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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 news 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 in five manufacturing jobs. and over the past four years, one-quarter of our economic growth came from trade and exports.
- Sectoral Agreements. The President will negotiate agreements in sectors where the US is most competitive: medical equipment, telecommunications, environmental technology and agriculture.
- Regional Free Trade Agreements. The President will open markets in Asia, Latin America, and Africa to US goods and services.
- Free and Fair Trade. The President supports raising labor standards, protecting the environment and ensuring through aggressive worker retraining and increased educational opportunities that no American is left out of the global economy.

FAST TRACK MEANS: MAINTAING AMERICA'S GLOBAL LEADERSHIP

- 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.

- Every President since Ford, Republican and Democrat, 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.

- The President supports raising labor standards, protecting the environment and ensuring through aggressive worker retraining and increased educational opportunities that no American is left out of the global economy

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.

MAINTAINING AMERICA'S STANDARD OF LIVING

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.

Regional Free Trade Agreements

- 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.

- Latin America/Caribbean: The Latin American market is the fastest growing area for US exports in 1996. If this trend continue, Latin America and the Caribbean will exceed the EU as the top destination for US exports by 2000 and exceed Japan and the EU combined by 2010. The President is committed to the Free Trade Area of the Americas and Chile would be our first step in this process.

- Africa: Working with Congress, the President recently launched an Africa trade initiative to foster stronger economic prosperity in Africa and create new markets to American products. Africa's nations are joining the march toward freedom and open markets with Sub-Saharan Africa having 700 million potential consumers. Yet the United States supplies only 7% of Africa's imports. When ready, the President would explore free trade negotiations with South Africa.

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.

- For example, Canada's Northern Telecom won a $180 million telecommunications contract over three US companies in part because it could avoid paying $200 million worth of tariffs.

- MERCOSUR (Argentina, Brazil, Paraguay, Uruguay) wants to expand its agreements to include all of South America.

- China has targeted Mexico, Argentina, Brazil, Chile and Venezuela as "strategic priorities" in Latin America.

- ASEAN is forming a trade area that will include 400 million people. President Menem recently suggested a MERCOSUR-ASEAN FTA--an agreement that would encompass over 600 million people and severely disadvantage key US sectors.

- The EU has begun a process to reach a free trade agreement with Brazil, Argentina and other MERCOSUR countries and President Chirac has declared "Latin America's essential economic interests...lie not with the United States but with Europe."

FAST TRACK IS NOT ABOUT NAFTA:

- This debate is not about NAFTA. Fast track authority will allow the President to knock down trade barriers and negotiate a broad array of trade agreements--from sectoral agreements on medical equipment and telecommunications to regional agreements in Asia, Africa and Latin American to eliminating global barriers in the WTO. The debate over fast track is about embracing the opportunities of the global economy to create jobs, expand exports, and maintain America's standard of living.

RAISING LABOR STANDARDS AND PROTECTING THE ENVIRONMENT

- 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.

FAST TRACK
Q&A'S

Q: Some say fast track is just about expanding NAFTA to include Chile. Are they correct? What will the President do with fast track?

Fast track is about giving America the ability to open markets, create jobs and improve the standard of living of the American people. Fast track will be used to negotiate sectoral agreements, regional free trade agreements and in the World Trade Organization to reduce global barriers in key areas like agriculture and services. Fast track will be used in areas where the U.S. is most competitive like medical equipment, environmental technologies and telecommunications.

For example, the Information Technology Agreement, concluded last year, 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, we can tear down more barriers to America's exports in places like Latin America and Asia, the fastest growing markets of the world, where too many barriers still restrict free access for U.S. exports.

More fundamentally, it is about maintaining America's competitive position and global leadership. If America does not knock down foreign trade barriers, our competitors will. Since 1992, in Latin America and Asia alone, other countries reached more than 20 preferential trade agreements excluding the United States. These countries are busy leveling the playing field for their exports. Without fast track, America will lose its global leadership and risk being relegated to the sidelines.

