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GENERAL TALKING POINTS ON THE IMPORTANCE OF FAST TRACK

Introduction

- I think you know the arguments for fast track authority. One-third of our growth since 1993 has come from exports. About 96% of the world's consumers live outside our borders. If we are to continue to grow, we must export. It's that simple. And that's all we are seeking under fast track: the opportunity to negotiate new agreements that break down foreign trade barriers, level the playing field, and increase our ability to export our world-class goods and services.
- We are in a perfect position to compete. Our economy is the envy of the world. We are once again the world's most competitive economy, the world's largest exporter, the leading producer of automobiles, semiconductors, and pharmaceuticals. It makes no sense to sideline ourselves now.

Fast Track and American Leadership

- We also must understand that the importance of fast track extends beyond trade alone; it is about American leadership in the world today. This debate is being viewed in Latin America and other world capitals as nothing less than a test of whether we intend to maintain our leadership role -- or to retreat and turn inward.
- Defaulting on our leadership role would be a terrible mistake. Under our lead, average tariffs have fallen from 40% at the end of World War II to about 5% today. This has led to a 90-fold increase in trade, which has benefited us enormously. One-third of our strong economic growth over the past five years has come from exports. We must not turn our back on those achievements.
- We cannot afford to take our leadership for granted. Throughout the world, especially in Latin America, others are moving to reach trade deals opening their markets. And they are not waiting for us -- with some 20 preferential trade deals already that exclude the United States. The EU is seeking such an agreement with MERCOSUR -- a market of over 200 million people with a GDP exceeding \$1 trillion. And President Chirac has stated that "the future of the region rests with Europe, not the United States."
- Let's face it: American leadership is not divisible. If we do not lead on trade, our influence is bound to suffer in other areas as well. The patterns of trade affect our national security and strategic interests as well -- particularly in this hemisphere. Trade agreements can bind us together through shared interests and institutions. If by default in our leadership we permit Latin America to turn increasingly to Europe and Asia in its trade relations, it will weaken our relationship with them in other areas as well -- from drug interdiction to immigration to environmental protection to fighting corruption.

POSSIBLE FAST TRACK QUESTIONS AND PROPOSED RESPONSES

Labor and the Environment

Q: Why have you embraced fast track bills in both the Senate and House that treat labor and the environment as second-tier concerns, not fundamental parts of trade agreements?

- Your characterization of these bills is wrong. They contain principal negotiating objectives aimed specifically at worker rights and the environment. That's more than has ever been contained in fast track legislation before. Under the bills, we will be able to use trade agreements to keep other governments from weakening their labor, environmental, or health and safety laws to gain an advantage in trade or investment (House bill)/to attract investment or inhibit U.S. exports (Senate bill).
- The President also retains ample authority to address these issues in a variety of international fora, as my Administration has been doing for the past 4 ½ years. And with fast track, the President also will be able to pursue labor and environmental side agreements where appropriate, including with Chile. Our goal should be to work with other countries to help them better protect the rights of their workers and improve their environments -- whether or not we are engaged in trade negotiations with them at any given point in time.

The Need for Fast Track

Q: How can you claim fast track is needed for trade agreements, when you have concluded over 200 such agreements without it?

- Fast track is needed only when we intend to make changes to U.S. law. Many agreements we negotiate with Japan and other countries include changes only by the foreign government, not us -- usually in response to our pressure to open their markets. But the largest and most important agreements -- like NAFTA and the Uruguay Round, and the future agreements we are seeking on agriculture, services, and in other areas -- require that all countries involved make some changes to their laws. We need fast track for those agreements.
- If we don't have fast track, other countries simply will not negotiate with us. They won't enter into one negotiation with the President, then let Congress unilaterally change the terms of the deal reached -- in effect, a second negotiation. Either the foreign country won't give the Administration their bottom line, best offer (fearing they'll have to make additional concessions to Congress), or they will simply refuse to negotiate in the first place. That's Chile's position; they have refused to negotiate with us unless we have fast track.
- History bears this out. In the late 1960s, the Administration brought back a GATT trade agreement that Congress amended unilaterally. After that, other countries simply refused to negotiate with us for several years. That's precisely why fast track procedures were enacted by Congress in 1974 -- to get us back in the game and leading again on trade.

