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Fast Track: Renewal of Traditional Trading Authority

September 1997

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FAST TRACK FACT SHEET

FAST TRACK: IN AMERICA'S NATIONAL INTEREST

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

- Keeping the Economy on the Fast Track. The President will use Fast Track authority to continue breaking down trade barriers and creating new jobs -- keeping America's economic expansion on the global fast track.
- The Economy Is Strong. The President's 3-part 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— one-third from overseas trade. The result: Nearly 13 million new jobs, unemployment below 5%, inflation the lowest in a generation.
- Our Future Prosperity Depends on Trade. More than 95% of the world's consumers live outside the US. Many emerging economies in Asia and Latin America will grow at three times the rate of the US economy. America needs fast track to negotiate fair new trade agreements that will keep us competitive, expand our exports, create more jobs, and raise our standard of living.

FAST TRACK MEANS: **CREATING MORE JOBS**

- Breaking Down Barriers. The President, in consultation with Congress, will keep breaking down barriers to our products and services. That strategy is paying off for companies and workers. America is once again the world's largest total exporter, the largest producer of semiconductors, the largest producer of automobiles. Exports support over 11 million American jobs, including one in five manufacturing jobs and over the last four years have created 1.7 million new jobs.
- Sectoral Agreements. The President needs the flexibility to negotiate agreements and increase exports in sectors where the United States is most competitive: such as agriculture, medical equipment, telecommunications, and environmental technology.
- Regional Free Trade Agreements. America will also benefit from opening 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 expanding worker retraining and educational opportunities to ensure that no American is left out of the global economy.

FAST TRACK MEANS: **MAINTAINING AMERICA'S GLOBAL LEADERSHIP**

- Compete or Retreat. As the American people prepare to meet the challenges of the 21st century, we face a critical choice: Shape the global economy to America's advantage, or turn back and fail to compete for new business, new contracts, and new jobs.
- Credibility. Fast track gives the US credibility to negotiate tough trade deals. It preserves for Congress the ultimate decision to vote an agreement up or down, but without reopening it provision-by-provision and causing gridlock. That puts America in a strong position to negotiate trade agreements and maintains a partnership between the President and Congress that has worked for over 20 years.
- Continued Bipartisanship. Every President since 1974--Republican and Democratic--has had fast track authority. Congress has consistently recognized that 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 FACT SHEET

BASIC FACTS ABOUT FAST TRACK NEGOTIATING AUTHORITY

What is Fast Track?

- Expedited Procedure: Fast track is an expedited procedure for Congressional consideration of trade agreements. The three essential features of any fast track authority are: (1) extensive consultations and coordination with Congress throughout the process; (2) a vote on implementing legislation within a fixed period of time, and (2) an up or down vote, with no amendments. Congress is ensured a central role before, during and after negotiations.

- Credibility to Negotiate Tough Trade Deals: Fast Track gives the President credibility to negotiate tough trade deals. Congress is required to vote on an agreement without reopening any of its provisions, while retaining the ultimate power of voting it up or down. Fast Track puts America in a strong position to negotiate major trade agreements while maintaining a partnership between the President and Congress that has worked for over 20 years.

How will the President Use Fast Track?

The President has identified three main areas in which new trade agreements would greatly benefit the United States.

- The WTO Agenda: The "built-in" agenda of the World Trade Organization calls for negotiations on government procurement in 1997; intellectual property in 1998; agriculture in 1999; and trade in services in 2000. In each of these areas, the United States is the most competitive nation in the world and stands to benefit the most from writing the rules of trade.

- Key Sectors of the Future: The President also wants to build on the success of the Information Technology Agreement (ITA). This $5 billion tariff cut on products for which the United States is the world's leading producer was achieved by the use of residual tariff cutting authority. The Administration has identified 8 additional sectors for future negotiations: ITA II, chemicals, automotive, oilseeds, energy equipment and services, environmental technology and services, medical equipment and services, and wood and paper products. Other APEC members have submitted their "wish lists" and there is overlapping support for many of the US suggestions. Without fast track, it is very unlikely that this process will go forward.

- Emerging Economies: The President hopes to move forward in the Asia Pacific Economic Cooperation Forum (APEC) toward the goal of open trade by the year 2010 and with a Free Trade Agreement for the Americas (FTAA) by the year 2005. In both regions, economic growth rates are among the highest in the world and barriers to US exports remain high. Tariff reductions and greater market access will have a very positive effect on our exports. Without the active participation of the United States, both of these processes will slow considerably.

COSTS OF INACTION: WHY AMERICA WILL NOT GET A FAIR SHARE OF JOBS WITHOUT FAST TRACK?

IF CONGRESS FAILS TO GIVE THE PRESIDENT FAST-TRACK AUTHORITY -- THE SAME POWER EVERY PRESIDENT HAS HAD FOR 20 YEARS -- AMERICA WILL NOT GET HER FAIR SHARE OF JOBS. Congress' failure to grant fast-track authority will leave America sitting on the sidelines as trade agreements are negotiated without our participation. This will cost America high-paying jobs, while blocking American workers from competing against the world on a level playing field.

- **Lost Jobs in Telecommunications Industry**. In November 1996, Canada and Chile reached a comprehensive trade agreement that eliminated Chile's 11 percent across-the-board tariff starting this year. As a result, American telecommunications companies competing for contracts in Chile will do so at a significant competitive disadvantage.

  Lost Jobs In Fresh Fruit Industry. Chilean fresh fruit pays a 2-percent duty when entering Venezuela (due to the Chile-Venezuela FTA), whereas American producers pay a 15-percent tariff. The U.S. Embassy estimates that the U.S. market share would grow from its current 39 percent to 67 percent if US producers had equivalent access to the Venezuelan market.

- **Lost Job Opportunities In South Asia Without Fast Track.** The South Asian countries -- India, Pakistan, Bangladesh, Nepal, Bhutan, Sri Lanka, and the Maldives -- are creating a free trade zone. Without fast-track authority, America will not be able to make fair trade agreements with this region and will American workers will not have a fair chance to sell their goods to roughly 20 percent of the world's population.

- **Lost Job Opportunities In Textile Industry Without Fast-Track Authority.** Venezuela, Colombia, Ecuador, Peru, and Bolivia comprise a market of 100 million people and a GDP of over $260 billion. As part of the effort to develop a common external tariff, the import tariff on textile goods, for example, was raised from 5 to 15 percent. Without fast track authority, America will be unable to knock down this barrier to goods made by American workers -- thus costing the United States jobs.

- **Lost Job Opportunities In Latin America Without Fast Track.** Brazil, Argentina, Paraguay, and Uruguay comprise the largest market in Latin America: 200 million people and a GDP of nearly $1 trillion. These four countries have entered into free trade agreements raising tariffs on most items imported from outside their boundaries. Thus, American firms *not located and producing within* these countries face a competitive disadvantage; this disadvantage will only grow as these countries expand the free-trade zone. Fast-track authority will give the President the chance to pry open this market and allow America to have her fair share of the jobs.

EXAMPLE: 1.8 MILLION REASONS WHY THE PRESIDENT SHOULD HAVE FAST-TRACK TRADE AUTHORITY

- **Quaker Fabric Company Lost Bid For A $1.8 Million Contract Because They Had To Pay High Tariffs.** Quaker Fabric Company -- located in Fall River, Massachusetts -- is a $200 million a year corporation with 1,750 employees. Recently, Quaker was informed by its Sales Representative in Chile that it had lost a bid for a $1.8 million a year account to a competitor from Mexico, solely because of the 11-percent tariff that Quaker must pay, while its competitors can import tariff free.

PRESIDENT CLINTON'S TRADE POLICY: A RECORD OF ACHIEVEMENT

Employment growth is strong. Unemployment is low. Inflation is stable. And incomes for American families are rising again. Part of the reason the American economy has enjoyed such remarkable success is because we are opening foreign markets to American goods and increasing the amount of American-made goods sold abroad.

- **13 Million New Jobs.** Since January 1993, the economy has created nearly 13 million new jobs, including more than 1.5 million new jobs in basic industries (1.1 million in construction and 445,000 in manufacturing). [Source: Bureau of Labor Statistics, Current Employment Statistics survey.]

- **Unemployment Rate Down To 24-Year Low.** In 1992, the unemployment rate was 7.5 percent. Today, it is under 5 percent -- as low as it's been at any time in the last 24 years. [Source: Bureau of Labor Statistics, Current Population Survey.]

- **Exports Are Up More Than $300 Billion.** Since the beginning of 1993, exports from the United States have grown by nearly 50 percent -- up $318 billion, after adjusting for inflation. Exports have accounted for 38 percent of the overall growth in the economy since 1993. [Source: Department of Commerce, Bureau of Economic Analysis]

- **1.7 Million New Export-Related Jobs -- Paying On Average 15 Percent Higher Wages.** Since President Clinton took office, the number of export-related jobs has increased by 1.7 million . These job pay an average of 15 percent more than non-trade related jobs. [Source: Department of Commerce.]

- **Smallest Deficit Among Major Economies.** After climbing to $290 billion in 1992, the deficit declined to $107 billion last year and is expected to fall to $37 billion this year -- down more than 80 percent from 1992. [Source: CBO] As a share of GDP, the general government deficit is smaller than in any major economy. [Source: OECD Economic Outlook, 6/97]

- **Family Income Up $1,600.** After stagnating for 20 years, family incomes are rising again. Since 1993, the income of the typical American family increased by $1,631, after adjusting for inflation. [Source: Bureau of the Census.]

- **High-Tech Exports Are Soaring.** Exports of semiconductors have grown 139 percent under the Clinton Administration; telecommunications exports have grown 113 percent; and exports of computers and computer-related goods have grown 54 percent. [Source: Council of Economic Advisers/Department of Treasury, April 10, 1996]

- **The World's Most Competitive Economy.** The United States has now been ranked <u>Number One</u> on competitiveness for five years in a row -- and up from Number Five in 1992. [Source: World Economic Forum and IMD.]

- **The World's Automobile Leader Once Again.** The United States is the <u>world's Number One producer of automobiles</u> for the first time since the 1970's -- overtaking Japan. [Source: American Automobile Manufacturers Association.]

- **The World's Semiconductor Leader Once Again.** The United States has regained its position as the <u>world's Number One producer of semiconductors</u> -- surpassing Japan. [Source: Dataquest.]

THE NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA)

Several outside studies conclude that NAFTA has contributed to America's economic expansion. DRI estimates that NAFTA boosted real exports to Mexico by $12 billion in 1996, compared to a smaller increase in imports of $5 billion, and contributed $13 billion to U.S. real income and $5 billion to business investment, controlling for Mexico's financial crisis. Since NAFTA was signed, exports have grown 37 percent to Mexico and 34 percent to Canada, reaching record levels. Before NAFTA, Mexico had virtually one-way free trade into the United States. Under NAFTA, Mexico's tariff cuts have been 5 times greater than ours, leveling the playing field.

ANY WAY YOU LOOK AT IT, NAFTA HAS BEEN A JOB CREATOR FOR AMERICA'S WORKERS.

- **Jobs Supported by Exports to Mexico and Canada Have Increased More Than 300,000.** Under NAFTA, jobs supported by exports to Canada have gone up by 189,000 and jobs supported by exports to Mexico by 122,000. Export jobs are good jobs -- paying 13 to 16 percent more than the national average. [Study on the Operation and Effects of the NAFTA, 1997; Department of Commerce]

- **NAFTA Increased Net Exports to Mexico.** It is wrong to assume imports displace U.S. jobs: history shows that the U.S. trade deficit increases most when our job growth is highest. But even if you adopt the critics' methodology and look at net exports, NAFTA was a job creator. Outside studies conclude that -- isolating for the effects of the peso crisis and America's strong economy -- NAFTA caused an increase in net exports of roughly $7 billion in 1996. [DRI, 1997]

EXPERTS AGREE: IF ANYTHING, NAFTA PROTECTED THE MEXICAN ECONOMY -- AND AMERICAN EXPORTS -- FROM THE FINANCIAL CRISIS BY LOCKING IN MEXICO'S ECONOMIC REFORMS AND PROVIDING SAFEGUARDS FOR FOREIGN INVESTORS.

- **NAFTA Helped Mexico Recover Faster:** Following Mexico's 1982 financial crisis, it took Mexico 7 years to return to international capital markets, while in 1995, it took 7 months. Following the 1982 crisis, Mexican output did not recover to pre-crisis levels for five years, while following the 1995 crisis, Mexican output rebounded to pre-crisis peaks in less than 2 years. [Study on the Operation and Effects of the NAFTA, 1997]

- **NAFTA Protected American Jobs and Exports by Locking in Preferential Access:** Following its 1982 crisis, Mexico raised tariffs by 100 percent, and American exports to Mexico fell by half and did not recover for seven years. In 1995, Mexico continued to implement its NAFTA obligations even as it raised tariffs on imports from other countries. As a result, American exports recovered in 18 months and were up 37 percent by the end of 1996 relative to pre-NAFTA levels.

SINCE NAFTA WENT INTO EFFECT, MEXICO HAS CUT TARIFFS ON U.S. EXPORTS FIVE TIMES MORE THAN THE U.S.

- **Taking Share from Foreign Competitors**: U.S. suppliers have increased their share of Mexico's import market from 69.3 percent to 75.5 percent, reflecting a 10 percentage point tariff advantage over foreign suppliers.

TRADE AND LABOR PROTECTIONS UNDER PRESIDENT CLINTON

President Clinton is committed to ensuring that trade expansion benefits all American workers and international competition is consistent with internationally accepted labor standards. Internationally, he has done more than any other President -- advancing core labor standards through the North American Free Trade Agreement (NAFTA), the World Trade Organization (WTO), the International Labor Organization (ILO), and the Organization of American States (OAS), and encouraging the voluntary adoption of codes of conduct through Model Business Principles and the Apparel Industry Partnership. At home, he has fought to expand opportunities for dislocated and low wage workers through increases in training, the security of pension and health benefits, the minimum wage and the Earned Income Tax Credit (EITC).

PRESIDENT CLINTON HAS DONE MORE TO PROMOTE LABOR STANDARDS IN INTERNATIONAL TRADE THAN ANY OTHER PRESIDENT. GAINING INTERNATIONAL RECOGNITION OF THE LINK BETWEEN TRADE AND LABOR ISSUES WILL BE A GRADUAL PROCESS, REQUIRING PERSEVERANCE AND COMMITMENT. DESPITE SIGNIFICANT OBSTACLES, THE CLINTON ADMINISTRATION HAS MADE SIGNIFICANT PROGRESS ON LEVELLING THE PLAYING FIELD FOR AMERICAN WORKERS, OBTAINING COMMITMENTS ON CORE LABOR STANDARDS IN INTERNATIONAL TRADE ORGANIZATIONS, AND IMPROVING THE STANDARD OF LIVING FOR WORKERS EVERYWHERE.

- **Winning International Recognition of Core Labor Standards:** At the UN Summit for Social Development in 1995, the Administration succeeded in obtaining a commitment by over one hundred heads of State and government -- for the first time in history -- to recognition of those "core" worker rights that the Administration believes should be protected in every country, regardless of the level of economic development.

- **Protecting Labor Rights in the Hemisphere:** At the OAS Labor Ministerial in 1995, the Administration obtained a commitment from all countries in our hemisphere recognizing the importance of protecting worker rights as we negotiate the Free Trade Area of the Americas.

- **Advancing Labor Standards in the WTO:** At the Singapore Ministerial Meeting of the WTO in 1996, the Administration fought for and won -- for the first time in the GATT/WTO's existence -- a formal commitment by 128 nations to the observance of core labor standards. The WTO also endorsed collaboration with the ILO to advance this agenda.

- **Encouraging Private Sector Codes of Conduct:** In 1994, the Administration developed and disseminated Model Business Principles protecting core worker rights and encouraged private sector adoption through conferences and a best practices award. In 1996, President Clinton helped launch the Apparel Industry Partnership: a collaboration between labor, business and nongovernmental organizations to encourage adoption of a code of conduct prohibiting exploitative child labor and encouraging humane working conditions through external monitoring and consumer awareness.

