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Talking Points

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THE WHITE HOUSE

WASHINGTON

December 1, 1997

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Eric

Steve

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MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE SECRETARY OF COMMERCE
THE SECRETARY OF TRANSPORTATION
THE SECRETARY OF ENERGY
DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET
UNITED STATES TRADE REPRESENTATIVE
CHIEF OF STAFF TO THE PRESIDENT
DIRECTOR OF CENTRAL INTELLIGENCE
CHAIRMAN OF THE JOINT CHIEFS OF STAFF

SUBJECT: Fast Track Talking Points and Q&As

Attached are Administration talking points and Q&As for use in the aftermath of this Fall's fast track effort. If you have any questions, please call Bob Kyle at 456-9281.

Talking Points

Donald Kerrick, DAPNSA
for Samuel R. Berger
Assistant to the President
for National Security Affairs

R Kyle
for Gene Sperling
Assistant to the President
for Economic Policy

Daniel K. Tarullo
Daniel K. Tarullo
Assistant to the President
for International Economic Policy

Attachment
Tab A Fast Track Talking Points and Q&As

cc: Erskine Bowles
Mack McLarty
Anne Lewis

ADMINISTRATION TALKING POINTS
FAST TRACK

THE PRESIDENT REMAINS COMMITTED TO OPENING MARKETS AND CREATING OPPORTUNITIES FOR AMERICAN WORKERS AND BUSINESS. From the beginning of his Administration, President Clinton has been committed to a three-part economic strategy: reduce the deficit, invest in the training and education of our people and open foreign markets to American goods. The President continues to believe in the importance of breaking down trade barriers. That is why he fought so hard for fast track, even though we knew it would be a tough fight from the start.

DESPITE THE DELAY IN THE HOUSE, WE DID MAKE SIGNIFICANT PROGRESS THIS YEAR. Both the House Ways & Means and Senate Finance Committee reported out fast track bills with bipartisan support. That is something many thought was impossible. We also secured a strong bipartisan majority in the Senate. Those achievements should not be taken for granted. They represent important steps forward in this tough effort. Remember, it took the Reagan Administration four years to secure fast track authority. In light of that, our achievements this fall are significant.

ONE IMPORTANT REASON THIS YEAR'S HOUSE EFFORT DID NOT SUCCEED IS THAT THE PRESIDENT WAS NOT WILLING TO COMPROMISE HIS PRINCIPLES. House passage required both Republican and Democratic support. Speaker Gingrich fought admirably and in good faith, but there was a block of Republicans necessary for passage who were intent on linking the policy on international family planning to the fast track legislation. The President was not willing to compromise his principles on that issue. Those Republican members would have made the difference. There were many factors at play, but their insistence on linkage was decisive at the end.

THE ADMINISTRATION WILL CONTINUE ITS EFFORT NEXT YEAR. In the days and weeks ahead, we will be discussing within the Administration and consulting with Congress to determine the best way to proceed. It would be premature to speculate how we will move forward. The important point is that we will continue to seek support for legislation that can attract bipartisan majorities in both Houses.

IN THE INTERIM, THIS SETBACK DOES NOT PREVENT US FROM CONTINUING EFFORTS TO OPEN MARKETS FOR AMERICAN WORKERS. To the extent our trading partners see this delay as a temporary phenomenon, we do not believe it undermines our capacity to engage these countries to lower their barriers. To the extent they see it as a longer-term problem, we believe it would have serious implications for our capacity to open foreign markets and for American global leadership generally. Without fast track, we can continue negotiations, but a continued failure to grant fast track authority would prevent those talks from maturing into agreements. That is why fast track authority is so important.

QUESTIONS & ANSWERS
FAST TRACK

Q: During the fast track fight, you said no country would sit down to negotiate with the U.S. unless it had fast track authority. Doesn't that mean you can't move forward with your trade agenda at all? Aren't APEC, FTAA and WTO negotiations dead?

A: This delay does not impede our ability to continue these efforts in the short run, so long as our trading partners see it as a temporary phenomenon. However, to the extent they believe this is a longer-term problem signaling a more fundamental retreat by the United States, this would have serious implications for our trade agenda and American leadership generally. That's why it's so important to secure fast track authority next year. In the interim, we believe our trading partners will continue to engage us on these issues.

Q: How about APEC? What can the President do in Vancouver without fast track?

A: Although we would be in a stronger position with fast track, we can at least make progress in the areas we previously envisioned. For some time, we have sought agreement within APEC to enter negotiations on key sectors in which the U.S. is highly competitive. We can agree to begin those discussions without fast track authority. In some sectors, we might have residual fast track authority from the Uruguay Round legislation. In other sectors, we might need new fast track authority before we could seek implementing legislation from Congress.

Q: How about the FTAA? Will the President still go to Santiago in April, 1998? Will we still launch negotiations toward an FTTA, as the U.S. has repeatedly promised?

A: The President fully intends to go to Santiago next year. We remain committed to the goal of achieving a Free Trade Area of the Americas by 2005. Obviously, we will continue to participate in the discussions leading up to Santiago, and we will be consulting with Congress as we proceed.

Q: Will you negotiate a Chilean free trade agreement without fast track?

A: The Chileans have made it clear they are unwilling to negotiate an agreement with us if any final agreement can be amended.

Q: How will you proceed with fast track next year? Will you change the labor/environment provisions in the bill? Will you delete authority for bilateral free trade negotiations? How will your proposal or strategy change?

A: It would be premature for me to speculate. We obviously supported the bipartisan bills that emerged from the Committees this year. In the coming weeks, we will deliberate within the Administration and consult with both parties in Congress to determine the best way to proceed.

Q: How can you expect to pass fast track during an election year when you were unable to get the votes this year?

A: Based on our House effort this fall, we know there are many Members interested in constructively resolving this issue. We are optimistic we can find a solution that will command a bipartisan majority in both Houses.

Q: Does the fast track loss show the President is now a lame duck?

A: No. The President's record over the past year has been impressive by any standard. It includes the balanced budget bill, ratification of the Chemical Weapons Convention, renewal of China MFN, to name just a few.

We always knew fast track would be a difficult battle, but the President was not afraid to take up the challenge. I think that shows a vibrant Presidency, one that tries to achieve big things.

KEEPING AMERICA AND ITS WORKERS THE MOST COMPETITIVE IN THE

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

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

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

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

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

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

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

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

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

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

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

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release September 10, 1997

REMARKS BY THE PRESIDENT
ON FAST TRACK AUTHORITY

The East Room

2:28 P.M. EDT

THE PRESIDENT: Thank you very much. Mr. Vice President, members of the administration; Mr. Lang, thank you for coming all the way from Iowa; and, Susan, thank you for coming all the way from California. All else fails you can give speaking lessons. (Laughter.)

I also would like to thank the members of Congress who have come. I see Senator Moynihan and Senator Baucus and a significant delegation from the House, including Congressman Matsui and Fazio, who have often been on the forefront of our trade issues. It's nice to see former Chairman Gibbons out there, and former Congressman Carr and Anthony. There may be -- and former Congressman, our Ambassador to Mexico, Jim Jones. There are a lot of other former members perhaps here, but I appreciate all of you being here to support this endeavor today.

These stories that we have heard -- one from a farmer, one from a high-tech small business person -- make it clear that as we approach a new century and a new millennium, we live in a time of profound change and immense possibility. We have worked, as the Vice President said, to take our nation and to lead the world to the edge of this new era in this new economy; to build on a strategy of eliminating the deficit, increasing investments in our people, and expanding our exports -- and to do it in a way that would bolster America's world leadership for peace and freedom and prosperity around the world.

