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Fast Track - Current (9/97): Brookings - Fast Track 9/23/97

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Stack:	Row:	Section:	Shelf:	Position:
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Brookings Speed

First Trial  
count

Brookings Inst Remarks

Sept. 23 1977

Acknowledge: <sup>Ambassador</sup> ~~members of~~ <sup>guest</sup> ~~entire~~ <sup>entire</sup> ~~group~~ <sup>group</sup>

Amb. Mike Annas - distinguished service

~~Acknowledge Brookings~~, for 80 years

Brookings has done a remarkable job in  
encouraging discussions of the critical issues  
facing our nation. Today's discussions  
continue that tradition and will contribute  
directly to the trade policy debate.

Larry Lohb and Bob Litan as moderators

Larry thoughtful voice on public policy and  
defense issues public & private sector

Bob Litan respected economist → career

Dir of CEA director of Economic Studies  
Program here @ Brookings

Bailey Morris-Eck → new associate @

Brookings But not a new associate of mine.  
Invaluable contributions during her tenure @ the  
State Dept / White House particularly re: trade  
& hemisphere issues

Bira Frezic

Time of Profound Change

Forum comes @ a time of profound  $\Delta$   $\rightarrow$   
Not unlike after World War II

Look outward, remain engaged &  
Become insulation ceiling leadership

Anxieties and opps

Econ integration is inevitable  $\rightarrow$  only real  
question are we going to ~~lead~~ be in a position  
to lead and shape the A's that are taking place

Strong @ Home To Be Strong Abroad

President's Economic Plan 4 Pillars

Results

wages ris. <sup>1</sup> / Drop in poverty / rate <sup>2</sup> / ~~wellness~~ <sup>3</sup>

Trade

Trade Importance / Powers ~~and~~ sustaining Recovery

30% of our overall economy related to  
trade

1/3 of our growth

12 million jobs

15% above avg. wages

Trade — 4% — 26% —

U.S. well positioned

#1 Export

most competitive

Services, Biotech, Computers, Aerospace

Win/Win complementary markets

Trade

Internatl. economic major part of fiscal policy

First Term trade record

Ecos Integration is taking place (3) 15+

Agreements Brings order to a changing world

Trade & I encourage open market democracies

This hemisphere Mexico - China

### First Trade Legislation

Sept-16

Export Expansion and Reciprocity Agreements Act  
of 1947 → First Trade Authority What is it?

The Bill

Thoughtful Balance after consultation

"While I'm picking up noise from both the  
left and the right, I know my course is correct."

Trade ~~and~~ L & E - Side agreements - Consultation  
related

### Regional - Bilateral

① Hemisphere - WTO - NAFTA

DOUS trips { watch table issues

② APEC

Trade & other issues, relationships  
are clearly intertwined

③ Africa

Bilateral

~~and~~

Sectoral Agri Telecommunications

~~Trade~~

U.S. Leadership

Ability to sustain our economic growth

Congressional quote

~~Trade~~ Dislocation Strategic Economic

Educational

TMA

Labor 95'06

What's @ Stake

Stupp Corp.

Justin's Integrated Survey Composites Div.

Best Long Down Form

E-Trade

Diamond Chain / Automated Systems

~~Better Democratic Alternatives~~

~~Go to - MINT  
Main Street Extended~~

Conclusion

This trade negotiating agreement that the President seeks holds the key to continued U.S. leadership in intl. affairs and to continued economic expansion @ home. Trade is the key to our continued economic well-being as Americans

~~Clinton Gable quote: "There are no winners and losers and the future is"~~

Thank Brookings for the role in <sup>encouraging</sup> ~~facilitating~~ as exchange of this important subject @ very critical time

## FAST TRACK AND AMERICA'S FUTURE

The Brookings Institution National Issues Forum  
September 23, 1997

Thomas F. McLarty III

Acknowledge: Ambassador Mike Armacost, Brookings President, for thoughtful introduction. For 80 years, Brookings has done a remarkable job in stimulating discussion of the critical issues of the day facing our nation. Today's discussions continue this fine record and will contribute directly to the trade policy debate.

Also: Larry Korb and Bob Litan (moderator), two of the leading lights in Brookings' vast array of stars. Bailey Morris-Eck, and Tara Sonnenshein (congratulations on new baby boy)

- Ladies and gentlemen, today's Forum on fast track comes at a historic moment in time. As we faced in the wake of World War II, when a new economic order was established by forward-looking men and women of stature, now the rules are being crafted to govern the flow of goods and services among nations across the world for the next 50 years.
- Rarely have Congress and all Americans faced such an explicit, fundamental choice: we can stay the course and shape inevitable, impending change to our benefit, helping write the trade rules to support continued economic expansion and improve the lives of American workers and their families. Or, we can turn away from a clear call to leadership, ceding the field to our competitors without a fight and undercutting the prosperity of a generation of hardworking Americans.
- In this context, on September 16 the President sent to the Hill "The Export Expansion and Reciprocal Agreements Act of 1997," otherwise known as a request for fast track authority. It is a logical, and indeed necessary next step in realizing the President's vision for economic prosperity in the coming global century.
- President's plan: deficit reduction, investing in people through education and training, trade expansion. Largest economic expansion in a generation. 12 million new jobs, 5 percent unemployment, core inflation at a 30 year low.

