Only if you lose consistently is it dissipated and not replaced.

The irony is that if the President had gone ahead and sent Fast Track up earlier, it probably could have been worked into the House schedule before the August recess, along with the Budget Resolution, the tax bill and China MFN, leaving the Senate until adjournment in mid-November to finish action on it. The business community would complain about overload, as did the White House, but sometimes a form of momentum develops in the Congress, particularly in the House, and a lot of major bills can move very quickly. The period between now and the August recess is looking more and more like one of those moments. The President may be on a roll and he should go for it while it lasts. As for the business sector lobbying on so many bills at once, that sort of schedule actually forces a lot of efficiency into the process.

The risk of delaying Fast Track until the fall is that the normal backlog of legislation, fatigue and sharper partisanship will set in in September and October. Trying to start a controversial bill moving in that environment is a lot more difficult. The Senate will be struggling with the Budget Reconciliation, Appropriations and a tax bill until October. The risk then is that everything bogs down in the Senate, and issues like Fast Track get pushed over into next year when they can be delayed until election day by a small, committed band of Senate opponents. There is clearly such a band of Senators on Fast Track.

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### **The Politics of Fast Track - Where the Votes Are.**

There is an intense political debate within the White House that is causing the President to hesitate and delay sending an acceptable Fast Track bill to Congress to start the legislative process. The objection of a significant number of Democrats, particularly the leadership of the House and a few core constituencies of the Democrats, to expansion of trade with developing countries is at the crux of the political problem.

There are no political pluses for the President to force a vote on Fast Track in this Congress upon Democrats trying to recapture control of the House in the 1998 elections (Reps. Gephardt and Bonior), or for aspirants for the Democratic Presidential nomination in 2000 (Vice President Gore and Rep. Gephardt). The debate over the success or failure of the North American Free Trade Agreement -- NAFTA -- is also at the center of this political contest.

There are also no political pluses for the Republican Congressional leadership to force Republicans to give President Clinton such far-reaching authority after a bruising election battle in 1996. There are also concerns that the Fast Track debate will start an argument with the radical right wing of the Republican Party that is nationalist and separatist in its views.

This is a high-stakes political contest over the direction of U.S. trade and economic policy -- and Presidential politics -- that can only result in winners and losers. There is no political compromise that will cover over the core policy and political differences between the protagonists. Who then are the protagonists in this debate?

### **The Fast Track Factions.**

The proponents of Fast Track and trade expansion through free trade agreements are:

- ▶ the President, the Vice President and key cabinet officers with economic and national security portfolios;
- ▶ Speaker Gingrich, Senate Majority Leader Lott and internationalist, free-market Republicans, both moderates and conservatives;
- ▶ moderate to conservative Democrats with similar views;
- ▶ business organizations seeking market growth through trade and investment;
- ▶ most mainstream economists.

These are the interests that have generally supported the free-market/trade expansion policies of the United States since the end of World War II. A majority of Republicans in both the House and Senate would be in this category. A near majority of Senate Democrats but only about one-third of House Democrats fall into this category. Most business sectors will be in this category with the exception of a few textile interests and farm sectors that would openly oppose changes in domestic protection of their markets (sugar, peanuts, tobacco, some fruit and vegetable growing regions).

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The opponents of Fast Track and trade expansion through free trade agreements are:

- ▶ liberal Democrats with strong ties to labor, environmental and consumer protection groups;
- ▶ conservative Republicans with strong separatist, America-first views that override their bias toward free-market economics and against government regulation of business; views articulated by Pat Buchanan and Ross Perot;
- ▶ AFL-CIO; environmental groups like Sierra Club and animal rights groups; consumer protection groups led by Ralph Nader;
- ▶ fundamentalist religious/political organizations.

A large majority of House Democrats fall into this category, but less than one-third of House and Senate Republicans will be in this group. Senate Democrats will probably split about 50-50 depending on the pressure put on by the President and the Vice-President versus the AFL-CIO. Agriculture interests may be the most important sector to gain support of a sufficient number of Democrats in the House and Senate to make a vote for Fast Track politically acceptable.

#### Where the Votes Are.

The fundamental problem is to develop a Fast Track formula that will get a minimum of 220 votes in the House and 60 votes in the Senate (to cut off a filibuster). The most achievable mix in the House is 160 Republicans and 60 Democrats. That assumes the President accepts the Republican language on "trade related". The problem is that the supporting Democrats want to get around 90 Democrats, as would the Republican leadership, to provide sufficient bipartisan cover to mitigate political damage by opponents in both parties. The difficulty is that modifying the Republican language to get 30 more Democrats in the House risks losing more than 30 Republicans.

Over 70 percent of the Republicans supported NAFTA in 1993 when they were in the minority in the House and Senate. There was a remarkable debate between Vice President Gore and Ross Perot a couple of weeks before that vote. Perot had coined the phrase "a giant sucking sound" to portray his belief that there would be a massive flow of jobs and businesses to Mexico because of lower wages and weak regulations. The erosion of national sovereignty to NAFTA dispute panels also was a critical issue for Republicans. This was repeated in the WTO debate a year later. Pat Buchanan and Ross Perot both repeated these themes in the 1996 Presidential campaign.

A major political fight between the two Republican factions -- nationalists versus internationalists -- could reduce the Republican votes to a 50-50 split in the House (113-113). That would require 105 or more House Democrats for a majority. That means the President and the business community would have to persuade more than 50 percent of House Democrats to support trade expansion with developing, low-wage countries over the objection of labor and the environmentalists, which is an impossibility.

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If only 60 Democrats vote for Fast Track in the House, however, that will put more pressure on Senate Democrats to vote against Fast Track. The key in the Senate is whether Sen. Daschle can be persuaded to support the President and how strongly. If Sen. Daschle backs the Gephardt position against Fast Track, it could be impossible to get a final vote in the Senate. It will also be difficult to get more than 40 Senate Republicans to support Fast Track. A vote of 160 Republicans in the House will help achieve that. Again, agriculture interests may be the key support group.

### Conclusions.

It would appear that getting 160 Republicans in the House and the support of Sen. Daschle in the Senate are the keys to victory. That means the President must accept the Republican formulation of Fast Track language, or something very close to it, to even get the process started. The President will also have to go out front to gain the support of the public and pressure the business interests to activate their efforts with the Congress.

Finally, the President must gain the support or neutrality of Sen. Daschle as Minority Leader of the Senate, and override the objections of Rep. Gephardt, the AFL-CIO, the environmentalists and the Naderites at the outset of the debate. Doing so may damage the interests of Vice President Gore in the contest for the Democratic Presidential nomination, but it is that or simply concede the issue to Rep. Gephardt and the labor unions without a fight.