Effects of NAFTA

Q: Why should we support fast track when we see such negative effects from NAFTA?

- First, I reject the critics' claims about NAFTA. The best available information shows that NAFTA has had a *positive* job impact -- creating 90,000 to 160,000 U.S. jobs, despite the 1995 peso crisis and its effect on Mexico's economy. And thanks to NAFTA, our exports to Mexico are already recovering from that temporary setback -- whereas we needed seven years for our exports to rebound after Mexico's last major financial crisis in the early 1980s. NAFTA has given us the chance to sell more to Mexico -- and to work more closely than ever before on other issues, including labor and the environment.
- But regardless what you think, this fast track debate is not about NAFTA. It is about our global trade agenda, our ability to negotiate new international agreements on agriculture and services and in those sectors in which we are the most competitive nation in the world. And it is about our ability to go after foreign trade barriers that remain much higher than our own -- to work to level the playing field for our workers and firms.

Helping Workers and Communities

Q: Why should I support fast track without guarantees that trade-impacted workers and communities will be helped adequately?

- President Clinton has done more than any other President to ensure that American workers benefit from expanded trade. And for those who may not share in the benefits of our strong economy, this Administration has fought successfully for increased training and educational opportunities. We have doubled the funding for dislocated workers since 1993 to nearly \$1.3 billion; have fought to ensure that 13 million children from low-income families benefit from the child tax credit; have made college more affordable with the Hope Scholarship and tuition tax credit programs; and have pushed successfully for a variety of other measures.
- And the President is committed to doing even more to build on this strong record. The Administration has been working on a set of additional initiatives to help both individuals and communities that may be affected by trade flows, and President Clinton will be announcing the details of those plans in just a few more days.

The U.S. Trade Deficit

Q: Why should we move ahead with fast track and new trade agreements when our trade deficit continues to balloon?

- The trade deficit is the result of a range of complex factors, and is not the sign of a weak economy. It is hard to argue that this is harming us when we have been growing at about 3% annually over the past five years, have the lowest unemployment in 23 years, rising income levels, a rapidly shrinking budget deficit, high consumer demand, and record exports.

- And we are seeing some very positive signs: our exports are up 10% this year, despite sluggish growth in many other countries and a strong U.S. dollar. And our trade balances with our NAFTA partners -- now our two largest export markets -- have improved greatly this year, as we have cut the deficit with Canada 24% and with Mexico 15%.
- In any event, the best way to attack the deficit is to increase our exports -- and the best way to do that is through fast track trade agreements that break down foreign barriers. If you are concerned about the trade deficit, you should support giving the President the authority to attack the remaining trade barriers and negotiate tough new agreements to help our exporters.

Trade Agreements with Developing Countries

Q: Why should we negotiate trade agreements with countries where workers earn a fraction of U.S. wages?

- The truth is we are competing quite successfully with low-wage countries. Over the past decade, our exports to those countries are up 240% -- nearly double the increase to richer countries and more than three times the gain in domestic sales. Today, they account for 42% of our total exports -- creating jobs that pay about 15% more than non-export related jobs.
- We remain the strongest economy in the world, with the most productive workers. And we will gain through trade agreements with developing countries, whose existing barriers are several times higher than our own.

- Rejecting fast track would send the wrong signal to developing countries in particular. After decades of failed experiments and anti-Americanism, many today are embracing free markets, democracy, and other American values. But this progress is still fragile -- and it will continue only if we continue to press countries to embrace free trade policies, build stronger middle classes, and strengthen the building blocks of democracy. Having preached the benefits of open trade to these countries for so long, the United States must not turn in precisely the opposite direction at this critical time.