- Exports a major contributor. One third of our economic growth has come from overseas trade creating 1.7 million new, high paying American jobs. Fred Bergsten has testified that since 1992, a majority of our manufacturing workers have been employed in plants that export. Continuing trends could restore net growth in manufacturing jobs within the next few years.
- Opportunity abounds in the global marketplace, where 96 percent of the world's consumers live outside the United States, where growth in some areas could be as high as three times the rate of the US economy in the mid- to long-term.
- Recognizing this, the President's record has been strong. NAFTA, GATT, APEC, Summit of the Americas and FTAA, China MFN. In pursuing these, we have sought to bring order to what is demonstrably a new world.
- But to encourage America's continued economic growth, the President requires fast track to allow negotiation of further trade agreements. And, we believe, in spite of some of the more colorful commentary you may have heard recently, the President's strikes a thoughtful and balanced approach.
- Gustavo Diaz, campaigning for the presidency of Mexico in 1964 said, "I like to operate like a submarine on sonar. When I am picking up noise from both the left and right, I know my course is correct." And that's a bit how we feel today.
- After extensive, bipartisan consultations in both the House and Senate, the President's bill calls for the expansion of American trade opportunities abroad and the tearing down of barriers impeding access to foreign markets.
- As Charlene will note later this morning, it covers agreements concluded under the trade negotiating agenda set out in Congressionally-approved agreements administered by the WTO, sectoral agreements, and bilateral or regional free trade arrangements such as Chile, the Free Trade Area of the Americas, and APEC.
- It calls for the promotion of worker rights and the environment, as the President has repeatedly called for and will continue to promote.

- It calls for extensive consultations with Congress prior to and throughout the negotiation process, with full coordination at all times.
- If Congress concludes it has not been adequately consulted regarding a proposed trade agreement, the President's proposal creates an expedited procedure for Congress to withdraw fast track authority.
- And after all this, if Congress does not like the shape of a final trade agreement reached by the President, Congress can vote it down as the Constitution allows.
- Fast track itself is not a trade agreement, as you know. It is simply the authority to enter into trade negotiations enjoyed by every President, Democrat and Republican, since Jerry Ford. It is a matter of US national interest; indeed, I would submit to you, a matter of US national *security* interest in the post-Cold War world, a signal of continued US leadership, and the opportunity for continued well-being here at home.
- We cannot unilaterally disarm ourselves. Otherwise, firms like the Stupp Corporation, a leading producer in the Western Hemisphere of API line pipe out of Louisiana, will continue to lose business opportunities due to price hurdles that its competitors in South America do not face due to preferential trading arrangements.
- Continued barriers to world trade will be bad news for Systems Integrated, a high-tech concern with 100 employees in Southern California making automated equipment used in the critical power, water, and telecommunications industries. Susan Corrales-Diaz has told me her company simply would not be viable without exports around the globe.
- If we begin to lose foreign markets, America's family farmers could lose their livelihoods and a cherished way of life. As I recently heard from Gene Lang, a corn and soybean farmer from Grinnell, Iowa, if it weren't for exports of one fifth of his corn yields and over a third of his soybean yields, his margins would be so thin he would be unable to sustain his farming or eventually, to turn his farm over to his two sons, continuing a proud multi-generational family tradition.

- If we choose to stay firmly engaged in the world, it will make us better off. Trade is good for both partners; otherwise, by definition, there would be no reason for exchange.
- But benefits aren't just commercial. As the President stated September 10, if we continue to expand trade, 10 to 15 to 20 countries will move from the ranks of the very poor to countries with sustainable incomes for their own people, making them better democratic partners, more likely to be positive contributors to the world system, and less likely to be trouble spots that will command America's attention in the future.
- And trade solidifies democratic gains which have already been made, in Central America, Eastern Europe, Southern Africa, and elsewhere. It wasn't so long ago, remember, that authoritarian rule *was* the rule in these areas. US disengagement now could let these precious gains slip away--gains which cost us 50 years, thousands of lives, and billions of taxpayer dollars to make. Now is just not the time to walk away.
- Ladies and gentleman, this trade negotiating authority that the President seeks holds the key to continued US. leadership in international affairs, and to continued economic expansion at home. In fact, in the coming global century, I believe international trade is the key to our continued economic well-being as Americans.
- Bailey knows I am fond of a quote attributed to the author Graham Greene, who once said, "there are unique moments in time when the door opens and lets the future in.
- Ladies and gentlemen, we have arrived at such a time. As we faced after World War II, we once more stand at a crossroads in history. Together we can, and must, open markets and help define the rules of trade for our benefit, and our children's benefit, across the world.
- So today, I ask you to help us open that door and let the future--together--come in.

**The Brookings Institution  
National Issues Forum**

**"Fast Track"**

**Tuesday, September 23, 1997**

**8:30 a.m. - 12:15 p.m.**

**AGENDA**

**8:15 Registration/Continental Breakfast**

**8:30 Welcome and Introductory Remarks**

- ❖ The Honorable Lawrence J. Korb, Director, Center for Public Policy Education, The Brookings Institution
- ❖ The Honorable Michael H. Armacost, President, The Brookings Institution

**8:45 - 9:30 Keynote Address**

- ❖ Thomas F. (Mack) McLarty III, Counselor to the President and Special Envoy for the Americas, The White House

**9:30 - 10:30**

**Globalization**

Moderator:

- ❖ Jonathan Rauch, Contributing Editor, *National Journal*

Panelists:

- ❖ Robert Blecker, Associate Professor of Economics, American University
- ❖ Robert Z. Lawrence, The New Century Chair in International Trade and Economics, Economic Studies Program, The Brookings Institution, and The Albert L. Williams Professor of Trade and Investment, John F. Kennedy School of Government, Harvard University
- ❖ Robert E. Litan, Director, Economic Studies Program, The Brookings Institution
- ❖ Clyde V. Prestowitz, Jr., Founder and President, Economic Strategy Institute

Draft

**10:30 - 10:45 Break**

**10:45 - 11:15 Keynote Address**

- ❖ The Honorable Charlene Barshefsky, United States Trade Representative, Executive Office of the President

**11:15 - 12:15 Business and Labor**

Moderator:

- ❖ William E. Frenzel, Guest Scholar, Governmental Studies Program, The Brookings Institution

Panelists:

- ❖ Thea M. Lee, Assistant Director for International Economics, Public Policy Department, AFL-CIO
- ❖ The Honorable Abraham Katz, President, United States Council for International Business
- ❖ Congressman George E. Brown, Jr., (D-CA), U.S. House of Representatives (pending)

To: Eric Farnsworth  
From: L Deve  
Re: National Issues Forum - "Fast Track" - Requested Biographies  
Date: 9/19/97

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**Michael H. Armacost** is the *president of the Brookings Institution*, a non-profit, research study group celebrating its 80-year anniversary. Mr. Armacost served as United States ambassador to Japan and the Philippines, and as under secretary of state for political affairs. He held senior policy positions in the National Security Council of the Departments of State and Defense, and taught and lectured at Pomona College, Georgetown University, Johns Hopkins University, International Christian University, and Stanford University. His most recent book is *Friends or Rivals? The Insider's Account of U.S.-Japan Relations*. Mr. Armacost is a graduate of Carleton College. He also attended Friedrich Wilhelms University and received his Ph.D. from Columbia University.