Fast Track opponents are trying to make this a referendum on NAFTA and trade with Mexico. They will portray the U.S. trade deficit with Mexico and Canada since NAFTA as a failure that has lost U.S. jobs and we should not repeat that mistake. Opponents will try to exploit the other problems with Mexico over the peso devaluation, drugs and corruption, and immigration to bolster opposition to Fast Track. Proponents will argue that NAFTA is not responsible for those other problems, and as a trade agreement it has dramatically increased trade between all three countries and is a successful model for future trade agreements. The debate whether NAFTA has been a success or failure is intertwined with the Fast Track debate, and is thus unavoidable.

That is why this is a political fight in which there are only winners and losers, with no compromises. If the President launches the battle the right way and throws all his efforts behind it, he will gain a victory, the majority Republicans will win, and the centrist Democrats will increase their influence. Vice President Gore would strengthen his image as Presidential, but may suffer some losses with key constituencies for the Democratic nomination. The sooner this is done the more time Gore will have to recover those losses. The country will also significantly strengthen its competitive position in the global economy. If the President hesitates too long or equivocates in his support, all of those achievements will be lost. The United States will make a significant retreat in its international economic leadership, and the goal of freer trade and investment in new markets for U.S. firms may be set back for at least four years.

Andrew  
D.S. M.  
THE PRESIDENT HAS SEEN

5-19-97

THE WHITE HOUSE

WASHINGTON

May 17, 1997

Copied  
Berger  
Sperling  
Tarullo  
USC WW Desk  
COS

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN <sup>781</sup>

SUBJECT: Fast Track Timing

The attached Berger/Sperling/Tarullo memo concerns the timing of a push to get fast track legislation. Such legislation will entail a real fight, particularly over whether labor and environmental provisions should be included in trade agreements. Amb. Barshefsky envisions a compromise bill neither requiring nor excluding such provisions, together with a public announcement that we will seek labor and environmental side agreements when appropriate. The issue for your decision now is timing. Your advisors are divided among three options.

**Option 1 – Start now.** USTR would float a proposal soon with aim to have bill reported by Committee in early summer, on House floor before August recess, and on Senate floor in fall or early 1998. **Rationale:** Delay gives our opponents more time to gear up against us. If we delay now and unexpected problems arise in September (e.g., taxes), we'll be pushed into early 1998 and lose chance for fast track altogether. Also, you have momentum now from Chemical Weapons, NATO-Russia and budget. *NSC favors, though would take Option 3 as fall back.*

**Option 2 – Wait until September.** Announce now that we are delaying so as to deal with budget and China-MFN first, and seek support of House leaders for proceeding with fast track in September. **Rationale:** Given budget and China-MFN (debate likely in June/July), moving on fast track now would badly strain our resources and your time. Also risk losing some Democrats if we force three tough votes in rapid succession on budget, China-MFN and fast track. And public debate on China-MFN and fast track at same time could cause discrete opponents to coalesce against alleged threat to U.S. jobs and wages. If House acted in September, seek Senate action pre-Santiago trip in March 1998. *State, NEC, OMB, CEQ, Hilley, Rahm favor.*

**Option 3 – Seek leadership agreement to move fast track in September; if that fails, start now.** We would seek formal agreement by key Congressional leaders now that they would move fast track legislation in September. **Rationale:** Try to avoid pitfalls of Option 1 (straining resources, etc.), while avoiding uncertainties of Option 2 (the chance that fast track gets preempted by other problems in September). But if securing Congressional agreement now is not possible, we'd go forward in June on basis that waiting past September is untenable. *USTR and Labor favor.*

Sec. Rubin believes further analysis is needed on degree to which fast track would interfere with China-MFN and on likelihood of securing the congressional agreement referenced in Option 3.

Option 1       Option 2       Option 3

Discuss/meet further

*Handwritten notes:*  
I think  
Get  
it's better to  
have  
analysis  
done  
before  
we  
start

THE WHITE HOUSE  
WASHINGTON

May 16, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Samuel Berger *SB/pt*  
Gene Sperling *GS/pt*  
Daniel Tarullo *DT*

SUBJECT: Timing of Fast Track Effort

In our memorandum on this subject last month, we suggested reconsideration of the timetable for fast track following clarification of the balanced budget situation. With the budget agreement reached, we must now decide when to begin a major push to obtain fast track legislation. This memo presents the options.

BACKGROUND

Following your speech to the Newspaper Editors on April 11, in which you renewed your call for fast track authority and suggested we would search for a compromise on the nettlesome labor and environment issues, we have consulted widely on the Hill. Charlene has now met with nearly one hundred members, either one-on-one or in groups. Other senior officials are making calls to Members. These consultations have generally confirmed our perception of sharp divisions on the labor and environment issues. To move forward, we will have to offer a proposal on these issues, a step which will likely set off potentially contentious Congressional and public debates.

Chairman Archer believes there is a window for both Ways & Means Committee and House floor action during the May-early June period, before heavy budget activity begins anew, and that further delay will make obtaining fast track extraordinarily difficult. While further delay undoubtedly has at least some negative effect on fast track, Archer's view that he can move fast track quickly through the House may well be too optimistic. Acquiring significant (80-90 votes) Democratic support will, at best, entail extensive discussions/negotiations on the labor and environment issues. Even some moderate Democrats have recently suggested they will insist that labor and environmental provisions be included in trade agreements. This latter position may be a tactical starting point to counter the position of some Republicans, such as Rep. Dreier, who oppose even side agreements on labor and the environment, but it does indicate the degree of difficulty in moving forward. In addition, any fast track bill, like its predecessors in previous Congresses, is likely to attract other provisions, such as changes in the trade law.

As you recall, the compromise Charlene envisions would include a "clean" fast track bill that

does not either require or exclude labor and environmental provisions from trade agreements. We would publicly indicate that we would seek labor and environmental side agreements when appropriate in connection with bilateral or regional free trade agreements, but we would not include those provisions in the free trade agreements submitted for fast track consideration by the Congress. Archer seems open to this approach, though hardly enthusiastic about it.

Archer wanted to mark up a bill this week or next, and then move quickly to the floor. Even Democrats who strongly support fast-track, such as Representative Matsui, are opposed to the Republican effort, on grounds of both process (no consultation with Democrats on this approach, which was announced only a few days ago) and the substance of the Republican proposal. It is clear that Archer is trying to force a decision on timing and substance from the Administration. In addition, those Republicans who favor moving rapidly now may be motivated in part by a desire to sharpen divisions within the Democratic Party in the wake of the budget agreement by forcing us to take a position on a Republican crafted fast track bill. In the absence of support from Democrats on the Committee and from the Administration, Archer did not proceed with his mark-up. However, he did send a letter to you, saying that because the Administration's failure to offer a specific fast-track proposal "dictate that discussion on renewal of fast track authority be set aside."