Efforts to Address Members' Concerns

- I believe that as we expand trade, we should ensure that everyone shares in the benefits. That not only is the right thing to do -- it is also essential if we want to keep public support for a policy of expanded trade. That begins with extending the Trade Adjustment Assistance program -- as the Finance Committee has done with bipartisan support. The Administration has been working on a series of other initiatives to help both workers and communities, which we will be announcing in the next few days.
- Let me also tell you why our critics have it wrong on labor and the environment. I am convinced we can break down foreign trade barriers and advance worker rights and environmental protection at the same time. The Finance Committee bill strikes a sensible, balanced approach to allow us to do just that. And look at it this way: if we have fast track, Chile will conclude labor and environmental side agreements with us -- in fact, they already have agreed to do so. If we don't, they won't. Rejecting fast track is the best way to ensure that labor and environmental concerns simply are ignored in the years ahead.

Conclusion

- This is a very important vote. We face a critical choice. We can continue to make our economy the model for the rest of the world, open foreign markets, and exert global leadership. Or we can convince ourselves that we cannot compete, turn inward, and cede that leadership to others eager to take our place. The choice is that stark -- and that important. That's why I feel so strongly about fast track, and why I ask for your support.

TALKING POINTS ON FAST TRACK AND FOREIGN POLICY

Fast Track and American Leadership -- Overview

- **The fast track debate is about much more than trade. It is about American leadership in the world.** Other governments, particularly those in Latin America, view fast track as a test of whether the United States intends to maintain our half century of leadership -- or retreat and turn inward.
- **A failure of U.S. leadership would be a huge mistake.** For over 50 years, we have led the world toward freer markets -- reducing average tariffs from 40% at the end of World War II to about 5% today. That has led to a 90-fold increase in trade, which has enormously benefitted the U.S. We must not turn our back on that progress.
- **American leadership is not divisible. If we fail to lead on trade, our influence will suffer in other areas.** The patterns of trade developed in the coming decades will create patterns affecting our national security, foreign relations and political interests. If Latin America is permitted -- by default in our leadership -- to turn increasingly to Europe and Asia in its trade relations, it will weaken our relationship with Latin America. Rejecting fast track would also send a terrible signal to emerging markets, undermining the developing world trend toward free market policies and democracy.

Exports and U.S. Growth

- **For the U.S., the case for fast track is clear: if we are to sustain our economic growth, we must export.** Since 1993, one-third of our growth has come from exports. Over the next decade, the economies of Latin America and Asia are expected to grow at three times the rate of the U.S. economy. In a world where 96% of the world's consumers live outside our borders, we must export to grow. It's that simple.
- **We are in a perfect position to compete. Our economy is the envy of the world.** We are once again the world's most competitive economy, the world's largest exporter, the leading producer in key industries like automobiles, semiconductors and pharmaceuticals. It makes no sense to sideline ourselves now.
- **But we cannot afford to take our economic leadership for granted.** Throughout the world, other countries are moving to reach trade deals opening their markets. We can either lead this process -- or watch it proceed without us:
 - In Latin America and Asia alone, other countries have reached more than 20 preferential trade agreements without us. Today every major economy in the hemisphere has a preferential trade deal with Chile, except the U.S.
 - The EU is seeking a preferential trade agreement with MERCOSUR, a market of over 200 million people and a GDP exceeding \$1 trillion. President Chirac has declared "the future of the region rests with Europe, not the United States."

