FOIA Number: 2017-0401-F

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: Special Envoy for the Americas

Series/Staff Member: Steven J. Ronnel

Subseries:

OA/ID Number: 11854

FolderID:

Folder Title:
Fast Track - File Created 8/12/97: Press

Stack:	Row:	Section:	Shelf:	Position:
S	66	3	10	3

Ford: I had 'fast-track'; Clinton deserves it, too

By Gerald R. Ford

In 1974, a Democratic Congress gave me "fast-track" authority, enabling my administration to negotiate tough new trade agreements to open markets for U.S. exporters. Today the Republican Congress should give that same authority to President Clinton.

One may wonder why a former Republican president is calling for new negotiating authority for a Democratic president. The answer is quite simple: It is the right thing to do for America.

For over 60 years, U.S. trade policy has enjoyed strong bipartisan support — as it should. Indeed, most trade agreements have won solid congressional majorities. The so-called Tokyo Round of the GATT, which started during my administration and concluded during President Carter's, passed the Congress with only 11 votes opposed.

The U.S.-Canada Free Trade Agreement, negotiated during the Reagan administration, passed by 9-1 margins in the House and the Senate. And the Uruguay Round of the GATT, negotiated by the Reagan, Bush and Clinton administrations, passed both houses with majorities from both parties. Congressional approval of the NAFTA was a closer call, but this was the exception rather than the rule. Over the past 25 years, our trade policy has had solid, bipartisan support because open trade is deeply in our national interest. Trade policy has been and should continue to be bipartisan; fast-track should be no exception.

The United States, more than any other nation, will benefit from new market-opening trade agreements. We are the world's largest exporter, with more than 11 million U.S. jobs supported by exports. Exports have consistently accounted for more than one-third of U.S. economic growth. Yet while the U.S. market is open to foreign products, foreign markets remain closed to ours. Tough new trade agreements will level the playing field for U.S. exports.

Moreover, as we debate fast-track, other countries are negotiating their own trade agreements without the United States. Since 1992, over 20 preferential agreements have been signed in this hemisphere and in Asia without the United States. Every major country in this hemisphere has a trade agreement with Chile except the United States. Each one of these agreements allows other countries to pay lower tariffs than we do, putting U.S. companies at a disadvantage. Recently, Europe announced plans to negotiate a free-trade agreement with key countries in Latin America — again, without the United States. The United States should be at the center of these trade agreements. But without fast-track, we don't even have a seat at the table.

Finally, fast-track is essential for continued U.S. leadership on all issues. As the world's only economic and military superpower, the United States must lead the world on issues ranging from narcotics to nuclear proliferation. But if we cannot deal with other countries on economic and trade issues, they will not deal with us on issues like drugs and immigration. The United States must lead the world toward a more open, prosperous global economy. But without fast-track, the United States is relegated to the sidelines.

As president, I spent countless hours pressing leaders from Eastern Europe, Latin America and Asia to privatize state-run economies, open markets to foreign investment and undertake democratic reforms. My successors have consistently pursued similar goals. Other countries are beginning to practice what we have for so long preached. Democracy and open markets are flourishing in Eastern Europe, Asia and our own hemisphere. It would be tragic if — precisely at the moment countries are making these bold reforms — the United States turned inward.

Congress' decision on fast-track is about more than just trade. It is really a question about the future direction of this country. Will we continue to lead the world, or will we hide behind our fears and let others take our place? The world is watching. It is time for Congress — Democrats and Republicans — to stand and deliver.

Gerald R. Ford is former president of the United States.

USA TODAY · WEDNESDAY, OCTOBER 22, 1997

El Nino not worth all the ink

By Ben Stein

This is what really happens in southern California when El Nino makes the rains come: It rains about what an Easterner would consider barely normal for a winter, or less. The skies actually get cloudy and stay cloudy for full days on end.

There is sometimes both rain and wind. Trees sometimes fall down. There is flooding in low-lying areas. Basements leak and get water in them. One's income tax documents from 1988 get soaked. Roofs get leaks, and Angelenos spread plastic sheets over them and lay out acres of pots and pans in their living rooms. Ants flee inside houses.

Underpasses get flooded. There are traffic jams on the already difficult freeways. Sometimes power goes out, although rarely.

In low-lying areas where unscrupulous people have put trailer courts, sometimes trailers get carried away. And there can be loss of life, although incomparably less than what comes from smoking or being overweight in southern California day by day.

That's pretty much it for El Nino.

Life in southern California under the reign of the weather phenomenon that's been getting so much ink and prompting visits from political heavyweights like Vice President Al Gore last week is like life in Eastern cities in the spring and fall. No worse and usually better.

After the storms of El Nino, the skies are stunningly clear. We can see out to Catalina and the Channel Islands. We can see the snow on the tops of the San Bernardino Mountains. To be able to walk under palm trees in your shorts and shirt sleeves and see snow in the distance on one side and Catalina on the other — that's an El Nino winter.

There is fantastic surf. We middle-aged, clumsy people rarely can take advantage of it, but true surfers love it and pray for El Nino winters. The beaches get pounded, and owners of multimillion-dollar beachfront homes get water coming into their dining rooms, but then they can tell stories about it at the studio commissary for years to come.

The water level at our reservoirs rises. Plants that have barely eked out a life grow large. Our air is dramatically cleaner and easier to breathe.

For those of us who have lived through a couple of California El Ninos, it's a little hard to understand the Easterners' fascination with it.

Stories come out saying we are perched on the edge of apocalypse, when the worst that really happens is that we need a new roof or some new basement carpets. Why? Forget the mystery of where El Nino comes from. Where does the East's obsession with our weather come from?

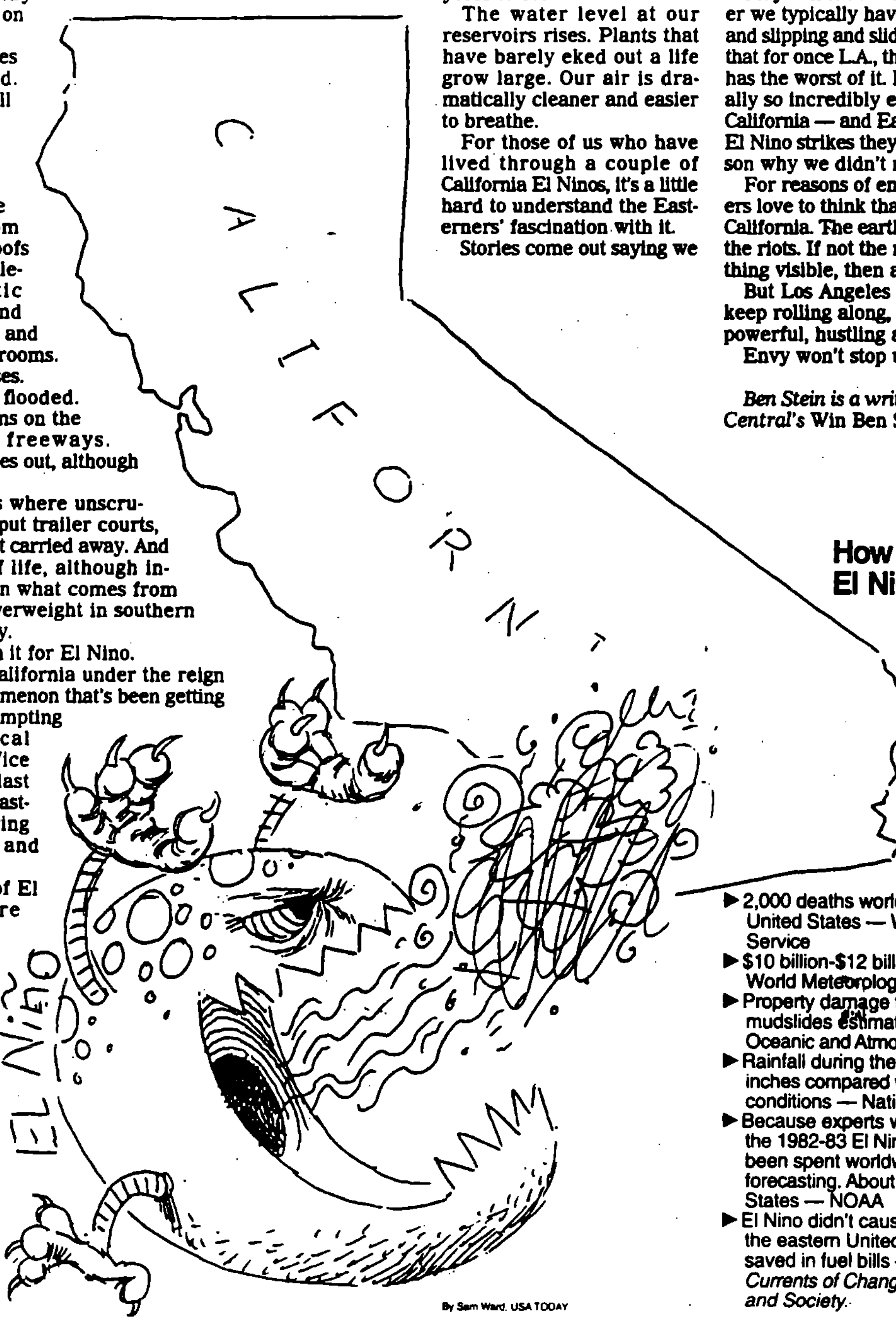
Maybe from the deep envy of the lovely weather we typically have. Maybe the people freezing and slipping and sliding in Manhattan can imagine that for once L.A., the city that people love to hate, has the worst of it. Maybe it's because life is usually so incredibly easy weatherwise in southern California — and Easterners know it — that when El Nino strikes they can think, yes, there is a reason why we didn't move to California long ago.

For reasons of envy or just confusion, Easterners love to think that the end is nigh for southern California. The earthquakes will do it. If not them, the riots. If not the riots, the fires. And if not anything visible, then a recession.

But Los Angeles and southern California just keep rolling along, like Old Man River, mellow, powerful, hustling and languid all at once.

Envy won't stop us, and neither will El Nino.

Ben Stein is a writer, actor and host of Comedy Central's Win Ben Stein's Money.



By Sam Ward, USA TODAY

How much trouble does El Nino cause?

Many experts are predicting that the 1997-98 El Nino could be worse than the one during 1982-83, the most powerful in history. El Nino refers to changes in patterns of Pacific Ocean water temperatures and winds that have global effects. Just how much havoc did El Nino wreak in 1982-83?

- 2,000 deaths worldwide; more than 160 in the United States — Western Insurance Information Service
- $10 billion-$12 billion in U.S. crop losses — World Meteorological Organization
- Property damage to California from floods and mudslides estimated at $200 million — National Oceanic and Atmospheric Administration (NOAA)
- Rainfall during the 1982-83 El Nino was 31.5 inches compared with 14.5 inches during normal conditions — National Weather Service
- Because experts were caught off guard during the 1982-83 El Nino, more than $800 million has been spent worldwide on research and forecasting. About half has come from the United States — NOAA
- El Nino didn't cause problems for everyone. In the eastern United States, $500 million was saved in fuel bills — Michael H. Glantz in *Currents of Change: El Nino's Impact on Climate and Society.*

THE WALL STREET JOURNAL FRIDAY, SEPTEMBER 12, 1997

U.S. Exporters to Latin America Need Fast-Track

The Americas

By Robert Mosbacher

When President George Bush unveiled his Enterprise of the Americas Initiative in the early 1990s, many thought the emergent free trade bloc would develop according to a "hub-and-spoke" model. As the "hub" of hemispheric trade, the U.S. would form a series of inter-locking bilateral free trade agreements with the "spoke" nations of Latin America and the Caribbean until these agreements could be melded into a single free trade accord. That vision is slipping away.

President Clinton promised Wednesday to put trade expansion back on the front-burner. He plans to ask Congress to renew fast-track legislation, which would authorize the president to negotiate international trade agreements on which Congress would vote up or down. If he fails to secure fast-track authority, however, the U.S. will be relegated to "spoke" status in the emerging hemispheric trading order, leaving many U.S. businesses at a disadvantage. Furthermore, fast-track authority should be clean—that is, it must not be weighted down with requirements that trade agreements also mandate environmental and labor regulations.

Since the promising 1994 Miami summit, when the proposed trade initiative was renamed the Free Trade Area of the Americas, the U.S. has withdrawn from its leadership role on liberalized trade. Instead, inter-locking trade relationships have been forming around the southern cone customs union—Mercosur—comprising Brazil, Argentina, Uruguay and Paraguay.

Last year, while Washington dithered, Mercosur took decisive action, offering Chile and Bolivia associate membership. This created a market of 220 million potential consumers with a combined gross domestic product of about $1 trillion—more than twice the economic output of Asean, the Association of Southeast Asian Nations.

This year, while still waiting for the president to lead on fast-track, Mercosur is planning free trade talks with Colombia, Venezuela, Ecuador and Peru. Mercosur might soon realize its goal of establishing a South America Free Trade Area, which could serve as a counterweight to Nafta, the North American Free Trade Agreement, in hemispheric free trade talks. Mercosur has already been approached by the European Union about a free trade alliance and will also soon begin free trade talks with Mexico, Canada and the Central American Common Market.