Q: Why is it so important to provide fast track authority? What happens if the United States doesn't have it?

A: America's future is increasingly tied to the global economy. In a world where over 96% of the world's consumer live outside the U.S. and the global economy is expected to grow at three times the rate of the U.S. economy, we must continue to export to be able to create more high skilled American jobs. Without fast track, America's hands will be tied in its ability to negotiate these critical argeements and drasticallty slow down our job creating potential.

Over the past four years, one-quarter of the our economic growth came from trade. To take advantage of these opportunities, we must continue to open export markets for America's companies and workers. Fast track authority gives the President the tools to continue that effort.

Q: Some say U.S. workers can't compete against workers from low wage countries. What are the facts?

A: The fact is the U.S. economy is the strongest in the world and American workers are the best trained, most highly educated and productive work force in the world—the can certainly compete with workers from low wage countries.

In the last 10 years, U.S. exports to low-wage countries have risen 240%, while exports to high wage countries are up just 140% and domestic sales by 75%. Exports to low wage countries now account for 42% of total U.S. exports. And these are high skilled, high paying 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% of U.S. spending and has grown only 1.5% during the past decade. For those workers who are affected, we need to maintain our commitment to education and worker retraining. That's why the President is committed to making sure no American is left out of the global economy. Trade expansion must be part of a complete strategy to prepare the U.S. for global competition.

Q: Has NAFTA been a success? What's the record?

A: The record is good. NAFTA has provided many benefits, including expanded exports, creation of high wage jobs and protection of those exports and jobs during Mexico's recession and peso crisis. With the phasing in of NAFTA, U.S. goods exports have risen to historic levels in the last 3 years (1993 to 1996), up 33% to Canada, up 37% to Mexico. Goods exports to Mexico and Canada supported 2.3 million U.S. jobs last year. Such U.S. jobs supported by exports pay 13% to 16% more than the U.S. national average.

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. A study by DRI estimates NAFTA boosted real exports to Mexico by $12 billion in 1996, compared to a smaller increase in imports of $5 billion, controlling for Mexico's financial crisis. The agreement has also leveled our playing field with Mexico. Mexico's tariff cuts have been 5 times greater than ours. The agreement has helped American suppliers in key industries capture additional shares of Mexico's import markets, strengthening our position. Since NAFTA went into effect, our share of Mexico's import market has grown from 69.3% to 75.5%.

Q: Did NAFTA cause the peso crisis and the resulting recession?

A: No. In fact, the effects of the peso crisis would have been worse for the United States if it were not for NAFTA. When Mexico had its last financial crisis in 1981-82, it imposed 100% duties on American products, U.S. exports fell in half and it took 7 years for US exports 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% higher than it would have been absent NAFTA.

Q: What is the record on NAFTA labor and environmental conditions along the U.S.-Mexican border?

A: NAFTA has given us better progress and cooperation with Mexico on labor and environmental concerns than we would have had without it. The problems along the border are longstanding and will not be solved overnight. But there are clear signs of improvement:

- From 1993 to 1996, Mexico's Secretariat of Labor and Social Welfare enforcement budget increased in real terms by nearly 250%.
- 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% reduction in serious violations in the maquiladora industry from 1993 to 1996; and a 43% 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.

We need to continue labor and environmental efforts with Mexico. But it's important to remember that the agreements to be reached under new fast track authority will not raise the kind of border concerns present with Mexico, a country sharing a 2000-mile border with the United States.

Q: Some say U.S. companies use the threat of relocation to Mexico to jawbone down the wages of America's workers - and they fear that will happen over and over again if we reach more free trade agreements. Why aren't they right?

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% 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% 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 companies to locate outside the United States. If other countries eliminate the barriers their exports face, while U.S. exports still face high barriers, there is that much more incentive to produce elsewhere. If we want to keep jobs in the U.S., we should eliminate trade barriers for U.S.-made products.

Q: Some say NAFTA has diverted a considerable investment from the U.S. to Mexico. Is that true?

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% 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.