It is true that we have made significant progress with the balanced budget agreement in completing the business of balancing the budget, in making education our genuine top priority, and investing in our people. And it is a good thing that we are moving forward. But we must also recognize that for all the dramatic expansion of trade in the last four and a half years, for all the expansion in our economic opportunities and the enhancement of our world leadership, the world markets are changing so rapidly and growing so quickly; there, too, we must take new action to move forward.

I'm asking the Congress to renew the President's traditional authority to negotiate trade deals, to open more American markets for goods and services from our country, and to restore the partnership between the Congress and the President in the trade arena necessary to keep our economy strong and our leadership strong.

The Vice President said this before, but I want to reemphasize this: We are enjoying now an unemployment rate in the nation of under 5 percent, with over 13 million new jobs in the last five years. We have stable inflation at the lowest level in 30 years. And it appears that after a very good year last year, our economy this year will also grow in excess of 3 percent.

Now, how do we intend to continue to do that if we have 4 percent of the world's people and we already have 20 percent of the world's income? We have to sell to the other 96 percent of the world's people, especially when we know that the developing economies are projected to grow in Latin America and Asia at almost three times the rate of the mature economies over the next 15 to 20 years. And if we do it right, by the way, it will make the world a much better place because 10 to 15 to 20 countries will move from the ranks of being very poor countries into being countries with sustainable incomes for their own people, making them better democratic partners, more likely to be positive contributors to the world of tomorrow, less likely to be trouble spots that will command America's attention to try to keep something bad from happening when we ought to be working with them to make good things happen.

So this is very much the way of the future that America must lead toward. We have worked for four and a half years -- we had over 220 new trade agreements. I compliment our Trade Ambassador, Charlene Barshefsky, and her predecessor, Mickey Kantor. They have worked very hard. Most recently, we had an information technology agreement which will generate hundreds of billions of dollars in income.

We now estimate that of the important growth we've enjoyed in the last four and half years, almost a third of it came because of our expansion of trade. During this period America has once again become the world's number one exporter, our largest producer of automobiles, the world's largest agricultural exporter, the world's largest producer of semiconductors. From the farms of our heartland to the high-tech firms of the future, business is booming in this country. And from specialty steel to telecommunications, America leads the world in a very competitive global marketplace.

But I emphasize again, this is not a static situation. In order for us to continue to create jobs and opportunities for our own people and to maintain our world leadership, we have to continue to expand exports. We have to use every tool we can get to open foreign markets to our goods and services; we have to continue the fight for open, fair and reciprocal trade; we have to continue to stand against unfair trade practices; and we have to act now to continue this progress to make sure our economy will work for all the American people.

Congress, therefore, must renew the President's traditional authority to negotiate trade agreements. That is what we are here to say to the United States and that is what we are here to ask you to help us to do.

Again, let me say this is something that I could not have appreciated the day I took the oath of office the first time back in 1993. This is about more than economics. It is very much about economics and it is very important, but it is about more than economics. It's about whether other countries will continue to look to the United States to lead to a future of peace and freedom and prosperity; about whether the world will be growing together instead of coming apart; about whether our economic ties will lead to cultural ties and ties of partnership, or whether we will be viewed as somehow withdrawn from the world, not interested in leading it, and therefore, not nearly as influential as we might otherwise be for the causes in which we so deeply believe.

Every President of either party has had this authority since 1974 for a very good reason. It strengthens our ability to bread down trade barriers and unfair trade restrictions in areas where we already lead and where our future lies, such as agriculture, telecommunications, medical equipment, environmental technology and the creative power of our entertainment and our software. Every single trade agreement we will reach will tear down barriers to our goods and services, and that is good for America. And I think it is worth emphasizing again.

Virtually without exception -- as far as I know, without any meaningful exception -- the nations with whom we will negotiate agreements have markets that are more open than ours. When we talk about sectoral agreements, in all these sectors our markets are more open -- the markets are more closed than ours. And in these sectoral agreements, all these sectoral agreements involve areas where we are highly competitive, where other markets are more closed than ours. In all the global agreements we would negotiate, we will be dealing with areas where we are already highly competitive. This is a good thing for us economically. And it is absolutely critical for our world leadership.

Now, just look at this information technology agreement. It's a good, representative agreement, even though it's larger in its scope than some others we'll be able to negotiate. We reached it with 42 other nations last December to unshackle trade on $500 billion in computers, semiconductors, and telecommunications equipment. It's the equivalent of a $500-billion cut in tariffs on American products exported to other nations, and it will lead to thousands and thousands and thousands of new high-wage jobs in America. It will also bind us in one of the most critical areas of human endeavor more closely to other countries with whom we want to share a common future in a positive way.

The second thing I'd like to emphasize again is that we want to concentrate on the fastest growing markets in the world in Latin America and Asia. These markets are going to go three times faster than our own and than Europe's in the next decade. They will become very important to our economic future, whether we do this or not. The question is, will it be a positive or a negative importance. Their economies are on a fast track. They are not waiting for us to pass a bill. And we have to face that.

The third point I'd like to make is that if we don't have this authority we will leave the field to our competitors to break down more trade barriers to their own products at our expense. Since 1992, in Latin America and Asia alone, our competitors have negotiated over 20 agreements that don't include the United States. For example, now that Canada has negotiated a trade agreement with Chile, every major economy in this hemisphere has duty-free access to Chilean markets -- every major economy but one -- ours. I don't think that's a very good deal for American business or American workers.

Finally, let me say again, if we want to spread prosperity and open trade to support peace and democracy and freedom and free markets, we must do this. Other countries look at this decision in the United States as a decision about whether we continue to lead the world toward freedom and openness and partnership. And make no mistake about it, it is about more than economics, but increasingly our foreign policy and our economic policy are merging. And what is good for us economically, when it is good for other countries economically, advances the cause of freedom and prosperity and free markets and stability and partnership.

It is a remarkable thing that for the first time in history more than half the world's people live under governments of their own choosing. When I was a boy growing up, I think most people could not have imagined that. Now, unfortunately, many of us take it for granted. I spend a great deal of time every day reviewing the situation in the world, as you might imagine. I can tell you, you cannot take it for granted. It is not certain that 10 years from now or 15 years from now or 20 years from now, more than half the world's people will still live under governments of their own choosing.

The governments have to be able to deliver the goods. They have to be able to show the benefits of freedom and democracy. And the partnerships we have, as I said again it is very much in our own interest, by helping them to elevate their countries will also stabilize freedom and secure a better future.

Now, let me also say that those of us who support open trade have to acknowledge that the benefits and burdens of the global economy, both in this country and in other countries, will not automatically fall equally upon all shoulders. They never have in any market and they never will. We must acknowledge that the possible effects of global trade on some communities or businesses or workers will not be positive in the short run, even though we know that this agreement will be overwhelmingly positive for the vast majority of Americans in the short run and in the long run.

But because of that, I have worked very hard for the last five years to give more and more Americans the tools to benefit from change. to take the changes that are going to occur anyway and make something good happen, especially giving Americans access to more and to better education.

We have to make sure that all Americans can reap the fruits of the economic growth we have enjoyed as a nation. But we cannot do that by stepping off the path of economic growth. We can only do it by giving all Americans the tools to participate in that growth.

And let me make one final point. As we continue to expand our economy here at home by expanding our leadership in the global economy, I do believe we have an obligation to support and to encourage labor standards and environmental protections abroad; indeed, around the world. Our commitment to workers' rights and environmental protection are, and have long been, reflections of our fundamental values. They also have been a benefit to our own economy, and they will become more a benefit to our economy as we move into the 21st century world where maintaining a clean environment will create more high-wage jobs for working people so that social responsibility and economic markets will merge in their common interests and objectives.