One of the consequences of Mercosur's expansion and the American retrenchment is that the U.S. is losing leverage in hemispheric free trade talks. While official negotiations are not scheduled to begin until 1998, the failure of the U.S. to secure fast-track leaves open the distinct possibility that the agenda and timetable for these talks will be dominated by other countries.

Lack of fast-track is also hurting U.S. companies seeking access to the region's dynamic consumer markets. American wine producers are losing market share in Venezuela to Chilean producers, not because Venezuelans prefer Chilean Merlot to Napa Valley Cabernet Sauvignon, but because Chile has a free trade agreement with Venezuela that allows its wines to enter the country tariff free. American wines, by contrast, carry a hefty 20% duty. If the duty were to be eliminated, industry experts believe that U.S. wine producers could see their share of the Venezuelan market jump from the current 5% to well over 30%.

While California wine producers cannot pull up their vines and move to more hospitable commercial climates, other industries are less restricted. Caterpillar Inc., based in Peoria, Ill., recently announced plans to produce bulldozers, excavators and off-road trucks in Brazil for export to Chile. The decision to build the equipment on foreign rather than U.S. soil was based on tariff considerations. U.S. exports to Chile face an average 11% tariff, while tariffs on Brazilian exports are being phased out under Mercosur. Other companies that may follow Caterpillar's lead include General Electric and Eastman Kodak.

Several major U.S.-based multinationals with joint ventures in Chile—including

> *While still waiting for President Clinton to lead on fast-track, Mercosur is planning free trade talks with Colombia, Venezuela, Ecuador and Peru.*

[illegible], Southwestern Bell and McDonald's—have announced plans to source millions of dollars in equipment in Canada and Mexico rather than in the U.S. The reason, again, is that Canada and Mexico have bilateral free-trade accords with Chile that permit their goods to enter the South American country tariff-free, while U.S. goods face prohibitive duties. According to the U.S. Chamber of Commerce, the loss of opportunity for U.S. exports to Chile is $400 million a year and climbing.

Those who question the need for deeper economic integration should consider the benefits of Nafta. Notwithstanding the 1994 peso devaluation—which halved the price of Mexico's exports to the U.S.—U.S. exports to Mexico and Canada have grown 34% since the pact took effect in 1994. They now outstrip total U.S. exports to either the Pacific Rim or Europe.

According to a Council of the Americas study of 21 U.S. states, nine states have witnessed 40% plus growth in exports to Mexico and Canada since 1993 and another seven have seen those export markets grow by more than 30% during that time. In 1996, California exported to Mexico more than $9 billion in goods and services. The California World Trade Commission estimates that exports to Mexico support more than 125,000 jobs in the Golden State, with almost 25,000 of these jobs resulting from export growth in 1995 alone.

Nafta has also helped promote U.S. interests in Mexico by helping stabilize the country in the aftermath of the peso crisis. After Mexico's 1982 peso devaluation, it took seven years before the country showed signs of recovery. By contrast, Mexico's economy touched bottom and began to turn around less than 12 months after the December 1994 devaluation. There is also little doubt that the climate of openness fostered by Nafta raised political consciousness and contributed to the July 6 electoral shakeup that ended 70 years of political dominance by the Institutional Revolutionary Party.

An activist American trade policy made possible by fast-track negotiating authority will keep the U.S. economy strong and guarantee that future generations enjoy rising living standards. That said, the importance of fast-track transcends economic issues. As Rep. Lee Hamilton (D., Ind.) recently said, "Fast-track is not just about trade, it is about U.S. leadership and influence in the world. And a president without fast-track is a president without power to promote U.S. interests abroad." We ignore this reality at our own peril.

Mr. Mosbacher is chairman of the Council of the Americas, a business organization based in New York.

EDITED BY JOHN TEMPLEMAN

Eric
Nelson
Adler
Steve
Doug

POWER SHIFT IN LATIN AMERICA: BRAZIL STARTS TO FLEX ITS MUSCLE

When Air Force One lands in Brasília on Oct. 13, President Bill Clinton will set foot inside a new Brazil. Increasingly confident under President Fernando Henrique Cardoso, Brazil is emerging as an assertive regional leader and causing a power shift in Latin America.

Cardoso and Foreign Minister Luiz Felipe Lampreia are clearly a breed apart from Brazil's old guard foreign-policy Establishment. Housed in the Itamaraty palace in Brasília, the Foreign Ministry elite remains chauvinistic, and suspicious of free markets and of the U.S., though highly regarded for its professionalism. Cardoso and Lampreia, however, are determined to propel Brazil—Latin America's most populous country and largest economy, with 160 million population and a $780 billion gross domestic product—to a prominent place on the world stage.

CARDOSO: *A breed apart*

Dealing with a self-assured Brazil will be a novel experience for U.S. policymakers. Clinton, who also will visit Argentina and Venezuela on his 7-day South American swing, will be seeking the region's support for Washington's plan to form a hemispheric free-trade bloc, the Free Trade Area of the Americas, by 2005. But instead of pleading for the process to be accelerated, Cardoso will tell Clinton that there's no hurry. That's because the Mercosur trade group, which Brazil heads with Argentina, wants to increase its bargaining clout with the U.S. by first extending its reach to include countries such as Chile and Bolivia.

Cardoso, who won his spurs as both Foreign and Finance Minister, stepped up Brazil's bid to raise its international profile as soon as he assumed the presidency on Jan. 1, 1995. Within two months of taking power, he played a direct part in the peace talks that ended a military clash between Peru and Ecuador. Last year, his government was instrumental in preventing a military coup in Paraguay.

To further boost Brazil's role, Lampreia is pushing for a permanent seat on the enlarged U.N. Security Council. Lampreia is promising neighbors that Brazil will act as Latin America's regional representative, consulting with them on key issues. "We are ready to assume the responsibility," he says.

Such ambitions would have lacked credibility in Brazil's bad old days of high inflation rates and a wobbly currency. But Cardoso's three-year-old Real Program slashed inflation to 6% now from 940% in 1994. So, these days, Brazil is a magnet for new foreign direct investments that are expected to total $15 billion this year. Indeed, by the end of 1996, accumulated U.S. investments alone had topped $26 billion, compared with just under $19 billion in Mexico.

To further prime its regional influence, Brazil needs to strengthen its stability program and economic openness. Mexico, Argentina, and Chile, for instance, lead in public sector reforms and privatization. Brazil needs to mend some fences in the region, too. Argentina, for example, bitterly opposes its neighbor's U.N. ambitions. Also, Brazil often appears uncertain in dealing with Mexico, which has strong U.S. ties.

All the same, Brazil's growing assurance has brought a new maturity in its relations with Washington. Despite disagreements on trade policy, Brazil feels confident enough to back U.S. positions on such hot-button issues as disarmament and the environment. In June, for example, the government announced that it would adhere to the Nuclear Non-Proliferation Treaty, committing Brazil not to acquire nuclear weapons.

Brazil is already hard to ignore. If it can keep its economy on track and iron out differences with its neighbors, its voice in the future will be impossible to tune out.

By Ian Katz in São Paulo

GLOBAL WRAPUP

THE THAIS JUST SAY NO

▶ Commercial bankers who lent heavily to Thailand are getting short shrift from their debtors. Thai Petrochemical Industry (TPI), the country's largest petrochemicals producer and its cementmaking affiliate, for instance, have told creditors they can't repay more than $4 billion of debt. But they are offering to pay interest.

In effect, the companies are trying to impose an involuntary rescheduling on their banks. The offer is: Either roll over your short-term lending to us or risk losing it altogether. Meantime, the companies say they can and will service long-term debt, though they will have to sell off nonstrategic assets to raise funding.

Despite the pain for banks, analysts say the latest developments are good news. They show that the International Monetary Fund's $17 billion Thailand bailout won't be hijacked, as many feared, to help politically wired outfits such as TPI. Instead, Thai companies will have to engage in some healthy and profound restructuring.

JORDAN-IRAQ TRADE JUMPS

▶ Jordan is becoming a major beneficiary of the U.N. economic embargo against Iraq. A Jordanian delegation in Baghdad last month signed deals to sell $750 million worth of goods to Iraq by the end of 1997, double what Jordan exported there last year. Since the gulf war, over 100 companies have been started in Jordan to serve the sanction-hit Iraqi market. Under the terms of the embargo, Iraq can sell $2 billion of oil every six months to buy food and humanitarian goods.

PAULO FRIDMAN/SYGMA

EDITED BY JOHN TEMPLEMAN

IS EUROPE ELBOWING THE U.S. OUT OF SOUTH AMERICA?

The U.S. has long regarded South America as its business backyard. But while Congress and the Clinton Administration dither over moves to create a free-trade bloc covering the hemisphere by 2005, the European Union is barging in and bolstering its economic links with the region.

Europeans have won many of the top privatization deals since the early 1990s, when governments in South America began opening their markets. Now, they are swooping into private-sector businesses from banking to food. "We can't be left on the sidelines," frets U.S. Commerce Secretary William M. Daley.

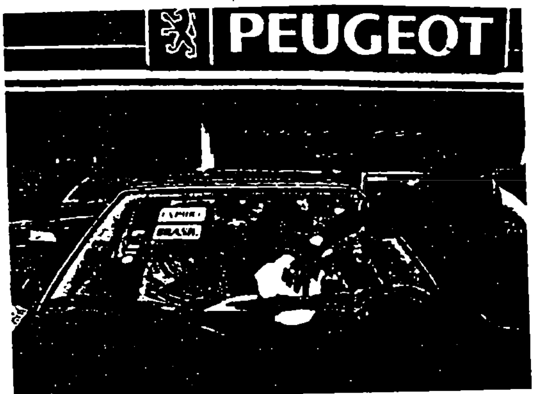
FREE-TRADE FACTIONS. While Washington is focused almost exclusively on the 2005 deadline to create the Free Trade Area of the Americas (FTAA), the EU is adopting a piecemeal approach that is winning friends. By 1999, the EU and Mercosur, led by Brazil and Argentina, are expected to begin talks that could lead to a free-trade area. The U.S., meanwhile, hasn't yet agreed with Latin American nations on the objectives, structure, or approach of the FTAA talks scheduled to start next year.

Europe is making diplomatic gains, too. While President Bill Clinton will not make his first trip to South America until October, European and Latin American leaders visit each other often. French President Jacques Chirac and Spanish Premier José María Aznar both toured the region this year, and Argentine President Carlos Menem went to Germany in May and invited German companies to take part in Argentina's remaining privatizations.

Chile, for one, seems close to throwing in the towel with Washington. Its bid to join NAFTA has been stalled for more than two years while Clinton tries to get fast-track negotiating authority from Congress. Fed up with the wait, Chile has moved closer to Europe and its own neighbors. It has now joined Mercosur as an associate member. And in June, it started formal talks on a separate trade deal with the EU.

Of course, the U.S. is still Latin America's biggest overall trade and investment partner because of Mexico's NAFTA membership. But Europe is pulling ahead in Mercosur, which excludes Mexico. Mercosur's two-way trade with the EU totaled $43 billion in 1995, vs. $29 billion with the U.S.

Europe is winning the race for megabuck contracts to rebuild South America's infrastructure. Spain's Telefónica de España, for example, has spent $5 billion buying telephone companies in Brazil, Chile, Peru, and Argentina, where France Télécom and STET of Italy are active, too. France's Electricité de France and Lyonnaise des Eaux have taken over state-owned utilities. And Spanish energy company Endesa owns electric companies in Argentina and Peru.



IN RIO: *Europe's corporate presence is huge*

SUPERMARKETS. In some countries, Europeans have built enormous power bases in the corporate sector. In Brazil, South America's biggest market by far, 7 of the 10 largest private companies are European-owned, while just two are controlled by Americans. Europeans dominate huge swaths of the economy, from auto makers Volkswagen and Fiat to French supermarket chain Carrefour and Anglo-Dutch personal-care products group Gessy Lever.

Not everything between the EU and Latin America is hunky-dory. Brazil, for example, is complaining about European barriers to its coffee exports. But the EU has laid enough groundwork to protect its interests if the U.S. and South America ever succeed in setting up a trade bloc.

By Ian Katz in São Paulo

GLOBAL WRAPUP

MOSCOW POWER STRUGGLES

▶ A vicious power struggle is raging in Moscow among bankers, businessmen, and reform politicians who backed Boris Yeltsin's reelection bid last year. With the threat of a communist resurgence—the glue that bound them together—gone, they are at each others' throats fighting for political and financial power.

The conflict is turning violent. On July 21, a shot was fired into the home of Central Bank Chairman Sergei Dubinin. No one was injured. Earlier this month, Dubinin accused former Deputy Finance Minister Andrei Vavilov and major banks of mishandling over $500 million in government funds. Vavilov, an ally of Prime Minister Viktor S. Chernomyrdin, was bounced from his post by reformer Anatoly B. Chubais. He quickly found a job with MFK Bank, a unit of Oneximbank.