Fast track and American Foreign Policy

- **Fast track is a test of our foreign policy.** As the sole remaining superpower, the United States has a fundamental interest in aiding both security and prosperity around the world -- particularly in our own hemisphere. Stable trading relationships are critical to that end. In the post Cold-War world, trade agreements serve some of the same purposes security pacts played during the Cold War: They bind nations together through a set of shared interests and common objectives.
- **If the U.S. fails to lead, we risk losing influence by default. The trade patterns set in coming decades will have enormous strategic importance too.** That is part of the strategy behind FTAA and APEC processes. They are not just economic: they are also intended to reinforce broader U.S. engagement in Latin America and Asia, two regions where U.S. foreign policy strategic and security interests are deeply implicated. Rejecting fast track would signal retreat from these initiatives.
- **That would clearly undermine broader U.S. interests.** Latin America sees trade as the linchpin of a stronger hemispheric relations -- our failure to engage would undermine cooperation on a range of issues including drug interdiction, immigration, environmental protection and corruption. In Asia, the industrialization of 3.5 billion people in the arc from Korea to Pakistan will be perhaps the greatest development of the 21st Century. It is critical to America's economic and security interests that we be deeply engaged in the transformation. Without fast track, we are crippled in that effort.
- **The cause of democracy and free markets would also suffer.** After decades of failed experiments and anti-Americanism, many of the world's emerging markets today are embracing free markets, democracy and other American values. Today -- for the first time in history -- one half of the world's population lives under elected rulers. But this fragile progress will continue only if we continue to press countries to embrace free trade policies, build stronger middle classes and strengthen the building blocks of democracy. Rejecting fast track would send a terrible signal that we are not serious about trade liberalization and reform.

Conclusion

- **The United States faces a critical choice.** We can continue to make our economy the model for the rest of the world, open foreign markets, and reaffirm our global leadership. Or we can convince ourselves that we cannot compete, turn inward, and cede that leadership to others eager to take our place. The choice is that stark -- and that important.

WHY AMERICA WON'T GET ITS FAIR SHARE OF JOBS WITHOUT FAST TRACK

America needs fast track to continue to create higher-paying jobs for more Americans. Without it, America's role as the largest exporter in the world will be put in jeopardy. And with more markets opening around the world, it is now more important than ever to give the President traditional trade authority to break down trade barriers for American goods and services.

The U.S. needs to maintain its leadership role in opening markets through tough, fair trade agreements.

- **Since 1992, 49 states have experienced an increase in overall goods exports and 45 states have experienced an increase in jobs supported by trade.**
- **46 states have higher exports to Mexico and 47 states have higher exports to Japan.**

In the upcoming WTO negotiations, President Clinton needs fast track to have the flexibility to negotiate agreements in **agriculture, commercial services and government procurement**. In each of these areas, the U.S. is the most competitive nation in the world and stands to benefit the most from writing the rules of trade.

AGRICULTURE

The U.S. is the world's largest agricultural exporting country -- shipping a record \$60 billion in exports abroad. In 1996, total world agricultural exports totaled \$600 billion. U.S. exports accounted for only 10% of that -- \$60 billion.

- **U.S. agricultural exports support nearly a million jobs and this number is rising.** Since 1990, the value of U.S. agricultural exports has increased by \$20 billion, or nearly 50%. Each week last year, on average, American producers and processors shipped out more than \$1.1 billion in farm and food products to foreign markets.
- **Last year, our agricultural exports were twice the level of our agricultural imports -- a claim no other industry sector can make.** Dollar for dollar, we export more corn than coal, more wheat than steel, more meat than aluminum and more fruits and vegetables than CD's, records, and tapes. U.S. exports are growing more than three times as fast as domestic demand for foods.
- **U.S. agriculture will pay a price if fast track is not granted.**
 - ☞ More than 30 bilateral and regional trade agreements are already operating here in the Western Hemisphere, and the U.S. is party to only one -- NAFTA. While these preferential trade agreements multiply, the U.S. share of the region's total agricultural imports is declining.
 - ☞ Chile has already signed trade agreements with Bolivia, Colombia, Ecuador, Mexico, Venezuela, MERCOSUR and most recently Canada. The U.S. has already lost an estimated \$500 million in exports to other countries that have duty preferences already in place.
 - ☞ Chilean fresh fruit pays a 2% duty when entering Venezuela (due to the Chile-Venezuela FTA) whereas American producers pay a 15% tariff. The U.S. Embassy estimates that the U.S. market share would grow from its current 39% to 67% if U.S. producers had equivalent access to the Venezuelan market.