We will continue to seek even further adherence around the globe to fundamental worker rights and environmental protection, as we have for decades. We do not accept the fact that free trade should lower our standards to meet those of other countries'. Indeed, our goals should be to persuade other countries to build on the prosperity that comes with trade to lift their own labor standards, their own people up, and to make a commitment to economic growth with environmental protection -- a commitment we must reaffirm this very year. Trade need not pull standards down; it must lift them up. And we can do that if we'll work at it.

Ladies and gentlemen, for more than 50 years now, we have had a bipartisan consensus on the importance of expanding trade for the American economy and creating a global trading system as a part of America's leadership for peace and freedom. Our prosperity, our leadership, our values, all have been richly rewarded by the efforts we have made. And whenever we have abandoned this course we have done so at our peril, and our interest and our values have paid for it. It is now clearly more important than ever that we get a new consensus on building a new global economy for the 21st century. I am committed to consulting with the Congress to make sure that this fast track legislation receives the full, bipartisan support it deserves and the American people expect.

If the historic budget agreement we reached in July taught us anything, it is that we actually can, and indeed, we must, pull together for the good of the American people and the future of our country. Our trade policy should not be about politics, it ought to be about prosperity and building a new economy for the new millennium. Our workers are the most productive in the world. They can out-compete anyone in the world, and we have to given them that opportunity. It's also about our leadership and the world we want for our children.

Finally, let me say this is very important, especially to the millions and millions of working families, because if we do not continue to expand markets for our country's products and services, there is no way in the world where other economies are growing faster than ours we can maintain our standard of living with 4 percent of the world's people and 20 percent of the world's wealth.

The people with the biggest stake in this struggle are those who go to work every day at jobs all across America, jobs of all kind.

I know there are heartfelt concerns that expanding jobs and exports and trade could wind up hurting some Americans. That's why we're moving to shape the changes we face -- change is certain, progress is not. But walking away from this opportunity will not create a single job. No one suggests we should throw up greater barriers in our own marketplace. Walking away from this opportunity will only leave the inequalities that are there now that do not work to the advantage of either American businesses or American workers. Backing away from this responsibility will not make the environment better, it won't clean up a single toxic waste site. Turning away from the effort will not expand our economy, enhance our competitiveness or empower our workers.

I say again, the global economy is on a very fast track to the 21st century. The question is whether we are going to lead the way or follow. Today, this country is at the pinnacle of its influence. Our economy is the strongest in the world. We have been very, very blessed. This is not the time to shrink from the future. This is the time to lead to the future.

We have a special responsibility because we are doing so well now -- a responsibility to think of how our children will do, a responsibility to think of how others around the world will do, a responsibility to think of how this world ought to look like and ought to work like in 20 or 30 years. So I say, the future will not wait for us, but we can shape it. I do not intend to sit on the sidelines, and I'll bet you when the time for counting comes, that Congress won't either.

Thank you very much and God bless you.

END 2:57 P.M. EDT

KEEPING AMERICA AND ITS WORKERS THE MOST COMPETITIVE IN THE WORLD

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

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

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

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

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

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

- The U.S. once again dominates the world's semiconductor industry -- after trailing Japan for years. More than one-quarter million American are employed in the semiconductor industry -- up 13% over the last three years. The global semiconductor market nearly tripled in size between 1990 and 1995 -- and sales are expected to reach $200 billion by the year 2000 -- a fourfold increase over a decade.
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II. TO ENSURE THAT ALL AMERICAN WORKERS BENEFIT FROM EXPANDED TRADE, THE CLINTON ADMINISTRATION HAS FOUGHT FOR INCREASED TRAINING AND EDUCATION OPPORTUNITIES.

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

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

<u>A Record of Strong Action to Help Families and Workers</u>

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

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

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

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

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

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

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

TALKING POINTS ON FAST TRACK AND FOREIGN POLICY

Fast Track and American Leadership -- Overview

- **The fast track debate is about much more than trade. It is about American leadership in the world.** Other governments, particularly those in Latin America, view fast track as a test of whether the United States intends to maintain our half century of leadership -- or retreat and turn inward.

- **A failure of U.S. leadership would be a huge mistake.** For over 50 years, we have led the world toward freer markets -- reducing average tariffs from 40% at the end of World War II to about 5% today. That has led to a 90-fold increase in trade, which has enormously benefitted the U.S. We must not turn our back on that progress.

- **American leadership is not divisible. If we fail to lead on trade, our influence will suffer in other areas.** The patterns of trade developed in the coming decades will create patterns affecting our national security, foreign relations and political interests. If Latin America is permitted--by default in our leadership--to turn increasingly to Europe and Asia in its trade relations, it will weaken our relationship with Latin America. Rejecting fast track would also send a terrible signal to emerging markets, undermining the developing world trend toward free market policies and democracy.

Exports and U.S. Growth

- **For the U.S., the case for fast track is clear: if we are to sustain our economic growth, we must export.** Since 1993, one-third of our growth has come from exports. Over the next decade, the economies of Latin America and Asia are expected to grow at three times the rate of the U.S. economy. In a world where 96% of the world's consumers live outside our borders, we must export to grow. It's that simple.

- **We are in a perfect position to compete. Our economy is the envy of the world.** We are once again the world's most competitive economy, the world's largest exporter, the leading producer in key industries like automobiles, semiconductors and pharmaceuticals. It makes no sense to sideline ourselves now.

- **But we cannot afford to take our economic leadership for granted.** Throughout the world, other countries are moving to reach trade deals opening their markets. We can either lead this process--or watch it proceed without us:
  - In Latin America and Asia alone, other countries have reached more than 20 preferential trade agreements without us. Today every major economy in the hemisphere has a preferential trade deal with Chile, except the U.S.
  - The EU is seeking a preferential trade agreement with MERCOSUR, a market of over 200 million people and a GDP exceeding $1 trillion. President Chirac has declared "the future of the region rests with Europe, not the United States."

Fast track and American Foreign Policy

- **Fast track is a test of our foreign policy.** As the sole remaining superpower, the United States has a fundamental interest in aiding both security and prosperity around the world -- particularly in our own hemisphere. Stable trading relationships are critical to that end. In the post Cold-War world, trade agreements serve some of the same purposes security pacts played during the Cold War: They bind nations together through a set of shared interests and common objectives.

- **If the U.S. fails to lead, we risk losing influence by default. The trade patterns set in coming decades will have enormous strategic importance too.** That is part of the strategy behind FTAA and APEC processes. They are not just economic: they are also intended to reinforce broader U.S. engagement in Latin America and Asia, two regions where U.S. foreign policy strategic and security interests are deeply implicated. Rejecting fat track would signal retreat from these initiatives.

- **That would clearly undermine broader U.S. interests.** Latin America sees trade as the linchpin of a stronger hemispheric relations -- our failure to engage would undermine cooperation on a range of issues including drug interdiction, immigration, environmental protection and corruption. In Asia, the industrialization of 3.5 billion people in the arc from Korea to Pakistan will be perhaps the greatest development of the 21st Century. It is critical to America's economic and security interests that we be deeply engaged in the transformation. Without fast track, we are crippled in that effort.

- **The cause of democracy and free markets would also suffer.** After decades of failed experiments and anti-Americanism, many of the world's emerging markets today are embracing free markets, democracy and other American values. Today -- for the first time in history -- on behalf of the world's population lives under elected rulers. But this fragile progress will continue only if we continue to press countries to embrace free trade policies, build stronger middle classes and strengthen the building blocks of democracy. Rejecting fast track would send a terrible signal that we are not serious about trade liberalization and reform.