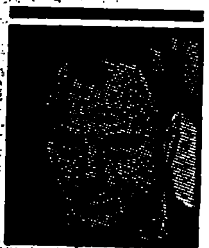
Moscow insiders read the probe into Vavilov as an attack on Oneximbank and former First Deputy Prime Minister Vladimir Potanin, who now runs it. Other financial bigwigs, notably Security Council Deputy Secretary Boris Berezovsky, want to clip Potanin's wings and stymie his acquisition binge. Oneximbank is locked in battle with rival groups for control of both Rosneft, the last big oil company to be privatized, and Svyazinvest, a telecom outfit whose holdings include a 38% stake in long-distance carrier Rostelecom.

Meanwhile, Potanin seems to have lost the protection of Chubais, who is mainly preoccupied with consolidating his political power. In the new Russia, where connections count far more than entrepreneurship, that's dangerous.

By Patricia Kranz in Moscow

Trade means good jobs for Americans

Thomas F. "Mack" McLarty III is President Clinton's counselor and special envoy for the Americas.



THOMAS F. McLARTY III

THE ONGOING debate over international trade is about defining American leadership — our ability to influence the structure of the rapidly growing global economy and to shape impending change to our benefit.

President Clinton, Congress, and the American people are confronted with a fundamental choice: We can stay firmly engaged in the world, helping to write trade rules for the next 50 years — as we did following World War II — supporting continued economic expansion and improving the lives of American workers and their families. Or we can turn away from the clear call to leadership, ceding the field to our competitors without a fight, and undercutting the prosperity of a generation of hard-working Americans.

Clinton's three-part economic strategy recognizes this by focusing on deficit reduction, investing in our people through education and training, and opening markets to our goods and services. As a result, the United States has enjoyed its largest economic expansion in a generation. The U.S. economy has created 12 million new jobs, unemployment is at 5 percent, core inflation is at a 30-year low, and low interest rates are contributing to a strong, investment-led recovery.

This resounding economic record has not been forged in a vacuum: Over the past four years, 33 percent of our economic growth has come from overseas trade, and U.S. exports have created 1.7 million new, high-paying American jobs. In a global marketplace, where 96 percent of the world's consumers live outside the United States, we must export goods and services to maintain our standard of living. As Clinton says, this is not a static situation. To continue creating jobs for our people, we must continue to export.

To ensure that America's economic expansion continues, the president announced last week his intent to send to Congress legislation that would grant him traditional authority to negotiate trade agreements with foreign leaders on a global scale. Congress has afforded such "fast-track" authority to every president since 1974. The legislative process allows for thorough public debate and extensive consultation with Congress prior to and throughout the negotiation process. But upon completion of trade negotiations, it protects the integrity of the agreements signed by the president by requiring Congress to vote them up or down without the threat of gridlock and deal-breaking special-interest amendments.

As the president often has said, the enemy of our time is inaction. Without this traditional trade authority, America can't open the door overseas to American businesses. But America's competitors will be opening doors. The stakes are high for the people of Florida.

Floridians have benefited from a robust 31 percent ($5.1 billion) growth in exports from 1992 to 1996. The $21.8 billion in export earnings recorded in 1996 ranked Florida eighth among states.

Florida's five largest manufacturing exports, which make up 70 percent of its total exports, include industrial machinery and computers, electronic and electric equipment, transportation equipment, chemical products, and scientific and measuring instruments. In terms of employment, more than 267,000 Floridians owe their paychecks to overseas exports. The president wants to ensure that Florida and the rest of the nation can maintain this strong growth trend.

The president's trade agenda has a three-part strategy to pursue further market-opening opportunities through sectoral-trade agreements:

■ In areas where we are most competitive, including medical equipment and services, environmental technologies and services, and the $1.2 trillion gl[illegible] information-technologies market (se[illegible] conductors, computers, telecommun[illegible] tions equipment, and software);

■ In key sectors under the W[illegible] Trade Organization where, in the [illegible] few years, negotiations will begin [illegible] the $536 billion global-agricultural m[illegible] ket and the $220 billion services mar[illegible]

■ In regions of Asia, Latin Amer[illegible] and Africa.

The president hopes to move forw[illegible] in the Asia Pacific Economic Cooperat[illegible] Forum toward the goal of free trade [illegible] the year 2010 and to advance a F[illegible] Trade Agreement for the Ameri[illegible] toward the goal of hemispheric integ[illegible] tion by the year 2005. The latter w[illegible] agreed upon in Miami during the 19[illegible] Summit of the Americas.

Trade-negotiating authority is the k[illegible] to continued U.S. leadership in intern[illegible] tional-trade affairs and more important [illegible] America's continued historic econom[illegible] expansion. Trade is the key to our conti[illegible] ued well-being.

We need more trade, not less. Tra[illegible] means good jobs at high wages. Ame[illegible] cans can compete in a global econom[illegible] but must be given the chance.

As after World War II, we stand at [illegible] crossroads in history. Together we ca[illegible] and must open markets and help defi[illegible] the rules of trade around the world — f[illegible] our and our children's benefit.

Eric Desk
Steve
Neera

THE WALL STREET JOURNAL WEDNESDAY, SEPTEMBER 24, 1997

CAPITAL JOURNAL
By Gerald F. Seib

Myth and Reality Sometimes Collide On the Fast Track

WHEN PRESIDENT Clinton sat down a few days ago to talk trade with congressional Democrats, they raised their now-standard demand: In negotiating new trade pacts, they said, the U.S. should force other nations to agree to improve their labor and environmental standards.

In reply, Mr. Clinton aptly illuminated the gap between wishes and reality in this fall's great trade debate. "Imagine if you were the head of another country," he said. "And the president of the U.S. came to you and said 'I'll make you a deal: Let us rewrite all your labor and environmental laws, and in return you send us all your money to pay for our imports.' "

Then, Mr. Clinton concluded, imagine your next visitor was the president of France, offering the same goods with no conditions. Who would get the trade?

That exchange captures the flavor of the debate over Mr. Clinton's request for "fast track" authority to negotiate new trade agreements. On both the right and left, the arguments against fast track (many well-intentioned) often are undermined by unrealistic expectations or simple misunderstandings.

This debate goes live today when Mr. Clinton speaks to AFL-CIO labor leaders, who are viscerally opposed to fast track. That isn't a surprise. What is surprising is how much Republican opposition has materialized, and how little clear public support has emerged for fast track at a time when internationalist policies have helped fuel a five-year economic boom. The explanation must lie in the myths that have arisen around the fast-track idea.

Basically, fast track gives the president (Clinton, Bush or whoever) the power to negotiate a trade deal and then present it to Congress for an up-or-down, unamended vote. Many critics assume that Mr. Clinton wants this power so he can cut a swath of free-trade deals with cheap-labor countries across Latin America, as he did with Mexico in the North American Free Trade Agreement. Yet that is precisely not where U.S. trade policy seems headed right now.

THE ADMINISTRATION would, indeed, like to strike a free-trade agreement with one Latin American nation, Chile. Yet Chile isn't some low-wage knockoff of Mexico, but home of a modernized, high-tech economy. And after Chile, administration aides are far more intrigued with the thought of making free-trade agreements in Asia, or with Australia, New Zealand or South Africa, than with any Central or South American nations.

Beyond that, a top use of fast track would be to negotiate agreements at the World Trade Organization to knock down barriers that stop Americans from selling products to foreign governments, or agricultural products to foreign consumers.

The second important use of fast track would be equally America-friendly: negotiating more international agreements to knock down tariffs on specific products where the U.S. is highly competitive, including computers, semiconductors and telecommunications. Billions of dollars in American exports are at stake in these two initiatives. "These are the big-ticket items," says Charlene Barshefsky, the U.S. Trade Representative.

Still, if any bilateral free-trade deals are struck, it is legitimate to ask whether they should include demands for higher labor and environmental standards. Nobody states the case for American moral leadership in these areas more passionately than House Democratic Leader Richard Gephardt.

BUT CAN SUCH changes really be compelled in trade deals? Consider if the tables were reversed. If New Zealand, which has more stringent clean-air standards than the U.S., demanded tougher American environmental laws as the price for a trade agreement, that demand would be rejected out of hand by Congress and by unions interested in saving jobs in smokestack industries. Will other countries respond differently?

Which isn't to say that labor and the environment should be ignored. They shouldn't. Ultimately, lax labor and environmental standards become competitive advantages, which is a trade issue. The trick is deciding how to address them. The administration's compromise is to include in trade deals labor and environmental issues that directly affect trade, and to handle others through existing international organizations.

Here's where Republicans become unrealistic. Many don't want trade deals to include any mention of labor and environmental issues, even those that directly affect trade, even though GOP leaders in the past have proposed that step and more.

In turn, Republicans then complain that the Clinton administration isn't delivering enough Democrats to support fast track, knowing that the only way to deliver more Democrats is to make a nod toward their environmental and labor concerns. This is where trade debate becomes political posturing. If everybody can get beyond that point, there can be serious debate — and odds are good that fast track will carry the day.

SR
FYI
GJK

MONDAY, SEPTEMBER 22, 1997 ST. LOUIS POST-DISPATCH

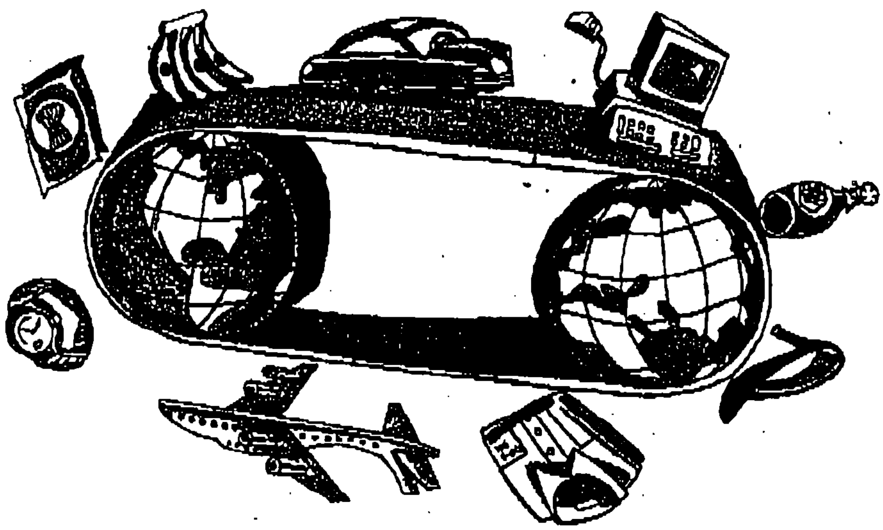
EDITORIALS

The 'Fast Track' To Prosperity

Two little words, "fast track," lie at the core of one of the most important issues Congress will face in this decade. Fast track gives the president the authority to make trade deals Congress may accept or reject but not amend. It's the only way other nations will deal with us. The authority lapsed in 1994, and Bill Clinton is now insisting it be renewed. Congress could make no greater mistake than to refuse him.

Without fast track, America will be left out of a series of talks soon to commence on everything from financial services to telecommunications — all areas where we excel and can earn billions if other markets are opened. If we aren't at the table, the rules won't be very generous to us.

Trade is a major contributor to U.S. prosperity, making up almost 25 percent of our gross domestic product. Export-related jobs pay nearly 15 percent better than the average manufacturing job. They more than make up for any jobs lost as U.S. plants move overseas in search of cheap labor.



But many in both parties ignore these facts. Democrats, especially those allied with unions and environmentalists, don't want any trade deals with nations with lower labor or environmental standards, claiming they are no better than a pact with the devil. They want fast track to require all deals to mandate gradual equalization of foreign worker and environmental rules.

Rep. Richard A. Gephardt has made himself their champion, saying in St. Louis the other day, "I am advocating a trade policy that enhances — not undermines — human rights." The words are noble but misleading. Trade helps to enrich nations too poor to improve their environment and working conditions now. Trade can spur the kinds of human rights he favors. The alternative is ignoring U.S. consumers who benefit from lower prices and those who've lost their jobs through corporate downsizing and are finding work in our growing export sector.

The president has tried to accommodate Mr. Gephardt and his allies by promising to write agreements outside formal trade pacts that promote improvement of labor and worker standards and press the World Trade Organization to raise them for all. Mr. Gephardt and friends remain unmoved.

Meanwhile, Republicans, who don't want to mix trade and social policy at all, are objecting. Historically more supportive of free trade, these Republicans won't accept the president's modest compromise with Mr. Gephardt's forces. Hence, the GOP votes usually available to pass fast track may not be there.

Mr. Clinton may not be able to translate his popularity into votes in Congress. While pro-trade groups promise a major ad campaign, labor is running one, too. The public opposes fast track by 56 percent to 37 percent, wrongly believing free trade costs jobs — though statistics clearly show that America's 2.5 million new jobs in the last three years arose in major part from booming exports.

To prevail, Mr. Clinton must make the nation aware of the stakes by a high-profile personal campaign. He should also send out Vice President Al Gore Jr., Mr. Gephardt's probable opponent for the next presidential nomination. Fast track and free trade are party-defining issues; it is better to settle them now than in 2000. Free trade has helped enrich America for five decades; it is now in peril. It must not be abandoned without Mr. Clinton investing every bit of political capital he possesses.