Without fast track, the U.S. will lack credibility to push for a fast start on WTO agricultural negotiations scheduled to start at the end of 1999. Agriculture remains one of the most protected and subsidized sectors in the world economy. American exports still continue to face trade barriers through high tariffs and preferential trade deals that exclude the U.S. **Already, since 1992, in Latin America and Asia alone, our competitors have negotiated 20 trade agreements that do not include the United States.**

The best way we can continue to increase our agricultural exports and create more higher-paying jobs is through broad negotiations where the U.S. has the ability to seek additional commitments from other countries to reduce their barriers to American agriculture.

COMMERCIAL SERVICES

Exports of services by U.S. firms supported an estimated 3.9 million U.S. jobs in 1996. U.S. service exports have more than doubled over the last ten years, increasing \$135 billion since 1987 and \$84 billion since 1990 to \$250 billion in 1996. In 1995, U.S. service exports accounted for 16% of global service exports; our closest competitors that year were France (8%) and Germany, Italy, Japan and the U.K. (between 5% and 6%).

- **U.S. exports to emerging markets have grown at impressive rates:** nearly 30% to China, Taiwan and Korea; and over 20% to Hong Kong and Argentina. The U.S. also exported over \$1 billion in 1995 to the emerging markets of Argentina, Brazil, China, Hong Kong, the Philippines, India, Indonesia, Korea, Malaysia, Singapore and Thailand.
- **Service exports are estimated to reach \$300 billion by 2005 and \$350 billion by 2010.** With the expanding electronic commerce market, the growth trend in the service sector may easily surpass these estimates. For example, look at the health care services industry. In 1994, exports reached \$812 million. The industry is estimated to grow to \$1.03 billion by 1998 and continue its growth to \$1.4 billion by 2002.
- **Unless negotiated away, barriers will inhibit increased U.S. service exports.** In Korea, a number of service sectors remain restrictive for foreign investment, including audio-visual services, insurance, telecommunications and advertising. Brazil has restrictive investment laws, lack of transparency in administrative procedures and limits on foreign capital participation. Distribution in the domestic market is restricted in Indonesia.
- **Fast track will strengthen U.S. efforts to reduce trade barriers and expand these international markets which are key to maintaining U.S. competitiveness and innovation.**

GOVERNMENT PROCUREMENT

- **In 1996, government procurement totaled \$200 billion in U.S. exports in 1996 in a total world market of \$600 billion.** Sectors relating to government procurement include civil aircraft, which supports over 450,000 high-wage jobs, energy equipment supporting 350,000 workers, environmental technologies and services supporting 1.3 million workers and medical equipment employing over 260,000 workers.

Civil Aircraft

- **One out of every two civil aircraft manufactured in the U.S. is exported.** Asia has become the fastest growing foreign market for U.S. civil aircraft, accounting for about 45% of U.S. civil aircraft exports in 1996. Korea is in the midst of a major civil aviation expansion -- a ten year procurement program plans the purchase of some 230 aircraft worth about \$20 billion. With ASEAN, there is a large and growing demand for airport and ground support equipment. The Philippines has initiated a \$3 billion fleet and modernization program. Almost all of Thailand's demand must be met by imports.
- **High tariffs and government subsidization are major barriers.** Low and middle income country tariffs range from 3 to 40% while the U.S. has no tariffs.
- **Competition isn't waiting for U.S. leadership.** Canada is competitive in Latin America, especially in the business and regional jet aircraft sectors. Canada already has a Free Trade Agreement with Chile which will provide a three percentage point tariff advantage over U.S. suppliers by 1997. This tariff differential, which will increase to 11 percentage points when the FTA is fully implemented, provides the Canadian industry a significant advantage in certain segments of the market.

