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THE WHITE HOUSE
WASHINGTON

~~CONFIDENTIAL~~

July 31, 1995

Harold:

This memo on whether to pursue fast track authority this year came into our office late yesterday afternoon and was forwarded to the President at the urging of the authors in view of a meeting that Mickey Kantor has today with Bill Archer.

The issue is labor and the environment. Archer has a draft fast-track proposal which is silent on labor and the environment, neither mandating nor precluding the inclusion of these matters in any future trade agreement. Gephardt and labor favor a mandate.

Christopher, Rubin, Ron Brown, Kantor, Lake, Tyson and Griffin favor working with Archer to seek fast track this year. George and Bob Reich think the political costs of pursuing fast track this year are too high. They, and, to a lesser extent, Carol Browner would wait until after the election.


Todd

cc: Sosnik

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THE WHITE HOUSE
WASHINGTON

ACTION

95 JUL 30 P4:06

MEMORANDUM FOR THE PRESIDENT

FROM: LAURA D. TYSON *LT*
ANTHONY LAKE *AL*
PATRICK GRIFFIN *PG*

SUBJECT: Fast Track Authority

Purpose

To decide whether to pursue fast track negotiating authority this year, and on what basis.

Background

The Administration's fast track authority expired with the completion of the Uruguay Round in 1993. Chairman Archer has drafted a fast track proposal which would grant the Administration broad -- vs. country-specific -- authority until December 15, 1999, with the possibility of a two-year extension. It would allow the Administration to begin building on the Miami Summit toward a Free Trade Agreement of the Americas (FTAA) and to fulfill its commitment to develop free trade zones in the West Bank/Gaza and among adjacent regions of Israel, Egypt and Jordan.

The chief issue remains labor and the environment. Some (e.g., Gephardt Democrats and organized labor) believe that the fast track bill should mandate their inclusion in any future trade agreement. Others (e.g., certain Republicans and elements of the business community) believe that there should be fast track language precluding this linkage. Others still (e.g., Archer) can live with labor/environmental accords, but believe that fast track is an inappropriate vehicle for their consideration.

As you may recall, the attempt to renew fast track authority last year faltered over the failure to reconcile these positions. Chairman Archer's current proposal tries to navigate a compromise through these concerns.

Current Fast Track Proposal

Archer's proposal would grant fast track treatment to trade-related, but not labor/environmental, provisions. However, USTR believes -- and Archer agrees -- that the President has executive

DECLASSIFIED

E.O. 13526 May 16, 2017

White House Guidelines, September 11, 2006

By *CB* NARA, Date *2/26/17*

2017-0401-F

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cc: Vice President
Chief of Staff

authority to extend the NAFTA side agreements to new countries (e.g., Chile) without Congressional approval. (The NAFTA labor/environmental commissions already have been established and funded, and the Administration has authority to impose trade sanctions, as called for in the side agreements, under Section 301.) To pursue labor/environmental agreements outside of NAFTA -- in APEC or with the EU, for example -- would probably require further legislative authority, but we are unlikely to need that during this grant of fast track authority (i.e., by 1999).

Because Archer's bill is silent on labor/environmental issues, we believe it will be necessary for you to state that you would seek to negotiate NAFTA-like side agreements in the context of any Chilean trade agreement. Otherwise, you would appear to be backing off on your NAFTA labor/environmental commitment. Chile has already suggested it can support the side agreements, which should help. However, to AFL-CIO leadership, an Administration agreement to negotiate side agreements with Chile is not an acceptable alternative. They want a fast track bill that explicitly requires the inclusion of labor issues.

Archer's proposal probably would be supported by moderate Republicans and Democrats and much of the business community. Gephardt Democrats and labor would oppose it because it is silent on labor/environment, but the intensity of their opposition is unclear. Certain conservative Republicans might oppose any proposal which does not explicitly preclude labor/environmental side agreements, particularly once we announce our continued support for them.

Pat Griffin feels strongly that we should not accept Archer's proposal too eagerly, but instead be prepared to counterbalance the efforts of conservative Republicans to insert preclusive language. In that regard, we should support efforts of free-trade Democrats (e.g., Gibbons, Matsui) to add labor/environment to the bill's principal negotiating objectives provided it helps gain support for the bill and move it forward.

In the Senate, Chilean accession has notable support from liberals such as Kennedy and Harkin. Packwood and most Finance Republicans would generally be supportive. Dole's position is not clear; he normally supports fast track, but may be hesitant to give you a win. Generally, the Senate is less polarized on labor/environment issues than the House.

All of your advisers agree that we should seek fast track authority at some point -- and that the Administration can adequately pursue its labor/environmental objectives under Archer's proposal. However, they disagree over whether we should

pursue fast track authority this year or wait until after the 1996 election.