Burl Osborne, Publisher

Jeremy L. Halbreich, President and General Manager

Ralph Langer, Executive Vice President & Editor
Gilbert Bailon, Executive Editor
Stuart Wilk, Managing Editor
Rena Pederson, Vice President/Editorial Page Editor

Senior Vice Presidents
J. William Cox, Operations and Administration
Richard Starks, Sales and Marketing

Vice Presidents
Sergio H. Salinas, Advertising
Barbara Van Pelt, Marketing
Harry A. Greaves Jr., Finance
Frank Tyler, Production
Grover D. Livingston, Information Management
Ellen Silva Wilson, Human Resources
Nancy Barry, Community Services

The Dallas Morning News
Sunday, September 21, 1997

Nelson
Eric
Steve

EDITORIALS

Latin America

Administration needs a coherent plan

The Clinton administration is thinking about designating Argentina a "major non-NATO ally." NATO, of course, stands for the North Atlantic Treaty Organization, which was formed after World War II to hold the line against Soviet Communist aggression in Europe.

What is a major non-NATO ally? *The Dallas Morning News* asked a handful of military experts. None knew.

It turned out, according to a State Department spokesman, that it is a largely symbolic designation for friendly countries with which the United States, for a variety of reasons, wishes closer military relations.

It is not a treaty committing the United States to defend countries if attacked. Indeed, it confers few tangible benefits. Countries receive priority eligibility to buy nonlethal military equipment and may bid for certain Pentagon research-and-development contracts. Beyond that, there's not much. The United States has seven such allies — Australia, New Zealand, Japan, South Korea, Egypt, Israel and Jordan. Some have mutual defense treaties with the United States.

But the proposed designation has stirred protests by Argentina's neighbors, Chile and Brazil, who fear it could disturb the balance of power in South America.

Could it? By itself, no. Excess U.S. military uniforms will not make Argentina a military power. But the concerns are understandable in the context of the administration's recent decision to allow U.S. arms merchants to sell advanced combat aircraft to Chile. The decision ended a 20-year U.S. moratorium on such sales to Latin America. It also angered Argentina, which the administration sought to mollify by offering major non-NATO ally status.

All of this leaves one with the impression that the administration is acting without a coherent plan. It is not inherently wrong to sell advanced aircraft to Chile. The South American country will modernize its air force with French, Swedish or Israeli equipment if the United States proves unwilling.

However, the administration might look harder at encouraging all Latin American countries to reach a conventional arms restraint agreement before it increases the quantity and quality of arms it sells to the region.

Countries have a right to arm themselves against attack. But there are better ways to spend money if assurances can be attained that attacks will never happen.

1 Eric 3 Rest
2 Steve

The New York Times

Founded in 1851

ADOLPH S. OCHS, *Publisher 1896-1935*
ARTHUR HAYS SULZBERGER, *Publisher 1935-1961*
ORVIL E. DRYFOOS, *Publisher 1961-1963*
ARTHUR OCHS SULZBERGER, *Publisher 1963-1992*

ARTHUR OCHS SULZBERGER JR., *Publisher*

JOSEPH LELYVELD, *Executive Editor*
GENE ROBERTS, *Managing Editor*
GERALD M. BOYD, *Deputy Managing Editor*
JOHN M. GEDDES, *Deputy Managing Editor*
BILL KELLER, *Deputy Managing Editor*

Assistant Managing Editors
SOMA GOLDEN BEHR CAROLYN LEE
DAVID R. JONES JACK ROSENTHAL
ALLAN M. SIEGAL

HOWELL RAINES, *Editorial Page Editor*
PHILIP M. BOFFEY, *Deputy Editorial Page Editor*

JANET L. ROBINSON, *President, General Manager*
WILLIAM L. POLLAK, *Executive V.P., Circulation*
PENELOPE MUSE ABERNATHY, *Senior V.P., Planning*
DANIEL H. COHEN, *Senior V.P., Advertising*
RICHARD H. GILMAN, *Senior V.P., Operations*
RAYMOND E. DOUGLAS, *V.P., Systems and Technology*
CHARLES E. SHELTON, *V.P., Distribution*
DENNIS L. STERN, *V.P., Human Resources*
DAVID A. THURM, *V.P., Production*

Mr. Clinton Deserves 'Fast Track'

President Clinton begins an important battle with Congress this week for renewal of "fast track" authority, the right to submit trade agreements to Congress for a speedy vote without amendments. Without fast-track protection, countries will not negotiate trade accords with Washington for fear of endless revision. Not surprisingly, protectionist forces within both parties would be happy to block the no-amendment rule, even though every President over the past 20 years has used the rule to open up foreign markets and also bring down prices for American consumers.

The Administration needs fast track to complete negotiations within the World Trade Organization 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.

Opponents ranging from isolationists to pro-union liberals indict trade pacts with environmentally lax and low-wage countries. The claim is that these countries steal American jobs and drive down living standards of American workers. But trade itself does not create or destroy jobs. The American economy will operate near full employment as long as Federal Reserve and budgetary policies remain sensible. Trade does shift jobs from apparel and other low-paying industries into high-paying export industries. The transition can be rough, but the long-term benefits are substantial.

Nor are low foreign wages the scourge that the forces led by the House majority leader, Richard Gephardt, proclaim. Low wages largely reflect low productivity, providing no net benefit to foreign manufacturers. Nor would higher foreign wages help American companies. Rising production costs would be offset by a falling exchange rate, leaving the net cost of imports to American buyers largely unchanged.

That said, the Administration goes too far in claiming that trade helps everyone. The influx into the United States of clothing and other goods produced with low-skilled labor has modestly pushed the wages of unskilled workers further behind the wages of skilled workers. But rising inequality should not be confused with falling living standards. After taking account of lower prices for imported goods and the availability of jobs in a fully employed economy, very few Americans actually lose.

Though labor and environmental conditions are rarely related directly to trade, the United States should condition trade pacts on a country's willingness to adopt agreements that provide basic international protections, like prohibitions on child labor and rights for union organizers. As in the trade accord with Mexico, Washington ought to insist that countries, like Chile, strictly enforce their own environmental laws.

Bill Archer, chairman of the House Ways and Means Committee, proposes a reasonable compromise that would allow the Administration to incorporate into the text of a fast-track accord labor and environmental conditions that directly affect trade in specific products. The details remain to be worked out, but the Archer plan offers an opportunity to fashion a sensible fast-track plan that can be made acceptable to Democrats.

09/22/97 MON 11:19 FAX 5132999967 MIAMI VALLEY MKT

Ohio Alliance
for International Trade

Thomas S. Norwalk
937-299-1825
fax 937-299-9967
e-mail tomnorwalk@aol.com

Robert K. Chappell
937-298-5070
fax 937-297-1105
e-mail chappell@ennet.com

c/o M V Marketing Group, Inc
1250 W Dorothy Ln., Ste 205
P.O. Box 321, WWB
Dayton, OH 45409-0321

Post-it® Fax Note 7671 | Date | # of pages ▶
To Jay Berman | From Tom Norwalk
Co./Dept White House OEOB 169 | Co. Ohio Alliance
Phone # 202/456-1998 | Phone # 937/299-1825
Fax # 202/456-2464 | Fax # 937/299-9967

MONDAY, SEPTEMBER 22, 1997

Dayton Daily News

EDITORIALS

Fast track is right way on trade

▶ **The legitimate concerns of unions and others already get plenty of consideration when agreements are negotiated.**

President Clinton is trying to get Congress to give him the same kind of leeway that past presidents have had in negotiating trade agreements. His proposal is referred to as "fast track," meaning that Congress would have to either approve or disapprove of a treaty as a package, rather than having the option of rejecting some sections.

The president's proposal is reasonable.

The main opposition comes from labor unions, which fear that various administrations might not be careful enough to protect American jobs in negotiations. In truth, however, evidence is slight that past treaties have cost more jobs than they have created, especially in a state like Ohio, which is one of the biggest exporting states in the nation. Studies on the national impact of the North American Free Trade Agreement, for example, show relatively small numbers of jobs gained or lost, but certainly no net loss. (Nor is it a simple calculation as to whether the new jobs are as good as the old, or better.)

Workers in an auto town like Dayton are used to seeing foreign competition as a threat to jobs. It is, but only in the narrow sense. If Americans can buy foreign products, but foreigners can't buy American, that's a problem. But it's a problem recognized by American negotiators. Under Bill Clinton, as under other presidents, the negotiators have generally seen their task as being to open foreign markets. As the world has moved toward open markets in the 1990s, this nation has prospered.

The main impact of adding Congress to the negotiating mix would be to complicate the already monumentally complicated process of working out trade agreements. If Congress — which is not known for being a great friend of unions these days anyway — wants to nix an agreement, it can. That's the arrangement that has always existed and generally worked. It's enough power for Congress.

Result of McLarty swing through Ohio

- Mack
- Andrew
- Nelson
- Eric

FYI
- Jen

Dayton Daily News -
- primary coverage
  - Rep. Tony Hall (D) 3rd
- secondary coverage
  - Rep. Dave Hobson (R) 7th
  - Rep. John Boehner (R) 8th
  - Rep. Rob Portman (R) 2nd

LEVEL 1 - 56 OF 90 STORIES

Copyright 1997 Journal of Commerce, Inc.
Journal of Commerce

February 27, 1997, Thursday

SECTION: EDITORIAL/OPINION; Pg. 8A

LENGTH: 793 words

HEADLINE: Year of the Americas?

BYLINE: BY RICHARD LAWRENCE

DATELINE: WASHINGTON

BODY:

Is this, finally, the Year of the Americas? After a couple of years of hesitation, is the push for hemispheric free trade about to be resumed?

A Latin American president _ Chile's Eduardo Frei Ruiz-Tagle _ was received here this week as President Clinton's first head of state visitor of this new year.

And Mr. Clinton, who as government official or plain private citizen has never set foot in South or Central America, heads south of the border this spring.

What's more, Madeleine Albright, the new secretary of state, is a Latin American frequent traveler, and the new U.S. ambassador to the United Nations _ former congressman Bill Richardson _ speaks Spanish, fluently.

And at this very moment, senior officials from the United States and 33 other nations are conferring in Brazil on how hemispheric free trade might be negotiated.

Meanwhile, the Clinton administration is expected to ask Congress soon for new ""fast-track'' trade negotiating authority, a sine qua non for getting the free-trade process under way.

So the free-trade vision evoked by Mr. Clinton and other hemisphere leaders at their December 1994 summit may be about to come into clearer focus. The president has been under fire here and in Latin America for letting too much time pass without pushing for ""fast track'' _ a delay largely imposed by election-year politics.

Latins charge that Mr. Clinton ignores them, while U.S. exporters complain that they are being hurt as their competitors in Latin America are paying lower and lower import duties than their goods are charged.

While Washington looks on, other countries are cutting their own free-trade deals; witness the Canada-Chile agreement and the Chilean and Bolivian pacts with **Mercosur** (the Argentina-Brazil-Paraguay-Uruguay common market).

Yet more trade accords are in prospect. Mexico, Venezuela and Colombia are talking with **Mercosur,** while Mexico negotiates with Guatemala, Honduras and El Salvador. Next month, Mexico and Chile start exploring how to deepen and expand their existing free-trade arrangement.

Then there's the European Union laying the ground for possible free-trade agreements in Latin America. The EU has recently signed ""framework'' accords with both **Mercosur** and Chile and a Mexican pact is in the offing.

U.S. trade policy leadership in the Americas is increasingly questioned, administration officials concede. The lack of fast-track negotiating authority, says one, ""opens the door'' for countries outside the hemisphere (the EU, for instance) to expand their Latin market shares while helping those, such as Brazil, that prefer a ""go slow'' approach to hemispheric free trade.

A big chance to restore momentum to the hemispheric free-trade project comes in mid-May when trade ministers from the 34 participating countries confer in Belo Horizonte, Brazil. They are supposed to tackle basic questions like when and how to start the hemispheric free-trade negotiations.

So far, though, basic differences are emerging. Canada, apparently with U.S. support, seeks immediate negotiations on market access and a host of other matters ranging from government procurement to intellectual property rights.

But Brazil _ the de facto **Mercosur** leader _ prefers a ""three-tier'' approach, dealing first with business facilitation issues, such as customs and product standard rules, then non-tariff trade barriers and finally tariffs. And, unlike Canada and the United States, it appears reluctant to undertake non-tariff commitments beyond those already negotiated within the World Trade Organization.

Whether the trade ministers reach agreement in May hinges at least partly on what happens here.

Unless by then Congress votes President Clinton fast-track trade negotiating authority _ or at least is close to doing so _ U.S. influence at Belo Horizonte obviously will be undercut. Many Latin American governments would not be expected to commit themselves on when and how to proceed with free-trade talks.

It will be a small miracle if Congress is even close to approving fast- track authority by mid-May. There is likely to be be another deep split over linking labor and environmental issues to new trade negotiations.

Complicating things, House Minority Leader Richard Gephardt, D-Mo., wants to delay fast-track action until the U.S. trade representative reports on the economic impact of the 1992 North American Free Trade Agreement _ a report not due until midyear.