Energy Equipment

- **Since 1990, U.S. exports of energy equipment have doubled reaching \$15.5 billion in 1996 with a trade surplus of \$6.5 billion.** U.S. exports to the big emerging markets, China and FTAA countries more than doubled since 1990. Exports account for an estimated 34% of the U.S. industry's product shipments. By 2005, energy equipment exports are expected to exceed domestic shipments.
- **The demand for energy in low and middle income countries is expected to grow at more than twice the rate of industrialized countries.** Thailand is expected to invest \$22 billion in new power plants; Indonesia is spending \$40 billion developing a natural gas field; China and India represent even larger potential markets as each country attempts to meet increasing demand.
- **Competition doesn't wait for U.S. leadership.** MERCOSUR countries are in the process of privatizing the electricity sector and expect increased demand for generation and distribution equipment. Imports supply approximately one-fifth of the equipment demand, and the U.S. supplies one-third of that. Yet, with tariffs ranging up to 24%, U.S. companies will be at a significant disadvantage if other countries are given preferential access.

With U.S., German and Japanese companies providing almost equal shares of energy equipment in world markets, any preferential access to low and middle income countries by our competitors will hurt U.S. workers and companies.

- **Fast track will strengthen U.S. efforts to reduce trade barriers and expand these international markets which are key to maintaining U.S. competitiveness and innovation.**

Environmental Technologies and Services

- **U.S. ET exports increased 26% from \$11.5 billion in 1994 to \$14.5 billion in 1995 -- making the U.S. the world's largest supplier.** Growth in exports was responsible for 40% of the \$7.5 billion in 1995 environmental technology industry growth. The global market is projected to grow from about \$440 billion in 1995 to approximately \$600 billion by the year 2010. While the U.S. enjoys over \$14 billion in environmental exports only 8% of the U.S. environmental industry's revenue comes from exports. Major competitors, such as Germany and Japan, export in excess of 20%.
- **Opportunities abound for U.S. environmental technology.** The market in Indonesia exceeds \$1.3 billion of which \$300 million is from the U.S.). Thailand's market exceeds \$1 billion (U.S. exports account for two-fifths of that) and could double over the next five years. Malaysia's market is around \$700 million and is expected to grow at 15-20% per year through 2000.
- **Competition doesn't wait for U.S. leadership.** \$10 billion in new investment is expected through the year 2000 in Brazil. U.S. exports last year amounted to about \$100 million. Tariffs range up to 18%, although MERCOSUR partners receive duty free treatment and other Latin American countries receive a 60% duty reduction.

Medical Equipment

- **Total medical device exports reached \$11 billion in 1996 -- a 14% rise from 1995.** Exports as a share of industry shipments were 20% in 1990 and are expected to be 30% by 2005. Since 1990, U.S. medical devices exports to China, ASEAN and the other big emerging markets (excluding Mexico) doubled, reaching \$2 billion in 1996. Thailand's medical device market exceeds \$600 million, and Indonesia's market has been growing by over 10% annually. Malaysia has budgeted \$1.4 billion this year to upgrade health care quality, and Singapore has over \$500 million earmarked for redevelopment projects.
- **The industry faces tough barriers in low and middle income countries** which include approval procedures for imported devices; government health care reimbursement policies which discriminate against U.S. products; and non-transparent government procurement policies. MERCOSUR countries are developing import and standard regulations which will negatively impact U.S. medical device manufactures.

Fast track will strengthen U.S. efforts to reduce trade barriers and expand these international markets which are key to maintaining U.S. competitiveness and innovation.