## OPTIONS

All your advisors recognize the pitfalls of delaying a strong push for fast track or moving forward immediately. Many of those who have taken a position would regard this choice as a close call.

### Option 1: Begin Legislative Process Now

Under this approach, Charlene would in the very near future float a proposal along the lines indicated above with Archer, Rangel, and a few others, with the goal of reaching a bipartisan compromise on labor and the environment (although significant Democratic opposition would likely remain). We would try to have the bill reported out of committee in the early summer and bring that bill to the House floor prior to the August recess. Then we would try to secure Senate passage later in the fall or early next year.

This approach rests on the proposition that trade is a legacy issue for you, and must be accorded the highest possible priority. Passage will be difficult, but starting now increases chances of real progress this year, and thereby maximizes the possibility of your securing fast track authority for your second term. Because there will always be other important demands on your time and Administration resources, we will never have an unimpeded shot at fast track. The longer we wait, the more opportunity the AFL and other fast track opponents have to gear up their campaign. Indeed, since September is probably the last realistic chance to move fast track, delay means that an unexpected set of problems in September (on taxes, e.g.) could preclude the last

window for action.

Moving ahead immediately also removes any questions about the Administration's commitment to fast track and an activist trade policy, and increases the chances that there will have been movement on fast track before your October trip to Latin America.

Another argument for this approach is that the Chemical Weapons Convention, NATO-Russia, and the budget agreement successes create both the impression and reality of momentum in your second term that could be lost if we defer important issues like fast track. China MFN and fast track can be fought simultaneously, albeit with some strains on our resources, under the broader theme of asserting global leadership. The possible trade-off between China MFN and fast track (arising from the comments of some Democrats that they can give us a vote on one, but not both) will exist whenever we act. Besides, moving forward now maintains at least a chance that the harder fast track vote will occur before the China MFN vote.

#### Option 2: Delay Legislative Push Until September

Under this approach we would forthrightly indicate that we will delay moving forward with fast track until September, in order to deal first with the major issues of the remaining budget work and China MFN renewal. We would inform key Congressional leaders of our decision and attempt to obtain their support for proceeding rapidly with fast track in September. We would continue efforts to build support for fast track with Members and important constituencies through the summer.

The core rationale for this view is that the combined political and resource effects of moving ahead with fast track now will have negative consequences for China MFN and the budget, as well as fast track. Statutory deadlines mean that the China MFN debate will almost certainly occur in June and July, with a vote on renewal (and on any alternatives thereto) prior to the August recess. Following your announcement in late May or early June of your intention to renew MFN there will be a flurry of activity and attention, which will intensify after Hong Kong's reversion to China on July 1. Implementation work on the budget agreement will likely be most concentrated during this same period. Thus moving ahead immediately would badly overtax Administration resources, including your own time. There is also continuing concern about the negative symbiosis among Democrats, and our relations with them, of hard votes on the budget, China MFN, and fast track in close proximity: Democrats who have to cast these votes in relatively quick succession in the summer will be more likely to vote "no" in at least one case.

Those arguing for the September time frame for fast track note that the China MFN vote *must* proceed during the summer, and any unnecessary risks to winning that vote should be avoided. By launching the public debate on fast track now, we may unintentionally cause discrete opposition to both China MFN and fast track to coalesce into a stronger reaction against what opponents could portray as related threats to jobs and wages in America.

Proponents of this view acknowledge that delay will have costs for fast track, but still believe that we can pursue House action in the fall, then use your March 1998 trip to Santiago to press for Senate action early next year. They believe that indicating a specific time for pushing ahead with fast track will blunt, though perhaps not eliminate, criticism that we have not been sufficiently committed to fast track.

### Option 3: Obtain Leadership Agreement to Move Fast Track in September

Under this approach we would attempt to obtain now the agreement of the key Congressional leaders that we will proceed together with fast track in September and finish work on the bill by the end of the year. If we obtain their agreement, we would use the time between now and September to prepare internally, continue Hill consultations, and work with supportive constituencies.

In the view of its advocates, Option 3 best balances the factors which lead some to favor delay with the factors that argue for going ahead as quickly as possible. They acknowledge the resources and political problems entailed with going forward in June, as described under Option 2. However, they believe that delay until September without a firm commitment to move may well be tantamount to losing fast track completely. There is too high a likelihood of other legislative issues arising which provide reasons not to proceed with fast track quickly in the fall (e.g., action on the tax bill is delayed until September). By relatively early next year any momentum for fast track will have been lost and the mid-term election season will have begun.

### RECOMMENDATION

This is, as indicated earlier, a close call, and your advisers are split. (Secretary Rubin has not indicated a position, because he believes that further analysis is needed on the amount of interference with China MFN that fast track would entail and on prospects for agreement among key Congressional leaders. He would prefer that this additional analysis be done before you decide among these options.)

Option 1 -- making a decision now to move ahead in early June -- is preferred by NSC (although Sandy indicates he accepts Option 3).

Option 2 -- delaying a legislative push until September -- is recommended by State, OMB, Legislative Affairs, CEQ, NEC/Sperling and NEC/Tarullo

Option 3 -- attempting to obtain leadership agreement to move fast track in September but otherwise moving in June -- is recommended by USTR and Labor

Option 1 \_\_\_\_\_

Option 2 \_\_\_\_\_

Option 3 \_\_\_\_\_

Discuss: \_\_\_\_\_

cc: Vice President  
Chief of Staff

# DISADVANTAGES TO U.S. BUSINESSES OF NOT HAVING PREFERENTIAL TRADE AGREEMENTS WITH FOREIGN COUNTRIES

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Country	Preferential Agreement	Disadvantages to US Businesses
Argentina	<p><b>Mercosur:</b> 85% of goods made in Argentina, Brazil, Uruguay, and Paraguay trade tariff-free within bloc.</p>	<ul style="list-style-type: none"> <li>-- Mercosur's common external tariff (5-20%) disadvantages US-based exporters and favors Mercosur producers, many of which are subsidiaries of US companies.</li> <li>-- IBM Argentina considering importing equipment from IBM Brazil rather than the US to avoid Mercosur's 16% common external tariff on infomatics (not yet fully implemented in Argentina).</li> </ul>
Bolivia	<p><b>Mercosur:</b> Bolivia became Associate Member of Mercosur in March 1997. Approximately 30% of the 7,000 goods listed in the agreement enter duty free. The vast majority of products will be traded at a zero tariff rate after 10 years.</p>	<ul style="list-style-type: none"> <li>-- Elimination of tariffs on wheat flour imports from Mercosur member Argentina will make US wheat exports to Bolivia less attractive.</li> <li>-- Brazil is expected to emerge as a more important supplier of manufactured goods, including machinery and aircraft, where the US now has a predominant market share.</li> </ul>
Brazil	<p><b>Mercosur:</b> 85% of goods made in Argentina, Brazil, Uruguay, and Paraguay trade tariff-free within bloc.</p>	<ul style="list-style-type: none"> <li>-- Firms from Mercosur countries have an advantage over US-based firms in terms of lower tariffs.</li> <li>-- Tariffs on US wheat and rice exports to Brazil are 10% and 20% respectively. Zero or close to zero tariffs are applied to Argentine, Chilean, and Uruguayan products entering Brazil.</li> </ul>