A new congressional debate on the Nafta seems inevitable. In the last three years, the U.S. merchandise trade deficit with Nafta partners Canada and Mexico has quadrupled, costing, claims the Economic Policy Institute, 420,000 U.S. jobs.

LEXIS·NEXIS A member of the Reed Elsevier plc group
LEXIS·NEXIS A member of the Reed Elsevier plc group
LEXIS·NEXIS A member of the Reed Elsevier plc group

Year of the Americas? How about 1998?

LANGUAGE: ENGLISH

LOAD-DATE: February 27, 1997

LEXIS·NEXIS A member of the Reed Elsevier plc group
LEXIS·NEXIS A member of the Reed Elsevier plc group

LEVEL 1 - 21 OF 90 STORIES

Copyright 1997 The Houston Chronicle Publishing Company
The Houston Chronicle

May 4, 1997, Sunday, 2 STAR Edition

SECTION: OUTLOOK; Outlook; Pg. 4

LENGTH: 1968 words

HEADLINE: U.S. can't afford to be a bystander in hemispheric trade

BYLINE: HENRY KISSINGER

BODY:

AS Americans look out upon the world, they encounter Asia, whose economically surging nations view each other as potential strategic rivals; the Middle East, threatened by fundamentalism and the Arab-Israeli conflict; and Africa, riven by ethnic strife. Only in Europe and in the Western Hemisphere do we deal with nations among which military conflict is nearly inconceivable, and all of which are run by democratically elected governments. This is the geopolitical base we need to solidify as we face the turmoils and opportunities presented by the rest of the world.

In a farsighted speech to the presidents of the Western Hemisphere in December 1994, President Clinton responded to this challenge. He proposed that the nations assembled at the summit merge their dedication to human dignity and economic progress into a Western Hemisphere free-trade area by the year 2005. Such a structure would be an important building block to world order, whether the world moves toward genuine free trade or breaks up into regional trading groups. The president's initiative has languished.

Both American political parties have been split between those who want to withdraw from the world and others who seek to impose American norms on it unilaterally. Both groups are hostile to American participation in larger groupings. In this atmosphere, the administration, never eager to do battle over long-range issues, has recoiled from aggressively pursuing its own convictions.

Since 1974, American trade negotiations have been conducted under ""fast track'' authority - a president's ability to submit an agreement to Congress for approval or rejection in toto without the possibility of amendment. In the absence of such authority, negotiations would tend to be never-ending, as our negotiating partners grappled with the risk that any bargain reached with us might be amended by Congress and might need to be renegotiated over and over again. Fast track authority lapsed in 1994, and the administration has been reluctant to

LEXIS·NEXIS A member of the Reed Elsevier plc group LEXIS·NEXIS A member of the Reed Elsevier plc group LEXIS·NEXIS A member of the Reed Elsevier plc group

press for its renewal.

As a result, for the first time in more than two decades, the executive branch has lacked the authority to pursue either the expansion of the North American Free Trade Agreement with Canada and Mexico or trade negotiations with the other emerging regional groups. One of these is **Mercosur,** a trading bloc composed of Brazil, Argentina, Paraguay and Uruguay. A South American free trade area is clearly emerging under the leadership of Brazil. Chile, tired of waiting for the long-promised access to NAFTA, has already become an associate member of **Mercosur,** as has Bolivia. Venezuela and Peru have expressed strong interest.

And beyond, Europe beckons. On his recent visit to Latin America, French President Jacques Chirac stated that the future of Latin America is not to the ""North,'' as he put it, but with Europe.

The American response has been to complain about alleged discrimination from **Mercosur,** creating the impression that we would like to see it either disappear, or at least change its character as a trading bloc. But this querulousness misinterprets the challenge.

The essence of any regional grouping, including **Mercosur** - or NAFTA for that matter - is that its external barriers (however low) are greater than its internal ones, and that the concerns of member states have greater weight than those of countries outside the system. In that sense, there is an element of truth to American complaints. But it is also a case of sour grapes. **Mercosur's** growing impact is above all a reflection of America's retreat from its own initiatives.

Had America not defaulted on its promise to promote Chile's early access to NAFTA and had it been receptive to Argentina's feelers in that direction, the relative bargaining positions of NAFTA and **Mercosur** would not be what they are today and both institutions would be on the way to becoming complementary components of a Western Hemisphere Free Trade Area.

The danger of continued drift is that Latin America's inevitable attempts to transcend the nation-state will evolve to their own rhythm without reference, and perhaps even inimically toward, a larger hemisphere structure. We run the risk of becoming spectators to historic changes in what we have always considered as ""our'' hemisphere - and so reducing our access to a market of 400 million people.

But the ultimate blow would be less to our economy than to our hopes for a world order based on a growing community of democracies in the Americas and Europe.

LEXIS·NEXIS A member of the Reed Elsevier plc group
LEXIS·NEXIS A member of the Reed Elsevier plc group

A measure of progress would be the expansion of NAFTA beyond Canada and Mexico. This would require fast-track authority.

Without it, Clinton's hemisphere vision cannot be implemented or even begun. Without it, friendly Latin American democracies would be driven into alternative arrangements.

Now that President Clinton has at last forcefully reiterated his request for such authority, it is to be hoped that he will fight to break the standoff between the administration and Congress over whether to link labor and environment to the trade negotiations. The president has before him a seminal opportunity, and all he really need do is give concrete substance to his own blueprint for Western Hemisphere relations. His visit to Latin America, scheduled for later this year, will be a potentially pivotal occasion. It will enable him to avoid the looming confrontation with Latin America by defining **Mercosur** and NAFTA as complementary rather than competitive, in the same way we have historically treated the European Union as an anchor of trans-Atlantic cooperation.

A recent visit to Brazil, the largest economy of Latin America and the driving force behind **Mercosur,** has reinforced that conviction. Brazil has reduced its hyperinflation of as much as 40 percent per month to less than 10 percent per year. As a result, groups with fixed incomes, the victims of inflation, are rising into the middle class and contributing not only to economic growth, but to political stability.

State-owned enterprises are being systematically privatized; trade barriers are being reduced, if not always at a pace desired by American trade negotiators; foreign investment is being encouraged and is flowing; government is being confined to measures governments are equipped to handle; economic growth is increasingly left to market forces.

Brazilian industry, which until recently was parochial and protectionist, is becoming more and more international. With a growth rate of 4 percent, financial stability, a market of 150 million and a stable government, Brazil will surely turn **Mercosur** into an increasingly potent regional grouping.

All this has been achieved while providing a positive solution to dilemmas that have blighted other regions and other countries of Latin America: whether economic reform and political reform are mutually antithetical; whether political reform undercuts economic progress; or whether, on the other hand, economic progress, if assigned overriding priority, may stifle incentives for political reform. For under the leadership of its remarkable president, Fernando Henrique Cardoso, Brazil is successfully managing both political and economic reform. The administrative reforms now wending their way through the Brazilian Congress are a good example of the combination of democracy and social change likely to

LEXIS·NEXIS A member of the Reed Elsevier plc group
LEXIS·NEXIS A member of the Reed Elsevier plc group
LEXIS·NEXIS A member of the Reed Elsevier plc group

metamorphose Brazil into one of the major economic and political players of the 20th century.

To be sure, Brazil's reform is still in midstream. Like other emerging societies - and indeed the United States - it is learning that, while market forces stimulate quantitative growth, they do not automatically translate into qualitative improvements in living standards or enhancement of social equality. The restructuring attendant to privatization and the exposure to international competition have - at least temporarily - turned endemic unemployment into as much of a challenge for Brazil as it is for the industrialized nations of Western Europe.

Similarly, leading Brazilians seemed in agreement that the legal system is too slow, expensive and handicapped by excessively low pay, which invites corruption. And there is wide consensus that the educational system - though adequately funded - is unwieldy and woefully antiquated. Children leave school at too early an age and the curricula pay inadequate attention to technology.

Finally, the Brazilian trade deficit is growing, in part due to import of new capital equipment for modernization, in part due to the middle class's growing demand for consumer goods.

Still, the trade deficit is cushioned by reserves of $ 60 billion and the fact that it represents only 3 percent of the gross domestic product, as compared to 8 percent in Mexico before the 1994 peso crisis.

Moreover, the largest proportion of direct foreign investment in Brazil, amounting to $ 9 billion dollars a year, goes into plant and machinery, and is thus far less volatile than the highly mobile speculative money that blighted Mexico's crisis in 1994. As Brazil overcomes these problems - and others such as the debilitating crime rate in its big cities - **Mercosur** is being built by Brazil's highly professional foreign service into an increasingly cohesive institution.

America cannot afford to be a bystander in this process.

Unfortunately, in the absence of fast track authority, American policy has lapsed into the technicalities of humdrum trade disputes over particular industries and commodities.

These are inevitably geared to special interests and tend to undermine the broad view that is needed. Nothing in Brazil's essentially conciliatory history or in the equable temperament of its society suggests that existing differences cannot be overcome or that **Mercosur** is designed to be competitive rather than cooperative.

In any event, displays of American irritation will not make the realities disappear. It is far better to return to the

LEXIS·NEXIS A member of the Reed Elsevier plc group
LEXIS·NEXIS A member of the Reed Elsevier plc group
LEXIS·NEXIS A member of the Reed Elsevier plc group

principles of the Miami summit and give content to the goal of creating a Western Hemisphere free trade zone by 2005. This will require raising the discussion beyond the technical biases of professional trade negotiators. In the current framework, the American negotiators are giving priority to tariff reductions; the Latin Americans - especially Brazil - insist on priority for eliminating non-tariff barriers.

To the Latin Americans, the American attitude threatens the existence of **Mercosur;** to Washington, the Latin reaction appears as an attempt to institutionalize discrimination. Both probably have a point. Yet it cannot be beyond the wit of the leaders of this hemisphere to organize simultaneous negotiations on both sets of issues. Labor and the environment, important as they are, are best treated in forums other than trade negotiations.

The challenge to American policy is to deal with **Mercosur** as a vital component of an overall Western Hemisphere structure embracing NAFTA. In order to build a stronger sense of community for the entire Western Hemisphere, attention should be paid as well to such qualitative issues as education, drugs, crime and the environment.

At their planned meeting in October, the presidents of Brazil and the United States are in a position to give a strong impetus to developing such an overarching approach. In no area of foreign policy has President Clinton been as creative as with respect to the Western Hemisphere; and President Cardoso, a philosopher before he was a statesman, is an ideal partner in lifting our sights to the fulfillment of the historic promise of the Americas.

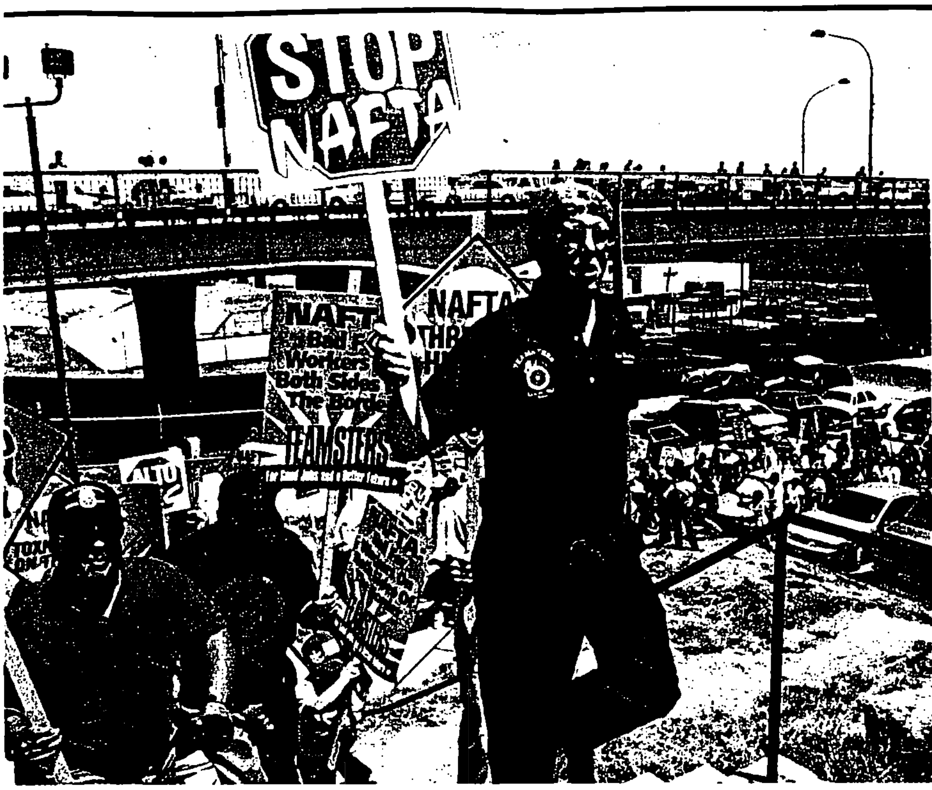
GRAPHIC: Drawing

LANGUAGE: ENGLISH

TYPE: Editorial Opinion; Series

NOTES: This is another in the continuing series of articles that Kissinger, the former secretary of state, is writing for the Chronicle and other major newspapers.