**Lawrence J. Korb** is *director of the Center for Public Policy Education and senior fellow in the Foreign Policy Studies Program at the Brookings Institution*. During his career Mr. Korb has been dean of the Graduate School of Public and International Affairs at the University of Pittsburgh, vice president for corporate operations of the Raytheon Company, and resident director of Defense Policy Studies at the American Enterprise Institute. From early 1981 through late 1985, Mr. Korb served as assistant secretary of defense for manpower, reserve affairs, installations and logistics. His most recent book is *American National Security: Policy and Process*, with Joseph Jordan and William Taylor (Johns Hopkins University Press, 1993). His op-ed pieces have appeared in all the nation's major newspapers, and he is a frequent guest on network news shows. Mr. Korb received his M.A. from St. John's University and his Ph.D. from the State University of New York at Albany.

**Robert E. Litan** is the *director of the Economic Studies Program at the Brookings Institution*. He is an economist and an attorney. Interspersed with his government service, Mr. Litan served as a senior fellow in the Economic Studies Program at Brookings, and as director of two research centers within the program. His government experience includes his service in the Office of Management and Budget, Department of Justice, President's Council of Economic Advisers, and the Commission on the Causes of the Savings and Loan Crisis. He was also a partner in a Washington law firm. Mr. Litan is the author, coauthor, or editor of more than a dozen books and over 100 articles on government policies affecting financial institutions, regulatory and legal issues, international trade, and the economy in general. His most recent book is *Financial Regulation in a Global Economy* (with Richard Herring). Mr. Litan received his B.S. in economics *summa cum laude* from the Wharton School of Finance at the University of Pennsylvania, his J.D. from Yale Law School, and his M. Phil. and his Ph.D. in economics from Yale University.

**PRESIDENT WILLIAM J. CLINTON  
TALKING POINTS ON FAST TRACK  
HOUSE DEMOCRATIC CAUCUS  
September 16, 1997**

**I have taken the step of coming here to talk directly to you about why it is in the interests of our nation, our economy, and our party for Congress to pass the fast-track legislation I have submitted today. Let me say at the outset: This is urgent for our nation, if we are to capitalize on this moment of hope and strength to create even wider opportunity. And this is urgent for our party -- for the Democrats *must* face the American people as a confident, hopeful party of the future.**

**Four and a half years ago, you and I set this country on a bold new economic course – an economic strategy that has produced strong prosperity. It was Democrats who cut the deficit by over 80%. It was Democrats who invested in our people. And it was Democrats who worked with me to boost exports to record levels. Now, our strategy has produced a moment of real optimism and hope for America. Results: 13M new jobs ... unemployment <5% ... inflation low, poverty dropping ... and wages, flat for decades, now are rising. Family incomes up \$1600. And for poorest 20%, up 10% -- \$1000. Together, from EITC to minimum wage, we have worked on behalf of America's hardest pressed working families.**

**You know and I know that in this new economy, America has no choice but to expand trade. We have 4% of world's people; we must sell to the other 96%. 1/3 of our growth came due to trade. Today, 12 million jobs due to exports. And these jobs are good jobs; they pay better than others. Today, America is #1 in autos again. And in the cutting edge industries – biotech, computers, aerospace – America leads the world.**

**This legislation will give me the traditional authority to make trade agreements – and it does it in a way that upholds the values of our party. It reflects our concerns and benefited from the extensive consultation we have done.**

- Every single one of these agreements will tear down foreign barriers to American-made goods and services.
- I am the first President ever to make labor and environment a part of America's trade agenda.
- It sets as a negotiating objective the promotion of worker rights (in language symmetrical to the language given to President Bush by a Democratic Congress), and makes a specific reference to child labor. It directs us to seek labor protections through the ILO – a change proposed to us by Democrats -- and the WTO. And for the very first time, it explicitly sets environment as a negotiating objective.
- It will allow us to negotiate separate agreements on labor and the environment. These don't require approval by Congress. The next country with whom we will negotiate a

trade agreement is Chile – and Chile has already agreed to side agreements on labor & the environment.

- It will require extensive and unprecedented consultation with Congress at every step.
- It would make clear negotiators will not trade away US health & safety/enviro standards.
- We don't pretend that this legislation has everything we want. But it is the best chance to advance these priorities, and do so in a way that can pass a Republican Congress. This is the best way to advance our agenda given the reality of a divided government.

**We know that the burdens and benefits of trade do not fall evenly on all Americans. We recognize our obligation to those who are left behind, to make sure that all Americans can make the most of this opportunity.**

- We have a comprehensive program – EITC and Pell Grants, doubling trade adjustment assistance, \$1500 tax cut for community college, minimum wage, Kennedy Kassebaum – to help working people in this time of change.
- This legislation would allow Congress to expand trade adjustment assistance as part of implementation of any trade agreement.
- Let's remember – backing away from this won't create a single job or clean up a single toxic waste dump. Jobs will not simply slip across the border, because we're not talking about agreements with our neighbors. The opportunities vastly outweigh the risks.

**Above all, I come before you as a Democratic President who shares your values and needs your support.** I will use this authority in a way consistent with the principles we stand for, consistent with the record of my administration. A Democratic Congress gave Gerald Ford this authority. A Democratic Congress gave Ronald Reagan this authority. And a Democratic Congress gave a Republican President this authority in 1991 – with the active support of many of you here. Now as a Democratic President, I ask the same authority that has been granted to every President of either party. And I pledge to you that I will use it in a way that reflects the values for which all of us fight every day.