- The vast majority of low and middle-income countries have not signed the WTO Government Procurement Code and the United States cannot negotiate government procurement obligations in plurilateral negotiations.
- Current WTO negotiations on establishing elements of a transparency agreement offer the opportunity to secure more transparency in foreign government bids, to the benefit of U.S. firms and workers.

KEEPING AMERICA AND ITS WORKERS THE MOST COMPETITIVE IN THE WORLD

America Needs Fast Track to Continue to Create Higher-Paying Jobs for More Americans. Without it, America's role as the largest exporter in the world will be put in jeopardy. And with new markets opening around the world, it is more important than ever to give the President traditional trade authority to break down trade barriers that put American products made by American workers at a disadvantage. We will continue to ensure that America's workers will benefit from expanded trade by fighting for increased training and education opportunities.

I. AMERICAN WORKERS STILL FACE A DISADVANTAGE BECAUSE TOO MANY FOREIGN COUNTRIES PLACE RESTRICTIONS ON AMERICAN GOODS. WE NEED FAST TRACK TO LEVEL THE PLAYING FIELD FOR AMERICAN WORKERS.

What We Inherited. In 1993, President Clinton came into office at a time when the U.S. continued its commitment to free and fair trade, but other countries maintained high tariffs and other obstacles to fair trade to the disadvantage of America's workers.

President Clinton Moved to Address this Disadvantage by Completing the Uruguay Round Agreements, Negotiated Under Fast Track Authority. We have repeatedly leveled the playing field by negotiating tough, fair agreements -- securing more concessions from our trading partners than we had to give up. For example, Australia has cut its tariffs five times more than we have had to, Korea six times more than the U.S. and Peru has cut its tariffs ten times more than the U.S. since the Uruguay Round of GATT. Because of the ongoing benefits from the Uruguay Round, it is estimated that trade will continue to grow by an average of 9% per year until 2000.

American Workers Still Face a Disadvantage. Even with the recent progress in GATT, American exports still face higher tariff rates than our own. For instance, U.S. agricultural exports average 38%, while our own rates average 11%. U.S. electric machinery exports average 5%, while our rates average under 2%. Without Fast track authority, these conditions will only persist when more and more countries negotiate their own preferential trade deals to the detriment of America's workers. American workers deserve better.

Open and Fair Trade is in the Best Interest of American Workers and their Families. As the American people prepare for the challenges of the 21st century, we face a critical choice: We can meet the challenges of the future, write the trade rules and continue America's remarkable economic growth -- or we can turn our back on the world and fail to compete for new markets, new contracts, new business and new jobs. All over America, jobs have been created in small, medium and large companies that would not be here today if we did not have the ability to negotiate fair trade agreements.

- Over the last four years, American manufacturing exports rose 42%, high technology exports jumped 46%, service exports climbed 33% and farm exports rose 41%.
- From 1990-1996, U.S. auto exports to the biggest emerging markets (excluding Mexico) rose \$500 million and are estimated to reach \$6.1 billion by 2010. U.S. parts exports to these emerging markets are expected to more than triple from the current \$3 billion to \$10 billion in 2010.
- The U.S. dominates 75% of the global software market. More than one-half million workers are employed in the industry -- double the level a decade ago. This industry is expected to grow 9% per year worldwide over the next decade.

- The U.S. once again dominates the world's semiconductor industry -- after trailing Japan for years. More than one-quarter million American are employed in the semiconductor industry -- up 13% over the last three years. The global semiconductor market nearly tripled in size between 1990 and 1995 -- and sales are expected to reach \$200 billion by the year 2000 -- a fourfold increase over a decade.
- Exports of goods and services have risen from about 4% of GDP in the early 1960's to over 13% today. Over 15% of the total American workforce is employed in the manufacturing sector. U.S. exports have grown 3 times faster than Japan's, 5 times faster than Germany's since the mid 1980's.