Country	Preferential Agreement	Disadvantages to US Businesses
Chile	<p><b>Chile-Canada Free Trade Agreement:</b> Beginning in June 1997, 80% of Canadian products will enter Chile duty free. Prior to Canada's FTA with Chile, all Canadian exporters paid standard 11% Chilean import tariff.</p>	<ul style="list-style-type: none"> <li>-- \$180 million US telephone equipment order lost. Southwestern Bell/VTR Communications joint venture in Chile opted to go with Canadian supplier because it will save almost \$20 million in customs duties when Chile-Canada FTA goes into effect in 1997.</li> <li>-- Canada will benefit from immediate duty free access to Chile for exports such as: <ul style="list-style-type: none"> <li>-- durum wheat</li> <li>-- barley</li> <li>-- lentils</li> <li>-- canary seed</li> <li>-- seed potatoes</li> <li>-- malt</li> <li>-- beer</li> <li>-- raspberries</li> <li>-- maple syrup</li> <li>-- mustard products</li> <li>-- mineral waters and various fruit juices</li> <li>-- quantities of beef, pork and Canola oil</li> </ul> </li> <li>-- FTA is expected to enhance commercial opportunities for Canadian service providers in mining, forestry, construction, engineering, consulting services, specialty air services, education and training, and tourism.</li> <li>-- Canada expects excellent opportunities in several sectors in Chilean market: <ul style="list-style-type: none"> <li>-- mining and forestry machinery equipment</li> <li>-- telecom equipment</li> <li>-- fertilizers</li> <li>-- metallurgical and thermal coal</li> <li>-- pharmaceuticals</li> <li>-- chemical and glass products</li> <li>-- aircraft</li> <li>-- rail and urban rail equipment</li> <li>-- autos and auto parts</li> <li>-- health and medical equipment</li> </ul> </li> </ul>

Country	Preferential Agreement	Disadvantages to US Businesses
Chile	<p><b>Chile-Mexico Free Trade Agreement:</b>  Mexican exporters face no tariff on almost nine-tenths of their exports to Chile.  (Standard Chilean 11% import duty applies to US goods).</p> <p><b>Chile-Venezuela Free Trade Agreement</b></p> <p><b>Mercosur:</b> Chile became Associate Member of Mercosur in 1996. Chile does not impose Mercosur's common external tariff on goods from third countries, which is higher than Chile's standard 11% import duty.</p>	<ul style="list-style-type: none"> <li>-- <b>Goodyear</b> is sourcing its raw materials and intermediate products from Mexico instead of from US.</li> <li>-- <b>McDonald's</b> is sourcing its food processing and handling equipment from Mexico (previously from the US).</li> <li>-- <b>IBM</b> imports \$35 million worth of personal computers annually from Mexico to avoid 11% tariff on US goods.</li> <li>-- <b>Ford</b> brings to Chile Escorts, Contours, and Fiestas manufactured in Mexico and Brazil instead of from the US to take advantage of lower tariff rates.</li> <li>-- <b>Exxon</b> supplies its lubricant production facilities in Chile with raw materials from Venezuela to avoid 11% tariff.</li> <li>-- <b>General Motors</b> brings in Chevy Cavaliers from Brazil to take advantage of lower tariff rates.</li> <li>-- <b>Ford</b> brings to Chile Escorts, Contours, and Fiestas manufactured in Brazil instead of from the US to take advantage of lower tariff rates.</li> <li>-- <b>Exxon</b> supplies its lubricant production facilities in Chile with raw materials from Argentina to avoid 11% tariff.</li> <li>-- <b>Caterpillar</b> plans to produce some of its lines of earth moving equipment (used heavily in Chile's mining industry) in Brazil rather than US to avoid 11% tariff.</li> <li>-- <b>Clorox</b> imports into Chile raw materials, such as polyethylene, from Argentina and Brazil to avoid 11% duty.</li> </ul>

Country	Preferential Agreement	Disadvantages to US Businesses
Colombia	<p><b>Andean Community (formerly Andean Pact):</b> Most of Colombia's imports from Andean partners (Bolivia, Peru, Ecuador, Venezuela) enter Colombia duty free.</p> <p><b>Colombia-Chile Free Trade Agreement</b></p> <p><b>Latin American Integration Association (ALADI):</b> Colombia, a member, participates in tariff reduction accords that provide other members preferential access to Colombia's markets.</p>	<p>-- Oilseeds and oilseed products from the Andean Community enter Colombia duty free. Because of the trade pact, US has lost market share in Colombia for soybeans.</p> <p>-- US fruit imports are assessed a 15% duty. Imports of Chilean fruit are duty free. This has contributed to fruit imports from the US amounting to only about 20% of total fruit imports, while those from Chile average 60%. Were it not for the fact that the availability of Chilean fruit is limited during their winter period, Colombian imports from the United States would probably be even smaller. Apples, pears, and peaches are the main fruits imported from Chile and the US.</p> <p>-- US wine imports are assessed taxes (import duty, and sales and consumption taxes) ranging from 50-65%, depending on the kind of wine. Wines from ALADI member countries (including Chile) or Andean Community are duty free and pay only 24% for the sales and consumption taxes. These tax preferences have contributed to Chile's supplying about 60% of Colombian wine imports and the US providing only 5% of them. About half of the wine consumed in Colombia is imported.</p>