**If we are going to be a nationally competitive party, Democrats must be the party of opportunity, of hope, of the future. From everything I have learned during all my years in politics, I believe that is the winning message with voters. The American people are smart; they know we cannot build walls around this country. What they want to know is whether we will work to master this change; whether we will stand up for workers and the environment and to create opportunity in the global economy. A party huddled in a defensive crouch cannot do that. But a Democratic party that looks to the 21st Century with confidence can.**

Steinberg 1/1/1996

~~1/1~~ (1)

First Trade per Steinberg

" LATAM America is our Biggest liability "

DTA 2

Agri.

Financial services

Brazil ready to launch @ Reintegro

Tariff cut in 1998

Emerg interests 2000 / Chilean push /  
Brazil wait agree

{ Brazil / Global  
DTA  
Tariff Cybaspa } APEC

MAGAZINER Effort

21st Century } Steinberg alternative  
21st World

Rain forest

Rubber fingers

Homeless birds

Counterpoint

Diplomatic Agreements for 25 yrs

- CPT
  - Space
  - CWC
  - etc
- } NAM

Part 1 Pres. integrated

NOW OTHER -

Regional / Partners w/ U.S.

Global resp.

Positive  
Trade  
Balance

<u>US</u>	<u>Brazil</u>	<u>Argentina</u>
Energy	Trade/Economic	peru helps
Drugs	Educative	Partners
	Global Technology	

State from previous 7-7 Ann. meet

Brazil / Argentina strategy  
pole 2 sticks

Priority w/ U.S. per Stakes

Climate A

Argentina joint implement  
Brazil / EUV agreement

V&S

clean energy

Brazil agreements group / climate ~~not~~ group / coverage

Argentina

J. Implementation

Climate A Cost Before the top lights -

Cost Place

J. Imp. construction

To Do

① ITR / Cyprus post

DAI

② no energy harvest

+

③ J. impl. in Argentina

Albino hook

Rate

"Character does what she wants to do" per JWP.

## Administration Commitment to Respect for Core Labor Standards

### Issue

Some may call into question the Administration's commitment to pursue core labor standards in the world, particularly those that believe the NAFTA labor agreement is a sham and our efforts in the WTO, ILO and elsewhere have been half hearted. Furthermore, some may be interested in our international agenda re core labor standards in light of the language in the overall negotiating objectives of our bill and in the specific negotiating objectives.

### Points to Make

#### **What the Administration has Done:**

- No Administration in recent history has done more to advance the cause of respect for core labor standards than this one, and our efforts have been built on a more than 50 year history of U.S. international efforts on the international labor standards front.
- This Administration's efforts have been multifaceted and have included multilateral, regional, bilateral and domestic efforts and actions.
- For example, in 1994 we succeeded in getting the ILO to establish a working party on trade and labor standards.
- Subsequently, we gained agreement in June 1997 for the ILO to develop a new instrument to bind all member states to core labor standards and to introduce a new mechanism to establish accountability - a major development in ILO history.
- For the first time, trade Ministers in the WTO officially recognized the importance of core labor standards, and we are using this recognition to push for additional progress in this fora, including our efforts to create a Working Party on labor standards and trade.
- We have been actively pursuing a labor forum to precede trade Ministerial meetings in the FTAA, and are exploring how we can build upon the 1995 hemispheric labor Ministerial action plan to progress on core labor standards in this hemisphere.
- We fought hard and achieved the unprecedented NAFTA labor agreement, and continue to push for its effective implementation in North America.
- We worked closely with the private sector on the Apparel Industry Partnership to address exploitative labor conditions, including child labor.
- In the OECD, we have been at the forefront in advancing work on core labor standards and their relationship to trade.

- We have aggressively utilized the GSP program to encourage progress on labor standards in a variety of developing countries.

#### **What the Administration will Do:**

- Promoting the adoption of core labor standards is a function of the Administration's commitment to ensuring that all workers have the opportunity to compete and win in the global marketplace. The overall and specific negotiating objectives in the bill reflect this commitment.
- The Administration is determined to build on what we have accomplished in these fora. With the proposed bill in mind, for example, as well as our overall commitment to encourage respect for core labor standards, the Administration intends to:

#### WTO

- push for the creation of a WTO Working Party to examine trade and labor standards in follow-up to the Singapore Ministerial of 1996 (consistent with existing U.S. legislation).
- incorporate the observance of core labor standards within the WTO Trade Policy Review Mechanism (TPRM) for country reviews.

#### ILO

- utilize the June 1997 agreement within the ILO to develop a new instrument to bind all member states to core labor standards (regardless of whether they have ratified specific ILO conventions) as a basis to seek a new mechanism to establish accountability in regards core labor standards implementation.
- urge greater ILO/WTO institutional cooperation.
- support the ILO's International Program for the Elimination of Child Labor.

#### OECD

- seek to include appropriate commitments on labor standards in the negotiation of the Multilateral Agreement on Investment (MAI) within the OECD.

#### The Americas

- seek the creation of a Free Trade Area of the Americas (FTAA) forum for labor (i.e., similar to the business forum that precedes Ministerial meetings) to provide collective input in the FTAA process as we move into the negotiating phase of the FTAA.
- build on the 1995 Tenth Inter-American Conference of Ministers of Labor commitment

and seek progress on core labor standards leading up to and during the Eleventh Inter-American Conference of Ministers in 1998.

#### Implementation of Existing Policies and Programs

- enforce the labor standard provisions in the:
  - Generalized System of Preferences;
  - the Caribbean Basin Initiative;
  - the Andean Trade Preferences program; and
  - the policies of the Overseas Private Investment Corporation (OPIC).
- bring attention to and encourage (as the President did in August 1996) appropriate collaborative action by the private sector, labor unions and non-governmental organizations regarding codes of conduct that discourage activities that contravene the protection of core labor standards.
- seek cooperation with other countries on collaborative action with the private sectors, labor unions regarding codes of conduct that discourage the contravention of core labor standards.
- redouble efforts to implement the North American Agreement on Labor Cooperation (NAALC).