- **Suspension of Trade Benefits:** The Administration suspended full trade preferences for Burma, Sudan, Mauritania, and Syria and partial preferences for Pakistan for inadequate observance of basic worker rights.

- **International Monitoring of Labor Standards:** In 1997, Administration support was decisive in the adoption of an ILO proposal to establish a mechanism to monitor countries' implementation of core labor standards. The Administration has supported examination of labor standards implementation through the Organization for Economic Cooperation and Development (OECD), conferences on core labor standards in developing economies in Asia and Latin America, and ILO Programs to combat child labor in Pakistan, Bangladesh, Thailand, and Brazil.

NAFTA IS THE FIRST TRADE AGREEMENT TO INCLUDE PROTECTIONS FOR WORKERS. THE NORTH AMERICAN AGREEMENT ON LABOR COOPERATION (NAALC) HAS ENHANCED OVERSIGHT AND ENFORCEMENT OF NATIONAL LABOR LAWS AND CREATED NORTH AMERICAN COOPERATION ON FUNDAMENTAL LABOR ISSUES – FOR THE FIRST TIME. THE INTERNATIONAL PUBLIC SCRUTINY ASSOCIATED WITH THE NAFTA SUBMISSION PROCESS HAS BEEN AN IMPORTANT IMPETUS FOR CHANGE IN MEXICO.

- **Union Recognition and Secret Ballots:** The NAALC submission process subjects member governments to public and international scrutiny for alleged violations of labor laws; it can also lead to economic sanctions. To date, the United States has received seven submissions against Mexico, and Mexico has reviewed one submission against the United States. The review of these submissions has yielded concrete remedies. In one case, a Mexican labor tribunal granted recognition to the petitioning union, reversing an earlier decision, and afforded a new hearing for workers dismissed for union activity. In other cases, workers were permitted secret ballot elections, a practice not common in Mexico. In addition, a number of Mexican labor disputes have been settled by companies wishing to avoid the negative publicity associated with the NAFTA review process.

- **Legal Advances:** Important legal advances on labor rights have taken place in Mexico since NAFTA was signed. In 1996, the Supreme Court of Mexico issued two decisions finding state statutes restricting freedom of association unconstitutional. Mexico's Department of Labor has issued recommendations providing for greater autonomy and professionalism of tripartite labor tribunals and making the union registration process a purely administrative decision.

- **Stronger Mexican Enforcement:** Since NAFTA was signed, Mexico's Secretariat of Labor and Social Welfare reports a nearly 250 percent increase in funding for enforcement and a 30 percent reduction in the number of workplace injuries and illnesses.

PRESIDENT CLINTON HAS CONSISTENTLY FOUGHT TO ENSURE THAT THE NEW ECONOMY BENEFITS ALL WORKERS. INDEED, NO PRESIDENT CARES MORE ABOUT THE CONCERNS OF LOW-WAGE AND DISLOCATED WORKERS.

- **NAFTA Transitional Adjustment Assistance (NAFTA TAA).** The President fought for and won a special NAFTA-TAA program that or the first time provides retraining and reemployment assistance and income support to workers displaced by production shifts as well as trade, and provides income support for "secondary" workers.

- **Dislocated Worker Training**. President Clinton has doubled funding for the Dislocated Worker assistance program helping an additional 300,000 workers get training and job search assistance.

- **HOPE Scholarships and Tuition Tax Credits.** To help workers enhance their skills throughout their working lifetimes, the President fought for and won both a $1,500 two-year HOPE Scholarship and a 20% tuition tax credit.

- **Health Benefits for Job Changers**. The 1996 "Kassebaum-Kennedy" law ensures that as many as 25 million more Americans will no longer have to fear that they will lose their access to health insurance if they lose their job or change jobs.

- **One-Stop Career Centers.** To help workers make a rapid transition between jobs, the Administration is transforming a fragmented array of employment and training programs into a "One-Stop" coordinated information and delivery system. The President's budget proposed $150 million in funding to expand One-Stop Career Centers to all states in 1998.

TRADE AND THE ENVIRONMENT UNDER PRESIDENT CLINTON

President Clinton is committed to ensuring that trade expansion and increased international competition contribute to environmental protections at home and abroad. The President negotiated the first trade agreement to include explicit environmental provisions and fought to ensure that NAFTA contained mechanisms to address the unique environmental problems that have long challenged communities along the 2000-mile shared border with Mexico. President Clinton fought for and won important advances on the environment in the WTO Agreement, including a permanent forum to address the link between trade and the environment in the World Trade Organization (WTO). He has strongly and effectively implemented U.S. environmental laws to obtain improvements in other countries' environmental practices, including using, where called for, the threat of trade sanctions.

PRESIDENT CLINTON HAS DONE MORE TO ADVANCE ENVIRONMENTAL INTERESTS IN INTERNATIONAL TRADE FORA THAN ANY OTHER U.S. PRESIDENT.

- **Advancing Environmental Protections in the WTO:** The Administration fought for and won important environmental advances 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 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 aggressively 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 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.

- **Forged Agreement For A Global Phaseout of Persistent Pollutants:** The Clinton Administration led the way on an agreement to phase out the use of 12 dangerous, persistent organic pollutants worldwide, such as PCBs and DDT.

THE NORTH AMERICAN AGREEMENT ON ENVIRONMENTAL COOPERATION (NAAEC) HAS LED TO UNPRECEDENTED REGIONAL ENVIRONMENTAL COOPERATION AND IMPROVED ENFORCEMENT OF MEXICO'S ENVIRONMENTAL LAWS. THE INTERNATIONAL PUBLIC SCRUTINY ASSOCIATED WITH THE NAFTA SUBMISSION PROCESS HAS BEEN AN IMPORTANT IMPETUS FOR CHANGE IN MEXICO.

- **Cleaning Up the U.S.-Mexico Border:** NAFTA's environmental institutions are addressing critical environmental infrastructure needs.

  - **$2-3 Billion in Lending:** Over time, the North American Development Bank (NADBank) will be able to leverage its capital into $2 to $3 billion in lending. To date, 16 projects have been certified with a combined cost of nearly $230 million, and construction has already begun on seven projects.

  - **Border Cleanup Projects:** The NADBank, together with the NAFTA Border Environment Cooperation Commission (BECC) and federal and state officials on both sides of the border, have identified more than 30 environmental projects along the border with a total cost of about $500 million for their 1997-99 work plan.

- **Affordable Water Cleanup for Poor Border Communities.** NADBank is establishing co-financing mechanisms with U.S. and Mexican grant programs to provide affordable financing for poor border communities. A recent agreement will enable NADBank to combine its loans with up to $170 million in grants from the Environmental Protection Agency for border water and wastewater projects.

- **Border XXI:** The United States and Mexico have established a five-year blueprint for achieving a clean border environment. We are already cooperating to abate emissions from vehicles at border crossings, tracking transboundary shipments of hazardous wastes, and operating a U.S.-Mexico Joint Response Team to minimize the risk of chemical accidents, to name just a few activities.

- **Submission Process on Environmental Enforcement:** The NAAEC submission process -- which subjects member governments to public and international scrutiny for alleged violations of environmental laws, and can also lead to economic sanctions -- is working as intended. Under NAFTA, Mexico's enforcement of its environmental laws has improved and there has been an unprecedented amount of cooperation between the United States and Mexico on environmental enforcement.

  - **Oversight of Enforcement:** The NAFTA Commission for Environmental Cooperation's (CEC) review of citizen submissions alleging nonenforcement of environmental laws has led to an investigation of the adequacy of environmental reviews of a cruise ship pier in Cozumel, Mexico and a report on water use in the Fort Huachuca, Arizona area.

  - **Banning Pesticides.** Through the CEC, Mexico has agreed to join the United States and Canada in banning the pesticides DDT and chlordane, ensuring that these long-lived, toxic substances no longer cross our border.

  - **Improved Mexican Enforcement.** Mexico has increased the number of environmental enforcement actions from roughly 3,100 in 1991 to between 12,000 and 13,000 annually since NAFTA was signed. Mexico reports a 72% reduction in serious environmental violations in the maquiladora industry and a 43% increase in the number of maquiladora facilities in complete compliance.

TRADE AGREEMENTS AND FOOD SAFETY

America applies the same food safety standards to imports as we do to domestic products.

- **Safety of Imported Foods.** The Food and Drug Administration (FDA) figures show that, in general, agricultural imports are no more likely to present health risks from microbial pathogens than domestic agricultural products.

- **Funding Up For Inspections For Imported Pests and Diseases.** In order to protect U.S. animal and plant health from imported pests and disease, the Agricultural and Plant Health Inspection Services has increased funding for inspections 78 percent and added 44 percent more personnel since 1990.

- **Drop In Tainted Food Entering the United States.** The FDA reports that detentions of Canadian origin food products dropped 12 percent and detentions of Mexican origin products declined 30 percent in 1996.

- **NAFTA and Food-Borne Illnesses.** Recent data from investigation of food-borne illness outbreaks by the American government do not substantiate the charge that food-borne illness has increased because of expanded trade through NAFTA.

- **This Year, Vice-President Gore Announced Plan To Modernize and Increase U.S. Food Safety.** In May, Vice-President Gore announced initiative, "Food Safety from Farm to Table", to modernize and increase the safety of the nation's supply. The plan would, among other things:

    - Enhance coverage of imported foods and evaluate new methods for testing imports.

    - The Hazard Analysis and Critical Control Points regulations include specific provisions related to food imports to prevent food safety hazards before the product enters the marketplace. USDA, FDA, and EPA are also researching more efficient ways of testing for food-borne hazards.

    - Federal, state, and local governments will build a new early warning system to help detect outbreaks of food-borne illness earlier, so the food safety regulatory network can quickly respond to contain any future problems, including stopping shipments at the border and increasing testing.

* DRAFT

TRADE WITH DEVELOPING COUNTRIES

Phenomenal growth in U.S. exports has contributed more than one-third of our economic growth over the last four and a half years -- with half that growth concentrated in developing country export markets. Our strong export performance reflects the fact that America's workers are the most productive in the world -- in sector after sector. Export growth has been a key source of new jobs for America's workers. And these jobs are good jobs, paying above the national average. With this increased trade, the American economy is now the envy of the world, with strong employment growth; low unemployment; stable inflation; and rising incomes for American families. America workers lead the world in industry after industry, from specialty steel to telecommunications.

- **American Workers Are Worth More.** A recent McKinsey study found that the U.S. has significantly higher labor and capital productivity than both Japan and the European Union. If companies want to most efficient workers, America is now the country for them. Moreover, the U.S. market is attractive to businesses because we have the biggest consumer market in the world, high-quality infrastructure, advanced supplier networks, and political and economic stability.

- **Study Finds That Labor Costs More In Many Low-Wage Countries Than In U.S.** A recent San Francisco Federal Reserve study finds that for many of the Asian non-industrialized countries the average cost of labor needed to produce key products was higher than in the United States, because the higher productivity of American workers more than makes up for their higher wages. It concludes that "low wages are a symptom of low productivity, not an independent source of international competitiveness."

TRADE IS NOT A ONE-WAY STREET. AS WE TRADE WITH DEVELOPING COUNTRIES, GOODS PRODUCED BY AMERICAN WORKERS INCREASE IN DEMAND. AND THE DEVELOPING COUNTRY BENEFITS AS THEIR STANDARD OF LIVING INCREASES.

- **World Bank Finds Free Trade Benefits Developing Countries.** A recent World Bank report concludes that real wages have grown fastest in those developing countries that trade the most. Over the past two decades, real wages rose at an average rate of 3 percent per year in developing countries with above-average ratios of export growth to GDP and stagnated in below-average countries. [1995 World Development Report]

- **U.S. Benefits In Long-Term From Trading With Developing Countries.** By making early inroads in the markets of the four original Asian tigers (Korea, Hong Kong, Singapore, Taiwan) and Japan, our companies have secured an additional $131 billion in export opportunities over the last 23 years. ($72 billion for four tigers alone). That is nearly twice the increase in exports to the 4 largest members of the EU during the same time period ($67 billion).

ADMINISTRATION OFFICIALS ON FAST TRACK

President Clinton Said Fast Track Is Needed To Keep Economy Growing
President Clinton: "To keep our economy growing and to create these good jobs we must keep tearing down foreign barriers to American goods and services. That's why, next month, I will ask Congress to renew presidential fast track authority to negotiate tough new trade agreements. This is authority that every President from both parties has had since 1974. I will use it to negotiate trade agreements that will keep us competitive, boost our exports, create more good jobs and raise our standard of living." [Radio Address, 8/24/97]

Vice President Gore Said Fast Track Is About Our Future As A Nation
Vice President Al Gore: "America is now enjoying the longest sustained period of growth in a generation -- with a quarter of that coming from oversees trade. We need to stay on the fast track of global prosperity. We have come too far to turn back now. Free trade is working -- and as a result, unprecedented numbers of Americans are working. We need to stay the course. You see, Fast Track is about something more than a handful of trade treaties. It's about our future as a nation at the dawn of a new century." [Remarks by Vice President Al Gore, Software Publishers Association, 9/9/97]

Trade Rep. Barshefsky Called Fast Track Key Component In Our Trade Arsenal
Trade Representative Charlene Barshefsky: "We can pursue portions of our trade agenda with our existing tools. But, to seize the opportunities in the global economy and to fully meet the competition, the President needs a new grant of trade agreements implemen ting authority, or fast track. Fast track is a key component of our trade arsenal." [Testimony of Ambassador Charlene Barshefsky United States Trade Representative Before the Senate Agriculture, Nutrition and Forestry Committee Federal News Service, 6/18/97]

Secretary Rubin Called For Fast Track; Prosperity At Home Depends on Global Leadership
Treasury Secretary Robert Rubin in calling on Congress to grant the President fast track authority: "The effect of trade permeates itself throughout our economy. U.S. leadership in the global economy is thus critical to building prosperity at home and creating jobs...The world is liberalizing trade, and it's going to do it with us or it's going to do it without us." [Columbus Dispatch, 4/30/97]

Secretary Daley Said Fast Track Is Important For The U.S. Economy
Commerce Secretary William Daley: "[T]he need for fast track authority comes at a time that, in my opinion, is extremely important, and not only for the president and this administration, but more importantly, for the U.S. economy as we get to the end of this century, because there will be growing opportunities as some of these regions improve their economies, and growing opportunities for U.S. exports." [Commerce Secretary Daley briefing, (as transcribed by Federal News Service), 8/20/97]

Glickman Said Fast Track Was Essential For U.S. To Maintain Leadership Role

Secretary of Agriculture Daniel Glickman: "[I]t is essential that Congress ultimately renew the President's fast-track negotiating authority if the United States is to maintain a leadership role in efforts such as APEC [Asian Pacific Economic Cooperation]. Lack of fast-track authority ties the President's hands in trade negotiations." [Prepared Statement by Daniel Glickman Secretary U.S. Department of Agriculture before the House Committee on Agriculture (Federal News Service), 6/5/96]

Nat'l Security Adviser Berger Said Fast Track Necessary To Build Competitive World Economy

National Security Adviser Sandy Berger: "[W]e, I think, have benefited enormously as a country by the trade expansion enterprises that have been undertaken...But that agenda is not complete. We must have the authority from Congress that previous presidents have had so that we can negotiate agreements with countries who don't fear that they will be renegotiated once they're submitted to the Congress...[W]e are committed to seek the authority that we need to finish the job of building a competitive world economy." [National Security Adviser Berger Foreign Policy Speech (as transcribed by Federal Document Clearing House), 3/27/97]