Country	Preferential Agreement	Disadvantages to US Businesses
Peru	<p><b>Andean Community (formerly Andean Pact):</b> 85% of Peru's trade with its Andean partners (Bolivia, Venezuela, Ecuador, Colombia) is tariff free because of <b>bilateral agreements</b> and Peru's partial integration into the Andean Community Free Trade Area.</p> <p><b>Peru-Bolivia Free Trade Agreement</b></p> <p>Until Peru temporarily suspended Argentina's preferential access in 1996 under the <b>Latin American Integration Association (ALADI)</b>, Argentine wheat entered at a reduce rate (7.5% instead of regular 15%).</p> <p>Peru is negotiating <b>bilateral free trade agreements with Chile and Mexico</b> and participates as part of the Andean Community in free trade negotiations with <b>Mercosur</b>.</p>	<ul style="list-style-type: none"> <li>-- Andean integration appears to have lowered US exports of crude oil and diesel fuel to Peru in favor of Andean Community producers, particularly Venezuela. US exports of US crude oil and diesel fuel to Peru declined from \$85 million to \$24 million between 1994 and 1995; Andean Community exports grew from \$103 to \$425 million during same time frame .</li> <li>-- US exporters of inputs for packaged foods and beverages, including gum bases and beverage bases, have indicated that they are adversely affected by tariff preferences Peru has granted to Venezuela in its bilateral trade accord. US exporters pay 15% tariff for these products while Venezuelan exporters pay no tariff. (US exporters have only \$2 million of the total \$50 million market for these products).</li> <li>-- US exporters of US soybean oil and meal contend they could be more competitive in Peru if Bolivia did not have an effective 15% price advantage over US competitors. Bolivian soybean oil and meal enter Peru duty free. (In 1996 US exporters had only \$17 million of the total \$115 million Peruvian market for these products).</li> <li>-- US wheat exporters had been adversely affected by tariff preferences granted to Argentina until 1996. The tariff preference can be reinstated, however. US wheat exports grew to about half of \$235 million market during 1996.</li> <li>-- Such agreements would provide market access in Peru not currently enjoyed by US competitors and potentially disadvantage US firms.</li> </ul>

Country	Preferential Agreement	Disadvantages to US Businesses
Venezuela	<p data-bbox="287 154 829 300"><b>Andean Community (formerly Andean Pact):</b> Most of Venezuela's imports from Andean partners (Bolivia, Peru, Ecuador, Colombia) enter duty free.</p> <p data-bbox="287 836 819 982"><b>Bilateral trade agreements</b> with Brazil, Argentina, Paraguay, Uruguay and Chile provide them with preferential tariffs in Venezuelan market.</p>	<ul style="list-style-type: none"> <li data-bbox="919 146 2021 332">-- US bread, pastry, cakes, and biscuit products assessed 20% tariff. Duty-free access from Andean Community nations, particularly from Colombia, has made it difficult for US to compete in this market. If US products were accorded the same preference given Colombia, US market share could grow from its current 14% to 33% according to Embassy estimates.</li> <li data-bbox="919 373 2021 592">-- US-based auto firms are subject to a 35% tariff on assembled cars imported from outside the Andean bloc of Colombia, Ecuador and Venezuela. The Andean's common automotive policy allows the free circulation of locally produced passenger cars among the three countries. As a result, several foreign car companies have established assembly plants in Venezuela. US subsidiaries are the ones largely taking advantage of the policy.</li> <li data-bbox="919 633 2021 787">-- US-based tire companies pay 20% import tariff, while tires locally produced in Venezuela can enter Colombia and Ecuador duty free. While this puts exports from US-based plants at a disadvantage, it is US subsidiaries, like Goodyear of Venezuela, which are benefiting.</li> <li data-bbox="919 828 2021 1015">-- Tariff on US soybeans is determined by Andean Community variable levy system, but is usually 15%. The tariff for Paraguay is 9.9% and 13.2% for Argentina and Brazil. If US soybeans were accorded the same preferences given our competitors, US market share could grow from its current 76% to 90% according to Embassy estimates.</li> <li data-bbox="919 1055 2021 1209">-- Base tariff on US soybean oils is 15%. Paraguayan, Argentine, and Brazilian soybean oils pay tariffs of 1%, 8% and 10% respectively. If US soybean oil was accorded same preferences given our competitors, US market share could grow from its current 9% to 30% according to Embassy estimates.</li> <li data-bbox="919 1250 2021 1437">-- Base tariff on US soybean meal is 15%. Bilateral trade agreement with Paraguay allows its soybean meal to be assessed a tariff of 3.75% upon entering Venezuela. If US soybean meal was accorded the same preference given Paraguay, US market share could grow from its current 35% to 75%, according to Embassy estimates.</li> </ul>



Country	Preferential Agreement	Disadvantages to US Businesses
Czech Republic	Free Trade Agreement with EU	<ul style="list-style-type: none"> <li>-- Thermo-King (US company) forced to cut back on use of US components in the manufacture of industrial refrigeration due to elimination of duty drawbacks for non-EU products.</li> </ul>
Hungary	<p>Hungary-EU Association Agreement</p> <p>Hungary's elimination of duty drawbacks per the Pan-European Customs Zone Agreement</p>	<ul style="list-style-type: none"> <li>-- Edwards (US smoke detector company) complained in 1996 of higher tariffs on its US-made products relative to tariffs on competitors' products made in EU.</li> <li>-- Mars candy company reoriented sourcing from the US to its EU operations. It noted in 1994 reverse tariff preferences favored EU-sourced material.</li> <li>-- General Electric representative expressed concern in late 1996 that the elimination of duty drawbacks would impact capital equipment imports from the US.</li> <li>-- Alcoa Aluminum complained in 1996 that the elimination of duty drawbacks would cost the firm about \$6 million yearly in its importation of raw materials, mostly from Russia.</li> </ul>
Ireland	<p>Customs reclassification: EU decision to effectively increase tariffs on US-produced Lan products through customs reclassification has diminished the competitiveness of Cabletron's US product line in Europe.</p>	<ul style="list-style-type: none"> <li>-- Cabletron has spent \$500,000 in legal fees appealing the customs reclassification of its Lan equipment to the Irish Appeal Commissioners. (Cabletron maintains its European distribution center in Ireland for US-made products.) A preferential agreement between the US and EU, such as the ITA, could have helped if it had been in place.</li> </ul>

Country	Preferential Agreement	Disadvantages to US Businesses
Poland	<p><b>Poland-EU Association Agreement:</b> creates a tariff differential in favor of EU-origin exports to Poland. Agreement cut tariff rates for 247 agricultural commodities of EU origin by 10%.</p>	<ul style="list-style-type: none"> <li>-- US rice is strongly affected by a 10% differential. Key alternative suppliers, such as Thailand, benefit from LDC concessional tariff rates.</li> <li>-- US peanuts face a 7.5% tariff on a \$750/ton item. EU product has zero tariff. Majority of Poland's ground nuts are imported from China, an LDC tariff beneficiary, but Netherlands is an EU-source country.</li> <li>-- US soy products face a 7.5% tariff on a \$200/ton commodity; EU products have no duty. US has high sales of soybeans to EU countries, which process it for oil. Tariff differential allows EU countries to sell the byproduct soybean meal more cheaply; sales of US soy meal in Poland remain flat.</li> <li>-- <b>Westinghouse</b> -- which faces stiff EU competition for Polish boiler turbine contracts -- finds tariff differential places company at a significant competitive disadvantage. In a current \$40 million turbine refurbishment bid, the 6% tariff differential creates a \$2.4 million gap for Westinghouse in comparison to EU-based competitors.</li> <li>-- <b>Westinghouse</b> on two occasions resorted to subcontracting a European firm to gain the EU-based price advantage, even though Westinghouse prefers US products.</li> <li>-- <b>Atlas Copco Wagner</b> (Hdqs: Oregon) has consistently reported that its mining equipment cannot overcome the tariff disadvantage vis-a-vis European equipment. In 1996, its \$340,000 scoops faced a 20% duty, while EU products faced no duty.</li> <li>-- <b>Vanguard Supreme</b> (Hdqs: N.Carolina) has reported that the tariff differential makes its textile knitting machines uncompetitive compared to European equipment.</li> </ul>