## ADMINISTRATION COMMITMENT TO TRADE AND THE ENVIRONMENT

**President Clinton is committed to ensuring that trade expansion and increased international competition contribute to environmental protections at home and abroad. He has done more to advance environmental interests in international trade fora than any other U.S. President.**

**Greening of the NAFTA.** The President fought to ensure that NAFTA addressed environmental concerns and contained mechanisms to address the unique environmental problems that have long challenged communities along the 2000-mile shared border with Mexico.

**Advancing Environmental Protections in the WTO:** The Administration fought for and won important advances relating to the environment in the Uruguay Round of trade negotiations, including

- recognition in the Preamble of the WTO Agreement of sustainable development as a key objective of the WTO;
- strengthened agreements on Sanitary and Phytosanitary Measures and the Agreement on Technical Barriers to Trade to protect legitimate environmental measures from challenge under the Agreements;
- improvements to the Dispute Settlement Understanding to provide for the use of environmental experts in disputes; and to make the process more transparent by allowing disputing parties to make their submissions public and requiring that, at a minimum, a public version be provided of all panel submissions; and
- securing the creation of a Committee on Trade and Environment in the WTO, for the first time creating a permanent forum for addressing the linkage between trade and the environment.

**Improved Environmental Practices Worldwide:** The Administration has strongly and effectively implemented U.S. environmental laws, using the threat of trade sanctions where appropriate to obtain improvements in other countries' environmental practices. For example, President Clinton imposed trade sanctions on Taiwan for its failure to curb illegal trade in rhino horn and tiger bone. These sanctions were lifted when Taiwan made demonstrable progress in halting this trade.

**Proposed an APEC-wide Environmental Technologies and Services Sector Liberalization Initiative:** The Administration is working to advance APEC-wide sector liberalization in an industry ignored by previous administrations. High tariffs and disguised barriers to trade have limited the ability of developing countries to use the most advanced and useful technologies and services to address environmental problems from basic water and wastewater treatment needs to the need for the most advanced bioremediation technologies.

### Principal Negotiating Objective on Worker Rights & Environment

Section 2(b) . . .

(7) WORKER RIGHTS AND ENVIRONMENTAL PROTECTION.-- The principal negotiating objectives of the United States regarding worker rights and protection of the environment are, through the World Trade Organization, -

\* \* \*

(D) to promote sustainable development; and

(E) seek to ensure that trade and environmental protection are mutually supportive, including through further clarification of the relationship between them.

#### I. What are the domestic needs? How does this objective meet those needs? Why is this a good way to approach these problems?

Domestic needs: To have environment considered on a par with economic objectives in the negotiation of trade agreements; to ensure that trade liberalization not lead to environmental degradation; to protect from trade challenge the United States' ability to regulate domestically; etc.

Objective Meets Needs: The objective continues the delicate balance that was established in the WTO on how work should proceed on the question of trade and environment. It commits the United States to continue efforts, initiated in 1994 when we succeeded in creating the Committee on Trade and Environment, to build consensus on these extremely complex and controversial issues (both among US domestic constituencies and internationally).

This particular objective must be considered in combination with other provisions of the bill to understand how environmental issues may be addressed in future trade agreements subject to fast track. In addition to this specific negotiating objective, which directs the United States to work through the WTO to promote sustainable development and seek to ensure that trade and environmental protection are mutually supportive, the bill:

- contains a **general negotiating objective** directing the President to address trade-related foreign government policies and practices regarding labor and the environment, and
- contains "**guidance for negotiators**" that clearly spells out the importance of ensuring that the United States does not bind itself to trade obligations that impair or are inconsistent with **our ability to regulate health, safety, and environmental protection** here at home.

The overall effect of this legislation is to highlight certain priorities while retaining the President's ability to address the full range of environmental concerns included in the Uruguay Round Agreements and in the NAFTA itself. It also preserves his full constitutional prerogatives to negotiate environmental cooperation agreements with regional and bilateral trading partners, as we did when negotiating the NAFTA side agreements.

**II. Who may criticize the objective and what will they say about the objective? Provide appropriate responses, including any specific rationale on why we did not accept some of the proposals made by Members of Congress or interested groups.**

Criticisms & Questions:

Q: Why have you **limited this objective to the WTO**? What does that mean for furthering environmental concerns in the FTAA and APEC? How does this objective have any relevance to fast track?

A: We have focused this negotiating objective on the WTO because we believe that is the international forum with the greatest potential to make progress on these issues in a trade context. In agreeing in 1994 to the creation of the WTO Committee on Trade and Environment, our trading partners have agreed to address these issues. This is not the case in other fora, such as the FTAA, where we face stiff opposition to our efforts to explore the relationships between trade and environment.

Focusing this objective on the WTO does not preclude us from addressing environmental concerns in the FTAA and APEC fora as well -- e.g., where such issues are directly related to trade, or where our goal is to protect our domestic regulatory prerogatives in the area of environment, health and safety.

Q: **"Sustainable development"** seems like a terribly vague concept. Just what does it mean?

A: The concept of "sustainable development" is a broad one, and does not imply any specific policy commitments, but rather a particular approach to policymaking. It has been described as development which "meets the needs of the present without compromising the ability of future generations to meet their own needs." This concept has been incorporated into several international agreements to which the United States is a party, including the 1992 Rio Declaration (negotiated under the Bush Administration) and the preamble to the WTO Agreement (in which parties commit to "allowing for optimal use of the world's resources in accordance with the objective of sustainable development.")

Q: What does it mean to make trade and environment **"mutually supportive"**?

A: As a general matter, this Administration seeks to ensure that U.S. trade and environmental policies are consistent. For instance, we have been careful to negotiate trade agreements that preserve our ability to adopt and maintain laws and regulations to protect health, safety and environment in the United States. Beyond this, however, we believe that appropriate trade policies can advance our environmental objectives, and vice versa. For example, lower trade barriers reduce market inefficiencies and generally increase income levels, thereby generating resources which can be used to

fund environmental protection efforts.