<u>Conclusion</u>

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

STAYING ON THE FAST TRACK

- Fast track authority is in the overriding national interest of the United States. America's economic strength and standard of living are linked to breaking down trade barriers, exporting our goods and services, and creating more high-skilled jobs.

- This debate is also about American leadership. As the American people prepare for the challenges of the 21st century, we face a critical choice: We can embrace the global economy, write the trade rules, and continue America's economic expansion, or we can turn our back on the world and fail to compete for new markets, new contracts, new business and new job opportunities.

- The President must have the authority to break down foreign trade barriers. Every President since 1974-- Republican and Democratic---has had fast track authority. A bipartisan majority of Congress has consistently supported initiatives to open markets and create jobs. At stake in this debate is both Presidential leadership and a bipartisan consensus on US trade policy.

- Fast track gives the US the credibility to negotiate tough trade deals because our partners know any agreement will not be reopened provision-by-provision by the Congress. Fast track also preserves for the Congress the ultimate decision of whether any potential agreement is good or bad for America. That assurance puts American in the best position to negotiate major trade agreements and maintains a balance that has worked for over 20 years.

- As we increase our trade, the President is committed to raising labor standards and protecting the environment around the world and ensuring through aggressive worker retraining and increased educational opportunities that no American is left out of the global economy

MAINTAINING OUR STANDARD OF LIVING

- Opening markets to US goods and services has been critical to our economic expansion.

- President Clinton's economic strategy of deficit reduction, investing in our people through education and training, and opening markets to our goods and services has created the largest economic expansion in a generation.

- The American people have enjoyed the longest period of sustained growth of all our G-7 partners--seven years as of last March. The US economy has created 12 million new jobs, the unemployment rate is 5%, core inflation is at a 30-year low.

- The United States is once again the world's largest exporter, the largest producer of semiconductors, and the largest producer of automobiles. Independent studies have found America to be the most competitive economy in the world for the past five years.

- The United States exports more products and services than any country in the world and trade provided more than 25% our economic growth over the past four years.

- Over the last four years, American manufacturing exports rose by 42%, high technology exports jumped 46%, service exports climbed 33% and farm exports rose 41%.

- No country is better positioned to compete than the United States. We have every reason to have confidence in our economy, in our companies and workers and in our capacity to compete and win. Fast track is a test of that confidence—and a prerequisite for seizing the trade opportunities before us around the world.

CREATING MORE AMERICAN JOBS

- Over the past four years, more than 25% of our economic growth has come from overseas trade and US exports have created 1.4 million new American jobs. Fast track will give us the chance to continue this trend.

- In addition, 11 million total American jobs are supported by exports, including one in five manufacturing jobs--paying an average of 13-16% more for non-management workers than non-trade related jobs.

- Over the next decade, the global economy is expected to grow at triple the rate of the US economy. Growth will be particularly strong in the world's emerging markets, where demand for American goods and services are taking off.

- In a world where over 96% of the world's consumers live outside of the United States, we must export our goods and services to sustain our standard of living at home. To stay on the global fast track, the President needs fast track authority.

BREAKING DOWN TRADE BARRIERS

The expanding global economy presents enormous potential for American companies and workers:

- Sectoral Agreements: The President would use fast track authority to negotiate agreements in sectors where the US is most competitive. From medical equipment and services, environmental technology and services, telecommunications to high tech computers, the President will tear down more barriers to American exports. For example, the recent Information Technology Agreement eliminated tariffs and unshackled $500 billion of trade in semiconductors, computers, telecommunications equipment and software, and according to industry estimates, amounts to a $5 billion tax cut in tariffs on American exports.

- Agriculture: The President would use fast track authority for negotiations to reduce barriers in the $536 billion global agriculture market that will attack such practices as export subsidies.

- Services: The service sector represent a $1.2 trillion global market—where US firms exported more than $220 billion in 1996 with a surplus of $73 billion. We have the opportunity to open a wide range of service sectors, including health care, education, entertainment, tourism and business consulting and advertising.

Regional Free Trade Agreements

- Asia: Asia has one of the fastest growing economies in the world, with nearly 3 billion consumers. Forecasters expect real growth of 6-7% annually for the next 15 years. With our APEC partners, the President is working to reach agreement in key sectors that could open these dynamic markets to America's goods and services and keep the free trade process going.

- Latin America/Caribbean: The Latin American market including Mexico is the fastest growing area for US exports. If this trend continues, Latin America and the Caribbean will exceed the European Union as a market by 2000 and exceed Japan and the EU combined by 2010. The President is committed to moving forward toward a Free Trade Area of the Americas by 2005. Negotiating a free trade agreement with Chile is the next critical step in this process.

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

AMERICAN LEADERSHIP IN THE WORLD

- Half a century of determined American leadership has led to a 90-fold increase in global trade and helped bring down global barriers to America's products--falling from an average 40% at the end of World War II to about 5% today. Our leadership of the global economy has served America's interest—and the world's.

- As the sole remaining superpower, the United States has a fundamental national interest in contributing to stability and security around the world. A more prosperous world will be a more peaceful world—a world more hospitable to American interests and ideals. By opening markets, fast track authority will contribute to global as well as American prosperity—it will reinforce the common interest that diverse countries and regions share in sustaining that prosperity.

- America's failure to participate in shaping the global trading system will allow our competitors to negotiate preferential trade arrangements, form strategic relationships excluding the United States, and create new exclusive trade alliances. The United States cannot abdicate its global leadership to the detriment of the American economy.

- This debate must not be about the past but about the opportunities for the future. Fast track authority will allow the President to knock down trade barriers and negotiate a broad array of trade agreements--from sectoral agreements on medical equipment and telecommunications to regional agreements in Asia, Africa and Latin American to eliminating global barriers in the

WTO. The debate over fast track is about embracing the opportunities of the global economy to create jobs, expand exports, and maintain America's standard of living.

- Opening foreign markets does not mean retreating from our commitment to labor and the environment. The President is committed to promoting worker rights and ensuring that economic growth does not come at the expense of a clean and healthy environment. Walking away from the world's markets will not improve worker rights or protect the environment—but through dialogue and engagement these issues can be addressed.

THE PRICE OF INACTION

- Other countries are breaking down trade barriers and moving forward in creating competitive trading relationships to the disadvantage of US companies and workers. It is in the national interest of the American people to stay engaged in the global economy.

- Since 1992, in Latin America and Asia alone, our competitors have negotiated 20 free trade agreements that exclude the United States.

- Today every major economy in this hemisphere has a preferential trade deal with Chile except the United States. This gives our competitors an 11% across-the-board tariff advantage for their products, which means American companies must sell to Chile with an immediate 11% cost disadvantage.

- For example, Canada's Northern Telecom recently won a $180 million telecommunications contract in Chile over three US companies in part to avoid paying $20 million worth of tariffs.

- Similarly, US corn producers are at a competitive disadvantage in Chile compared to Argentinean corn producers because of a preferential agreement which gives Argentina a 3.3% tariff preference which will soon increase to 11%.

- MERCOSUR (Argentina, Brazil, Paraguay, Uruguay) wants to expand its agreements to include all of South America a move which would disadvantage American businesses.

- China has targeted Mexico, Argentina, Brazil, Chile and Venezuela as "strategic priorities" to expand bilateral trade in Latin America

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

The White House At Work
Tuesday, September 16, 1997

PRESIDENT CLINTON SUBMITS LEGISLATION TO RENEW TRADITIONAL TRADE AUTHORITY AND EXTEND AMERICA'S PROSPERITY INTO THE NEXT CENTURY

"Today, I take the next step in our strategy to extend America's prosperity into the next century. I have submitted legislation to the Congress that will renew the traditional authority, granted to presidents of both parties since 1974, to negotiate new trade agreements that open foreign markets to goods and services made by American workers."