Two Competing Views of Fast Track Politics

At issue is a choice between two competing views of fast track politics. One view suggests that we must seek fast track authority this year, including by accepting Chairman Archer's proposal if necessary. Fast track is necessary to sustain your market-opening, export-expanding agenda -- NAFTA, GATT, APEC, FTAA -- which is a centerpiece of both your foreign policy and your overall economic strategy. Without fast track, that agenda grinds to a halt, tarnishing your image as an international economic leader. Secretary Christopher, Ambassador Kantor and Mack McLarty believe that characterizing the fast track decision as a question whether to pursue a Chilean FTA trivializes the important, underlying issue: maintaining the momentum necessary to transform the goal of free trade throughout the Asia Pacific and the Western Hemisphere into a reality.

At issue is not simply the fact that, without fast track, Chile will not negotiate but, more importantly, the concern that other countries in the region will cease to take the steps necessary to prepare for NAFTA accession. Hesitation on our part erodes confidence in the concept of an FTAA and gives Brazil the running room to promote its vision of a South American Free Trade Agreement as an alternative and counterbalance to NAFTA.

Because the FTAA was the centerpiece of the Summit of the Americas, failure to get fast track would also undermine our leadership on other hemispheric initiatives, including counternarcotics, combating corruption and environmental protection. Moreover, without fast track, we cannot follow-up on our commitment to Israel to aid the peace process by establishing free trade zones in the West Bank and Gaza, and among the adjacent Red Sea regions of Israel, Egypt and Jordan.

The competing view of fast track politics is that Administration support of a fast track bill that is silent on labor and the environment would be seen as inconsistent with your past commitments and would alienate important labor and environmental groups. EPA Administrator Browner believes that active Administration support of a silent fast track would cause alarm in some parts of the environmental community, and she encourages a strong upfront commitment to the NAFTA side agreements if we decide to go forward. Secretary Reich believes that trade remains a hot-button issue, not only for labor leaders but for rank-and-file members. Seeking fast track authority, particularly on Archer's terms, would further alienate labor activists and make it difficult to mobilize their support.

George Stephanopolous is concerned that seeking fast track this year could lead to a debate over the Administration's trade policy more generally and feed into the already strong concerns of working class voters about the impact of free trade on their wages and job security.

Secretary Reich and George Stephanopolous argue that the potential political costs of pursuing fast track before 1996 outweigh any possible benefit to your image as an international economic leader. They conclude that pursuing fast track runs the danger of pouring salt in labor's NAFTA wounds and being blown up as an electoral issue among swing voters (e.g., by Pat Buchanan).

Ambassador Kantor and Secretary Brown disagree with Secretary Reich and George Stephanopolous on the political downsides of pursuing fast track, arguing that certain voters will not support the Administration regardless of its position on fast track and, therefore, the marginal negative impact of pursuing fast track would be minimal.

There is, of course, a chance that Archer will proceed with his fast track proposal regardless of the Administration's position. (He plans a mark-up on August 2.) If so, we will need to determine the Administration's approach: Should we work closely with Archer to improve and, ultimately, to support his proposal, or should we remain at the sidelines and risk fast track falling through the cracks in the legislative agenda?

We strongly support moving ahead to seek fast track authority this year. So do Secretaries Christopher, Rubin and Brown, Ambassador Kantor and Mack McLarty. Secretary Reich, George Stephanopolous and, to a lesser extent, Administrator Browner strongly believe it should be put off until after the election.

RECOMMENDATION

That the Administration work with Chairman Archer to secure fast track authority this year which does not preclude the Administration from seeking NAFTA-type labor and environmental side agreements with Chile.

Approve _____

Disapprove _____

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

29-Sep-1995 11:18am

TO: Harold Ickes
TO: Janice A. Enright

FROM: Jennifer M. O'Connor
 Office of The Chief of Staff

SUBJECT: Chile Fast track

Janice, please share this with Harold:

Harold, this answers your question regarding the procedural status of Chile Fast track.

Last week, the House Ways and Means Committee passed a Fast track bill out of committee. We opposed it because it did not include sufficient labor and environmental protections. At the time, Chairman Archer indicated he would be open to negotiations on this point. The staffs have not yet found common ground. Mickey spoke with Archer again today and he is still willing to try to work this out. But there is no agreement yet that the Administration would support.

The next procedural move is the Rules Committee, prior to a floor vote in the House. There has been some speculation that Archer will try to put this into Reconciliation. Others speculate that he won't. So it is unclear when it will get to Rules. It will most likely be in the next few weeks. Mickey's goal is to get a deal before it goes to Rules.

It has not yet been introduced in the Senate. Mickey met with Dodd and others today in the Senate to talk to them about introducing a similar bill. There is no movement there yet at all.

Peter Scher thinks we are looking at at least several months before a bill would pass both houses and arrive on the President's desk.

Fast track, by the way, is merely procedural, not substantive. The fast track bill approves of procedures to be used by Congress that state that if the Administration can negotiate a bill with X,Y, and Z provisions, then there will be limited debate and no amendments, no filibustering, etc. in the Congress when it comes up for a vote there. If the deal we negotiate doesn't have X,Y,

and Z provisions, then the Congress will not stick to fast track rules.