II. TO ENSURE THAT ALL AMERICAN WORKERS BENEFIT FROM EXPANDED TRADE, THE CLINTON ADMINISTRATION HAS FOUGHT FOR INCREASED TRAINING AND EDUCATION OPPORTUNITIES.

We need a growth strategy in which we take every action possible to ensure that all Americans can benefit from economic change. We need to break out of the old arguments that say you are either for blocking change or you are for the market, but everyone has to fend for themselves. Government needs to help workers, communities and those not in the job market realize the benefits of expanded trade.

- **The Administration is developing a comprehensive plan to help communities and workers who have been affected by trade.** President Clinton is building on his strong record of helping workers and families secure more opportunities to improve their educations and obtain higher paying jobs. The President will announce his plan early next week.

A Record of Strong Action to Help Families and Workers

- **Fought To Ensure Low-Income Families Benefitted from Child Tax Credit.** Because of the President's efforts, 13 million children from families with incomes below \$30,000 will receive the tax credit -- up to 7.5 million more than under the House plans. Families making under \$30,000 -- such as young teachers, police officers, farmers, nurses and others who work hard and play by the rules -- will now receive the child credit.
- **20% Tuition Tax Credit.** The balanced budget deals provides for a 20% tuition tax credit applied to the first \$5,000 of qualified education expenses and to the first \$10,000 thereafter for college juniors, seniors, graduate students, and working Americans pursuing lifelong learning.
- **\$1,500 Hope Scholarship Tax Credit.** The balanced budget deal also includes a \$1,500 Hope Scholarship to make the first two years of college universally available. For a student attending the average four-year college, the Tuition Tax and HOPE Scholarship tax credits will provide tax savings of up to \$5,000.
- **Doubled Dislocated Worker Funding.** The funding for dislocated workers has been doubled, from \$651 million in FY93 to \$1,286 million in FY97. This year, the dislocated worker program will assist 580,000 workers, up about 300,000 since President Clinton took office.
- **Largest Pell Grant Increase in Two Decades.** The Balanced Budget agreement boosts the maximum 1998 Pell grant from \$2,700 to \$3,000, and expands the program to more poor independent students -- that's the largest increase in two decades.

III. IF THE PRESIDENT DOES NOT HAVE THE SAME AUTHORITY THAT EVERY PRESIDENT HAS HAD SINCE 1974, OUR COMPETITORS, NOT AMERICAN WORKERS, WILL REALIZE THE BENEFITS OF THE NEW ECONOMY.

Today, we have the opportunity to permanently create the types of jobs that pay more and provide our workers with more security -- if we continue to increase our exports and open more markets. But if the President does not have the authority to negotiate tough and fair trade agreements with Congress' consent, our competitors will get the best jobs for their workers, while the U.S. will be relegated to the sidelines.

- **Without fast track, the U.S. will lack credibility to push for a fast start on global negotiations scheduled to start at the end of 1999. The United States stands the most to gain in these negotiations because of its comparative advantage in agriculture, commercial services and government procurement.**

☞ **Agriculture.** Agricultural exports support nearly a million U.S. jobs. Agriculture remains one of the most protected and subsidized sectors in the world economy. American exports still continue to face trade barriers through high tariffs and preferential trade deals that exclude the U.S.

☞ **Commercial Services.** Service exports of U.S. firms supported nearly 4 million jobs in 1996. Unless negotiated away, barriers will inhibit increased U.S. service exports. In Korea, a number of service sectors remain restrictive for foreign investment including telecommunications and insurance. Brazil has restrictive investment laws, lack of transparency in administrative procedures and limits on foreign capital participation. Distribution in the domestic market is restricted in Indonesia.

☞ **Government Procurement.** Some sectors relating to government procurement include civil aircraft, energy equipment, environmental technologies and services and medical equipment which employ over 2 million American workers. The vast majority of low and middle-income countries have not signed the WTO Government Procurement Code and the U.S. cannot negotiate government procurement obligations in plurilateral negotiations.