-- President Clinton, Statement on fast track, 9/16/97

President Clinton submitted legislation to Congress today that restores the President's traditional authority to negotiate trade agreements and break down barriers to American exports. This negotiating authority legislation will help keep our economy on the right track and create good American jobs, while honoring our commitment to our workers and environment.

- **Open Trade is Critical to America's Continued Prosperity.** The American economy is on the move again. The President's three-part economic strategy -- cutting the deficit to spur private sector investment, investing in critical priorities like education and training, and opening markets abroad -- is a proven success. Since President Clinton took office, the American economy has generated nearly 13 million new jobs, unemployment is below 5%, wages are up, and the deficit has been cut by more than 85%. America is in the midst of a longer period of sustained growth than any other major economy in the world; one-third of our growth depends on overseas trade.

- **American Exports Create Millions of High-Paying Jobs.** Our aggressive export strategy has paid off for American companies and workers. America is once again the world's largest exporter, the largest producer of semiconductors, and the largest producer of automobiles. Exports support over 11.5 million jobs in the United States, including one in five manufacturing jobs. Over the last four years alone, exports have created 1.7 million new jobs -- jobs that typically pay 15 percent more than non-export-related jobs.

- **We Must Continue To Break Down Foreign Trade Barriers.** To keep our economy on the right track, we need to give the President the power that every President since Ford has had to break down unfair foreign barriers to American exports. This legislation restores the President's power to negotiate agreements that will help American businesses compete and win.

- **Legislation Honors President Clinton's Commitment to America's Workers and Our Environment.** As we expand trade, the President is committed to pursuing three objectives: (1) to break down unfair foreign trade barriers and create good American jobs; (2) to promote and advance worker rights; and (3) to promote responsible environmental protections. That is why this President Clinton is the first president ever to make labor and the environment part of America's trade agenda. And that is why this legislation includes a specific negotiating instruction to improve labor rights and environmental protection abroad -- the first-ever reference to the environment in fast track legislation. Granting the President this fast track authority will level the playing field for America's workers and affirm our commitment to protecting the environment.

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President Submits Legislation to Restore Traditional Trading Authority
Tuesday, September 16, 1997

Sensible Bipartisan Legislation. Today, President Clinton will submit legislation to Congress that restores the President's traditional authority to negotiate trade agreements and break down barriers to American exports. This negotiating authority legislation will help keep our economy on the right track and create good American jobs, while honoring our commitment to our workers and environment. We expect this legislation will garner the bipartisan support it deserves.

Free Trade is Critical to America's Continued Prosperity. The American economy is on the move again. The President's three-part economic strategy -- cutting the deficit to spur private sector investment, investing in critical priorities like education and training, and opening markets abroad -- is a proven success. Since President Clinton took office, the American economy has generated nearly 13 million new jobs, unemployment is below 5%, wages are up, and the deficit has been cut by more than 85%. America is in the midst of a longer period of sustained growth than any other major economy in the world; one-third of our growth depends on overseas trade.

American Exports Create Millions of High-Paying Jobs. Our aggressive export strategy has paid off for American companies and workers. America is once again the world's largest exporter, the largest producer of semiconductors, and the largest producer of automobiles. Exports support over 11.5 million jobs in the United States, including one in five manufacturing jobs. Over the last four years alone, exports have created 1.7 million new jobs -- jobs that typically pay 15 percent more than non-export-related jobs.

We Need To Keep Breaking Down Foreign Trade Barriers. To keep our economy on the right track, we need to give the President the power that every President since Ford has had to break down unfair foreign barriers to American exports. This legislation restores the President's power to negotiate agreements that will help American businesses compete and win.

Legislation Honors Our Commitment to America's Workers and Our Environment. As we expand trade, the President is committed to pursuing three objectives: (1) to break down unfair foreign trade barriers and create good American jobs; (2) to promote and advance worker rights; and (3) to promote responsible environmental protections. As we renew fast track authority, our goal has been to give the President an array of negotiating tools to advance those objectives and level the playing field for American workers in the trade deals:

- Trade Agreements. This bill permits labor/environmental provisions "directly related to trade" to be brought back to Congress under fast track authority.

- Side Agreements. The President has extensive executive authority to reach labor/environmental agreements with countries. We have already committed to conclude companion labor/environment agreements in future trade agreements where appropriate, and Chile has already agreed to enter such agreements.

- Other Agreements. This Administration has done more than any other to press countries to improve labor and environmental protection -- and we will continue to do so, whether through the ILO, the WTO, the UN, or international financial institutions. We should be concerned about improving conditions in all countries, not just in free trade partners.

President is Committed to Ensuring that Everyone Benefits from the Global Economy. President Clinton has always recognized that we have a special obligation to help low wage and dislocated workers. That's why he fought to raise the minimum wage, provide a more generous Earned Income Tax Credit, increase investment in training, and win new pension and health benefits for workers. That effort has already brought real results for low wage workers:

- Since the President's 1993 Economic Plan passed, the real average income of the poorest 20 percent of families has increased nearly $1,000 -- or 9.7 percent.
- In 1995 -- the most recent year data are available -- America saw its largest decline in income inequality and the biggest drop in the number of people in poverty in 27 years.

As trade helps America continue to prosper, the President will continue his fight to expand opportunities for dislocated and low wage workers.

Specific Provisions of the Bill Include:

- Authority to Open Markets: The bill gives the President authority to negotiate global, regional, sectoral and/or bilateral trade agreements, which would be brought back for Congressional approval under "fast track" procedures (extensive consultations, limited debate, no amendments). This authority is critical to give our negotiators the credibility they need to secure good agreements.

- Reaffirms Commitment to Labor/Environment: The bill includes a specific negotiating to improve labor rights and environmental protection abroad (a first-ever reference to the environment in fast track legislation). Provisions in bilateral free trade agreements must be "directly related to trade," but the Administration may also seek side agreements, where appropriate.

- Pursues Trade Priorities: The bill contains negotiating objectives emphasizing key U.S. trading interests, such as agriculture, services, investment, intellectual property, and the need for the U.S. to preserve its health and safety laws and to vigorously enforce U.S. trade laws.

- Enhanced Congressional Consultations: We have added strong language to ensure Congress is a full partner in setting objectives and establishing trade priorities for American negotiators, including some provisions that have never before been included in fast track bills: (1) a requirement that the Administration inform Congress of its negotiating objectives for a specific agreement before negotiations begin; (2) a requirement that the Administration consult before signing a trade agreement about any parallel agreements, such as labor and environmental side agreements.

- Duration. Authority granted until 2001, with extension until 2005 only after a congressional vote.

cc:
Subject: Fact Sheet: The Export Expansion and Reciprocal Trade Agreements Act

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

September 16, 1997

FACT SHEET

The Export Expansion and Reciprocal Trade Agreements Act of 1997

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

Background

The proposal reactivates a partnership between the President and the Congress that dates back over 6 decades. Recognizing that the high protective U.S. tariff walls it established in 1930 had only served to deepen the Depression, the Congress 4 years later enacted the first reciprocal trade agreements act. In that act, the Congress gave the President authority to negotiate mutual tariff reductions with our trading partners. The Congress renewed that authority repeatedly over the years, and successive Presidents used the authority to dramatically reduce tariff barriers around the world.