PAPERS, EXPERTS & OPINION LEADERS ON FAST TRACK

NATIONAL NEWSPAPERS ENDORSE FAST TRACK

***New York Times* said President Clinton Deserves Fast Track**
"Every President for over the past 20 years has used [Fast Track] to open up foreign markets... The Administration needs Fast Track to complete negotiations... on opening markets to foreign-provided services, tightening copyright protections and prying open government contracts to bids by foreign companies. Fast Track is also needed to negotiate trade agreements with Chile and other South American countries. They are already negotiating deals with Europe, Mexico and Canada that would give exports from those countries favored access." [*NYT*, 9/8/97]

***Washington Post* Said Much Is To Be Gained By Giving The President Fast Track**
Washington Post editorial: "Free trade is good for the U.S. economy. It helps create jobs that tend to be higher-paying than average. Exports have helped revive the U.S. manufacturing sector, which not so many years ago was widely portrayed as terminally rusting. New agreements, if achieved, will increasingly play to U.S. strengths in agriculture, high-technology products and services ranging from insurance to telecommunications. Pursuing such agreements particularly makes sense because the American economy already is so open; little is to be lost, and much is to be gained, from pressuring other countries to approach the U.S. level of openness. That can't happen unless Congress gives Mr. Clinton what's known as 'fast-track' negotiating authority. [*Washington Post*, 4/27/97]

***Los Angeles Times* Supported Fast Track Authority For The President**
Los Angeles Times editorial: "Clinton needs so-called fast-track authorization to move on this opportunity to expand hemispheric trade, a goal we support. The time seems right...Congress should grant the president the fast-track authorization he needs to shape a package for Chile and bring it to a vote." [*Los Angeles Times*, 2/28/97]

***Chicago Tribune* Called For Granting Fast Track Fast**
Chicago Tribune editorial entitled "Grant Fast-track Authority Fast": "Congress should move on the president's request [for fast track] at once...Free trade means jobs and opportunity. Why is Congress standing in the way?" [*Chicago Tribune*, 8/26/97]

***Business Week* Said Fast Track Was Vitally Important**
Business Week editorial entitled "Put Fast-track in the Fast Lane": "There will doubtless be grandstanding about trade with China in coming weeks, and bellyaching about Japan's recent trade gains -- but that will pass. Fast-track authority transcends this political brouhaha, and is vitally important as an instrument to help break down global trade barriers. [*Business Week*, 5/19/97]

Newsday **Said Fast Track Promises Americans New Jobs and Higher Incomes**
"In the long run, the issue of expanding trade in the Americas is compelling because it promises Americans new jobs and higher incomes - which is why Congress should grant President Bill Clinton "fast-track" negotiating authority so both Chile and the United States could share the benefits of increased imports and exports as soon as possible." [*Newsday* editorial, 3/6/97]

Houston Chronicle **Said It Was "Vital" For Congress To Grant President Fast Track**
Houston Chronicle editorial: "Failure to be a major player when these trade agreements are being negotiated and hammered out among countries in regions like Latin America and Asia reduces this nation's ability to expand its exports and increase jobs at home. That is why it is vital for Congress to grant President Clinton fresh fast-track negotiating authority to develop new trade agreements in Latin America and Asia." [*Houston Chronicle*, 3/17/97]

Boston Globe **In 1994 Said Fast Track Had Worked For Nearly Half A Century**
1994 *Boston Globe* editorial: "The so called 'fast track' method of negotiating international agreements with Congress has worked well for nearly half a century." [*Boston Globe*, 9/16/94]

Sun-Sentinel **Said Fast Track Would Give The President Essential Flexibility**
"Fast-track...would give the administration essential flexibility in negotiating trade pacts with Chile and other Latin American nations, and with the World Trade Organization as broader accords are discussed...It's critical for Congress to be wise and think ahead...in moving swiftly but thoughtfully to provide a fast track." [*Sun-Sentinel* editorial (Ft. Lauderdale, FL), 7/15/97]

Fresno Bee **and** ***Sacramento Bee*** **Said President Clinton Was Right To Seek Fast Track**
Editorial in both the *Sacramento Bee* and *Fresno Bee:* "Clinton is right to seek such [fast track] authority, given the advantages new trade pacts could bring to U.S. firms facing growing competition abroad." [*Sacramento Bee*, 4/27/97; *Fresno Bee*, 4/29/97]

Washington Times **Called Fast Track an Important Initiative to Expand Free Trade**
Washington Times editorial: "This deal should be a no-brainer... To the extent that government restricts worldwide competition among producers through tariffs or other trade barriers, it taxes, in effect, consumers everywhere, including in the United States. This is Big Government in an age when Mr. Clinton said its day has passed." [*Washington Times*, 9/9/97]

Rocky Mountain News **Said American Workers Will Be Hurt Without Fast Track**
Rocky Mountain News editorial: "NAFTA gives Congress ample precedent to approve fast-track legislation. Should Congress tarry, other fast-moving nations will leave their tracks all over American workers' opportunities" [*Rocky Mountain News*, 5/21/97]

Arizona Republic**: President Clinton Needs Fast Track, Without It US Has No Credibility**
"Before [the reconvening of the Summit of the Americas in March], Clinton needs fast-track authority from Congress...Without fast track, the United States will not have the credibility it needs to negotiate a delicate agreement involving 34 countries." [*Arizona Republic*, 7/10/97]

EXPERTS & OPINION LEADERS ARGUE FOR FAST TRACK

Glassman Said Fast-Track Is "Vital"
American Enterprise Institute fellow James Glassman: "In order to win agreements with those countries, Clinton needs 'fast-track' negotiating authority, so Congress can't delay the deals or add crippling amendments. Fast track is vital..." [Washington Post, 7/1/97]

Dr. Tyson Said Fast Track Would Enable the President to Break Down Trade Barriers
Former economic adviser to President Clinton and current University of California at Berkeley economics and business administration professor Laura D'Andrea Tyson: "With 95 percent of the world's consumers outside our borders, we must focus on breaking down barriers to trade abroad, not building them up at home. This requires that Congress grant President Clinton and his able trade representatives fast-track authority to negotiate tough, enforceable trade agreements." [Washington Post, 7/9/97]

Hughes CEO Armstrong Said President Clinton Has Strong Pro-export Record
Hughes Electronics CEO C. Michael Armstrong: "To its credit, the Clinton administration has compiled a strong pro-export policy record..." [Arizona Republic, 8/24/97]

***Boston Globe*'s Oliphant Offered Two "Huge" Reasons for Fast Track**
Boston Globe's Tom Oliphant: "Africa is now the second huge reason (the more advanced countries of South America are the first) for Congress to grant Clinton so-called 'fast-track' authority this fall to negotiate free trade agreements -- so-called because they must be approved or rejected as negotiated, with no room for congressional tinkering." [Boston Globe, 6/24/97]

Brookings' Lustig Said We Risk Falling Off Proverbial Bicycle Without Fast Track
Brookings Institution senior fellow Nora Claudia Lustig: "Now that the rest of the region is ready to move forward with economic integration, it is ironic that the United States, after decades of promoting the principle of free trade, appears hesitant. This image can only be removed if the Clinton administration moves forward with a request for fast-track negotiating authority... Going with free trade could well be like learning to ride the proverbial bicycle: Either we keep moving forward or we risk falling off." [Brookings Policy Brief No. 20, "NAFTA: Setting the Record Straight," 6/97]

Trade Expert Baer Said U.S. Would Lose Leverage Without Fast Track
Delal Baer, a trade expert with experience in South America: "Without fast-track you have no leverage...The balance of power in terms of negotiating leverage is shifting from the United States to the southern cone because we don't bring anything to the table." [Copley News Service, 5/21/97]

Denying President Fast Track Would Be No Small International Embarrassment
Journal of Commerce senior correspondent Richard Lawrence: "But there's hope. Congress may actually do something exciting in 1997. After years of hesitation, it may enact 'fast-track' legislation, giving the president broad trade negotiating authority for which he has long longed...[T]he president must have broad new negotiating authority. For Congress to give less would be no small international embarrassment -- to both Democrats and Republicans." [Journal of Commerce, 8/15/97]

***KC Starr's* McClanahan: Without Fast Track, Other Countries Will Steal Our Markets**
In his Op-Ed piece entitled "Fast-track follies: U.S. will lose lucrative markets if it doesn't move quickly," *Kansas City Starr* editorial staff member E. Thomas McClanahan wrote, "If the free-trade agenda stalls, we're going to wake up some day and discover that other countries have quietly stolen our markets -- not because of better products or more productive workers, but because too many people in our national capital couldn't be bothered. Make no mistake. If that happens, the cost will be both economic -- and political." [Kansas City Star, 7/29/97]

de Tocqueville Institution's Sobel Said Fast Track Necessary; Gives President Credibility
Alexis de Tocqueville Institution's Chairman Clifford Sobel: "...[T]he most important reason why fast track is necessary is that it gives the President of the U.S. the credibility to negotiate with foreign countries in good faith. Without fast track, it would be far more difficult for the President to conclude additional trade agreements..." [Sobel's testimony before Joint Hearings on Fast Track Negotiating Authority (as transcribed by the Federal News Service), 5/17/95]

THE WHITE HOUSE

Office of the Press Secretary
(Martha's Vineyard, Massachusetts)

Saturday, August 23, 1997

RADIO ADDRESS OF THE PRESIDENT TO THE NATION

Martha's Vineyard, Massachusetts

THE PRESIDENT: Good morning. Today I want to talk about the tools we need to keep our economy growing in a way that helps all our people to prosper and advances America's leadership in the world as we move into the 21st century.

For nearly five years now, we have pursued a new economic course for America, with three parts: eliminate the deficit, invest in education and training, and open new markets abroad for America's products and services. It is working. The American people are enjoying the longest period of sustained economic growth in a generation -- with 12 million new jobs, unemployment below five percent, core inflation at a 30-year low. Once again, America is the world's number one exporter, the world's largest producer of semiconductors, the world's largest producer of automobiles. Our nation has been ranked the world's most competitive economy for the last five years.

With a strong and prosperous America moving into the 21st century, we must continue our successful economic strategy. In 1993, we passed an economic plan that cut the deficit 75 percent in four years. And now we have a balanced budget with an historic focus on education and incentives to bring jobs to people and places that still don't have them.

But to keep America growing, to keep America leading, we have to continue to create high-wage jobs, and to do that, we must continue to expand American exports. After all, 95 percent of the world's consumers live beyond our borders. Already, over the last four years, more than 25 percent of our economic growth has come from overseas trade. Now, that's a big reason more than half our new jobs in the last two years have paid above average wages, because export-related jobs pay, on average, about 15 percent more than non-export jobs. And today, our exports support more than 11 million good, high-paying American jobs, including one in five of our manufacturing jobs.

To keep our economy growing and to create these good jobs we must keep tearing down foreign barriers to American goods and services. That's why, next month, I will ask Congress to renew presidential fast track authority to negotiate tough new trade agreements. This is authority that every President from both parties has had since 1974. I will use it to negotiate trade agreements that will keep us competitive, boost our exports, create more good jobs and raise our standard of living.

This fast track authority will do three things. First, it gives the President the flexibility I need to forge strong agreements in sectors where our nation is most competitive -- such as agriculture, information technology, medical equipment and environmental technology. Second, it will strengthen my ability to get worldwide agreements, especially for our nation's farmers, tearing down barriers in the world agricultural market. It will also help to ensure that American companies and workers compete in the global economy in a contest that is open, with a level playing field, with rules that are fair and enforced.

Third, it will help me to negotiate more open markets with specific countries, especially in Latin America and Asia. In the coming century, these emerging markets in Latin America and Asia are expected to grow three times as fast as our own -- and their demand for United States goods and services is already taking off. If we don't seize these new opportunities, our competitors surely will. Already, since 1992, in Latin America and Asia alone, our competitors have negotiated 20 trade agreements that do not include the United States.

To make sure all our people share the fruits of increased prosperity and commerce, I also will continue to promote worker rights and responsible environmental policies with our trading partners. And I'll keep working to strengthen retraining and educational opportunities for workers here. We have to pull together, not apart, to compete and win in the global economy.

For more than two decades now, on a bipartisan basis, Congress has consistently supported initiatives to open markets and create jobs -- including the President's authority to break down trade barriers around the world. Our workers and our businesses are the best in the world, but they can't compete in the slow lane. I look forward to working closely with Congress to keep American prosperity on the fast track.

# # #

FAST TRACK FACT SHEET

BACKGROUND ON FAST TRACK

Who Has Trade Negotiating Authority?

- A Balance Between the President and Congress: The Constitution gives Congress exclusive authority to set tariffs and enact other legislation governing international trade. The President has the Constitutional authority to negotiate international agreements. If the President negotiates a trade agreement that requires changes in U.S. tariffs or in other domestic laws, that trade agreement's implementing legislation must be submitted to Congress--or the President must have Congress' advance approval of such changes.

How does Fast Track Work?

- A Strong Role for Congress: In exchange for the expedited considerations of implementing legislation, Congress retains a central role before and during the negotiating process and, equally important in determining how to implement trade agreements. Requests for fast track have always included extensive notification and consultation requirements for the President with Congress itself and with private sector advisory committees. In every trade agreement negotiated under fast track, Congress has been an active participant in identifying negotiating objectives, monitoring the actual negotiations, and drafting implementing legislation.

    - To apply fast track to a trade agreement, whether sectoral, bilateral or multilateral, the President must notify Congress in advance of his intention to sign such an agreement. For most previous grants, the advance notice requirement was 90 days; for the Uruguay Round, the notice requirement was set at 120 days. Even before the President signals his intention to enter into an agreement, the private sector advisory committees are required to report to both Congress and the President on their views as to whether the agreement meets U.S. negotiating objectives. For bilateral trade agreements, the Congress must be given advance notice of the President's intent to begin negotiations. During the next 60 legislative days, either the House Ways and Means Committee or the Senate Finance Committee can vote to deny fast track for the proposed agreement.

    - Once the negotiations have been concluded and the President has signed it, the Congress and the Administration begin a period of extensive discussions on drafting legislation. This process, reflecting the growing complexity of trade agreements, has involved an increasing number of committees of jurisdiction and interested Congressional Members. The President is required to spell out precisely how he intends to use his existing regulatory authority in implementing the agreement. Congress retains the right to vote down an agreement if, after consultation, it still finds the package unacceptable.

    - Additional Congressional prerogatives include special procedures for revoking fast track if the President fails to meet the consultation requirements. Where fast track authority has been granted with the possibility of an extension, either House retains the right to disapprove an extension provided either the House Ways and Means Committee or the Senate Finance Committee have reported out an "extension disapproval resolution."

- 60 Years of Cooperation between the President and Congress: For over 60 years, the Congress and the President have recognized that the negotiation and implementation of trade agreements require special cooperation. In the aftermath of the Smoot-Hawley Tariff Act of 1930 and the Depression, both the Congress and the President recognized that only by working closely together could trade barriers be torn down and markets opened to US goods. This new attitude was first reflected in the Reciprocal Trade Agreements Act of 1934, and has remained part of U.S. trade law ever since.

- Fast Track has Worked for Over 20 Years: In recent years, as tariffs became less of an obstacle to trade and many of our trading partners sought to protect their domestic markets by erecting non-tariff barriers, the scope of trade negotiations broadened and by agreement between the Ford Administration and the Congress, fast track was created to accommodate this broader trade agenda. It was first embodied in the Trade Act of 1974 to deal with the Tokyo Round negotiations called for in the GATT. Fast track procedures for approving trade agreements have been renewed by Congress in 1979, 1984, 1988, 1991 and most recently in 1993. As a result, Presidents have had fast track negotiating authority continuously from January 1975 until April 1994, with a brief hiatus for eight months in 1988.

FAST TRACK: WHY CONTINUING TO GIVE AMERICA THE ABILITY TO OPEN FOREIGN MARKETS IS IMPORTANT TO 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 tough, fair trade agreements.