Country	Preferential Agreement	Disadvantages to US Businesses
Romania	Free Trade Agreement with EU	<ul style="list-style-type: none"> <li>-- IBM, Blue Ridge International, Romsys-Sun Microsystems, Total Technologies-Packard Bell, Salient-Salient International (USA), Lucent Technologies, Logic-Telcom (US-Romanian Joint Venture) are subject to Romanian 15-20% tariff on US computer hardware and peripherals. EU-sourced products pay 0-5% duty.</li> <li>-- Motorola is subject to 8% Romanian tariff on cellular and mobile telephones (assembled in UK); tariffs on products that are 60% EU-content are imported duty-free.</li> <li>-- Wentz Brothers, US wine exporter, subject to 144% import tariff on US wine; tariff on EU wine is 108%.</li> </ul>
Slovenia	Free Trade Agreement with EU	<ul style="list-style-type: none"> <li>-- Chrysler motor vehicles with less than 60% EU content are subject to 27% tariff; hurts sales of Chrysler minivans (also in Visegrad countries: Poland, Hungary, Czech Republic, Slovakia).</li> <li>-- Tariffs on US electrical and telecommunications equipment are as high as 20%; tariffs on EU industrial products are being reduced to zero.</li> </ul>
Turkey	Customs Union with EU	<ul style="list-style-type: none"> <li>-- In 1995, the weighted average Turkish tariff for EU European Free Trade Area (EU/EFTA) industrial products was 5.9%, while the average weighted tariff on US industrial products was 10.8%. Tariffs on EU/EFTA products are dropping to zero. Turkey will adopt the EU common external tariff in 1999, which will lower average tariffs on US industrial products to 3.5%.</li> </ul>
Ukraine	Agreement on mutual recognition of certificates signed by CIS countries	<ul style="list-style-type: none"> <li>-- To make entry and access of US goods into Ukrainian market easier, US could sign an agreement on mutual recognition of certificates with Ukraine. Currently, US pharmaceutical firms have to apply for corresponding Ukrainian certificates while CIS companies just have to re-register their certificates.</li> </ul>

Country	Preferential Agreement	Disadvantages to US Businesses
Jordan	<p><b>“Partnership Agreement” with EU:</b> Jordan expected to sign soon. Ultimate objective is EU-Jordan FTA by 2010. By 2005, EU countries will be able to take advantage of virtually free movement of goods, services, capital, and people.</p>	<p>-- Implementation of the agreement will disadvantage US light industrial input products, including some chemical and telecommunications products, which will remain subject to Jordan’s prohibitively high customs duties. By the second year of the agreement, import duties for light industrial products are to decline sharply.</p>
Morocco	<p><b>Free Trade Agreement with EU</b></p>	<p>-- Average tariff on US industrial products is 24.6%, while tariffs on EU industrial products are being reduced to zero. US products will also be disadvantaged by Moroccan adoption of EU regulations limiting duty drawbacks.</p>
Tunisia	<p><b>Tunisia-EU Free Trade Agreement:</b> Recent exemption for EU-origin computer products is in keeping with first-phase implementation of the Tunisia-EU FTA that removes duties on certain (EU-origin) raw materials and capital goods not produced in Tunisia.</p>	<p>-- <b>Microsoft</b> computer software subject to higher tariff. Import duties on computer software of non-EU origin increased from zero to 10% in January 1997.</p>

## U.S. COMPANIES MISSING OPPORTUNITIES

AmCham-Chile estimates a loss of at least US \$480 million a year in business with Chile because of the absence of a Chile – U.S. Free Trade Agreement.

This report offers examples which serve as evidence that Chile's accession to NAFTA would benefit several U.S. companies.

- ① Andrew
- ② Dan
- ③ Jane van K.

### TESTIMONIALS

#### APPLE CHILE

General Manager, Pedro Margozzini

Apple's worldwide annual sales are about US\$9 billion. Chile sells US\$17-20 million. Apple Chile has a 7-8% market share which puts the company in fourth place behind ACER, IBM and COMPAC. ***Apple imports everything from the U.S.*** Other companies, for example, bring lower-end models from Mexico. Producers without factories in Mexico are at a disadvantage without NAFTA, especially in sales of lower-priced models. Profit margins are low in this business, so the 11% tariff difference is very important. The executives of the firm believe ***they could increase market share significantly with NAFTA.*** NAFTA would favor brand computers, as opposed to the lower-priced non-brands that come from Asia.

## **CATERPILLAR (GILDEMEISTER S.A.C.)**

**Director, Peter Furesz**

Gildemeister S.A.C. is distributor in Chile of Caterpillar (CAT) equipment of the U.S. and Kenworth trucks of Canada. CAT manufactures all its heavy mining equipment, some backhoes and other construction equipment in Illinois. *Approximately 80-85% of the company's US\$ 300 million 1996 Chile sales is Caterpillar equipment from U.S. CAT manufacturers; the rest comes from Brazil. With NAFTA, the company would benefit over Japanese competition such as Komatsu as well as European manufacturers like Volvo.* "It would give us a competitive advantage over non-NAFTA member countries" says Furesz, and adds "without NAFTA, CAT, from which we buy our products for distribution, could buy more from the CAT manufacturer in Brazil, although this is not the exact equipment as the one manufactured in Peoria, Illinois."

## **CLOROX**

**Finance Manager, Rodrigo González**

Clorox imports polyethylene as well as replacement parts for bottling machinery from the United States. The company does considerable purchasing from Southern Common Market countries like Argentina and Brazil. *"I personally would prefer to buy from the U.S. because it's a more serious provider. Argentinean and Brazilian products come with a certain degree of contamination,"* says Mr. González. Imports are 25-30% of production cost, the first or second largest expenditure.

## **COCA-COLA CHILE**

**President Andean Division, John Walter**

"From a systems point of view, *if there were zero tariffs between the U.S. and Chile, Coca-Cola would probably tend to import much more* vending machines and other refrigeration equipment. The company imports 500 to 600 vending machines a year from the United States and with NAFTA, would import maybe 1,000. These machines cost US\$1,700 – 2,000 each".