"Fast track," first put in place under the Ford Administration, is a further expression of the partnership between the President and the Congress in bringing down barriers to U.S. exports. Under fast track the Congress and the President work together, ensuring that the United States can effectively negotiate away foreign tariff barriers to U.S. products as well as non-tariff barriers -- such as quotas, protectionist product standards, and subsidies -- which foreign governments have increasingly substituted for tariffs to exclude U.S. products. Fast track lapsed along with most of the President's tariff reduction authority 3 years ago.

The President's Proposal

The President's proposed legislation serves to reunite the Congress and the President in trade negotiations. The President's proposal ensures that the Congress is fully integrated into the formulation of U.S. goals, strategies, and decision-making for each trade negotiation subject to fast-track procedures. Because the Congress and the President are united under the proposal, it tells U.S. trading partners that the United States speaks at the bargaining table with one voice and that the Congress will not seek to reopen trade agreements after they are negotiated.

The proposal also renews the President's longstanding tariff- cutting authority. The proposal adds a provision that will
allow the President to implement new tariff harmonization or elimination agreements on a sectoral or regional basis, consistent with World Trade Organization rules.

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administered by the World Trade Organization -- for example, to further reduce tariff and nontariff barriers to agricultural trade.

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

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

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The proposal calls for the President's tariff reduction authority and the new fast-track procedures to remain in effect until October 1, 2001. The President may request an extension of his tariff-cutting authority and "fast-track" procedures through September 30, 2005, subject to disapproval by either House of the Congress.

A summary of the key provisions of the proposal follows.

Negotiating Objectives

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

-- To reduce trade barriers and trade distortions that limit market opportunities for U.S. exports, including those aspects of foreign government policies and practices directly related to trade.

-- To reduce foreign government barriers that discriminate or impose unreasonable regulatory barriers on U.S. service providers.

-- To reduce artificial or trade-distorting barriers to U.S. foreign investment.

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

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

-- To secure fairer and more open trading conditions for U.S. agricultural products.

-- To promote through the World Trade Organization internationally recognized worker rights and sustainable development.

Trade Agreements Covered by the President's Proposal

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

-- Thus, fast track could be used to carry out agreements concluded under the trade negotiating agenda set out in the congressionally approved agreements

Making the Congress a Partner in Trade Negotiations

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

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

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

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

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

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

Enhancing the Role of the Public and the Private Sector

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

-- The President must solicit views from the public, and the United States International Trade Commission, regarding any proposal to change U.S. tariffs. In addition, under the proposal, the President must notify the public of any agreement in advance of signing it.

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

Fast-Track Procedures

Provided the President observes each of the proposal's notice, consultation, and other procedures in connection with the negotiation of a trade agreement, the agreement and its implementing legislation are subject to fast-track consideration in the Congress. Fast-track rules call for the Congress to vote on qualifying trade agreements and implementing legislation without amendment within 60 "legislative days" -- typically a period of several months or more.

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

Tariff-Cutting Authority

Under the renewed "proclamation authority," the President would be authorized to carry out agreements that reduce by up to 50 percent U.S. tariffs that currently exceed 5 percent *ad valorem*. The President would be able to eliminate duties of 5 percent or less. The proposal adds a provision that will allow the President to implement new tariff harmonization or elimination agreements on a sectoral or regional basis, consistent with World Trade Organization rules.

# # #

cc:
Subject: Transmittal to Congress: Export Expansion and Reciprocal Trade Agreements Act

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

September 16, 1997

TO THE CONGRESS OF THE UNITED STATES:

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

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

The sustained, robust performance of our economy over the past 5 years is powerful proof that congressional-executive cooperation works. We have made great strides together. We have invested in education and in health care for the American people. We have achieved an historic balanced budget agreement. At the same time, we have put in place trade agreements that have lowered barriers to American products and services around the world.

Our companies, farms, and working people have responded. Our economy has produced more jobs, more growth, and greater economic stability than at any time in decades. It has also generated more exports than ever before. Indeed, America's remarkable economic performance over the past 5 years has been fueled in significant part by the strength of our dynamic export sector. Fully 96 percent of the world's consumers live outside the United States. Many of our greatest economic opportunities today lie beyond our borders. The future promises still greater opportunities.

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

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

Today, the United States is the world's strongest competitor. The strength of the U.S. economy over the past several years is testimony to the creativity, productivity, and ingenuity of American firms and workers. We cannot afford to squander our great advantages by retreating to the sidelines and watching other countries conclude preferential trade deals that shut out our goods and services. Over 20 such agreements have been concluded in Latin America and Asia alone since 1992. The United States must continue to shape and direct world trading rules that are in America's interest and that foster democracy and stability around the globe.

more

(OVER)

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

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

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

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

WILLIAM J. CLINTON

THE WHITE HOUSE,
September 16, 1997.

FAST TRACK
MAIN MESSAGE

NOW, MORE THAN EVER, THE U.S. NEEDS AUTHORITY TO OPEN NEW MARKETS AND BREAK DOWN BARRIERS TO U.S. EXPORTS.

Trade negotiating authority is essential. Every President since Ford has had fast track authority for key periods with bipartisan support. That is because Congress has consistently recognized the President must have the authority to break down foreign trade barriers and create good jobs.

Very good Basic points

Fast track authority is even more essential today. The rapidly expanding global economy presents enormous opportunities for our companies and workers. Over the next decade, the global economy is expected to grow at three times the rate of the U.S. economy. Growth will be particularly powerful in the emerging markets - the fastest growing markets of the world. Our economic future will increasingly rest on tapping into these global opportunities. In a world where over 95 percent of the world's consumers live outside the United States, we must export to sustain economic growth at home.

Common foe competitor everywhere

Commercial competitiveness is critical to our global leadership. Europe, China, Japan and others are forging preferential commercial alliances with emerging markets, which put American exports at a disadvantage. Those trade alliances also play a vital role in defining strategic relationships between countries and regions. Our commercial competitiveness is at stake, but so is our leadership role in the world.

Very good Basic points

per capita income growth point

Exports create American jobs. Today, more than 11 million American jobs are supported by exports, including one in five manufacturing jobs – good jobs, paying 13-16 percent more than non-trade-related jobs. Over the last four years, one-quarter of our economic growth came from trade -- and exports created 1.4 million new jobs. If we are to raise our standard of living, we must continue creating jobs through exports.

THE U.S. IS PERFECTLY POSITIONED TO SEIZE THESE OPPORTUNITIES.

The United States is the world's strongest competitor. We have enjoyed the longest period of sustained growth of all of our G-7 partners. Over the last four years, we have created 12 million new jobs, more than all of the other G-7 countries combined. We have the lowest budget deficit as a percent of GDP of all the G-7 nations. We are once again the world's largest exporter, the largest producer of semiconductors, the largest producer of automobiles. Over the last four years, our manufactured exports are up 42%, high technology exports jumped 46%, service exports climbed 26% and farm exports rose 43%. Independent studies, including the Institute for Management Development in Switzerland, have found America to be the most competitive economy in the world for the past five years. No country in the world is better positioned to compete.

Our market is already open. Others are not. The United States is the most open, major market in the world. When we reach trade agreements, we give up very little, while other countries give up far more. When the Uruguay Round is phased in, our tariffs will average 2.8 percent. Other countries are far higher: India (31%); Thailand and Turkey (26%); Chile and Indonesia (11%). It is not difficult to see that these deals make sense. It is difficult to understand why we should let these barriers stand.

THE POTENTIAL GAINS ARE GREAT, IF WE SEIZE THEM.