AUTOMOTIVE INDUSTRY

- **Over 2.3 million workers are directly employed in the automotive industry.** U.S. vehicle exports totaled over $24 billion in 1996 and should grow 5% *per year* through 2002. U.S. automotive parts exports totaled $41 billion in 1996 and are expected to grow 9% *per year* through 2002.
- **Auto sales in Asia (excluding Japan) grew 65% between** 1990-1995 and may grow another 60% by 2005. Vehicle sales to Japan grew 207% between 1992 and 1996.
- **Sales in Brazil** are expected to grow 55% in the next five years.
- **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.

MANUFACTURING

- **18.5 million American workers -- over 15% of total workforce -- are employed in manufacturing.** Exports of goods and services have risen from about 4% of GDP in the early 1960's to over 13% today.
- **U.S. exports have grown three times faster than Japan's, five time than Germany's since the mid-1980's.**
- **13 of the 20 largest medical technology companies in the world are U.S. owned.** The U.S. medical device industry is expected to grow 6% *per year* over the next 5 years.

INFORMATION TECHNOLOGY

- **The information technology industry generates 3.5 million domestic jobs** directly and indirectly. The U.S. is the world. America is number one in the world in semiconductors, computers and software. Over the last four years, U.S. semiconductor exports have grown 139%, its telecommunications exports have grown 113% and U.S. computer and parts exports have grown 54%.
- **Nine of the world's top ten software companies are based in the U.S.**
- **U.S. software exports to the Asia-Pacific expanded 57% last year alone**, and over one-third of U.S. computer equipment exports now go to the Asia-Pacific region.

SERVICES

- **Exports of services by U.S. firms supported 3.5 million U.S. jobs in 1994.** U.S. service exports have more than doubled over the last ten years, increasing $135 billion since 1987, and $84 billion just since 1990.
- **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.

AGRICULTURE

- **U.S. agricultural exports support nearly a million jobs** -- more than 60 percent of those jobs off the farm in processing, transportation, and trade.
- **The U.S. is once again the world's largest exporter of food and farm products,** commanding around a 22% share of global agricultural trade. Last year, our agricultural exports were twice the level of our agricultural imports -- a claim no other industry sector can make.

AGRICULTURE

- *Agriculture's future is tied to trade.* U.S. agricultural exports climbed to $60 billion in 1996, the highest ever. Since 1990, the value of U.S. agricultural exports has increased by $20 billion, or nearly 50 percent. 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.

- *American agriculture is more than twice as reliant on foreign trade as the U.S. economy as a whole*, with exports currently accounting for an estimated 30 percent of agriculture's cash receipts. Production from up to a third of U.S. cropland is exported.

- *Exports are agriculture's source of future growth in sales and income*. The domestic U.S. market is relatively mature and slow growing. American farmers and ranchers already produce an abundance far in excess of domestic needs, and their productivity continues to increase. Meanwhile, global food demand is expanding rapidly, and more than 95 percent of the world's consumers live outside U.S. borders. U.S. exports are growing more than three times as fast as domestic demand for foods.

- *The share of U.S. production exported averages:* 26 percent for coarse grains; 27 percent for oranges; 28 percent for grapes, broccoli, and pears; 36 percent for soybeans; 40 percent for grapefruit; 45 percent for cotton; 49 percent for rice; 54 percent for wheat; 57 percent for hides and skins; and 70 percent for almonds.

- *Total agricultural exports in fiscal 1996 included:* $9.3 billion worth of coarse grains; a record $8.1 billion in meat and livestock products; $7.9 billion in soybeans and products; $7.0 billion in wheat and flour; a record $5.7 billion in fruits, vegetables, and preparations; $3.0 billion in cotton; and a record $2.4 billion in poultry meat.

Agricultural Trade Contributes to a Strong U.S. Economy

- *Agricultural trade is important to the overall U.S. economy.* U.S. agricultural exports support nearly a million jobs -- more than 60 percent of those jobs off the farm in processing, transportation, and trade. Export-related jobs pay higher than average wages, providing good-paying jobs for American workers in rural and urban areas throughout the nation.

- *The total contribution to U.S. economic activity from 1996's agricultural exports is estimated at around $140 billion.* Each dollar in agricultural exports multiplies throughout the economy, generating farm purchases of inputs and spurring additional economic activity in manufacturing and other sectors.

- Agriculture is one of the few U.S. industry sectors that consistently runs a trade surplus, posting a surplus every year since 1960. In fact, among industry sectors, agriculture was the leading positive contributor to the U.S. trade balance in 1996 -- not chemicals, industrial machinery, or computers, but agriculture. Our agricultural trade surplus in fiscal 1996 topped $27 billion, the largest farm trade surplus in history. The surplus in agricultural trade was enough to pay for virtually all the cars imported last year from Japan and Germany combined.

- *The United States is once again the world's largest exporter of food and farm products,* commanding around a 22-percent share of global agricultural trade. 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.

Trade Agreements Help U.S. Agriculture

- *Agriculture remains one of the most protected and subsidized sectors of the world economy.* Because U.S. agriculture is among the most competitive in the world, the trade distortions in agriculture are a particular problem for the United States.

- *U.S. agriculture increasingly turns to world markets to increase sales*; trade agreements that open markets and reduce unfair competition are critical for protecting and improving the health of the U.S. agricultural sector. Free and fair trade allows one of our nation's greatest assets--the competitive strength of American agriculture--to work to full advantage.

Fast Track Is Needed for Further Trade Negotiations

- *Despite progress in the WTO and other free trade agreements, we still have a lot of work to do* in removing barriers to U.S. agricultural exports and addressing unfair competition from other countries. The only way we can make substantial progress is through broad negotiations where the United States has the ability to request concessions from other countries, and induce commitments by making some of our own.

- *To have credibility at the negotiating table, the President must be backed up by fast track authority.* Otherwise, other countries will not make the concessions we need because of fear that Congress will demand the President pull U.S. commitments off the table at the last second.

Fast Track Will Be Used to Create New Trade Opportunities

- *The Administration is seeking broad fast track authority* -- the ability to negotiate trade agreements in the WTO and in specific regions as appropriate under the changing circumstances facing our exporters.

- *Further work in the WTO is a priority for the Administration.* The WTO is the only way for us to comprehensively address the countries around the world that maintain high tariffs or trade-distorting subsidy policies. U.S. participation there will determine whether world agricultural trade liberalization continues or regresses to protectionism.

- *NAFTA has been a big success for U.S. agriculture, and broadening NAFTA membership will open up new markets for our exports.* Other regional trade arrangements, such as APEC (Asia-Pacific Economic Cooperation), the FTAA (Free Trade Area of the Americas), or new agreements in areas such as Africa are promising areas for the United States to open export markets and ensure growing opportunities for years ahead.

U.S. Agriculture Will Pay a Price If Fast Track Is Not Granted

- *Most U.S. trading partners in this hemisphere have been active in forging closer ties with neighboring countries* in an effort to provide for economic growth and export opportunities for their agricultural producers.

- *For example, Argentina, Brazil, Paraguay, and Uruguay have formed a common market, MERCOSUR*, that provides significant trade preferences to each other in this rapidly expanding region. Chile, one of the best economic performers in Latin America, has been particularly aggressive, signing trade agreements with Bolivia, Colombia, Ecuador, Mexico, Venezuela, MERCOSUR, and most recently Canada. More than 30 bilateral and regional trade agreements are already operating here in the Western Hemisphere, and the United States 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.

- *The EU is already the world's largest trading bloc and is poised for major expansion in the next few years.* Through its "association agreements," the EU has already secured for its exporters a significant advantage in the emerging markets of Central and Eastern Europe. The only way to limit the effects of these agreements and of EU expansion, particularly in agriculture, is by negotiating further multilateral liberalization in the next round of WTO talks.

- *As a low-cost supplier of high-quality foods, the United States is well positioned to benefit substantially from trade liberalization among the 18-member APEC group.* Reducing tariffs in the fast-growing countries of the Pacific Rim could provide a dramatic boost to U.S. exports of consumer-oriented products. Without fast track, the U.S. commitment to economic development and future trade growth in the region will not be taken seriously.

- *As long as the United States lacks fast track authority, we won't be able to make any progress in the WTO.* Without a negotiating mandate, the U.S. will lack credibility to push for a fast start on WTO agriculture negotiations scheduled to start at the end of 1999. Further multilateral trade negotiations in the WTO are the most effective way to open a range of markets of interest to U.S. producers and exporters. In contrast to a web of bilateral and regional arrangements, WTO negotiations can ensure that U.S. exporters have the same chance to compete in foreign markets and allow U.S. negotiators to push for concessions that benefit all U.S. industries.

AUTOMOTIVE INDUSTRY

Fast Track means expanding trade, creating more higher paying jobs, improving our standard of living and maintaining America's global leadership. With Fast Track, the President will keep breaking down barriers to our products and services. He has outlined his broad trade objectives for opening markets in Asia, Latin America, Africa and elsewhere.

Flexibility is needed to negotiate agreements and increase exports in sectors where the United States is most competitive, such as agriculture, medical equipment, telecommunications and environmental equipment. Exports support an estimated 11.5 million American jobs, including one in five manufacturing jobs and over the last four years have created 1.7 million new jobs.

We face a critical choice: shape the global economy to America's advantage, or turn back and fail to compete for new business, new contracts and new jobs. It is particularly important to the U.S. automotive industry and its workers that we negotiate from a position of strength. Fast Track will give us that advantage.

Below are useful facts about the U.S. automotive industry and some of the difficulties our companies face around the world.

The automotive industry is one of the United States largest manufacturing industry

- The industry and its suppliers generates 5.4 percent of GDP.
- Over 1.2 million workers are directly employed in the automotive industry.

Exports have become increasingly important to this industry

- U.S. automotive parts exports, which supply the majority of industry exports, totaled $40.8 billion in 1996 and are expected to grow 9 percent annually through 2002.
- Automotive parts exports represent more than one quarter of total parts production.
- U.S. vehicle exports totaled $24.4 billion in 1996 and should grow 5 percent annually through 2002. Vehicle exports are a significant share (almost 3%) of total U.S. exports.
- U.S. exports of motor vehicles account for 7.6 percent of worldwide vehicle exports while U.S. parts exports represent 17.5 percent of the worldwide export market.

FTAA and Asian countries are the some of the greatest potential growth markets

- Vehicle unit sales in Asia (excluding Japan) grew 65 percent between 1990 and 1995 and may grow another 60 percent by 2005. Vehicle sales to Japan grew 207% between 1992 and 1996. FTAA markets also are exploding. Sales in Brazil may grow 55 percent in the next five years.

- U.S. parts exports to the big emerging markets (excluding Mexico) are expected to more than triple from the current $3 billion to $10 billion in 2010. Exports to FTAA markets will grow from $1.7 billion to $5.6 billion. Exports to ASEAN nations are also expected to triple from $600 million to $2.1 billion during this period.

- Between 1990 and 1996, U.S. vehicle exports to the big emerging markets (excluding Mexico) rose from almost $1 billion to $1.5 billion and are estimated to reach $6.1 billion by 2010. Export growth to FTAA nations will be stronger and could more than double from $1.3 billion to $3 billion.

The automotive industry is one of the world's most highly protected

- By the turn of the century, the total ASEAN market is expected to exceed 2 million units, and Thailand's production capacity alone will exceed 1.3 million. However, major barriers to entry exist, including local content requirements and tariffs ranging from 35-200 percent with an average of 100 percent.

- China, Indonesia, and Malaysia have national car programs that discriminate against foreign vehicles and parts, and the Philippines and Vietnam are considering similar regimes.

- South African tariffs range from 43 percent to 57.5 percent. It also maintains significant non-tariff barriers like local content and export requirements.

- The MERCOSUR countries anticipate a doubling of demand for automobiles by the year 2000. Brazil maintains a highly restrictive import regime for those companies not invested in Brazil while Argentina provides tariff preferences to encourage local vehicle production.

- Left intact, these barriers will exacerbate economic distortions in global automotive markets and limit the ability of U.S. producers to achieve the most competitive level of production in the United States.

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

- To combat these problems, U.S. government and industry are attempting to pursue these issues in existing multilateral and regional fora, including the WTO, APEC, ASEAN Dialogue, and by enforcing U.S. trade laws.

- The United States has made an APEC proposal that would examine both "cooperative" elements such as standards issues as well as identify and address other trade barriers in the sector.

Competition doesn't wait for U.S. leadership

- Poland is the fastest growing market in Europe and new passenger car sales could be on the order of 400-500 thousand vehicles per year. Duty rates range to 35 percent, but a larger concern are preferences granted to the E.U. under the E.U. Association agreements.

- Intra-FTAA country agreements now completed or contemplated also could limit U.S. market access. Chile's trade agreements with Mexico and Canada providing for duty free entry of automotive goods from those countries provides an 11 percent price advantage over U.S. products.

CIVIL AIRCRAFT

Fast Track means expanding trade, creating more higher paying jobs, improving our standard of living and maintaining America's global leadership. With Fast Track, the President will keep breaking down barriers to our products and services. He has outlined his broad trade objectives for opening markets in Asia, Latin America, Africa and elsewhere.

Flexibility is needed to negotiate agreements and increase exports in sectors where the United States is most competitive, such as agriculture, medical equipment, tele-communications and environmental equipment. Exports support an estimated 11.5 million American jobs, including one in five manufacturing jobs and over the last four years have created 1.7 million new jobs.

We face a critical choice: shape the global economy to America's advantage, or turn back and fail to compete for new business, new contracts and new jobs. It is particularly important to the civil aircraft industry and its workers that we negotiate from a position of strength. Fast Track will give us that advantage.

Below are useful facts about the U.S. civil aircraft industry and some of the difficulties our companies face around the world.

Civil aircraft is a vital national industry

- The U.S. civil aircraft industry supports over 450,000 high-wage, highly-skilled jobs.
- Aerospace workers earn an average of 45 percent more than other manufacturing workers.

Export markets are essential to the civil aircraft industry

- One out of every two civil aircraft manufactured in the U.S. is exported.
- U.S. exports grew 18 percent between 1995 to 1996, from $25 billion to $29 billion.
- The industry generated a trade surplus in civil aircraft, engines, and parts of $18 billion in 1996.
- The U.S. share of worldwide orders (excluding the newly independent states of the former Soviet Union) for large, civil aircraft is about 70 percent. Airbus Industrie (European consortium) accounts for about 30 percent.

Low and middle income country markets are the fastest growing markets for U.S. producers.

- Asia has become the fastest growing foreign market for U.S. civil aircraft, accounting for about 45 percent of U.S. civil aircraft exports in 1996.
- U.S. civil aircraft sales to India have more than quadrupled in the last five years.

- Within ASEAN, there is a large and growing demand for airport and ground support equipment. Almost all of Thailand's demand must be met by imports. The Philippines has initiated a $3 billion refleet and modernization program. Singapore is a major purchaser of Boeing aircraft, and nine out of every ten dollars of civil aerospace industry output in Singapore is in aircraft repair and overhaul operations.

- Korea is in the midst of a major civil aviation expansion; a ten year procurement program envisions the purchase of some 230 aircraft worth about $20 billion.

- Currently, Poland has one of the youngest fleets in the world -- largely through purchases and leases with Boeing.

High tariffs and government subsidization are major barriers.

- Most U.S. competitors are heavily subsidized.

- Many foreign airlines are government-owned or controlled. These airlines are subject to political pressures from governments which support foreign competitors (such as Airbus Industrie) over U.S. manufacturers.

- Low and middle income country tariffs range from 3 to 40 percent while the U.S. has no tariffs.

- The use of offset requirements in markets such as South Africa can distort economic efficiencies. Aircraft and parts are our fourth and third largest exports to South Africa.

Fast track will help strengthen U.S. effortst to reduce trade barriers and expand international markets which will be key to maintain U.S. competitiveness and innovation.

- Like the ITA, the U.S. is pursuing in APEC further sectoral liberalization on civil aircraft.

- A Free Trade Area of the Americas would eliminate barriers to U.S. sales, and provide a powerful incentive to purchase U.S. civil aircraft rather than those of Airbus Industrie.