Other Proposals Not Accepted:

**Mandatory Environmental Impact Assessment**

- Q: Why doesn't this legislation include a requirement to do environmental impact assessments, as called for by the environmentalists and as this Administration has done for the NAFTA and the Uruguay Round Agreements?
- A: This Administration is committed both to ensuring that the trade agreements we negotiate are consistent with our environmental objectives, and to ensuring that the public is informed about the impact of such agreements on the environment. The Clinton Administration conducted environmental reviews of both the NAFTA and the Uruguay Round Agreements despite the absence of a statutory requirement to do so. Moreover, in international fora such as the WTO and the OECD, we have advocated that other countries conduct similar environmental reviews of trade agreements.

In negotiating future trade agreements, we fully intend to consult with the Congress and interested members of the public regarding the potential environmental implications of such agreements. These consultations will include discussions with our cleared advisors on the Trade and Environment Policy Advisory Committee, as well as other advisory committees. We also intend to keep the public informed, whether through formal reports or other means, regarding the potential environmental impacts of such trade agreements. We believe that imposing additional statutory requirements is not only unnecessary, but would impose additional resource requirements without adding substantive benefits.

## **Traditional Trading Authority Discussion Points for Calls to Republicans**

**Shared Objective.** We both want to ensure that fast track authority is renewed. We believe in free trade, and we know that our future prosperity depends on it. We can get this done. Our team is fully committed to doing whatever it takes to get it done, and we hope we can work in the same spirit of trust and cooperation that allowed us to get the budget done.

**Delayed Bill to Gain Bipartisan Support.** We delayed introducing the bill for a couple of days to address the concerns of moderate Democrats whose votes are absolutely essential for passage. We listened to them and made some changes, but we fully expect criticism from the rest of the Democratic caucus and from labor. We believe we now have strong legislation that deserves support from both sides of the aisle.

**Accepted Your Proposal on "Directly Related to Trade."** Most importantly, we have accepted the Archer language on "directly related to trade." The President is firmly committed to ensuring that, in our push for free trade, we do not undermine labor and environmental standards. And we are prepared to pursue side agreements with Chile and other nations to promote stronger labor and environmental standards. Even so, we have adopted the Archer-Dreier language on "directly related," and we recognize its importance to the Republican caucus.

**More Detailed Review of Provisions.** Key provisions of the bill include:

- **Provision on Worker Rights and the Environment.** The principal negotiating objective on worker rights included in this legislation is symmetrical to that granted to President Bush, but does specifically mention the environment and child labor standards as well. It is limited to making progress in the World Trade Organization ("WTO") and the International Labor Organization ("ILO").
- **Necessary or Appropriate.** The bill would permit the Administration to include in future implementing bills those provisions that are "necessary or appropriate" to implement the relevant trade agreement, but only if those provisions are also "trade-related." As we have discussed, we need to strike a balance. We need flexibility to include provisions that, while not absolutely required to implement a particular trade agreement, nevertheless address trade policy issues raised by that agreement. But we also don't want to allow extraneous provisions in the fast track bill. We think this strikes the right balance.
- **Duration.** The duration of the trading authority extends to 2001, with extension until 2005 subject to a congressional vote.

- **Consultations with Congress.** We have added strong language to ensure Congress is a full partner in setting objectives and establishing trade priorities for American negotiators. Provisions never before included in fast track bills include: (1) a requirement that the Administration inform Congress of its negotiating objectives for a specific agreement before negotiations begin; (2) a requirement that the Administration consult before signing an agreement about parallel agreements, such as labor and environmental side agreements.
- **Negotiating Instructions.** We added a section on negotiating instructions that will ensure negotiators do nothing that would lower U.S. public health and safety standards, and insist upon strict enforcement of our trade laws.
- **Specific Agriculture Objective.** The legislation responds to congressional concerns by providing a series of measures designed to achieve fairer and more open conditions of agricultural trade, including: reducing or eliminating tariffs and subsidies that hurt U.S. agricultural exports and market opportunities; addressing other unjustified barriers to such exports; and strengthening the international rules covering unfair foreign practices that distort world agricultural markets. We think this principal negotiating objective will appeal to Members of both parties.
- **Chile.** We have specifically designated Chile as the next country with which we would negotiate a bilateral free trade agreement.

**Would Like to Proceed in a Bipartisan Spirit.** We have made a genuine attempt to write a bill Republicans can support, while attracting moderate Democrats as well. We think it is a good bipartisan bill, and we would like your support. At the very least, we would like generally positive statements (e.g. "Good start," "We can work with this"). We pledge to work closely with you as the bill is considered.

## **Traditional Trading Authority Discussion Points for Calls to Democrats**

**Held Bill Back to Listen to and Address Democratic Concerns.** We held the bill back several days to hear the concerns of Democrats. We listened, and we believe we now have a bill that reflects the proper balance to address worker rights (including child labor standards) and environmental protection. Key provisions include:

- Worker Rights. Bill includes a negotiating objective on worker rights symmetrical to that granted President Bush by a Democratic Congress, with a specific reference to child labor. Also includes direction to seek stronger worker rights through the ILO, an idea proposed by Senator Moynihan and other Democrats.
- Environment. The negotiating objective also adds a specific provision on the environment, the first time ever this has been referenced in a fast track bill.
- Agriculture. Bill contains specific negotiating objective on agriculture, requested by Democrats.
- Better Consultations. Entirely new provisions requiring greater consultations, as to both the trade agreement and any labor/environmental side agreements.
- Duration. Authority granted until 2001, with extension until 2005 only after a congressional vote.

**Bill Reflects Ongoing Commitment to Democratic Values.** Overall, the President is committed to pursuing three objectives: (1) to break down unfair foreign trade barriers and create good American jobs; (2) to promote and advance worker rights; and (3) to promote responsible environmental protections. Throughout this process on fast track, our goal has been to ensure the President has the capacity to pursue all three objectives effectively.

- Trade Agreements. This bill permits labor/environmental provisions "directly related to trade" to be brought back to Congress under fast track authority. This is but one of many tools the President can use to advance his goals.
- Side Agreements. The President has extensive executive authority to reach labor/environmental agreements with countries. These agreements do not require congressional approval. We have already committed to conclude companion labor/environment agreements in future trade agreements where appropriate, and Chile has already agreed to enter such agreements.
- Other Agreements. The Clinton Administration has done more than any other to press countries to improve labor and environmental protection -- and we will continue to do so, whether through the ILO, the WTO, the UN, or international financial institutions. We should be concerned about improving conditions in all countries, not just in free trade partners.