Multilateral. For over 50 years, the U.S. has led the world in opening global markets. Our persistent leadership has helped bring global tariffs down from an average of 40 percent at the end of World War II to about 5 percent today, leading to a 90-fold increase in global trade. We can continue that progress today. Because of our leadership, new WTO negotiations present the opportunity to reduce trade barriers further in key sectors, such as:

- **Agriculture:** Negotiations to cut barriers in the $526 billion global agriculture market will attack such practices as export subsidies and domestic support programs.

- **Services:** A $1.2 trillion global market - where U.S. firms exported more than $220 billion in 1996 with a surplus of $74 billion. Talks will address a wide range of service sectors including health care, education, entertainment, tourism, business consulting and advertising.

Global negotiations will address other key areas like intellectual property, customs and government procurement rules. Talks in the OECD will ensure fair treatment for U.S. investors.

Sectoral. We would also use fast track to negotiate agreements in sectors where the U.S. is most competitive. The recent Information Technology Agreement, for example, eliminated tariffs and unshackled $500 billion of trade in semiconductors, computers, telecommunications equipment and software, amounting to a $5 billion tax cut in tariffs on American exports. With fast track authority, we can tear down more barriers in areas like medical equipment, environmental technology, and computer software, areas where America leads the world.

Regional. Continuing regional initiatives present vast opportunities.

- **Latin America and the Caribbean.** This area was the fastest growing market for U.S. exports in 1996. If trends continue, Latin America and the Caribbean will exceed the EU as a destination for U.S. exports by 2000 and exceed Japan and the EU combined by 2010. We remain committed to conclude the Free Trade Area of the Americas by 2005. Chile would be our first step in this process.

- **Asia.** Contains the fastest growing economies in the world, with nearly 3 billion people. Independent forecasters put 1996 GDP for the region at $2.8 trillion and expect real growth of 6% to 7% annually for the next 15 years.

We will also continue efforts with Europe, Africa and other regions.

IF WE DON'T ACT, OUR COMPETITORS WILL.

Other countries are breaking down barriers for their companies and workers. We talk a lot about leveling the playing field, but our competitors are leveling the field, while we sit on the sidelines. Since 1992, our competitors have negotiated 20 regional trade pacts in Asia and the Western Hemisphere. In every region of the world, this process will continue. MERCOSUR is a developing customs union with ambitions to expand to all of South America; the EU has begun a process to reach free trade with MERCOSUR (President Chirac recently declared "the future of the region rests with Europe, not the United States"); China's "strategic priorities" include Mexico, Argentina, Brazil, Chile and Venezuela; Japan has undertaken high-level efforts in Asia and Latin America. Five years ago, the question was whether countries would reach regional trading agreements. Today, the only question is whether the U.S. will be part of that process - or whether it will sit on the sidelines.

The costs of inaction are high. For example, Canada has reached a free trade agreement with Chile that will eliminate Canada's across-the-board 11 percent tariff for Canadian products. Every time an American company competes to sell to Chile, it will face an immediate 11 percent cost disadvantage vis-a-vis its Canadian competitors. The costs are already being felt. Canada's Northern Telecom just won a $180 million telecommunications contract over three U.S. companies in part because it could avoid paying $20 million worth of duties.

AS WE DEVELOP A FAST TRACK BILL, WE MUST DEVELOP A BIPARTISAN APPROACH TO THE ISSUES OF LABOR AND THE ENVIRONMENT.

ven Sra[?] point Need to understand Charlene's points on LABOR The key point re. LTC

We must address these issues. We cannot sustain support among American people for market opening policies without also addressing concerns about the effects of these agreements on labor and the environment. That is also necessary to build a bipartisan coalition for passage. The President has asked Ambassador Barshefsky to consult with both parties in Congress -- and the relevant interest groups -- to develop a bipartisan consensus. That process continues.

Sitting on the sidelines does not help workers or promote a cleaner environment. Opening foreign markets does not mean retreating from our commitment to labor and the environment. In fact, it makes it easier to engage these countries on these issues. Denying the President authority to negotiate trade agreements with them will not help advance their labor or environmental protections. It will simply make it more likely that these countries will remain relatively poor (keeping wages low and discouraging better environmental practices), while crippling our export performance and denying job growth here at home.

other ways to push Labor rights[?] priority urged[?]

WE FACE A CRITICAL CHOICE: WHETHER TO SEIZE THE INITIATIVE OR HAVE OTHERS SEIZE IT FROM US.

The choice is clear. We can recognize that the American economy is the model for the world, continue to open foreign markets and seize the initiative when it comes to international competition. Or we can convince ourselves - against the evidence - that we are on the wrong track, that we cannot succeed and that we should not move forward. Four years from now, we will either proudly recognize that we saw our opportunities and we took them. Or, we will have become paralyzed by indecision, squandered our strong competitive advantage and let others seize the initiative. The choice is that clear - and that important.

good point

very good, catchy close

Basic Fast Track Questions & Answers

Q: Isn't "fast track" just about expanding NAFTA to include Chile?

A: No, fast track is about ensuring that America speaks with a united voice as we pursue our trade agenda. The immediate agenda extends well beyond a comprehensive agreement with Chile. It includes multilateral negotiations growing out of the WTO built- in agenda, which will include, for example, negotiations to reduce barriers to agricultural trade and services, in which the U.S. is the most competitive. It also includes sectoral negotiations, like those that led to the recently-concluded ITA agreement.

More fundamentally, it is about maintaining the competitive position we have regained over the last 4 years. If we do not participate effectively in reducing trade barriers, we will relinquish opportunities for American business and workers to our competitors. Indeed, since 1992, more than 20 regional trade agreements have been negotiated which do not include the United States. Everyday strategic and preferential alliances are being forged without us. Most recently, Canada indicated an intention to form a trade alliance with the Mercosur countries.

We have no credibility with our trading partners if they do not believe we can implement the deals we negotiate. Fast track authority is essential for that reason alone.

Q: I would like to support you on fast track, but in my district fast track is about NAFTA. They say NAFTA has not been good for America, and it has done nothing to further the labor and environmental concerns that it was supposed to address. How do I respond to that criticism?

A: First, fast track is not about NAFTA. Fast track is about giving America the ability to pursue a global market opening trade agenda.

Second, NAFTA has provided many benefits, including expanded exports, creation of high wage jobs, and protection of those exports and jobs during Mexico's recession and peso crisis. **(See included "Economic Benefits of NAFTA" for details.)**

Third, with respect to labor and environmental, the NAFTA side agreements are working to make a bad situation better. The labor and environmental problems in Mexico are decades in the making; it is unrealistic to expect NAFTA to have remedied them in three years. There are continuing problems and they need to be addressed. The NAFTA agreements provide the vehicle for doing so, and have resulted in progress on both fronts.

On the environmental front progress is being made to identify and fund new environmental projects and in Mexico's enforcement of its environmental laws. **(See included "NAFTA Environmental Concerns" for details.)**

On the labor front, there is an unprecedented degree of cooperation to address the difficult labor issues and the formal process allowing the submission of complaints about continuing problems has led to solutions, change, and increased attention to these issues. **(See included "NAFTA and Worker Rights" for details.)**

More needs to be done and it will be. But, withholding support for fast track authority will not help workers or the environment. To the contrary, it will hurt America's competitiveness and leadership role. We will lose the ability to create new export opportunities and attendant high-wage jobs, like those resulting from increased trade over the past 4 years. If we are not involved, we cannot continue to push for progress on the important issues of labor and the environment.

Q: The NAFTA helped induce the collapse of the peso in 1995 and the decline of the Mexican economy?

A: The sharp decline in the Mexican economy in 1995 and the peso crash had its roots in Mexico's exchange rate policy in the 1980s, long before the NAFTA was envisioned. The rise in interest rates, collapse of the Mexican financial markets and the 7% decline in production and employment, undermined the Mexican economy, and these events had little to do with the NAFTA.