LOAD-DATE: May 5, 1997



STEAMED Teamsters march in Texas to protest NAFTA's effects on trucking

WASHINGTON

FREE TRADE WAS SUPPOSED TO BE EASY

Donorgate and NAFTA woes erode support for Clinton's goals

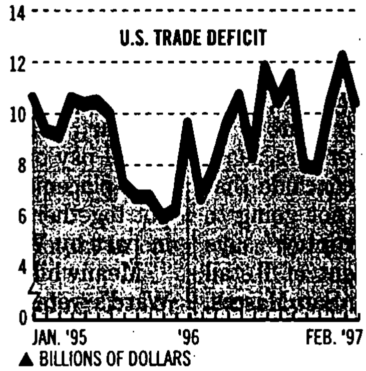
Representative Nathan Deal (R-Ga.) voted for the North American Free Trade Agreement in 1993 after winning assurances that it wouldn't produce a flood of cheap textile imports. But now, as constituents complain that Mexican illegals are displacing American workers in his district's textile plants, and as more Chinese textiles are smuggled across the southern U.S. border, Deal is having second thoughts. He's actually co-sponsoring legislation to roll back NAFTA unless it starts fulfilling some of its early promises.

The Clinton Administration still may be counting on his vote and others for expanding free trade, "but that's not a good assumption to make," says Deal. In both houses of Congress and on both sides of the aisle, support for furthering free trade has plummeted. And Clinton faces a fight just to preserve the gains he made in his first term.

CHINA SKIRMISH. NAFTA fallout is one problem. Another is Donorgate. The widening scandal has killed any hopes the Administration had of securing permanent most-favored-nation trading status for China this year. Instead, House Speaker Newt Gingrich (R-Ga.) wants to give China a six-month extension of its privileges—half the usual term—conditioned on an orderly transfer when China assumes control of Hong Kong on July 1. Even House Majority Leader Richard K. Armey, an inveterate free trader, is leaning toward such a sanction: "It might be a good thing for the Chinese to come to terms" with the likelihood of a vote revoking their trade status, he says.

The President has promised to veto Gingrich's legislation. But another White House priority for 1997—completing negotiations for China to gain entry into the World Trade Organization—is likely to be pushed off indefinitely. A similar fate awaits Clinton's proposal to negotiate a free-trade zone for the entire Western Hemisphere by 2005 and another among members of the Asian-Pacific Economic Cooperation forum by 2010.

DEFICIT CREEP



DATA: COMMERCE DEPT.

Formal talks on either pact can't even begin until Clinton gets negotiating authority from C But that's a tou since legislator. the kind of fallout Deal's district exp enced after NAFTA free-trade agreeme extend to other deve oping nations. "W don't need to base our standard of living on the misery of others, here or abroad," says Carrie P. Meek (D-Fla.).

Expanding free trade wasn't supposed to be this hard. Rising exports have generated more than a third of U.S. growth in the past decade, creating 1 of every 8 net new jobs between 1992 and 1996. That has helped build congressional support for free trade.

WOOING LIBERALS. But America's growing trade deficit (chart) also demonstrates that free trade can mean an increase in job-killing imports. The balance of merchandise trade with Mexico tipped from a slight surplus before NAFTA to a record $16 billion deficit last year, producing a theoretical loss of 224,000 American jobs. Such reports have soured Capitol Hill to the point where the White House hasn't even drafted a bill renewing the President's authority to negotiate trade deals. A key problem: The number of Democrats who will support the legislation has shrunk below 90—the minimum that GOP leaders say will be needed for passage.

To win more support, the White House may have to woo liberal Democrats whose allies among environmentalists and organized labor are adamantly opposed to NAFTA expansion. Many Democrats want clauses in any agreement to prohibit trading partners from exploiting workers or the environment. But such conditions will meet stiff opposition from Republicans who fear inviting trade barriers to U.S. exports.

Time may run out for reauthorizing Presidential trade negotiating authority this year. Debates on the budget and MFN renewal for China could extend through summer. And Japan's growing trade surplus, abetted by a strong dollar, could fan protectionist fears. Then there are the 1998 elections—hardly the time for bold trade legislation. Small wonder the chill on the Hill is being felt from China to Chile.

By Paul Magnusson, with Amy Borrus, in Washington

PHOTOGRAPH BY EDDIE RIOS/AP/WIDE WORLD; GRAPHICS BY RAY VELLA/BW

PAINFUL MATH FOR LEASING COMPANIES

Susan H. Pepper just handed back the keys to her favorite car. The three-year, $399-a-month lease on her 1994 Acura Legend luxury sedan just ran out, and it was going to cost her $500 a month until 2002 to buy it. "I loved the car," she says. "But I didn't think I wanted to be paying for it for the next five years." So she turned it in.

Pepper has a lot of company. Roughly two-thirds of the 3.26 million consumers whose auto leases are up this year will turn their vehicles in, unleashing a flood of used cars onto the market, according to CNW Marketing/Research of Bandon, Ore. And they're doing so at a time when used-car prices are already heading south. That has the potential to create a serious headache for lease-financing companies, which could lose big if they can't sell the returned vehicles for the "residual" price that they establish when the lease is signed. The residual is what the lessor figures a car will be worth at the end of the lease.

RISKY: *With used-car prices off, leaseholders' exposure is up*

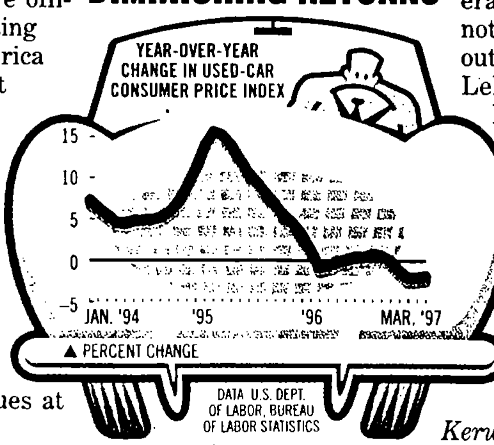
PLAYING GAMES. It's too early to say who gets hurt, but it's easy to see who has some of the largest lease portfolios: Ford Motor Credit Co., with a $32.7 billion portfolio, and General Motors Acceptance Corp., with $24.6 billion. "There's a huge exposure," says Scott Sprinzen, an analyst at Standard & Poor's Corp. "It wouldn't require a calamity in the used-car market to result in some pretty heavy losses." Leasing losses would be particularly hard on earnings now, when new-car sales are slowing. Leasing companies, however, say the quality of their portfolios and ample loss reserves will minimize risk.

The seeds of the problem are the games that auto lessors play when setting residual values. The higher the residual, the cheaper the monthly payments—which means more business for both lessors and carmakers. In recent years, that wasn't a problem: Thanks to a robust used-car market, off-lease cars were often worth more than their residual value, yielding a profit for the finance companies. "Most have been laughing all the way to the bank," says Randall R. McCathren of Bank Lease Consultants Inc. in Nashville. Still, he adds, "it's a cyclical industry."

Now, the cycle is going against the lessors. In the past 12 months, used-car prices have slipped nearly 2%, partly because of the growing supply of off-lease vehicles. And with new-car sales slipping (page 36), economists fret that the current weakness may presage an economic slowdown in which used-car prices will decline more sharply.

Nobody is losing his shirt—yet. But Stuart Angert, co-chief executive officer of Remarketing Services of America Inc., an Amherst (N. Y.) company that advises auto-lease issuers, says that some minivans, family sedans, luxury cars, and even sport-utility vehicles have been selling below residual values at recent auctions.

DIMINISHING RETURNS



Sport-utes are a case in point: Several years ago, sweetened leases helped auto makers bring down the monthly payments on popular $30,000-plus trucks—Ford Explorers, Nissan Pathfinders, and Jeep Grand Cherokees. Now, Angert says, some of those models, with residuals pegged at $18,000 or $19,000 are selling for $15,000 to $16,000 at auction. "We're seeing major portfolio losses," he says.

Lease issuers count on dealers, who get first crack at cars coming off lease, to buy a hefty portion of them. But when a car is worth less than its residual value, a dealer is no more willing to buy it than the original driver was. "The stuff that's coming back is the dogs of the dogs," says Angert.

HUGE WINDFALL. The leasing companies say they aren't worried. Ford Motor Credit says its portfolio consists almost entirely of 24-month leases, much shorter than the industry average, which cuts its risk. Ford has also plowed back into reserves "several hundred million dollars" in windfall profits, realized when used-car prices were unexpectedly strong, as a cushion against future declines, says Lloyd Hansen, Ford Motor Co.'s controller for U. S. sales and marketing. GMAC and other lease issuers offer similar assurances.

If used-car prices keep falling, however, lease losses are going to surface somewhere. "If these guys have been generally prudent, nothing will fall out," observes Lehman Brothers Inc. analyst Joseph S. Phillippi. "But I guarantee you that when we go through a downturn, there will be a few accidents out there."

By Kathleen Kerwin in Detroit

PHOTOGRAPH BY MARC ASNIN/SABA. GRAPHICS BY ALAN BASEDEN/BW

BY GERALD

So Are We All Free Traders? Well, Not Quite

JUST A FEW YEARS ago, these truths seemed self-evident: There isn't much sex in the new Army, nobody would dare sue a sitting president, and belief in free trade was expanding inexorably in America's political center.

Wrong on sex in the Army, wrong on suing the president.

And wrong on free trade.

One of the unheralded developments of the year, in fact, is the shrinking of America's free-trade consensus.

From the left, labor and its allies in Congress are squeezing. They oppose continuing China's "most favored nation" trade status. And when the Clinton administration asks Congress later this year for legislation putting new trade treaties on a "fast-track" to ratification, officials expect the response from labor to be, quite simply, a war.

On the right, populist conservatives with less attachment to open trade are replacing traditional conservatives in the Republican caucus. They also are peeling away from MFN for China. On fast-track trade legislation, which President Clinton dearly wants so he can better pursue more free-trade deals in Latin America, Republicans will offer more support than Democrats. But by espousing economic nationalism, Patrick Buchanan and Ross Perot have ensured that Republican knees no longer jerk at the words "free trade."

On the face of it, this trend seems absurd. Internationalist economic policies have ruled in the 1990s, and the result has been the lowest unemployment in 24 years, a record-busting stock market and sustained economic growth without inflation.

"WE'RE WINNING from globalization as a country," argues presidential adviser Rahm Emmanuel. Privately President Clinton, a more committed free-trader now than when he started, expresses bewilderment at fellow Democrats who want to nail up trade barriers in the midst of the economic party.

It does seem odd. But in truth the rosy economy is obscuring—not eliminating—some quiet currents working against free trade. The first is the re-emergence of labor as a force in the Democratic party. This re-emergence comes precisely as the one dark cloud on the economic horizon is a continuing sense of income inequality, a particular bugaboo of a principal labor ally, Democratic House leader Richard Gephardt.

A decade ago, organized labor was becoming a marginal voice even within the Democratic party. After its 1996 election-year blitz, it's now a player. Moderate "New Democrats" groaned last week when Rep. Gephardt invited freshman Democrats to a briefing on trade issues, and said the briefer would be AFL-CIO president John Sweeney.

Mr. Sweeney wanted to drive home this message: Organized labor opposes MFN for China because of Beijing's labor, trade and human-rights policies. And it will insist that any fast-track legislation require that new trade deals include specific provisions safeguarding labor rights and the environment.

THE BROADER labor message is that trade deals are creating downward pressure on wages by allowing corporations to take factories or work overseas unless workers here ratchet down wage demands. "It really increases the bargaining power of corporations by increasing their mobility," argues Thea Lee, the AFL-CIO's assistant director of public policy. The poster child for this argument is the North American Free Trade Agreement with Mexico. There's great dispute over Nafta's impact, but free-traders do appear to be slipping in the public-relations battle. A recent Wall Street Journal/NBC News poll showed that, by a 43% to 28% margin, Americans tend to think Nafta has had a negative impact on America.

Meanwhile, the Republican party increasingly is filled by populists who speak more for small business and its employees than for Fortune 500 executives and their corporations. Their trade views evolve accordingly.

Free-traders still dominate, and they should be able to beat back these challenges. But they'll have to do a better job of making their arguments. Who, for example, is reminding average Americans that they'll pay more for Christmas presents if China's trade status is revoked?

The Clinton administration would like business, which did such a dandy job of slicing up the president's health-care plan, to help. "You need to create a public constituency for free trade," says Treasury Secretary Robert Rubin. "Big business is the only group that can do it effectively."

On a broader level, both parties are sorting out their theology in the post-Cold War world. Are Republicans libertarians, or economic nationalists? Are Democrats protectionists or internationalists? These are fundamental questions with far-reaching implications. "This is an important moment, as both parties try to redefine themselves," says Simon Rosenberg, a Democratic strategist. "This is being seen as a broader ideological fight and not purely about trade."