- Current WTO negotiations on establishing elements of a transparency agreement to offer the opportunity to secure more transparency in foreign government bids, to the benefit of U.S. firms and workers.

Competition doesn't wait for U.S. leadership

- Canada is competitive in Latin America, especially in the business and regional jet aircraft sectors. Canada already has an FTA 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

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We face a critical choice: shape the global economy to America's advantage, or turn back and fail to compete for new business, new contracts and new jobs. It is particularly important to the U.S. energy equipment industry and its workers that we negotiate from a position of strength. Fast Track will give us that advantage.

Below are useful facts about the U.S. energy equipment industry and some of the difficulties our companies face around the world.

The energy equipment industry has growing employment totaling about 350,000 U.S. workers.

- Shipments in 1995 were $51.6 billion.

The export market is vital to sustained growth in the industry

- 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.

- As demand in the U.S. has leveled-off, manufacturers are increasingly looking to export markets. Exports account for an estimated 34 percent of the U.S. industry's product shipments. By 2005, energy equipment exports are expected to exceed domestic shipments.

- The estimated annual future growth rate of shipments for the industry as a whole over the next decade is expected to average 5 percent while the estimated growth rate for energy sector exports is expected to average 12 percent.

The demand for energy in low and middle income countries is expected to grow at more than twice the rate of industrialized countries

- Low and middle income countries are implementing policies designed to encourage private investment in resource development, such as removing bans on foreign investment. This should translate into more opportunities for U.S. companies in oil and gas exploration, as well as other aspects of energy services.

- Growing at 4.2 percent per year, Asian energy consumption spurred by strong economic growth will reach 60 percent of that of the industrialized world by 2015.

- Thailand is expected to invest about $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.

- U.S. companies currently supply 66 percent of Indonesia's demand for oil exploration and production equipment.

- Venezuela may become an increasingly important market as it is opening up its petroleum sector to foreign participation in exploration and production. The sector accounts for 25 percent of GDP and nearly three-quarters of the country's export earnings.

- The electric power systems market in Korea will continue to grow through economic development and increased consumer demand. The market this year amounts to nearly $12 billion and is likely to grow 10-20 percent next year.

Non-tariff measures are principal barriers to increased exports

- Non-transparent and/or discriminatory procurement procedures inhibit U.S. exports.

- Inadequate regulatory and investment frameworks hinder U.S. firms doing business in many low and middle income countries.

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

- To combat these problems, U.S. government and industry are attempting to pursue these issues in existing multilateral and regional fora, including the WTO, APEC, ASEAN Dialogue, and by enforcing U.S. trade laws.

- Current WTO negotiations on establishing elements of a transparent agreement offer the opportunity to secure more transparency in foreign government bids, to the benefit of U.S. firms and workers.

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 United States supplies one-third of that. Tariffs range to 24 percent.

- With U.S., German and Japanese companies providing almost equal shares of energy equipment in world markets (14 percent, 17 percent and 18 percent respectively), any preferential access to low and middle income countries markets achieved by the U.S. competitors could be seriously detrimental to U.S. exports.

- The United States is the second largest supplier of electrical power systems to Thailand (behind Japan) and has only about one-sixth of the Philippines imports of electric power system equipment.

ENVIRONMENTAL TECHNOLOGIES AND SERVICES

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We face a critical choice: shape the global economy to America's advantage, or turn back and fail to compete for new business, new contracts and new jobs. It is particularly important to the U.S. environmental technologies and services industries and their workers that we negotiate from a position of strength. Fast Track will give us that advantage.

Below are useful facts about the U.S. environmental technologies and services industries and some of the difficulties our companies face around the world.

Environmental technologies equipment and services (ETE) is one of the fastest growing industry sectors worldwide

- This document includes products and services in the following areas: air pollution and treatment; water and wastewater; hazardous and solid waste; noise abatement; energy conservation; instrumentation and monitoring; and related services. All statistics in the document were compiled by the California Environmental Business International.

- The U.S. environmental technologies (ET) industry employed about 1.3 million Americans in 1995.

- More than 25,000 new jobs were created in this sector in the U.S. in 1995.

- The U.S. environmental technologies industry reached $180 billion in revenues in 1995, a 4.3 percent increase over 1994.

International markets are increasingly important to the ET industry

- Revenue generated outside the U.S. accounted for 8.1 percent of the U.S. industry's 1995 total earnings, compared to only 6.7 percent in 1994.

- U.S. ET exports increased 26 percent from $11.5 billion in 1994 to $14.5 billion making the U.S. the world's largest supplier.

- Growth in exports was responsible for 40 percent of the $7.5 billion in 1995 ET industry growth.

Access to overseas markets, especially low and middle income countries, are essential to U.S. firms

- The global market is projected to grow from about $440 billion in 1995 to approximately $600 billion by the year 2010.

- A 17 percent growth rate is expected in Asia (exclusive of Japan), and the South American market is expected to grow by 12 percent. By contrast, the Japanese market is expected to grow only 2 percent and Western Europe by 4 percent.

Opportunities abound for U.S. environmental technology

- While the U.S. enjoys over $14 billion in environmental exports only 8 percent of the U.S. environmental industry's revenue comes from exports. Major competitors, such as Germany and Japan, export in excess of 20 percent of production.

- Venezuela expects to spend more than $1 billion between now and 2001 for water treatment alone. Currently, there are no major import barriers but trade is small. U.S. firms hold about a three-fifths share.

- Asian countries represent a significant growth potential for U.S. exporters of environmental technology. The market in Indonesia exceeds $1.3 billion (of which $300 million is from the United States). 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 percent per year through 2000.

- In Korea, a major portion of the rapidly growing environmental technology market ($1.4 billion in 1996) is supplied by local manufacturers; U.S. exports amounted to less than 10 percent of the market. The market is expected to grow substantially through at least 1998. The tariff rate is 8 percent.

Fast Track will strengthen U.S. efforts to reduce trade barriers and expand international markets which will be key to maintain U.S. competitiveness and innovation

- Many of the ET opportunities in overseas markets are in public works contracts by foreign governments. However, the vast majority of low and middle income countries have not signed the WTO Government Procurement Code.

- The USG can negotiate government procurement obligations in plurilateral negotiations.

- Like the ITA, the U.S. is pursuing in APEC further sectoral liberalization on products in this sector.

Competition doesn't wait for U.S. leadership

- Brazilian experts expect $10 billion in new investment through the year 2000 as Brazil addresses significant environmental concerns. U.S. exports last year amounted to about $100 million. Tariffs range to 18 percent, although Mercosur partners receive duty free treatment, and other members of ALADI (Latin American Integration Association) receive a 60 percent duty reduction. In some cases, local participation is required for foreign investors.

- Poland has made a significant commitment to environmental clean-up and investments in the sector now account for over one percent of GDP. The pollution control equipment market exceeded $400 million in 1996, and imports amounted to over three-quarters of that. The most promising areas for U.S. firms include: air pollution control, wastewater treatment, and waste disposal. Duties are in the 9-11 percent range, but European competitors receive significant preferences.

INFORMATION TECHNOLOGY INDUSTRIES

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We face a critical choice: shape the global economy to America's advantage, or turn back and fail to compete for new business, new contracts and new jobs. It is particularly important to U.S. information technology industries and their workers that we negotiate from a position of strength. Fast Track will give us that advantage.

Below are useful facts about U.S. information technology industries and some of the difficulties our companies face around the world.

The information technology industries are vital to the U.S. economy

- U.S. information technology companies have operations in all 50 states and generate over 3.5 million domestic jobs directly and indirectly; this sector provides predominantly high-wage employment.

- Information technology industries have become the back-bone of the U.S. and global economy. Information technology has become integrated into all modern business transactions and is an engine of growth in global trade.

- In 1996, U.S. shipments for computer hardware, telecom equipment and electronic components was $166.4 billion.

U.S. manufacturers are global leaders

- Through diligent efforts to improve competitiveness, U.S. industry has taken back leadership in global market share, including: semiconductors, semiconductor manufacturing equipment, and printed circuit board production.

- Computer software alone, is the third largest manufacturing industry in the U.S. economy in terms of value-added and was estimated to be worth approximately $66.8 billion in 1996.

- In 1996, U.S. telecom equipment shipments were valued at $56 billion, accounting for one-third of world-wide shipments. One reason that U.S. telecommunications technology is so competitive is that the United States was the first country to open its market to competition in 1984.

Exports are an essential component of info-tech companies market strategy

- U.S. computer hardware, telecom equipment and electronic component companies exported an estimated $90.9 billion in 1996. Info-tech companies as a whole export over one third of their production.

- Due to dramatic growth in technology markets world-wide, U.S. IT companies are becoming export dependent; thus, exports are vital to U.S. competitiveness.

Access to low and middle income countries is critical to this strategy

- Emerging markets are the engine for future growth. Asia and Latin America technology markets, in particular, will continue to experience double digit growth rates, at least double the rate of U.S. and European markets.

- Brazil has the largest telecom sector in Latin America with a market worth nearly $ 8 billion in 1996, however, tariff rates are up to 32 percent.

Tariffs and non-tariff measures block access to emerging markets

- Export growth would be greatly enhanced for all information technology products if tariff and non-tariff measures were reduced among U.S. trading partners through the broadening of agreements such as the recent Information Technology Agreement.

- Non-tariff measures (NTMs) are the most significant barriers to export growth of U.S. information technology products.

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

- To combat these problems, U.S. government and industry are attempting to pursue these issues in existing multilateral and regional fora, including the WTO, APEC, ASEAN Dialogue, and by enforcing U.S. trade laws.

- U.S. info-tech companies place high priority on the implementation of tariff elimination under ITA-I. Additionally, they strongly support new and expanded coverage under ITA -II, such as expansion of product coverage and country signatories, and addressing the removal of NTMs.

Competition doesn't wait for U.S. leadership

- Since the Mercosur countries chose not to join the Information Technology Agreement, the FTAA is very important to U.S. IT companies. U.S. competitors are targeting Latin America as a market priority. Already, the European Union has signed a framework agreement with the Mercosur partners, which could give advantages to European products in the key emerging markets of Latin America.

- Preferences granted in Central Europe to the European Union under its association agreements to members like Hungary who have not yet joined the ITA may hinder U.S. exports. These preferences arise in several countries and the situation could worsen once they are fully phased in. This can be particularly difficult in the technology sector, where for example, tariff preferences can be as high as 15 percent.

MEDICAL EQUIPMENT

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We face a critical choice: shape the global economy to America's advantage, or turn back and fail to compete for new business, new contracts and new jobs. It is particularly important to the U.S. medical equipment industry and its workers that we negotiate from a position of strength. Fast Track will give us that advantage.

Below are useful facts about the U.S. medical equipment industry and some of the difficulties our companies face around the world.

The medical device industry is one of the fastest growing U.S. industries and employs 261,000 high-wage, highly-skilled U.S. workers

- The industry is a top high-tech innovator and serves as an engine of growth for other high-tech sectors such as semiconductors.
- 13 of the 20 largest medical technology companies in the world are U.S. owned.
- The U.S. medical device industry is expected to grow 6 percent annually over the next 5 years. Key to this growth will be our ability to supply the increasing demand in Asia and South America for these products.

Medical device export markets are crucial to the industry

- Total medical device exports reached $11 billion in 1996, a 14 percent rise from 1995. The sector has a record-high trade surplus of $5 billion.
- Exports as a share of industry shipments were 20 percent in 1990 but were 25 percent in 1996. By 2005, 30 percent of industry shipments could be bound for export.
- The U.S. has 28 percent of the worldwide market but faces stiff competition from Japan and the EU which together account for 50 percent of the worldwide market.

Access to low and middle income countries are central to increased U.S. exports

- Since 1990, U.S. medical devices exports to China, ASEAN and the other big emerging markets (excluding Mexico) doubled, reaching $2 billion in 1996, while U.S. exports to the world increased by only 12 percent at an average annual rate of about 12 percent.

- Health care reform and hospital privatization in many emerging markets will spiral demand for U.S. products.

- Thailand's medical device market exceeds $600 million, and Indonesia's market has been growing by over 10 percent annually. Malaysia has budgeted $1.4 billion this year to upgrade health care quality, and Singapore has over $500 million earmarked for redevelopment projects.

- Brazil's large market for medical equipment and supplies (estimated to be $1.2 billion in 1996) is expected to continue strong growth as IFI loans ($715 million) continue to upgrade the sector. Total U.S. exports amounted to over $250 million in 1996, which accounted for about half of all imports. Tariffs range up to 20 percent while imports from Argentina and Chile are duty free.

The industry faces tough barriers in low and middle income countries

- Barriers 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 standards regulations which will negatively impact U.S. medical device manufacturers.

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

- Like the ITA, the U.S. is pursuing in APEC further sectoral liberalization on medical equipment.

- Many opportunities in overseas markets are in contracts by foreign governments. However, the vast majority of low and middle income countries have not signed the WTO Government Procurement Code.

- The USG can negotiate government procurement obligations in plurilateral negotiations.

Competition doesn't wait for U.S. leadership

- Global demand for U.S. medical products may shift to European and Japanese suppliers if the U.S. fails to negotiate critical trade agreements, such as the APEC sectoral initiative, which will completely eliminate tariffs and reduce regulatory and standards barriers.
- U.S. competitors are already negotiating trade agreements with low and middle income countries. For example, the EU has signed a framework agreement with the Mecosur partners, which potentially will give European medical device firms an advantage over the United States.
- Poland's medical budget is 4.6 percent of GDP. Imports accounted for over $300 million in 1996 -- less than 10 percent of which come from the United States. European competitors receive duty-free treatment while U.S. exports face a 10 percent price disadvantage.

PHARMACEUTICALS

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We face a critical choice: shape the global economy to America's advantage, or turn back and fail to compete for new business, new contracts and new jobs. It is particularly important to the pharmaceuticals industry and its workers that we negotiate from a position of strength. Fast Track will give us that advantage.

Pharmaceutical manufacturing and research is a key U.S. industry

- The Pharmaceuticals industry and its suppliers employ over 218,000 workers, and represents about 1 percent of U.S. GDP with total sales of $80 billion in 1995.

- The U.S. is the world leader in discovering and developing new medicines. Of the 265 major new drugs developed between 1970 and 1992, almost half originated from U.S. firms.

- The U.S. pharmaceutical industry is the world center for R&D in pharmaceuticals. In 1996, R&D expenditures represented 16 percent of total industry sales.

Exports are vital to pharmaceutical manufacturers

- Total U.S. pharmaceutical exports reached $8.9 billion in 1996, an 11 percent rise from 1995.

- Exports are expected to increase as demand for better health care accompanies rising living standards throughout the world.

- Exports are expected to grow between 7 and 9 percent through 2000.

- Exports as a percentage of shipments has been steadily rising since 1990 and was 11.2 percent in 1995.

Low and middle income countries offer significant growth potential for U.S. pharmaceutical exports

- U.S. pharmaceutical exports to ASEAN countries (Singapore, Indonesia, Thailand, Malaysia, Philippines, Brunei and Vietnam) increased about 50 per cent since 1993.

- Korea imports U.S. pharmaceuticals at twice the rate of total imports.

- Exports to Latin America grew 43 percent.

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

- Adequate patent, trademark, and trade secret protection for pharmaceutical products is essential for the development of new products and is critical for stimulating U.S. pharmaceutical trade and investment in growing markets in Asia, Latin America, Russia and other countries in the Newly Independent States.

- Additional barriers which need to be removed include discriminatory registration requirements, illicit business and pharmaceutical marketing practices and discriminatory government procurement rules. All of these severely limit US companies ability to compete on a level playing field.

- Korea does not provide national treatment with respect to reimbursement under its national health insurance system, discouraging end-users from buying imported pharmaceuticals.

- To maintain competitiveness, the U.S. industry must overcome international obstacles such as the lack of intellectual property protection; international regulatory approval; and lack of legal predictability. For pharmaceutical trade and investment to flourish it must have a business environment that offers a transparent and consistent legal framework.