John Walter says Coca-Cola would also import maybe 10-15% more postmix (fountain) equipment for restaurants. These machines cost US\$1,200 – 1,500 each. *NAFTA would make U.S. refrigeration equipment more competitive.* "We buy 5,000 refrigeration units from the United States and Italy each year, and these

machines wear out every seven to eight years. U.S. prices are usually good because of economies of scale, but we would switch almost all to the United States. We would also prefer to import from the U.S., bottling and canning equipment, which now comes from Germany and Italy”, comments Mr. Walter.

## **ESSO CHILE**

**President – Division of Exxon Corp., Armando Pérez**

“An open area is fuel products. Chile has a fuel demand of 200,000 barrels a day and only produces 160,000 barrels a day. The other 40,000 barrels are imported. Some are imported from the United States, *but because of import duties, U.S. supplies are not as competitive as those from the Caribbean*, for example. We have to increase imports because ENAP (the national petroleum company) doesn’t have the production capacity and we’d love for the U.S. to become our main supplier.”

## **FLUOR DANIEL**

**General Manager, Cesare Celle**

**Communications Manager, Juan Carlos Olivares**

Fluor Daniel Chile, in importing machinery for its clients to carry out engineering products, would save 2% on deferred imports if NAFTA were in place. *Recently the company imported US\$ 13,000,000 in equipment from Canada* to build a mining copper plant in Antofagasta. *Instead of buying the products from the United States, Fluor Daniel bought it from Canada*, not only because the country has a lot of experience in this kind of projects, but also because of the savings the company made on duties.

Fluor Daniel has annual sales of about US\$ 90 million, so it would save about US\$ 1.8 million on these imports, making them more competitive. Another aspect of the NAFTA agreement is that it could possibly save the company 20% on its taxes, assuming it exempts professional engineering services as the Canada agreement does. It is not a certainty that NAFTA will provide the same exemption, but if this were the case, it would save the company several million dollars which would again translate into savings for its clients. *This would make Fluor Daniel more competitive as a service provider in terms of costs.*

## FORD CHILE

Parts & Services Zone Manager, Jaime Sepúlveda

NAFTA affects this company quite a bit. It could lower the final user price and maintenance costs. *It would allow Ford to compete better with quality products.* Certain Korean products do not meet safety norms, and perhaps compete better only for price reasons. All Fords have high safety standards. With all the safety equipment, American vehicles are at price levels that make them non-competitive. With NAFTA, Ford's market position would improve to the benefit of the consumer.

Ford sold 8,700 units in 1996. The company expects to sell over 10,000 units this year through its distributor. Of these units, 55% or at least 5,500 are American-made. Although Asian automakers like Nissan face the same tariff disadvantage, they are able to beat Ford prices because their automobile safety standards are lower. *NAFTA would offset this disadvantage and allow Ford Chile to increase sales by perhaps 20%. Also, with a NAFTA agreement, Chile would have to open the luxury car market.* Today, bringing a Lincoln to Chile is practically impossible with all the taxes, both tariffs and luxury tax.

"Growth of car sales in the U.S. is very slow, so they (dealers) are looking outside", says Sepúlveda. *With NAFTA, Chile could be one of the markets to grow.*

## GENERAL ELECTRIC CHILE

Country Executive, Hugo Silva

The company produces light bulbs, fluorescent lamps, and home appliances, imported from the United States and Mexico.

"Chile will have a trade agreement with the European Union (EU) soon. This will put us at a disadvantage with European competitors like Siemens, for example. If we had NAFTA today, we would have an increase in business until the signing of the EU agreement. *If the EU agreement is signed first, our business goes down*", says Silva.

**J.C. PENNEY CHILE**  
**General Manager, Clinton Walker**

The Chile store is a large store among J.C. Penney's top 50 worldwide. The company imports everything from the U.S. so *NAFTA would allow lowering retail prices for the consumer and increasing profit margins*. "Of J.C. Penney's 1,259 stores worldwide, we are No. 1 in, among other things, bedding, label apparel, men's accessories and women's accessories. *Nafta would help us broaden our selection of items or 'expand the mix'.*"

**JOHN DEERE (AGRICOLA GILDEMEISTER)**  
**Finance and Administration Manager, Jorge Molina**

In February 1997, the company bought over 90% of its machinery and replacement parts from the U.S. Eighty percent of the equipment is John Deere agricultural machinery. Now, Agrícola Gildemeister *is importing tractors from Brazil at zero tariffs*. The tractors are manufactured by a joint venture between the Brazilian company, SLC, and John Deere. Agrícola Gildemeister recently received the first shipment of 19 tractors and will bring 20 more by the end of the year. They expect to import about *100 tractors per year for a value of US\$ 2.8 million*. Since the shipments are tariff-free, Molina says, Agrícola Gildemeister will now be able to increase John Deere's market share in Chile. Their current participation is about 10%.

Nonetheless, he still considers that Chile's accession to NAFTA would be beneficial for them. "It's easier to sell a tractor of American origin than Brazilian. Even though the Brazilian tractor is of very good quality, the market thinks American is better."

**METHANEX**  
**Administration and Finance Manager, Alvaro Darrigrandi**

Methanex Corporation's sales for 1995 were US\$ 1.25 billion. Once the company's third plant (now in construction) begins operating in Chile, annual sales could reach up to US\$ 500 million or 40% of Methanex Corporation's total.

Methanex spends US\$ 20 million per year on service stations, much of it for convenience store equipment, e.g. walk-in coolers, cash registers, ovens, lighting, gondolas, machines, etc. ***Given the U.S. tariff situation, the company is using local, Argentinean, and Brazilian suppliers.*** "We'd like to consolidate these products and get them from the U.S."

"We're looking at Mercosur markets in a way we weren't looking at them before. There is an advantage there because of the U.S. import duties. ***It would be a lot more convenient for us to get everything from one supplier, and that would be the U.S.***"

## **PROCTER & GAMBLE**

**Legal & Corporate Affairs, Jorge Moreno**

"With lower or zero tariffs, we could save significantly on imports of final goods and raw materials, especially for our paper products factory in Chile. We could bring products that could be much more competitive, like snack foods. ***There are thousands of U.S. products that could be more competitive and many P&G products.*** I'm sure ***the U.S. is losing an opportunity considering that Mexico and Canada have already signed agreements with Chile...***" says Moreno. The European Union has already begun trade negotiations with Chile.

## **SOUTHWESTERN BELL, SBCI**

**President, Wayne Alexander**

The U.S. company, SBCI, who is part owner of VTR Telecommunications, ***lost a US\$200 million deal with the VTR local telephone company to the Canadian company, Northern Telecom (Nortel) earlier this year, one of the reasons being the high tariffs on U.S. imports.*** Now VTR is sourcing more material from Canada rather than from the U.S. because Chile's free trade agreement with Canada allows it to save several thousand dollars annually in tariff payments.