**More Detailed Review of Provisions.** Key provisions include:

- **Necessary and Appropriate.** We have added language that will allow us to include in future implementing bills those provisions that are “necessary or appropriate” to implement the relevant trade agreement. The Administration and the Congress need flexibility to include in such bills provisions that, while not absolutely required to implement a particular trade agreement, nevertheless address trade policy issues raised by that agreement. These might include, for example, the agreement’s relationship to existing U.S. trade laws, authority to monitor the results of the agreement, or extending Trade Adjustment Assistance to help those American workers who do not share the benefits from expanded trade. Restricting future bills only to those provisions deemed “necessary” would prevent inclusion of these and other critically important provisions.
- **Duration.** The duration of the trading authority extends to 2001, with extension until 2005 only after a congressional vote.
- **Consultations with Congress.** We have added strong language to ensure Congress is a full partner in setting objectives and establishing trade priorities for American negotiators. Provisions never before included in fast track bills include: (1) a requirement that the Administration inform Congress of its negotiating objectives for a specific agreement before negotiations begin; (2) a requirement that the Administration consult before signing a trade agreement about any parallel agreements, such as labor and environmental side agreements.
- **Negotiating Instructions.** We added a section on negotiating instructions that will ensure negotiators do nothing that would lower U.S. public health and safety standards, and insist upon strict enforcement of our trade laws.
- **Specific Agriculture Objective.** The legislation responds to congressional concerns by providing a series of measures designed to achieve fairer and more open conditions of agricultural trade, including: reducing or eliminating tariffs and subsidies that hurt U.S. agricultural exports and market opportunities; addressing other unjustified barriers to such exports; and strengthening the international rules covering unfair foreign practices that distort world agricultural markets.
- **Chile.** We have specifically designated Chile as the next country with which we would negotiate a bilateral free trade agreement. Chile made a firm commitment to enter into side agreements on labor and the environment.

## FAST TRACK Q&A'S

### **“DIRECTLY RELATED TO TRADE”**

**Q: What does it mean to say that any labor/environment provisions brought back on fast track must be “directly related to trade”?**

- It means that labor and environmental provisions having a direct relationship to trade can be included in fast track legislation.
- It is one part of our overall commitment to labor and the environment. As the President has stated, he is committed to pursuing three objectives as we move forward: 1) to open foreign markets and create good U.S. jobs; 2) to promote labor rights; and 3) to promote responsible environmental development. Throughout this debate, our goal has been to ensure the President has the capacity to pursue all three objectives effectively.
- The Administration’s bill gives the President ample latitude to accomplish his labor/environment objectives. He has many tools at his disposal:
  - Trade Agreements. As we said, the bill permits labor/environmental provisions “directly related to trade” to be brought back to Congress under fast track authority. This is only one tool he can use.
  - Global Negotiations: This Administration has done more than any other to press countries to improve labor rights and environmental protection – and we will continue to do so. The bill itself contains a negotiating objective encouraging us to make progress in these areas in the WTO and the ILO. In addition, we will continue to press in other for a, like the World Bank, IMF, other international financial institutions and the UN. We should be concerned about improving the conditions in all countries, not just in free trade partners.
  - Side Agreements: The President has extensive executive authority to reach labor/environment agreements with countries. These agreements do not require Congressional approval. In the context of future free trade agreements, we have committed to conclude companion labor/environment agreements, when appropriate. Chile has already agreed to enter such agreements.
- The important point is to secure fast track authority. If we pursue trade negotiations, we have a much better chance of engaging these countries on labor and environmental issues. Rejecting fast track will not advance our interests on labor/environment.

**Q: But what does the term “directly related to trade” mean?**

- It means that a discrete set of provisions directly related to trade could be included in the fast track legislation. We are still discussing the precise definition with Congress, but examples include establishing the principle that countries should not lower their environmental or health and safety standards to attract foreign investment or provisions relating to the ability of a country to use sanitary/phytosanitary measures as a disguised form of trade protection.
- Remember that this is only one tool we have to pursue our labor and environmental objectives. We believe the combination of side agreements and other measures already give us much latitude to pursue our objectives.

**Q: Suppose a country lowers its child labor standards to attract foreign investment or to export cheaper products to the U.S. Could this be included in the trade agreement?**

- Obviously, we are not going to negotiate a free trade agreement with a country that has a heinous labor rights or environmental record, so the issue of what can be contained in an agreement would not arise.
- As to the precise definition of “directly related to trade”, we are still working that out with Congress. We would favor a broader definition, but we also need to achieve a bipartisan consensus.

## **CONTENT OF SIDE AGREEMENTS**

**Q: What provisions will be contained in any side agreements you reach?**

A: That could vary among countries. Different countries would have different conditions and different needs. As a general matter, agreements could include provisions to:

- Promote better enforcement of a country’s labor and environmental laws and regulations.
- Encourage greater transparency and public disclosure about a country’s labor and environmental standards and performance.
- Provide greater technical assistance to countries to improve their labor rights and environmental protection.

We would consult extensively with Congress about our approach in any individual case.

## **LINKAGE BETWEEN TRADE AGREEMENT/SIDE AGREEMENTS**

**Q: Do you commit to reach side agreements with all future free trade agreement partners?**

- We reached side agreements with Mexico and Canada during those free trade negotiations. We have already said we will negotiate side agreements in the context of free trade talks with Chile – and Chile has agreed to do it.
- There may be instances when side agreements wouldn't be necessary (England, Sweden) but we would negotiate them when they are appropriate. In any case, we will move forward in full consultation with Congress.

## **SANCTIONS AND SIDE AGREEMENTS**

**Q: Would you make any future labor/environmental side agreements enforceable through trade sanctions?**

- We will ensure that any side agreements we reach are enforceable through sanctions (whether monetary fines or other methods).