- U.S. industry estimates that if trade barriers in the Andean Community (Bolivia, Colombia, Ecuador, Peru and Venezuela) were removed, U.S. sales could increase in the range of $100 - $500 million. This is also true with respect to removal of trade barriers in the Korean market.

- According to U.S. industry, removal of trade barriers in Argentina could increase U.S. pharmaceutical sales by $500 million.

Competition doesn't wait for U.S. leadership

- Brazil is the fourth largest market for pharmaceutical products in the world and is growing at 17 percent per year. Tariffs range from 0 to 14 percent, yet are not applied to Mercosur partner Argentina which has a major drug manufacturing industry.

- Japan is developing new markets in Europe and Asia and is investing heavily in R&D in a bid to catch up with its foreign competitors.

- Given the steady increase in R&D costs, the ability to develop new drugs and new global markets is expected to play an even greater role in determining the long-term growth of the U.S. pharmaceutical industry.

SERVICES

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We face a critical choice: shape the global economy to America's advantage, or turn back and fail to compete for new business, new contracts and new jobs. It is particularly important to U.S. service industries and their workers that we negotiate from a position of strength. Fast Track will give us that advantage.

Below are useful facts about the U.S. service industries and some of the difficulties our companies face around the world.

The services sector is by far the largest component of the U.S. economy

- Four out of five private sector non-farm jobs are in the U.S. economy's service sector - 81 million in 1996.

Exports of services by U.S. firms supported and 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 just since 1990.

- In 1995, U.S. services exports accounted for 16 percent of global services exports; our closest competitors that year were France (8 percent), and Germany, Italy, Japan and the U.K. (between 5 and 6 percent)

- With services exports estimated to reach $300 billion by 2005 and $350 billion by 2010, the future growth in services exports is tremendous. With the expanding electronic commerce market, the growth trend in the service sector may easily surpass these estimates.

- Take for example the healthcare 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.

Emerging markets are the fastest growing export markets

- U.S. exports to emerging markets have grown at impressive rates: nearly 30 percent to China, Taiwan and Korea; and over 20 percent to Hong Kong and Argentina.

- United States 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.

- In Korea, transportation services account for over 6 percent of GDP, with growth of over 15 percent annually during this decade.

- Korea's construction and engineering markets could reach over $22 billion per year.

Unless negotiated away, barriers can inhibit increased U.S. exports

- Brazil has restrictive investment laws, lack of transparency in administrative procedures, and limits on foreign capital participation. The Brazilian Constitution prohibits new foreign entries into the financial sector; the government reserves the right to refuse entry to managers or executives associated with providing a service if they do not provide new technology, increase productivity in Brazil, or attract new investment.

- In Korea, a number of service sectors remain restrictive for foreign investment, including audio-visual services, insurance, telecommunications, and advertising.

- Distribution in the domestic market is restricted in Indonesia. Under Thai law, foreigners are prohibited from working in certain professions; and Malaysia maintains restrictions on advertising and radio/tv content.

- India maintains a variety of restrictions on services operations: investments in insurance are prohibited (except in narrowly defined segments); in banking, they are severely regulated although U.S. firms are active in financial services with domestic firms.

- South Africa fails to provide adequate intellectual property rights with respect to franchising. The estimated market size of fast food franchising in South Africa is $300 million.

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- To combat these problems, U.S. government and industry are attempting to pursue these issues in existing multilateral and regional fora, including the WTO, APEC, ASEAN Dialogue, and by enforcing U.S. trade laws.

FOREST PRODUCTS

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We face a critical choice: shape the global economy to America's advantage, or turn back and fail to compete for new business, new contracts and new jobs. It is particularly important to U.S. forest product industries and their workers that we negotiate from a position of strength. Fast Track will give us that advantage.

Below are useful facts about U.S. forest product industries and some of the difficulties our companies face around the world.

America's forest products industry, with annual sales of $199 billion, employs more than 1.3 million workers

- The U.S. forest products industry is one of the top ten U.S. manufacturing industries and is among the top ten manufacturing industries in 46 states.

Export markets are increasingly vital to U.S. forest products companies

- More than 60 percent of the industry's increased output is directly tied to increased exports.
- From 1986 to 1996, exports grew annually 11.5 percent to $17.5 billion in 1996. Yet, domestic sales increased less than 2 percent annually.
- Exports accounted for an estimated 9 percent of the U.S. industry's product shipments in 1996 compared to only 5 percent in 1986.
- Future growth for the industry over the next five years is expected to be 2 percent in the United States, but 4 percent in U.S. exports of forest products.

Low and middle income countries, particularly the Big Emerging Markets, hold the greatest promise for future economic growth

- U.S. exports of forest products to the big emerging markets in 1996 were $3.7 billion, growing more than twice as fast as exports to the rest of the world.
- In the ASEAN countries, demand for imports is strong, especially in Indonesia which relies heavily upon paper pulp and waste paper imports (60 percent of which comes from the United States). Yet, Indonesia's wood product sector is heavily protected.
- South Africa imports about $125 million per year in wood/paper products. Although the U.S. share is currently small but is expected to increase as the government moves to allow private sector equity participation in the state-owned forestry and forest products company. Tariffs range up to 30 percent. The EU is currently negotiating a preferential trade agreement with South Africa that could further disadvantage these exports.

The future growth in U.S. exports will depend on the further opening of key international markets, including Asian and Latin American countries

- U.S. producers face considerably higher market access barriers (both tariff and nontariff) in a number of key foreign markets.
- U.S. exports to India are minuscule ($2 million), and tariffs are as high as 43 percent on paper/paper products.
- Low and middle income countries have much higher tariffs than the U.S. average rate of less than 2 percent. For example, the import duty for ASEAN countries and South America averages 12 percent and 15 percent respectively.
- Prescriptive product standards, especially in low and middle income countries, further inhibit expansion of forest products exports, especially for lumber and solid wood products.

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

- To combat these problems, U.S. government and industry are attempting to pursue these issues in existing multilateral and regional fora, including the WTO, APEC, ASEAN Dialogue, and by enforcing U.S. trade laws.
- Like the ITA, the U.S. is pursing in APEC further sectoral liberalization on wood and paper products.

TO THE CONGRESS OF THE UNITED STATES:

I am pleased to transmit a legislative proposal entitled the "Export Expansion and Reciprocal Trade Agreements Act of 1997." Also transmitted is a section-by-section analysis.

This proposal would renew over 60 years of cooperation between the Congress and the Executive Branch in the negotiation and implementation of market-opening trade agreements for the benefit of American workers and companies.

The sustained, robust performance of our economy over the past five years is powerful proof that Congressional-Executive cooperation works. We have made great strides together. We have invested in education and in health care for the American people. We have achieved an historic balanced budget agreement. At the same time, we have put in place trade agreements that have lowered barriers to American products and services around the world.

Our companies, farms, and working people have responded. Our economy has produced more jobs, more growth, and greater economic stability than at any time in decades. It has also generated more exports than ever before. Indeed, America's remarkable economic performance over the past five years has been fueled in significant part by the strength of our dynamic export sector. Fully 96 percent of the world's consumers live outside the United States. Many of our greatest sales opportunities today lie outside our borders. The future promises still greater opportunities.

Many foreign markets, especially in the developing world, are growing at tremendous rates. Latin American and Asian economies, for example, are expected to expand at three times the rate of the U.S. economy over the coming years. Consumers and industries in these countries prize American goods, farm products, and services, and the many expressions of American ingenuity and culture. While America is the world's greatest exporting nation, we need to do more if we want to continue to expand our own economy and produce good, high-wage jobs for our children.

We have made real progress in breaking down barriers to American products around the world, particularly in developed countries like those in Europe. But many of the nations with the highest growth rates are in the developing world, and they almost invariably impose far higher trade barriers than we do. We need to level the trade playing field with those countries. They are the nations whose markets hold the greatest potential for American workers and firms.

Today, the United States is the world's strongest competitor. The strength of the U.S. economy over the past several years is testimony to the creativity, productivity, and ingenuity of American firms and workers. We cannot afford to squander our great advantages by retreating to the sidelines and watching other countries conclude preferential trade deals that shut out our goods and services. Over twenty such agreements have been concluded in Latin America and Asia since 1992. The United States must continue to shape and direct world trade to our advantage, and to foster democracy and stability around the world.

I have pledged my Administration to this task, but I cannot fully succeed without the Congress at my side. We must work in partnership, together with the American people, in securing our country's future. The United States must be united when we sit down at the negotiating table. Our trading partners will only negotiate with one America -- not first with an American President and next with an American Congress.

The proposal I am sending you today ensures that the Congress will be a full partner in setting negotiating objectives, establishing trade priorities, and in gaining the greatest possible benefits through our trade agreements. The proposal goes well beyond any previous fast-track legislation in ensuring that the Congress is fully apprised and actively consulted throughout the negotiating process. I am convinced that this collaboration will strengthen both America's effectiveness and leverage at the bargaining table.

Widening the scope of consultations will also help ensure that we will take all of America's vital interests into account. That is particularly important because today our trade agreements address a wider range of activities than they one did. As we move forward with our trade agenda, we must continue to honor and reinforce the other values that make America an example for the world. I count chief among these values America's long-standing concern for the rights of workers and for the environment. The proposal I am transmitting to you recognizes the importance of those concerns. It makes clear that the trade agreements we conclude will complement and reinforce those values.

Ever since President Roosevelt proposed and the Congress enacted America's first reciprocal trade act in the heart of the Great Depression, the Congress and the President have been united, on a bipartisan basis, in supporting a fair and open trading system. Our predecessors learned from direct experience the path to America's prosperity. We owe much of our own prosperity to their wisdom. I urge the Congress to renew our long-standing partnership by approving the proposal I have transmitted today.

Section-by-Section Analysis

Section 1. Short Title.

Section 2. Negotiating Objectives.

Section 2 of the proposal sets out the "overall" and "principal" objectives that will guide the President in negotiating future trade agreements covered by the proposal. This format parallels that of section 1101 of the Omnibus Trade and Competitiveness Act of 1988, which in turn was based on a similar structure in the Trade Act of 1974.

In order for a trade agreement to qualify for fast-track treatment, it must make progress toward one or more of the principal objectives set out in section 2(b). These objectives address, among other subjects, agricultural exports, intellectual property, the protection of worker rights and the environment under the World Trade Organization, trade in services, U.S. foreign investment, and specific barriers to trade, including foreign government policies and practices directly related to trade.

Section 2(c) calls on U.S. negotiators to take important domestic policy objectives, such as the protection of human health and the environment and national security, into account when negotiating fast track trade agreements. Negotiators are also instructed to ensure that the United States will retain the ability to vigorously enforce U.S. trade laws and that official Congressional advisors are kept fully informed during the course of trade negotiations.

Section 3. Proclamation Authority and Fast-Track Implementing Proposals.

Section 3(a) provides the President with authority to reduce U.S. tariff rates -- without seeking further approval from the Congress -- in return for concessions from U.S. trading partners. Much of the language on this subject is derived from earlier versions of tariff proclamation authority, with antecedents dating back to the mid-1930s. The proposal adds a provision that will allow the President to implement new sectoral tariff harmonization or elimination agreements under the World Trade Organization, subject to a Congressional notice and layover requirement. The proposal also permits the President to carry out tariff elimination and harmonization agreements, subject to notice and layover, concluded as an interim step towards a regional free-trade arrangement.

Section 3(b) provides that the President may negotiate and bring back to the Congress for approval and implementation under the fast track procedures set out in section 151 of the Trade Act of 1974 certain trade agreements addressing non-tariff barriers or both non-tariff and tariff barriers. Those procedures call for the Congress to vote on agreements and their implementing legislation without amendment and within a fixed period. Changes in U.S. law required to carry out a trade agreement may be included in fast track implementing legislation only if the changes are both necessary or appropriate to implement the agreement and are trade-related. For an implementing bill to be subject to fast-track Congressional review, the President must adhere to numerous notice and consultation requirements included in the proposal.

Under the proposal, the President's tariff proclamation authority, as well as fast track procedures for implementing legislation, will be in effect until October 1, 2001. On request from the President, proclamation authority and fast track procedures may be extended until October 1, 2005, subject to disapproval by either House of Congress.

Sections 4 and 5. Notice, Consultations, and Implementation.

Sections 4 and 5 contain a number of provisions requiring the President to notify and consult with the Congress before and during trade negotiations. These provisions ensure that the Congress is fully integrated into the formulation of U.S. goals, strategies, and decision-making for each trade negotiation. Section 5 establishes an expedited procedure for Congress to withdraw fast track if it finds that the Administration is not adequately consulting the Congress on trade negotiations.

A number of the notice and consultation requirements included in sections 4 and 5 are drawn from equivalent provisions in the Omnibus Trade and Competitiveness Act of 1988. For example, the President must provide advance notice to the Congress before initiating a negotiation and must consult with the Congress before an agreement is concluded. The President must also describe in detail at the time he submits implementing legislation to the Congress how he intends to use existing regulatory and administrative authority to carry out the agreement.

The proposal also provides for Congress and the President to receive advice from the relevant private sector advisory committees concerning any agreement that the President has negotiated -- before it is signed. The advisory committees cover a broad range of sectors and policy matters, including manufactured goods, agricultural commodities, services, intellectual property, labor, and the environment. Under existing law, the President must also consult with these committees regarding his objectives and bargaining positions in the negotiations. In addition, in advance of the negotiations, the President must solicit advice from the United States International Trade Commission, as well as views from the public, concerning any U.S. tariff reductions contemplated in the negotiations.

The proposal adds new consultation requirements to further enhance Congressional oversight of the negotiation process. For example, the President must spell out for the Congress before negotiations begin his principal negotiating objectives and is required to consult with the Congress over the course of the negotiations. In addition, the President must inform the Congress of any other agreements he intends to conclude and must state whether the trade agreement will require implementing legislation in addition to that subject to fast-track procedures.

Section 6. On-going Negotiations.

The proposal waives the requirement for the President to provide advance notification to the Congress of certain negotiations initiated prior to enactment of the proposal. These include negotiations commenced in 1995 with the Government of Chile on a comprehensive trade agreement and certain negotiations currently in progress under the auspices of the World Trade Organization.

Section 7. Conforming Amendments.

The proposal makes changes to other statutes necessary to ensure that provisions of law applicable to fast track trade agreements continue to apply. For example, these amendments ensure that the public and private sector views are solicited regarding any trade negotiations initiated under the proposal.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

The Export Expansion and Reciprocal Trade Agreements Act of 1997

Today, President Clinton transmitted to the Congress the "Export Expansion and Reciprocal Trade Agreements Act of 1997." This proposal is designed to renew "fast track" procedures for trade agreements requiring Congressional approval and implementation as well as to renew the President's authority to proclaim tariff reductions pursuant to reciprocal commitments by U.S. trading partners.

The proposal reactivates a partnership between the President and the Congress that dates back over six decades. Recognizing that the high protective U.S. tariff walls it established in 1930 had only served to deepen the Depression, Congress four years later enacted the first reciprocal trade agreements act. In that act, Congress gave the President authority to negotiate mutual tariff reductions with our trading partners. Congress renewed that authority repeatedly over the years, and successive Presidents used the authority to dramatically reduce tariff barriers around the world.

"Fast track," first put in place under the Ford Administration, is further expression of partnership between the President and the Congress in bringing down barriers to U.S. exports. Fast track is a procedure under which the Congress and the President work together to ensure that the United States can effectively negotiate away non-tariff barriers -- such as quotas, protectionist product standards, and subsidies -- that foreign governments have increasingly substituted for tariffs to exclude U.S. products.

Fast track has been used to negotiate five major trade agreements, beginning with the Tokyo Round of GATT negotiations, signed in 1979. Fast track lapsed along with most of the President's tariff reduction authority three years ago.