File per
lyk (1)
Laec (2)
Steve
Nelson
Eric
Asher

The Dallas Morning News
Thursday, May 29, 1997

BURL OSBORNE, Publisher
JEREMY L. HALBREICH, President and General Manager
RALPH LANGER, Executive Vice President & Editor
GILBERT BAILON, Executive Editor
STUART WILK, Managing Editor
RENA PEDERSON, Vice President/Editorial Page Editor
Senior Vice Presidents
J. WILLIAM COX, Operations and Administration
RICHARD STARKS, Sales and Marketing
BARRY PECKHAM, Circulation
Vice Presidents
SERGIO H. SALINAS, Advertising
BARBARA VAN PELT, Marketing
HARRY A. GREAVES JR., Finance
FRANK TYLER, Production
GROVER D. LIVINGSTON, Information Management
ELLEN SILVA WILSON, Human Resources
NANCY BARRY, Community Services

EDITORIALS

FREE TRADE

Clinton must fight for fast track

President Clinton has an important trip in March. It is to join fellow heads of state from more than 30 other American republics to accelerate their plans for free trade in the Western Hemisphere by 2005.

Pan American free trade is a worthy goal first endorsed by the leaders in 1994. But for the United States to participate, Congress must first authorize Mr. Clinton to negotiate.

If Congress fails to give him so-called fast track authority, Mr. Clinton might as well not go to Chile. There is no point in him attending a summit about free trade without power to deal.

Mr. Clinton's biggest obstacle is U.S. politics. The same motley alliance that opposed the North American Free Trade Agreement with Canada and Mexico — fringe environmentalists, protectionists, unions — is regrouping to fight Chile's accession.

Mr. Clinton evidently thinks the odds against obtaining fast track in the short term are so formidable that he has decided to delay his request until September.

Delay is fine, as long as Mr. Clinton means to fight. It will take nothing less to convince a skeptical Congress.

To succeed, Mr. Clinton must court the Republicans' dwindling internationalist wing and be willing to offend the vociferous protectionist wing of his own Democratic Party.

So far, Mr. Clinton's fighting has been all rhetorical. During his recent trip to Mexico, Central America and the Caribbean, he lauded Pan American free trade. In a speech to U.S. newspaper editors in April, he urged haste, warning that Europe was making inroads in Latin American markets.

But he has not launched the kind of massive public education effort that would be necessary to win. And he has neglected Congress. Two senators with free-trade leanings — Republicans John Chafee of Rhode Island and Sam Brownback of Kansas — told this newspaper that the administration's consultations have been nonexistent.

The Republican majority apparently is determined to reject any fast track request that seeks specific labor and environmental concessions from Chile. The obvious compromise is to pass "clean" fast track and then seek Chile's adherence to the North American Free Trade Agreement's labor and environmental side accords.

Mr. Clinton must win fast track this year or see his free-trade dreams fade. Winning it next year — an election year — would be nigh impossible. Failure is not an option.

Gingrich pledges to help Clinton broaden NAFTA

He also supports paying U.N. dues

By Andrew J. Glass
COX NEWS SERVICE

DAVOS, Switzerland — House Speaker Newt Gingrich defended U.S. foreign policy yesterday before an international audience and pledged to pave the way for President Clinton to expand trade with Latin America.

Speaking to the World Economic Forum, an elite group of business leaders, Mr. Gingrich said the Republican hierarchy in the House would work as a team with the Clinton White House to grant the president "fast track" authority to broaden the 1993 North American Free Trade Agreement (NAFTA) with Mexico and Canada to include other Latin nations, notably Chile.

If enacted, the legislation would allow Mr. Clinton to send Congress a new trade package, which would then either be adopted or rejected — but not amended in any way.

"We'll probably pass it before [Mr. Clinton] goes to South America," Mr. Gingrich said.

A date for Mr. Clinton's trip to Latin America has not been set, though administration officials have said it likely will be made this year.

The Georgia Republican also backed Mr. Clinton's effort to make up the more than $1 billion the United States owes the United Nations. Speaking of new U.N. Secretary-General Kofi Annan, Mr. Gingrich said, "He'll probably get the money he's insisting upon and we'll get the reforms we're insisting upon."

Congress has held up payment of the money until the United Nations slashes its spending and reduces the size of its bureaucracy.

While Mr. Gingrich spoke favorably of U.S. policy in such areas as Cuba, Iraq and Iran, his fellow panelist, Sen. John Kerry, Massachusetts Democrat, criticized the Clinton administration's policy toward China, calling it "simply nonsense."

"You have to balance all the interests," Mr. Kerry said. "Our allies have been all too ready to let the United States be tough [toward China] while they hold our coat and get the contracts."

The Gingrich-Kerry dialogue — it was in no way a debate — was billed on the program at this Swiss Alpine resort as "Toward a New American Era? What Can the World Expect from the USA?"

As Mr. Gingrich nodded in assent, and the chief executives from a score of nations took notes, Mr. Kerry said: "We actually agree on a lot more than most people imagine. I think you can throw away all the rules. The old labels on the left and right don't work anymore."

Mr. Gingrich spoke up for the U.S. trade embargo against Cuba and favored taking a tough stance toward both Iraq and Iran.

He was promptly challenged by Mohammed Larijani, vice president of Iran's Foreign Relations Commission, who said, "Americans want to exert their power everywhere in the world."

Mr. Gingrich shot back that Iran's sponsorship of terrorism was "broadly accepted." When Mr. Larijani, who is also a member of the Iranian parliament, sought to continue the exchange, several members of the audience told him to sit down while others applauded Mr. Gingrich.

Mr. Gingrich and his wife, Marianne, planned to spend four days at the forum, leaving today, a day before it concludes, so that the speaker could return for Mr. Clinton's State of the Union address tomorrow night.

In brilliant sunshine, the Gingriches also spent part of the day going for a sleigh ride and riding in cable cars and ski lifts through the snow-covered mountains, which rise above 14,000 feet.

Distributed by the New York Times News Service

STEVE
MEDIA AFFAIRS
CAN SET UP. WE JUST
NEED A TIME FROM
MACK.
Jake
65316

NAFTA OUTREACH
EDITORIAL PAGES & REPORTERS

EDITORIAL EDITOR	REPORTER
MAJOR PAPERS	
New York Times Michael Weinstein (212) 556-1836 fax (212) 556-3815	David Sanger (202) 862-0322 Dick Stevenson 202-862-0375
Wall Street Journal David Asman 212-416-2561 fax 212-416-2658	Bob Greenberger 202-862-9212
Washington Post Fred Hiatt (202) 334-7281 fax (202) 334-5269 h(301) 656-9335	Paul Bluestein (202) 334-4402
USA Today Duanne Freese (703) 276-3456 fax (703) 247-3108	Beth Belton (703) 276-5571
Journal of Commerce Leo Abruzzese (202) 383-6111 fax (202) 383-6121	John Maggs (202) 661-3356
MIDWEST	
Akron Beacon Journal David Cooper p 330-996-3700 fax 330-376-9235	Mizell Stewart 330-996-3711
Cleveland Plain Dealer John Clark (216) 999-4800 fax (216) 999-6209	Tom Bursitus 202-638-1366
Columbus Dispatch Dick Carson (614) 461-5072 fax (614) 461-7571	Mr. Riskind 202-347-3144

Commerce

Commerce

Chicago Tribune John Van p (312) 222-4280 fax (312) 222-4299	Terry Brown 202-824-8213
Chicago Sun Times Mike Arnold p (312) 321-2552 fax (312) 321-2841	Lynn Sweet 202-662-8808
Indianapolis Star-Tribune John Lyst p 317-633-9172 fax 317-656-1435	David Hasse 202-662-7261
Detroit Free Press Joe Stroud p 313-222-6883 fax 313-222-6774	Janet Fix 202-383-6053

CALIFORNIA

Los Angeles Times Nancy Yoshihara (213) 237-7171 fax (213) 237-7968	Don Woutat 213-237-7001
San Diego Union Tribune Jim Goldborough p 619-293-1746 fax 619-293-1440	Dianne Linquist 202-737-6960
Sacramento Bee Robert Mott (916) 321-1910 fax (916) 321-1109	Michael Doyle 202-393-2228
San Jose Mercury News Sarah Bachmann/Rob Elder (408) 920-5532 fax (408) 288-8060	Rory O'Connor 202-383-6020
San Francisco Examiner Jim Finefrock p 415-777-7923 fax 415-512-1264	Tom Abate 415-777-7872
San Francisco Chronicle John Marshall p 415-777-8496 fax 415-543-2482	David Einstein 415-777-8490

Oakland Tribune
Peggy Stinnett — Matt Richtel
p 510-208-6429 fax 510-208-6477 — 510-208-6415

WASHINGTON & OREGON

Sam & Ale

Portland Oregonian
Bob Caldwell — Jim Barrett
W 503-221-8150 fax 503-294-5010 — 202-383-7819
H 503-667-3501

Seattle Post Intelligencer
Tom Shapley — Chris Hanson
p 206-448-8325 fax 206-448-8184 — 202-298-6920

Seattle Times
Jim Vesely — Steve Dunphy
p 206-464-2323 fax 206-382-6760 — 206-464-3250

SOUTH/SOUTHWEST

Mark

Dallas Morning News
Tim O'Leary — Robert Dodge
p (214) 977-8629 fax (214) 263-0456 — 202-662-7575

Houston Chronicle
Frank Michel — David Ivanovich
p 713-220-7077 fax 713-220-3575 — 202-393-6880

Austin Statesman
Arnold Garcia — Art Daglish
p 512-445-3667 fax 512-445-3679 — 202-331-0900

Fort Worth Star Telegram
Bob Davis — Maria Recio
p (817) 390-7130 fax 817-390-7294 — 202-383-6103

Tucson Citizen
Mark Campbell — Ellyn Feruson
p 520-573-4662 fax 520-573-4569 — 703-276-5811

Arizona Republic
Paul Schatt — Jeff Barker
p (602) 271-8475 — 202-662-7260

Las Vegas Sun
Sandra Thompson — Matt Pottinger
p 702-259-4025 fax 702-383-7264 — 202-628-3100 ext224

FLORIDA & SOUTHEAST

MACK

Orlando Sentinel
Manning Pynn — Sean Holton
p (407) 420-5418 — 202-824-8229

Tampa Tribune
Frank Ruiz — Phil Willon
p (813) 259-7668 fax (813) 259-8504 — 202-662-7673

Richmond Times-Dispatch
Ross McKenzie — Peter Hardin
p (804) 649-6404 fax (804) 775-8072 — 202-662-7669

Raleigh News and Observer
Tom Burton — Jim Rosen
p 919-829-8959 fax 919-836-2840 — 202383-0014

OTHERS

MACK

Baltimore Sun
Jacqueline Thomas — Mark Matthews
410-332-6000 fax 410-332-6977 — 202-452-8250

Newark Star Ledger
Art Landaham — Robert Cohen
p (201) 877-5712 fax (201) 877-5845 — 202-383-7800

Denver Post
Penelope Purdy — Adriel Bettelheim
(303) 820-1728 fax (303) 820-1369 — 202-662-8990

Boston Globe
David Greenway — Aaron Zitner
p 617-929-3025 fax 617-929-2098 — 202-857-5114

Salt Lake Tribune
Harry Fuller — Lisa Carricaburu
p 801-237-2019 fax 801-237-2316 — 801-237-2055

M.A.H.

Pittsburgh Post-Gazette
Reg Henry
p 412-263-1514 fax 412-263-2014

Jack Torry
202-662-7070

Philadelphia Inquirer
Morris Thompson
p 215-854-5912 fax 215-854-5691

Steve Goldstein
202-383-6048

7/11/97

Business Representatives (Same day phone call & briefing)

American Automobile Manufacturers' Association
Steve Collins
326-5500 F 326-5567

American Apparel Manufacturers Association
703-524-1864 F 703-522-6741

American Business Conference
Barry Rogstad
822-9300 F 467-4070

American Electronics Association
Debra Waggoner
682-9110 F 682-9111

American Furniture Manufacturer's Association
Joe Gerard
466-7362 F 429-4915

American Farm Bureau Federation
484-3600 F 484-3604

American Meat Institute
703-841-2400 F 703-527-0938

American Textile Manufacturers Institute
Douglas Bulcao
862-0500 F 862-0570

Association of American Publishers
Nick Veliotors
232-3335 F 745-0694

Automotive Parts and Accessories Association
301-654-6664 F 301-654-3299

Business Round Table
872-1260 F 466-3509

Business Software Alliance
872-5500 F 872-550

Heritage Foundation
546-4400 F 546-8328

Chemical Manufacturers' Association
Claude Boudrias
703-741-5000 F 703-741-6000

Computer and Communications Industry Association
Ed Black
783-0070 F 783-0534

Emergency Committee for American Trade
659-5147 F 659-1347

Goldman Sachs
Bill Dudley
212-902-3394 F 212-346-3115

Grocery Manufacturers' Association
Stephen Ziller
337-9400 F 337-4508

Information Technology Industry Council
737-8888 F 638-4922

Merril Lynch
Bruce Steinberg
212-449-0928 F 212-449-8133

Motor and Equipment Manufacturers' National Association
Chris Bates
393-6362 F 737-3742