**Q: Yes, but would you entertain the use of trade sanctions to enforce the agreements, as you did in NAFTA?**

- At this time, the only bilateral free trade agreement we envision negotiating is with Chile. Chile has agreed to enter labor/environment side agreements enforceable by monetary fines. We think that will provide sufficient enforcement. Therefore, the question of other bilateral free trade agreements – let alone how they would be enforced – at this point is pretty theoretical.
- We would need to consult with Congress extensively before we pursue another bilateral free trade negotiations. If that situation arises, we will consult on this question as well.

**Q: But at the end of the day, would you consider using trade sanctions?**

- In most cases, we believe enforcement through monetary fines or similar methods could be effective. If they cannot, we would consider using trade sanctions to collect monetary fines, as we have done in past agreements. We would pursue this approach only after extensive consultation with Congress.

**INTELLECTUAL PROPERTY  
VERSUS  
LABOR/ENVIRONMENT**

**Q: Critics charge that you incorporate intellectual property provisions in free trade agreements, but fail to give the same treatment to labor/environmental provisions? Aren't they correct that you care more about American corporations than about American workers?**

- First, no Administration in history has been more aggressive in pressing to improve international labor rights or environmental protection. We have:
  - Continued to press this agenda in international institutions, like the ILO and WTO. In fact, our fast track bill contains a negotiating objective directing us to continue this effort.
  - Made a commitment to negotiate labor/environment side agreements in the context of future free trade agreements, when appropriate. We will negotiate such agreements in the context of the Chilean free trade talks. Those agreements can make a difference: there have 7 cases brought involving labor violations under the NAFTA side agreement, none brought for IPR violations under the NAFTA itself.
  - Other initiatives, like the President's 1996 Apparel Industry Partnership ("No Sweat Initiative"), a collaboration between labor, business and NGO's to encourage adoption of a code of conduct prohibiting exploitative child labor and encouraging humane working conditions.
- As to the critics' charge, there is a fundamental difference between intellectual property rights and labor/environment. Violations of intellectual property rights relate to the product itself, which is being exported to the United States. The issue of labor/environment involves more broadly the entire social and legal structure of the foreign country, which goes beyond trade concerns. That's an important difference.

**TALKING POINTS**  
**for**  
**FAST TRACK BRIEFING WITH ARKANSAS BUSINESS LEADERS**

- Welcome. It's good to see so many old friends and to have such a seasoned and distinguished group of Arkansas business leaders in town.  
ACKNOWLEDGMENTS: Jay Berman, Ambassador Jim Cheek, Hartsell Wingfield, TCBY International
- Thank you for coming to Washington on your own nickel and giving your time to help us on such a critical issue for the future of your companies and the economic health of our nation.
- Jay and I would like to give you a short briefing on our strategy for winning Congressional approval of fast track authority and we will be glad to answer any questions. We also would like to hear from you on this important issue, especially on how you will convince our delegation from Arkansas to support us in this regard.
- Fast track is about the need for American leadership. It's about exercising this leadership to help our companies and workers gain maximum benefit from the global economy. As all of you know, if we do not lead, we will surely be left behind -- especially in Latin America and Asia.....
- The President is fully committed to this effort. He understands that bipartisan support is necessary and essential. He has dedicated the full resources of this administration to this effort and is hopeful that Congress will give him the same authority given to every President since Gerald Ford.
- In a wise move, the President named my colleague Jay Berman as Special Counselor to the President and leader of our fast track initiative. Jay left a successful career in the private sector to help us in this regard.
- Let me close by saying that we simply can not win this battle alone. We need your help and we thank you for setting a fine example with your presence here today.
- (Call on Hartsell/Amb. Cheek for opening comments)

THE WHITE HOUSE  
WASHINGTON

September 22, 1997

MEMORANDUM FOR MACK McLARTY

FROM: STEVE RONNEL 

SUBJECT: FAST TRACK BRIEFING FOR AR BUSINESS LEADERS

cc: Jay Berman  
Nelson Cunningham

Tomorrow at 9:30am, you will host a group of Arkansas business leaders in the Roosevelt Room for a briefing on our fast track campaign. Jay Berman will attend as well (he must leave at 10am). At 10:15, you will lead the group to the stake out for a brief statement to Arkansas media.

The group (see attached list) is a bipartisan group of business leaders representing many sectors. They are led by former US Ambassador to Argentina Jim Cheek and Hartsell Wingfield, who is President of TCBY International and President of the Arkansas District Export Council (a Department of Commerce affiliated group).

The group is in Washington to lobby the Arkansas Congressional Delegation for fast track. They have meetings Tuesday with all six members. They will report to you by phone on their progress at the end of the day.

The purpose of the meeting in the Roosevelt Room is primarily to thank them for their help (see attached talking points) and to answer any questions they may have about our strategy or our legislation. You should also seek their feedback and comments.

Because there are many Republican-leaning business leaders in this group, they may raise concerns about the labor and environment provisions. They are strongly against providing too many concessions on these issues. However, they are constructive and understand first hand the importance of renewing fast track authority.

**FAST TRACK BRIEFING FOR  
ARKANSAS BUSINESS LEADERS**

Tuesday, September 23, 1997  
The Roosevelt Room  
9:30 - 10:15am

Arkansas Business Leaders:

Mr. Hartsell Wingfield  
TCBY International

Ambassador Jim Cheek

Mr. Dan DiMicco  
Nucor Steel

Mr. John Ed Anthony  
Anthony Timberlands

Ms. Mary Good  
Venture Capitol Investors

Mr. Herb Rule  
Rose Law Firm

Mr. Jerry Mauldin  
Entergy

Mr. Don Hatfield  
Arkansas Systems, Inc.

Mr. Charles Murphy  
Murphy Oil Co.

Ms. Lauren McDonald  
Arkansas Industrial Development Commission

Mr. Andrew Whisenhunt  
Arkansas Farm Bureau

Administration attendees:

The Honorable Thomas F. (Mack) McLarty  
Special Envoy for the Americas

Mr. Jay Berman  
Special Counselor to the President