The President's proposed legislation serves to reunite the Congress and the President in trade negotiations. The President's proposal, ensures that the Congress is fully integrated into the formulation of U.S. goals, strategies, and decision-making for each trade negotiation subject to fast track procedures. Because the Congress and the President are united under the proposal, it tells U.S. trading partners that they can trust the United States not to reopen trade deals after they are struck.

The proposal also renews the President's long-standing tariff authority. The proposal adds provisions specifically directed at eliminating tariffs in sectors of greatest economic interest to U.S. exporters. It also provides the President authority to carry out reciprocal tariff elimination agreements on a regional basis as a first step towards a regional free-trade arrangement.

The proposal calls for the President's renewed tariff authority and for the new fast track procedures to remain in effect until October 1, 2001. The President may request an extension of the proclamation authority and "fast track" procedures through September 30, 2005. The extension will take effect unless disapproved by either House of the Congress.

Key provisions of the proposal are as follows:

- The proposal sets out "overall" and "principal" trade negotiating objectives for the President. The objectives call on U.S. negotiators to seek, for example:

  -- to reduce foreign government barriers that discriminate or impose unreasonable regulatory barriers on services providers.

  -- to obtain adequate and effective protection for U.S. intellectual property rights and increased access to foreign markets for U.S. businesses that rely on intellectual property.

  -- To secure fairer and more open conditions of trade for U.S. food products.

-- To make the proceedings of international trade bodies more open to public view.

-- To promote through the World Trade Organization internationally recognized worker rights and sustainable development so that trade reinforces and complements labor rights and environmental protection.

-- To reduce specific foreign trade barriers that reduce market opportunities for U.S. exports or that distort U.S. trade.

- The President may negotiate and bring back to the Congress for fast track Congressional approval and implementation trade agreements addressing non-tariff barriers or both tariff and non-tariff barriers.

  -- Thus, fast track could be used to carry out agreements concluded as part of the trade negotiating agenda set out in the Congressionally-approved agreements administered by the World Trade Organization -- for example, further reductions in tariff and non-tariff barriers to agricultural trade.

  -- The President could use the renewed "proclamation authority" to carry out an agreement like the recent "Information Technology Agreement," which is reducing tariffs that foreign governments impose on billions of dollars of U.S. computer, electronic, and semiconductor products sold around the world.

  -- Finally, fast track could be used for bilateral or regional free-trade arrangements.

- In order for an implementing bill to qualify for fast-track procedures, the President must comply with numerous notice and consultation provisions designed to ensure that the Congress is a full partner with the President in critical trade negotiations. These provisions enable the Congress to set priorities, provide advice, and exercise oversight at all stages of the negotiations, and after the agreement is concluded. That means Congressional views will be fully reflected both in the final agreement and in the manner in which the agreement is to be carried out. Moreover, if the Congress concludes that the President has not adequately consulted the Congress regarding a proposed agreement, the proposal creates an expedited procedure for the Congress to refuse to apply fast-track procedures.

- The proposal adds to existing law in ensuring that the public is fully informed of the negotiations and that the President receives advice from both the private sector and the public concerning the negotiations.

- Among the requirements that the President must carry out in connection with fast-track negotiations are the following:

  -- The President must provide written notice to the Congress before initiating negotiations and must spell out in writing his principal objectives for the negotiations.

  -- The President must solicit views from the public, and the United States International Trade Commission, before making an offer in a trade negotiation to reduce U.S. tariffs. Under the proposal, the President must in addition issue a public notice of any agreement in advance of signing it.

  -- The President must consult with the Congress as negotiations progress and again before an agreement is concluded. The proposal calls on U.S. negotiators to keep official Congressional advisors fully informed regarding the negotiations.

  -- Before signing an agreement, the President must inform the Congress of any other agreements he intends to conclude with the countries concerned. He must also state his plans for implementing the trade agreement and whether the agreement will require additional legislation beyond that subject to fast-track procedures.

  -- Any fast-track agreement that the President concludes must make progress towards one or more of the principal trade negotiating objectives set out in the proposal.

- -- The proposal adds to the existing requirement that the President must seek the views of Congressionally-authorized private sector advisory committees during the course of the negotiations. These groups include advisory committees on goods, services, agriculture, intellectual property, labor, intergovernmental affairs, and the environment, among others. The proposal ensures that these committees also examine and provide their views to the Congress and the President on any proposed agreement -- before it is signed.

- -- The proposal requires the President to describe at the time he submits implementing legislation to the Congress how he intends to use existing regulatory and administrative authority to carry out the agreement. He must also explain in writing how the agreement meets Congressionally-mandated negotiating objectives and serves U.S. economic interests.

- -- Under well-established practice, the President collaborates with the Congress in drafting the implementing legislation and the legislation is subject to informal public hearings and "mark-ups" by all Congressional committees of jurisdiction before its introduction.

• Agreements for which the President has observed each of the proposal's notice, consultation, and other procedures are subject to fast-track consideration in the Congress. Fast track rules call for the Congress to vote on qualifying trade agreements and implementing legislation without amendment within 60 "legislative days" -- typically a period in excess of several months.

• Under the President's proposal, new statutory provisions or other changes in U.S. law required to carry out a trade agreement may be included in fast-track implementing legislation only if the changes are both: (1) necessary or appropriate to implement the agreement; and (2) related to trade. This requirement prevents fast-track bills from being used to enact non-trade provisions.

- Under the renewed "proclamation authority" the President would be authorized to carry out agreements that reduce by up to 50 percent U.S. tariffs that currently exceed 5 percent *ad valorem*. The President could eliminate duties of 5 percent or less. The proposal also allows the President to eliminate tariffs in connection with new multilateral reciprocal tariff agreements in particular sectors, as well as to carry out reciprocal tariff elimination agreements as a step towards regional free-trade areas.

# # #

A BILL

To establish procedures for notice, consultations, and implementation with regard to certain trade agreements, and for other purposes.

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled,

SEC. 1. SHORT TITLE.

ThisActmay be cited as the "Export Expansion and Reciprocal Trade Agreements Act of 1997".

SEC. 2. TRADE NEGOTIATING OBJECTIVES.

(a) OVERALL TRADE NEGOTIATING OBJECTIVES. - The overall trade negotiating objectives of the United States for agreements subject to the provisions of section 3 are -

(1) to obtain more open, equitable, and reciprocal market access;

(2) to obtain the reduction or elimination of barriers and distortions that are directly related to trade;

(3) to further strengthen the system of international

trading disciplines and procedures;

(4) to foster economic growth, raise living standards, and promote full employment in the United States and to enhance the global economy; and

(5) to address those aspects of foreign government policies and practices regarding labor, the environment, and other matters that are directly related to trade and decrease market opportunities for United States exports or distort United States trade.

(b) PRINCIPAL TRADE NEGOTIATING OBJECTIVES.-

(1) SPECIFIC BARRIERS. - The principal negotiating objectives of the United States regarding specific trade barrier and other trade distortions are to expand competitive market opportunities for United States exports and to obtain fairer and more open conditions of trade by reducing or eliminating tariff and nontariff barriers and policies and practices of foreign governments directly related to trade that decrease market opportunities for United States exports or distort United States trade.

(2) TRADE IN SERVICES. - The principal negotiating objective of the United States regarding trade in services

is to reduce or eliminate barriers to international trade in services, including regulatory and other barriers that deny national treatment and unreasonably restrict the establishment and operations of service suppliers.

(3) FOREIGN INVESTMENT. - The principal negotiating objective of the United States regarding foreign investment is to reduce or eliminate artificial or trade-distorting barriers to United States foreign investment by -

(A) reducing or eliminating exceptions to the principle of nondiscriminatory treatment;

(B) freeing the transfer of funds relating to investments;

(C) reducing or eliminating performance requirements and other unreasonable barriers to the establishment and operation of investments;

(D) establishing standards for expropriation and compensation for expropriation consistent with United States legal principles and practice; and

(E) providing meaningful procedures for resolving investment disputes.

(4) INTELLECTUAL PROPERTY. - The principal

negotiating objectives of the United States regarding trade-related intellectual property are -

(A) to further promote adequate and effective protection of intellectual property rights, including through -

(i) ensuring full implementation of the Agreement on Trade-Related Aspects of Intellectual Property Rights referred to in section 101(d)(15) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(15)), and achieving improvements in the standards of that Agreement;

(ii) providing strong protection for new and emerging technologies and new methods of transmitting and distributing products embodying intellectual property;

(iii) preventing or eliminating discrimination with respect to matters affecting the availability, acquisition, scope, maintenance, use, and enforcement of intellectual property rights; and

(iv) providing strong enforcement of intellectual property rights, including through accessible, expeditious, and effective civil, administrative, and criminal enforcement mechanisms; and

(B) to secure fair, equitable, and nondiscriminatory market access opportunities for United States persons that rely upon intellectual property protection.

(5) TRANSPARENCY. - The principal negotiating objective of the United States with respect to transparency is to obtain broader application of the principle of transparency through -

(A) increased and more timely public access to information regarding trade issues and the activities of international trade institutions; and

(B) increasing the openness of dispute settlement proceedings, including under the World Trade Organization.

(6) AGRICULTURE. - The principal negotiating objective of the United States with respect to agriculture

is to achieve fairer and more open conditions of trade in agricultural commodities by -

(A) reducing or eliminating tariffs or other charges that decrease market opportunities for United States exports;

(B) reducing or eliminating subsidies that decrease market opportunities for United States exports or distort agricultural markets to the detriment of the United States;

(C) developing, strengthening, and clarifying rules that address practices that unfairly decrease United States market access opportunities or distort agricultural markets to the detriment of the United States, including -

(i) unfair or trade-distorting activities of state trading enterprises and other administrative mechanisms;

(ii) unjustified restrictions or commercial requirements affecting new technologies, including genetically modified organisms;

(iii) unjustified sanitary or phytosanitary restrictions;

(iv) other unjustified technical barriers to trade; and

(v) restrictive rules in the administration of tariff rate quotas.

(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, -

(A) to promote respect for internationally recognized worker rights, including with regard to child labor;

(B) to secure a review of the relationship of worker rights to the provisions, objectives, and instruments of the World Trade Organization with a view to ensuring that the benefits of the trading system are available to all workers;

(C) to adopt, as a principle of the World Trade Organization, that the denial of internationally recognized worker rights should not be a means for a country or its industries to gain competitive advantage in international trade;

(D) to promote sustainable development; and

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

The United States will also seek to establish in the International Labor Organization a mechanism for the systematic examination of, and reporting on, the extent to which member governments protect internationally recognized worker rights and enforce core labor standards.

(c) GUIDANCE FOR NEGOTIATORS. -

(1) In pursuing the negotiating objectives described in subsection (b), United States negotiators shall take into account United States domestic objectives including, but not limited to, the protection of health or safety, essential security, environmental, consumer or employment opportunity interests and the law and regulations related

thereto.

(2) In the course of negotiations conducted under this act, the United States Trade Representative shall -

(A) consult closely and on a timely basis with, and make every effort to keep fully apprised of the negotiations, the congressional advisers on trade policy and negotiations appointed under section 161 of the Trade Act of 1974; and

(B) take into account the need for the United States to retain the ability to enforce rigorously its trade laws in order to ensure that United States workers, farmers, and firms can compete on fair terms and enjoy the benefits of reciprocal trade concessions.

(d) ADHERENCE TO OBLIGATIONS UNDER URUGUAY ROUND AGREEMENTS. - In determining whether to enter into negotiations with a particular country, the President shall take into account the extent to which that country has implemented, or has accelerated the implementation of, its obligations under the Uruguay Round Agreements (as defined in section 2 of the Uruguay Round Agreements Act).

SEC. 3. TRADE AGREEMENTS PROCEDURES.

(a) AGREEMENTS REGARDING TARIFF BARRIERS. -

(1) IN GENERAL. - Whenever the President determines that one or more existing duties or other import restrictions of any foreign country or the United States are unduly burdening and restricting the foreign trade of the United States and that the purposes and policies of this Actwill be promoted thereby, the President -

(A) before October 1, 2001 (or October 1, 2005, if fast track procedures are extended under subsection (c)), may enter into trade agreements with foreign countries; and

(B) may, subject to paragraphs (2) and (3), proclaim -

(i) such modification or continuance of any existing duty,

(ii) such continuance of existing duty-free or excise treatment, or

(iii) such additional duties,

as the President determines to be required or appropriate to carry out any such trade agreement.

(2) LIMITATIONS. - No proclamation may be made under paragraph (1) that -

(A) reduces any rate of duty (other than a rate of duty that does not exceed 5 percent ad valorem on the date of the enactment of this Act) to a rate of duty which is less than 50 percent of the rate of such duty that applies on such date of enactment;

(B) provides for a reduction in duty on an article to take effect on a date that is more than 10 years after the first reduction that is proclaimed to carry out a trade agreement with respect to such article; or

(C) increases any rate of duty above the rate that applied on January 1, 1995.

(3) AGGREGATE REDUCTION; EXEMPTION FROM STAGING. -

(A) AGGREGATE REDUCTION. - Except as provided in subparagraph (B), the aggregate reduction in the rate of duty on any article which is in effect on any day pursuant to a trade agreement entered into under paragraph (1) shall not exceed the aggregate reduction which would have been in effect on such day if -

(i) a reduction of 3 percent ad valorem or a reduction of one-tenth of the total reduction, whichever is greater, had taken effect on the effective date of the first reduction proclaimed under paragraph (1) to carry out such agreement with respect to such article, and

(ii) a reduction equal to the amount applicable under clause (i) had taken effect at 1-year intervals after the effective date of such first reduction.

(B) EXEMPTION FROM STAGING. - No staging is required under subparagraph (A) with respect to a duty reduction that is proclaimed under paragraph (1) for an article of a kind that is not produced in the United States. The United States International Trade Commission shall advise the President of the identity of articles that may be exempted from staging under this subparagraph.

(4) ROUNDING. - If the President determines that such action will simplify the computation of reductions under paragraph (3), the President may round an annual reduction by an amount equal to the lesser of -

(A) the difference between the reduction without regard to this paragraph and the next lower whole number; or

(B) one-half of 1 percent ad valorem.

(5) OTHER LIMITATIONS. - A rate of duty reduction or increase that may not be proclaimed by reason of paragraph (2) may take effect only if a provision authorizing such reduction or increase is included within an implementing bill provided for under section 5 and that bill is enacted into law.

(6) OTHER TARIFF MODIFICATIONS. -

(A) Subject to the consultation and layover requirements of section 115 of the Uruguay Round Agreements Act, the President may proclaim the modification of any duty or staged rate reduction of any duty set forth in Schedule XX, as defined in section 2(5) of that Act, if the United States agrees to such modification or staged rate reduction in a negotiation for the reciprocal elimination or harmonization of duties under the auspices of the World Trade Organization or as part of an interim agreement leading to the formation of a regional free-trade area.

(B) Paragraphs 1-5 of this subsection shall not limit the authority provided to the President in subparagraph (A) or in section 111(b) of the Uruguay Round Agreements Act.

(b) AGREEMENTS REGARDING TARIFF AND NON-TARIFF BARRIERS. -

(1) IN GENERAL. - Whenever the President determines that -

(A) one or more existing duties or other import restrictions of any foreign country or the United States, or any other barrier to, or other distortion of, international trade unduly burdens or restricts the foreign trade of the United States or adversely affects the United States economy; or

(B) the imposition of any such import restriction, barrier, or distortion is likely to result in such a burden, restriction, or effect;

and that the purposes and policies of this Act will be promoted thereby, the President may, before October 1, 2001 (or October 1, 2005, if fast track procedures are extended under subsection (c)), enter into trade agreements with foreign countries providing for -

(i) the reduction or elimination of such duty, restriction, barrier, or other distortion, or

(ii) the prohibition of, or limitation on the imposition of, such barrier or other distortion.

(2) CONDITIONS. - A trade agreement may be entered into under this subsection only if such agreement makes progress in meeting the applicable objectives described in section 2(b).