National Foreign Trade Council
887-0278 F 452-8160

National Association of Manufacturers
637-7000 F 637-318

National Pork Producers Council
347-3600 F 347-5265

Telecommunications Industry Association
Eric Nelson
703-907-7700 F 703-907-7727

U.S. Chamber of Commerce
659-600 F 463-5836

Wexler Group
638-2121 F 638-7045

Companies who have issued NAFTA supporting statements

Allied Signal - Morristown, NJ
Ken Cole
201-455-2000 F 201-455-4807

Casas International Brokerage Inc. -
San Diego, CA
John Jollife
619-661-6162 F 619-661-6800

Caterpillar - Peoria, IL
William Lane
466-0672 F 466-0684

Chief Automotive Systems Inc. - Grand Island, NE
H. Ed Rodrigues
210-820-3824 F 210-492-0277

Chrysler, Auburn Hills, MI
Robert Liberatore
414-6747 F 414-6716

Coded Communications - Carlsbad, CA
Jim Lantry
619-431-0077 F 619-438-5649

Eastman Kodak Company -
Rochester, NY
Daniel Carp
716-724-4000 F 716-724-0663

Ford Motor Company-Dearborne, MI
Elliott Hall
962-5400 F 336-7231

General Motors- Detriot, MI
George Peapples
775-5090 F 775-5032

Goulston Technologies - Monroe, NC
Norman Cohen
704-289-6464 F 704-296-6400

Panamax - San Rafael, CA
Caol McClure
415-499-3900 F 415-472-5540

Proctor and Gamble - Cincinnati, OH
Jane Hoover
393-34081 F

Pulaski Furniture Corporation -
Pulaski, VA
John Wampler
540-980-7330 F 540-994-5756

Raab Associates - Lahaska, PA
Raymond Raab
215-794-7607 F 215-794-7607

Stevens Car Care Products-
Eastlake, OH
Jeff Stevens
216-953-2900 F 216-953-4473

Texas Instruments- Dallas, TX
Liese Wright
628-3133 F 628-2980

TRW- Arlington, VA
Jim Christy
703-276-5052 F 703-276-5024

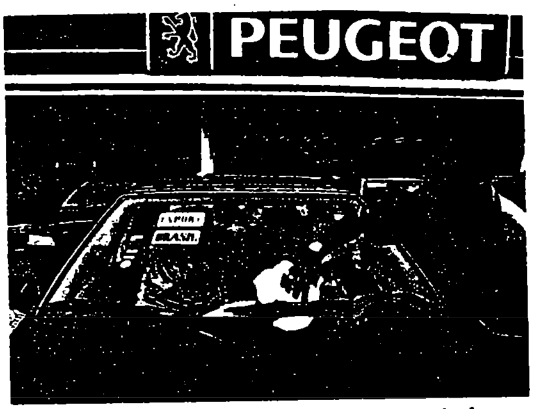
EDITED BY JOHN TEMPLEMAN

IS EUROPE ELBOWING THE U.S. OUT OF SOUTH AMERICA?

The U.S. has long regarded South America as its business backyard. But while Congress and the Clinton Administration dither over moves to create a free-trade bloc covering the hemisphere by 2005, the European Union is barging in and bolstering its economic links with the region.

Europeans have won many of the top privatization deals since the early 1990s, when governments in South America began opening their markets. Now, they are swooping into private-sector businesses from banking to food. "We can't be left on the sidelines," frets U.S. Commerce Secretary William M. Daley.

FREE-TRADE FACTIONS. While Washington is focused almost exclusively on the 2005 deadline to create the Free Trade Area of the Americas (FTAA), the EU is adopting a piecemeal approach that is winning friends. By 1999, the EU and Mercosur, led by Brazil and Argentina, are expected to begin talks that could lead to a free-trade area. The U.S., meanwhile, hasn't yet agreed with Latin American nations on the objectives, structure, or approach of the FTAA talks scheduled to start next year.



IN RIO: *Europe's corporate presence is huge*

Europe is making diplomatic gains, too. While President Bill Clinton will not make his first trip to South America until October, European and Latin American leaders visit each other often. French President Jacques Chirac and Spanish Premier José María Aznar both toured the region this year, and Argentine President Carlos Menem went to Germany in May and invited German companies to take part in Argentina's remaining privatizations.

Chile, for one, seems close to throwing in the towel with Washington. Its bid to join NAFTA has been stalled for more than two years while Clinton tries to get fast-track negotiating authority from Congress. Fed up with the wait, Chile has moved closer to Europe and its own neighbors. It has now joined Mercosur as an associate member. And in June, it started formal talks on a separate trade deal with the EU.

Of course, the U.S. is still Latin America's biggest overall trade and investment partner because of Mexico's NAFTA membership. But Europe is pulling ahead in Mercosur, which excludes Mexico. Mercosur's two-way trade with the EU totaled $43 billion in 1995, vs. $29 billion with the U.S.

Europe is winning the race for megabuck contracts to rebuild South America's infrastructure. Spain's Telefónica de España, for example, has spent $5 billion buying telephone companies in Brazil, Chile, Peru, and Argentina, where France Télécom and STET of Italy are active, too. France's Electricité de France and Lyonnaise des Eaux have taken over state-owned utilities. And Spanish energy company Endesa owns electric companies in Argentina and Peru.

SUPERMARKETS. In some countries, Europeans have built enormous power bases in the corporate sector. In Brazil, South America's biggest market by far, 7 of the 10 largest private companies are European-owned, while just two are controlled by Americans. Europeans dominate huge swaths of the economy, from auto makers Volkswagen and Fiat to French supermarket chain Carrefour and Anglo-Dutch personal-care products group Gessy Lever.

Not everything between the EU and Latin America is hunky-dory. Brazil, for example, is complaining about European barriers to its coffee exports. But the EU has laid enough groundwork to protect its interests if the U.S. and South America ever succeed in setting up a trade bloc.

By Ian Katz in São Paulo

GLOBAL WRAPUP

MOSCOW POWER STRUGGLES

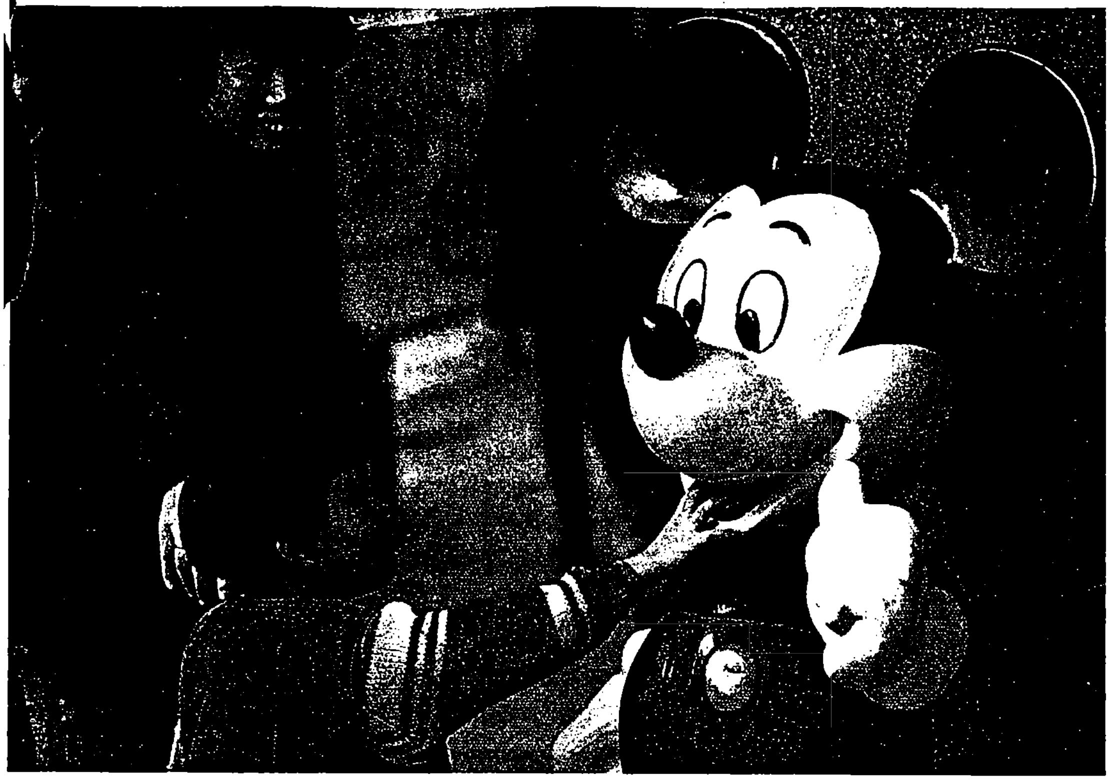
▶ A vicious power struggle is raging in Moscow among bankers, businessmen, and reform politicians who backed Boris Yeltsin's reelection bid last year. With the threat of a communist resurgence—the glue that bound them together—gone, they are at each others' throats fighting for political and financial power.

The conflict is turning violent. On July 21, a shot was fired into the home of Central Bank Chairman Sergei Dubinin. No one was injured. Earlier this month, Dubinin accused former Deputy Finance Minister Andrei Vavilov and major banks of mishandling over $500 million in government funds. Vavilov, an ally of Prime Minister Viktor S. Chernomyrdin, was bounced from his post by reformer Anatoly B. Chubais. He quickly found a job with MFK Bank, a unit of Oneximbank.

Moscow insiders read the probe into Vavilov as an attack on Oneximbank and former First Deputy Prime Minister Vladimir Potanin, who now runs it. Other financial bigwigs, notably Security Council Deputy Secretary Boris Berezovsky, want to clip Potanin's wings and stymie his acquisition binge. Oneximbank is locked in battle with rival groups for control of both Rosneft, the last big oil company to be privatized, and Svyazinvest, a telecom outfit whose holdings include a 38% stake in long-distance carrier Rostelecom.

Meanwhile, Potanin seems to have lost the protection of Chubais, who is mainly preoccupied with consolidating his political power. In the new Russia, where connections count far more than entrepreneurship, that's dangerous.

By Patricia Kranz in Moscow



MOUSEKETEER: *Beijing is refusing to release new Disney movies and videos*

CHINA

HAS DISNEY BECOME THE FORBIDDEN STUDIO?

Irked by a Tibet film, Beijing freezes the giant's new projects

It was the kind of publicity Walt Disney Co. never wanted. When the Hollywood giant decided last year to produce and distribute *Kundun*, a film on the Dalai Lama, the Tibetan spiritual leader, Beijing officials erupted, furious that foreigners were publicizing the cause of Tibet.

Yet Disney stuck with the project, which superagent Michael Ovitz acquired for the company in his short, disastrous tenure as Disney president. Now, the extent of the retribution is becoming clear: a ban on new Disney ventures in China, the world's biggest undeveloped media market. Disney "has indicated a lack of respect for Chinese sovereignty," says Yang Buting, a vice-director of the Ministry of Radio, Film & Television. "Because of this, we are thinking over our business with Disney."

Chilling comments. The propaganda department of the Communist Party's Central Committee is so angry that Disney's main projects in China are "frozen," says an industry analyst. The company has a few ventures up and running. But Disney wants greater access for the Disney Channel through cable TV: China's fledgling TV market is already generating $4 billion a year in advertising revenues. Those efforts are going nowhere, industry sources say. Sources also say the Chinese are not releasing new Disney films and that the company has not landed a distribution deal for its videotapes.

RETRIBUTION Plans to expand TV access for the Disney Channel and the China Disney Club are going nowhere. Meanwhile, Sony's upcoming Tibet movie could land it in hot water, too

Disney officials are playing it cool. "We continue to do business in China," says spokesman John Dreyer. "The Chinese government has expressed their concerns about *Kundun*," he adds. "We continue to talk with them." The company also points out that 12 TV stations carry the China Disney Club, a family show launched in 1995. Disney says it is talking with provincial TV stations about signing on. But such efforts "take time," says Maria Miu, a Disney executive in Hong Kong.

The uproar could also affect Sony Corp.'s picture-making division. Sony is distributing another film, *Seven Years in Tibet*, starring Brad Pitt. "The company is expecting some difficulties," says an industry analyst based in China. Sources say Sony is concerned but hopes the film's adventure theme will not be as controversial as Disney's *Kundun*.

TOO "DEFIANT"? Even in the best of times, Western entertainment giants face major hurdles in China, from copyright infringement to resistance from the communist bureaucracy. It took Children's Television Workshop more than two years to negotiate its Shanghai-produced version of *Sesame Street*. And China's recent promotion of its "spiritual civilization" is partly aimed at protecting local industries from Hollywood and other Western influences.

But Disney appears to be in the hottest water of all. Disney "should not have been so defiant" on a film China considers "taboo," says one seasoned Asian TV executive, arguing that the company could have shown more sensitivity. "They just don't know how to approach the Chinese." For now, the exact release date for *Kundun* has not been set. And, informed sources say, Disney officials are not expecting a thaw until the film flap is over, which they figure will be in the first half of 1998 at the earliest. Even that scenario may be wishing on a star.

By Joyce Barnathan in Hong Kong, with Matt Miller in Shanghai and Dexter Roberts in Beijing

An interview with Disney Chairman Michael D. Eisner appears on page 73.