**AGENDA OF APPOINTMENTS**  
**DELEGATION TO WASHINGTON, DC**  
**OCTOBER 6 AND 7, 1997**

**Sunday, October 5**

Arrival. Transfer to Sheraton Carlton Hotel, 923 16<sup>th</sup> & K Streets, N.W., Tel: (202) 638-2626, FAX: 638-4231.

7:30 p.m. Delegation members meet at lobby of Sheraton Carlton for dinner.

**Monday, October 6**

8:00 a.m. Breakfast at the U.S. Chamber of Commerce, 1615 H Street, N.W., Tel: 463-5485, hosted by David Hirschmann and attended by other U.S. company Washington Representatives.

9:15 a.m. Meeting with Clay Sell, Trade Assistant, Rep. William Thornberry (R-TX), 412 Cannon House Office Bldg., Tel: 225- 3706.

9:45 a.m. Meeting with Rep. George Radanovich (R-CA), and Ian Houston, Senior Trade Assistant, 213 Cannon House Office Bldg., Tel: 225-4540.

10:15 a.m. Meeting with Bill Himpler, Legislative Director, Rep. Jerry Weller (R-IL), 130 Cannon House Office Bldg., Tel: 225-3635.

11:00 a.m. Meeting with Mr. Jason Berman, Special Counselor to the President, The White House, Room 169 (Enter through Pennsylvania Ave. entrance – office is at the inside ring of the first floor of the Old Executive Bldg.), Tel: 456-1998 (Assistant: Jane von Kaenel), with David Hirschmann.

1:30 p.m. Meeting with John Steele, Trade Assistant, Rep. David McIntosh (R-IN), 1208 Longworth House Office Bldg., Tel: 225- 3021.

2:00 p.m. Meeting with Rob Neal, Trade Assistant, Rep. George Nethercutt (R-WA), 1527 Longworth House Office Bldg., Tel: 225-2006.

2:30 p.m. Meeting with Ms. Jackie Benditt, Trade Assistant, Rep. Tom Campbell (R-CA), 242 Rayburn House Office Bldg., Tel: 225-2631.

3:15 p.m. Meeting with Walter Price, Trade Assistant, Rep. Sue Myrick (R-NC), 230 Cannon House Office Bldg., Tel: 225-1976.

3:45 p.m. Meeting with Rep. Jon Fox (R-PA) and Kristen McSwain, Trade Assistant, 435 Cannon House Office Bldg., Tel. 225-6111.

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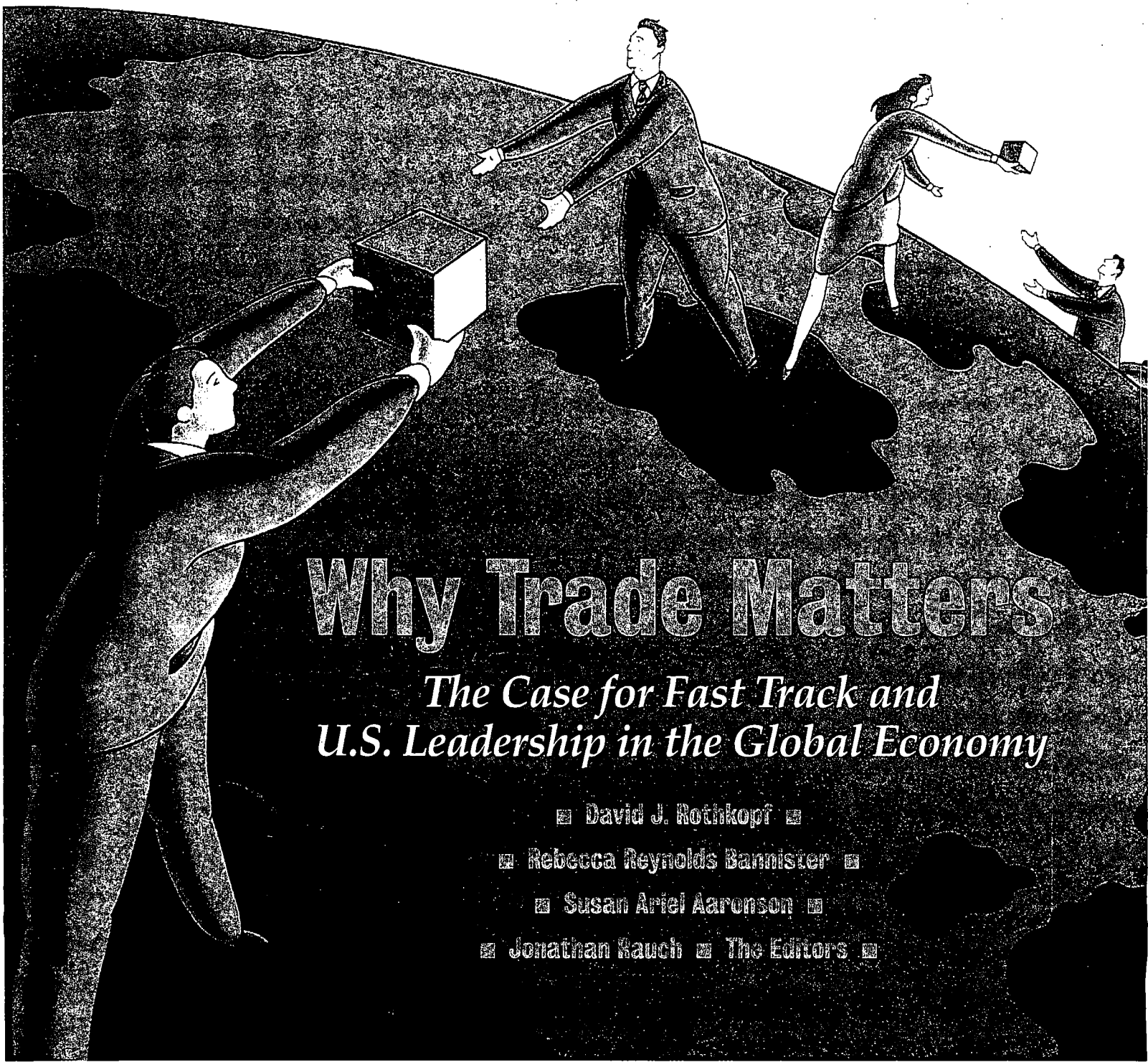
Fred Siegel on the Future of the Cities ■ Regis McKenna on Politics in Real Time

# THE NEW DEMOCRAT

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## Why Trade Matters

*The Case for Fast Track and  
U.S. Leadership in the Global Economy*

■ David J. Rothkopf ■

■ Rebecca Reynolds Bannister ■

■ Susan Ariel Aaronson ■

■ Jonathan Rauch ■ The Editors ■