(3) BILLS QUALIFYING FOR "FAST TRACK" PROCEDURES. -

(A) The provisions of section 151 of the Trade Act of 1974, as amended by subparagraph (B) of this paragraph, (in thisActreferred to as "fast track procedures") apply to implementing bills (as defined in subsection (b)(1) of such section) submitted with respect to trade agreements entered into under section (3)(b) of this act.

(B) Section 151(b)(1) of the Trade Act of 1974 is amended by striking subparagraph (C) and inserting -

"(C)(i) if changes in existing laws or new statutory authority is required to implement such trade agreement or agreements or such extension, provisions which are necessary or appropriate to implement such trade agreement or agreements or extension and which are trade-related, either repealing or amending existing laws or providing new statutory authority; and (ii) provisions necessary for purposes of complying with section 252 of the Balanced Budget and Emergency Deficit

Control Act of 1985 in implementing the applicable trade agreement."

(c) APPLICATION AND EXTENSION OF "FAST TRACK" PROCEDURES . -

(1) IN GENERAL. - Except as provided in section 5(b)-

(A) fast track procedures apply to implementing bills submitted with respect to trade agreements entered into under subsection (b) before October 1, 2001; and

(B) fast track procedures shall be extended to implementing bills submitted with respect to trade agreements entered into under subsection (b) after September 30, 2001, and before October 1, 2005, if (and only if)-

(i) the President requests such extension under paragraph (2); and

(ii) neither House of the Congress adopts an extension disapproval resolution under paragraph (5) before October 1, 2001.

(2) REPORT TO CONGRESS BY THE PRESIDENT. -

If the President is of the opinion that fast track procedures should be extended to implementing bills described in paragraph (1)(B), the President shall submit to the Congress, not later than July 1, 2001, a written report that contains a request for such extension, together with -

(A) a description of all trade agreements that have been negotiated under subsection (b) and the anticipated schedule for submitting such agreements to the Congress for approval;

(B) a description of the progress that has been made in negotiations to achieve the purposes and policies of this act, and a statement that such progress justifies the continuation of negotiations; and

(C) a statement of the reasons why the extension is needed to complete the negotiations.

(3) REPORT TO CONGRESS BY THE ADVISORY COMMITTEE. - The President shall promptly inform the Advisory Committee for Trade Policy and Negotiations established under section 135 of the Trade Act of 1974 (19 U.S.C. 2155) of the President's decision to submit a

report to the Congress under paragraph (2). The Advisory Committee shall submit to the Congress as soon as practicable, but not later than August 1, 2001, a written report that contains -

(A) its views regarding the progress that has been made in negotiations to achieve the purposes and policies of this act; and

(B) a statement of its views, and the reasons therefor, regarding whether the extension requested under paragraph (2) should be approved or disapproved.

(4) REPORTS MAY BE CLASSIFIED. - The reports submitted to the Congress under paragraphs (2) and (3), or any portion of the reports, may be classified to the extent the President determines appropriate.

(5) EXTENSION DISAPPROVAL RESOLUTIONS. -

(A) For purposes of this subsection, the term "extension disapproval resolution" means a resolution of either House of the Congress, the sole matter after the resolving clause of which is as follows: "That the ____ disapproves the request of the President for the extension, under section 3(c)(1)(B)(i) of the Export Expansion and Reciprocal Trade Agreements Act of 1997, of the provisions of section 151 of the Trade Act of 1974 to any implementing bill submitted with respect to any trade agreement entered into under section 3(b) of the Export Expansion and Reciprocal Trade Agreements Act of 1997 after September 30, 2001.", with the blank space being filled with the name of the resolving House of the Congress.

(B) Extension disapproval resolutions -

(i) may be introduced in either House of the Congress by any member of such House; and

(ii) shall be jointly referred, in the House of Representatives, to the Committee on Ways and Means and the Committee on Rules.

(C) The provisions of sections 152(d) and (e) of the Trade Act of 1974 (19 U.S.C. 2192(d) and (e)) (relating to the floor consideration of certain resolutions in the House and Senate) apply to extension disapproval resolutions.

(D) It is not in order for -

(i) the Senate to consider any extension disapproval resolution not reported by the Committee on Finance;

(ii) the House of Representatives to consider any extension disapproval resolution not reported by the Committee on Ways and Means and the Committee on Rules; or

(iii) either House of the Congress to consider an extension disapproval resolution after September 30, 2001.

SEC. 4. NOTICE AND CONSULTATIONS.

(a) NOTICE AND CONSULTATION BEFORE NEGOTIATION. - The President, at least 90 calendar days before initiating negotiations on any agreement that is subject to the provisions of section 3(b), shall -

(1) provide written notice to the Congress of the President's intent to enter into the negotiations and set forth therein the date the President intends to initiate such negotiations, the specific United States objectives for the

negotiations, and whether the President intends to seek an agreement or changes to an existing agreement; and

(2) before and after submission of the notice, consult regarding the negotiations with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives and such other committees of the House and Senate as the President deems appropriate.

(b) CONSULTATION WITH CONGRESS BEFORE AGREEMENTS ENTERED INTO. -

(1) CONSULTATION. - Before entering into any trade agreement under section 3(b), the President shall consult with -

(A) the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate; and

(B) each other committee of the House and the Senate, and each joint committee of the Congress, which has jurisdiction over legislation involving subject matters which would be affected by the trade agreement.

(2) SCOPE. - The consultation described in paragraph (1) shall include consultation with respect to -

(A) the nature of the agreement;

(B) how and to what extent the agreement will achieve the applicable purposes and policies of this act; and

(C) plans regarding the implementation of the agreement under section 5, including whether the agreement includes subject matter for which supplemental implementing legislation may be required which is not subject to fast track procedures; and

(D) any other agreement or agrements the President has entered into or intends to enter into with the country or countries in question.

(c) ADVISORY COMMITTEE REPORTS. - The report required under section 135(e)(1) of the Trade Act of 1974 regarding any trade agreement entered into under section 3(b) of this Act shall be provided to the President, the Congress, and the United States Trade Representative not later than 30 calendar days after the date on which the President notifies the

Congress under section 5(a)(1)(A) of the President's intention to enter into the agreement.

SEC. 5. IMPLEMENTATION OF TRADE AGREEMENTS.

(a) IN GENERAL. -

(1) NOTIFICATION AND SUBMISSION. - Any agreement entered into under section 3(b) shall enter into force with respect to the United States if (and only if) -

(A) the President, at least 90 calendar days before the day on which the President enters into the trade agreement, notifies the House of Representatives and the Senate of the President's intention to enter into the agreement, and promptly thereafter publishes notice of such intention in the Federal Register;

(B) within 60 calendar days after entering into the agreement, the President submits to the Congress a description of those changes to existing laws that the President considers would be required in order to bring the United States into compliance with the agreement;

(C) after entering into the agreement, the

President submits a copy of the final legal text of the agreement, together with -

(i) a draft of an implementing bill;

(ii) a statement of any administrative action proposed to implement the trade agreement; and

(iii) the supporting information described in paragraph (2); and

(D) the implementing bill is enacted into law.

(2) SUPPORTING INFORMATION. - The supporting information required under paragraph (1)(C)(iii) consists of -

(A) an explanation as to how the implementing bill and proposed administrative action will change or affect existing law; and

(B) a statement -

(i) asserting that the agreement makes progress in achieving the applicable purposes and policies of this act; and

(ii) setting forth the reasons of the President regarding -

(I) how and to what extent the agreement makes progress in achieving the applicable purposes and policies referred to in clause (i), and why and to what extent the agreement does not achieve other applicable purposes and policies;

(II) whether and how the agreement changes provisions of an agreement previously negotiated;

(III) how the agreement serves the interests of United States commerce; and

(IV) why the implementing bill and proposed administrative action are required or appropriate to carry out the agreement.

(3) RECIPROCAL BENEFITS. - To ensure that a foreign country which receives benefits under a trade agreement entered into under section 3(b) is subject to the obligations imposed by such agreement, the President

shall recommend to Congress in the implementing bill and statement of administrative action submitted with respect to such agreement that the benefits and obligations of such agreement apply solely to the parties to such agreement, if such application is consistent with the terms of such agreement. The President may also recommend with respect to any such agreement that the benefits and obligations of such agreement not apply uniformly to all parties to such agreement, if such application is consistent with the terms of such agreement.

(b) LIMITATIONS ON FAST TRACK PROCEDURES. -

(1) FOR LACK OF CONSULTATIONS. -

(A) Fast track procedures shall not apply to any implementing bill submitted with respect to a trade agreement entered into under section 3(b) if both Houses of Congress separately agree to a procedural disapproval resolution within any 60 calendar-day period.

(B) For purposes of this paragraph, the term "procedural disapproval resolution" means a resolution of either House of the Congress, the sole matter after the resolving clause of which is as follows: "That the President has failed or refused to consult with the Congress on trade negotiations and trade agreements in accordance with section 4(b) of the Export Expansion and Reciprocal Trade Agreements Act of 1997 and, therefore, the provisions of section 151 of the Trade Act of 1974 shall not apply to any implementing bill submitted with respect to any trade agreement entered into under section 3(b) of the Export Expansion and Reciprocal Trade Agreements Act 1997.".

(2) PROCEDURES FOR CONSIDERING RESOLUTIONS. -

(A) PROCEDURAL DISAPPROVAL RESOLUTIONS -

(i) in the House of Representatives -

(I) shall be introduced by the chairman or ranking minority member of the Committee on Ways and Means or the chairman or ranking minority member of the Committee on Rules;

(II) shall be jointly referred to the

Committee on Ways and Means and the Committee on Rules; and

(III) may not be amended by either Committee; and

(ii) in the Senate shall be original resolutions of the Committee on Finance.

(B) The provisions of section 152(d) and (e) of the Trade Act of 1974 (19 U.S.C. 2192(d) and (e)) (relating to the floor consideration of certain resolutions in the House and Senate) apply to procedural disapproval resolutions.

(C) It is not in order for the House of Representatives to consider any procedural disapproval resolution not reported by the Committee on Ways and Means and the Committee on Rules.

(c) RULES OF HOUSE REPRESENTATIVES AND SENATE. - Subsection (b) of this section and section 3(c) are enacted by the Congress -

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively,

and such are deemed a part of the rules of each House, respectively, and such procedures supersede other rules only to the extent that they are inconsistent with such other rules; and

(2) with the full recognition of the constitutional right of either House to change the rules (so far as relating to the procedures of that House) at any time, in the same manner, and to the same extent as any other rule of that House.

SEC. 6. TREATMENT OF CERTAIN TRADE AGREEMENTS.

(a) NEGOTIATIONS UNDER THE WORLD TRADE ORGANIZATION. - The provisions of section 4(a) shall not apply to [add ITA II] an agreement which results from a negotiation under the auspices of the World Organization initiated under a Uruguay Round Agreement, as defined in section 2 of the Uruguay Round Agreements Act, that were commenced before the date of the enactment of this Act, and the applicability of fast track procedures to such agreement shall be determined without regard to the requirements of section 4(a).

(b) AGREEMENT WITH CHILE. - If an agreement to which section 3(b) applies is entered into with Chile after the date of the enactment of this Act and results from negotiations that were commenced before such date of enactment the provisions of section 4(a) shall not apply to such agreement and the applicability of fast track procedures to such agreement shall be determined without regard to the requirements of section 4(a).

SEC. 7. DEFINITIONS AND CONFORMING AMENDMENTS.

(a) DEFINITIONS. - For purposes of this act:

(1) The term "core labor standards" means -

(A) the freedom to associate;

(B) the right to organize and bargain collectively;

(C) a prohibition on forced labor;

(D) a prohibition on exploitative child labor; and

(E) a prohibition on discrimination in employment.

(2) The term "distortion" includes, but is not limited to, a subsidy.

(3) The term "foreign country" includes any foreign

instrumentality. Any territory or possession of a foreign country that is administered separately for customs purposes, shall be treated as a separate foreign country.

(4) The term "internationally recognized worker rights" has the meaning ascribed to that term in section 507(4) of the Trade Act of 1974, as amended.

(5) The term "trade" includes, but is not limited to -

(A) trade in both goods and services, and

(B) foreign investment by United States persons, especially if such investment has implications for trade in goods and services.

(b) CONFORMING AMENDMENTS. - Title I of the Trade Act of 1974 (19 U.S.C. 2111 and following) is amended as follows -

(1) Section 151(b)(1) (19 U.S.C. 2191(b)(1)) is amended by striking "section 1103(a)(1) of the Omnibus Trade and Competitiveness Act of 1988" " and inserting " section 5(a)(1) of the Export Expansion and Reciprocal Trade Agreements Act of 1997".

(2) Section 131 (19 U.S.C. 2151) is amended -

(A) in subsection (a) -

(i) in paragraph (1), by striking “section 123 of this Act or section 1102 (a) or (c) of the Omnibus Trade and Competitiveness Act of 1988,” and inserting “section 123 of this Act, section 1102 (a) or (c) of the Omnibus Trade and Competitiveness Act of 1988, or section 3(a) or (b) of the Export Expansion and Reciprocal Trade Agreements Act of 1997,”; and

(ii) in paragraph (2), by striking “section 1102(b) of the Omnibus Trade and Competitiveness Act of 1988" and inserting “ section 3 (b) of the Export Expansion and Reciprocal Trade Agreements Act of 1997" after “under” ; and

(B) in subsection (b), by replacing “section 1102(a)(3)(A) of the Omnibus Trade and Competitiveness Act of 1988" with “section 3(a)(3)(A) of the Export Expansion and Reciprocal Trade Agreements Act of 1997"; and

(C) in subsection (c), by replacing “section

1102 of the Omnibus Trade and Competitiveness Act of 1988," with "section 3 of the Export Expansion and Reciprocal Trade Agreements Act of 1997,".

(3) Sections 132, 133(a), 134(a), and 162(a) (19 U.S.C. 2152, 2153(a), 2154(a), and 2212(a)) are each amended by striking "section 1102 of the Omnibus Trade and Competitiveness Act of 1988," each place it appears and inserting "section 3 of the Export Expansion and Reciprocal Trade Agreements Act of 1997,".

(4) Section 134(b) (19 U.S.C. 2154(b)) is amended by replacing "section 1102 of the Omnibus Trade and Competitiveness Act of 1988" with "section 3 of the Export Expansion and Reciprocal Trade Agreements Act of 1997".

(5) Section 135(a)(1)(A) (19 U.S.C. 2155(a)(1)(A)) is amended by replacing "section 1102 of the Omnibus Trade and Competitiveness Act of 1988" with"section 3 of the Export Expansion and Reciprocal Trade Agreements Act of 1997".

(6) Section 135(e) (19 U.S.C. 2155(e)) is

amended -

(A) in paragraph (1), by replacing "section 1102 of the Omnibus Trade and Competitiveness Act of 1988" with "section 3 of the Export Expansion and Reciprocal Trade Agreements Act of 1997" each time it appears, and by replacing "section 1103(a)(1)(A) of the Omnibus Trade and Competitiveness Act of 1988" with "section 5(a)(1)(A) of the Export Expansion and Reciprocal Trade Agreements Act of 1997"; and

(B) in paragraph (2), by replacing "section 1101 of the Omnibus Trade and Competitiveness Act of 1988" with "section 2 of the Export Expansion and Reciprocal Trade Agreements Act of 1997" after "1988".

(7) APPLICATION OF SECTIONS 125, 126, AND 127 OF THE TRADE Act OF 1974. - For purposes of applying sections 125, 126, and 127 of the Trade Act of 1974 (19 U.S.C. 2135, 2136(a), and 2137) -

(1) any trade agreement entered into under section 3 shall be treated as an agreement entered into under

section 101 or 102, as appropriate, of the Trade Act of 1974 (19 U.S.C. 2111 or 2112); and

(2) any proclamation or Executive order issued pursuant to a trade agreement entered into under section 3 shall be treated as a proclamation or Executive order issued pursuant to a trade agreement entered into under section 102 of the Trade Act of 1974.