The NAFTA did force Mexico to meet market-opening obligations, and in spite of a recession three times worse than the U.S. recession of 1991, our exports to Mexico recovered in just 18 months. By contrast, after the peso crash of 1982, Mexico erected across-the-board trade barriers and U.S. exports took seven years to recover. U.S. exports to Mexico today stand at record levels.

From the Mexican perspective, NAFTA can, in part, be credited with helping Mexico recover more quickly from this recession than the recession in the 1980's. It took the Mexican economy 4 years to recover from its early 1980s recession. In contrast, in 1996, just one year after the recession, the Mexican economy grew by better than 5% and recovered two-thirds of its production. Mexican growth is expected to exceed 5% again in 1997. In that event, Mexico will have recovered from a worse recession twice as fast as it did from recession in the 1980s.

Q: NAFTA has not really solved the most pressing trade issues between U.S. and Mexico. Why go forward with new agreements if we are not solving existing problems?

A: While there remain trade issues to resolve with Mexico, no trading relationship is without such ongoing issues. Neither NAFTA nor any other trade agreement is a panacea; it provides increased opportunities and a process to address outstanding and emerging issues. Pursuant to the NAFTA, we are working to solve our trade issues with Mexico and with Canada.

For example, we have made it clear that trucks entering the U.S. must comply with strict safety and environmental standards. With regard to food safety, the NAFTA imposes among the highest phytosanitary requirements of any trade agreement in the world, which must be complied with before food enters our market. With respect to labor and environment issues, progress is continuing. In fact, Presidents Clinton and Zedillo agreed to redouble their efforts in this regard and have asked their labor and environment ministers to identify specific issues requiring more focused attention, particularly along the border.

Again, withholding fast track authority will not improve these problems. Issues like this arise with all trading partners, whether we have special trade relations or not. Fast track is important so that we can create economic opportunity, exercise leadership to impose disciplines that minimize the kinds of problems to which you allude and establish processes to resolve problems when they arise.

Q: You talk about creating high wage jobs. It is my impression that trading with low wage countries actually depresses wages.

A: The fact is that wages for export-related jobs pay 13-16% more than the national average. Thus, creating additional export opportunities is clearly in America's interest. Our workers are able to compete with workers in low wage countries because they are the most productive in the world. They spend far less time to produce most anything than is required of workers in low wage countries. As a result, in many areas the United States has both higher wages and lower unit labor costs than our low wage trade partners.

Even state of the art facilities in developing countries are in fact far from operating as efficiently as in countries like the United States because of low productivity and frequent quality and availability problems in the domestic goods and service supplying sectors upon which the manufacturing facility depends.

Of course, competitive pressure from low wage countries may be felt greatest in U.S. industries where labor skills and productivity are lower than average. But most such jobs are not in industries that compete with imports. Indeed, imports from non-oil developing countries account for only 4% of U.S. spending and has grown only 1.5% during past decade.

We should be concerned when any part of our labor force lacks skills necessary for well-paying jobs. It is important, therefore, to maintain our commitment to education and worker retraining so that our workers can enjoy the benefits of America's increasing demand for a higher-skilled workforce.

Q: **The Administration keeps talking about its success opening foreign markets, yet our trade deficit keeps going up. How is this good for the U.S. economy as it must cost U.S. jobs?**

A: There is no doubt that exports have created new, high-paying jobs. Today, more than 11 million American jobs are supported by exports, including one in five manufacturing jobs. These are good jobs; jobs supported by merchandise exports pay 13-16 percent more than the U.S. national average wage. Over the last four years, more than one-quarter of our economic growth came from exports -- and export growth has resulted in an additional 1.4 million export-supported jobs .

Trade deficits, by themselves, do not necessarily cost U.S. jobs. Trade deficits and employment both tend to rise when the economy is growing rapidly and consumers and businesses increase their spending. For example, the U.S. current account (the broadest measure of trade) was nearly in balance in 1991, during the last major U.S. recession, yet the unemployment rate peaked at well over 7% in that year. Since 1992, the U.S. economy recovered earlier and has grown faster than those of many of our major trade partners. The relative strength of U.S. growth contributed to the current account deficit expanding to $165.1 billion in 1996; however, by the end of 1996, the unemployment rate was down to 5.4% and over 11 million net jobs had been created in the U.S. economy in just four years. Today unemployment is at its lowest level in a quarter century.

That said, the President and Congress working together over the last four years have reduced the federal budget deficit and strengthened the national saving rate. As a result, although the trade deficit has increased in dollar terms during this recovery, substantial progress has been made in that the trade deficit has been brought down substantially relative to the size of the overall economy (for goods and services, down from 3.3% of GDP at its peak in 1987 to 1.5% in 1996). In light of the budget agreement between the President and Congress, this trend should continue as we reduce the budget deficit.

Fast Track: In the National Interest of the United States:

FAST TRACK MEANS: IMPROVING OUR STANDARD OF LIVING

- The Economy is Strong. The President's economic strategy of cutting the deficit, investing in education and training and opening markets abroad is working. America has enjoyed the longest period of sustained growth in a generation— 25% of which was produced by exports. The result: 12 million new jobs, unemployment at 5%, inflation the lowest in a generation.
- Our Future Prosperity Depends on Trade. 96% of the world's consumers live outside the US. The global economy will grow at three times the rate of the US economy. The American people need fast track to negotiate smart new trade agreements that keep us competitive, expand our exports, create more jobs, and raise our standard of living.
- Staying on the Fast Track. By knocking down trade barriers and creating news jobs, President Clinton will use fast track to keep America's economic expansion on the global fast track.

FAST TRACK MEANS: CREATING MORE JOBS

- Knocking Down Barriers. The President will keep knocking down barriers to American products and services because that strategy is working for the American people. The US is once again the world's largest total exporter, the largest producer of semiconductors, and the largest producer of automobiles. Exports support 11 million American jobs, including one in five manufacturing jobs, and over the past four years, one-quarter of our economic growth came from trade and exports.
- Sectoral Agreements. The President will negotiate agreements in sectors where the US is most competitive: medical equipment, telecommunications, environmental technology and agriculture.
- Regional Free Trade Agreements. The President will open markets in Asia, Latin America, and Africa to US goods and services.
- Free and Fair Trade. The President supports raising labor standards, protecting the environment and ensuring through aggressive worker retraining and increased educational opportunities that no American is left out of the global economy.

FAST TRACK MEANS: MAINTANING AMERICA'S GLOBAL LEADERSHIP

- Staying On Top. As we prepare the American people for the challenges of the 21st century, we face a critical choice: Embrace the global economy and continue to shape it to America's advantage, or turn back and fail to compete for new contracts, new business or new job opportunities.
- Lead or Be Left Behind. Since 1992, in Latin America and Asia other countries have reached more than 20 preferential agreements without the United States. Lack of leadership will let barriers block American products and deny American workers the opportunity to increase their prosperity.
- Bipartisanship. Every President since Ford has had fast track authority. Congress has consistently recognized the President must have the authority to break down foreign trade barriers and a bipartisan majority of the United States Congress has consistently supported American leadership in opening markets and creating jobs.

Fast Track Talking Points:

GENERAL POINTS

- Fast track authority is in the national interest of the United States. America's economic strength and standard of living is linked to knocking down trade barriers, exporting our goods and services, and creating more high skilled jobs.

- Fast track is a prerequisite to US negotiating credibility and without it, the President cannot assure our negotiating partners that the deal they strike is the deal that will be voted on by Congress. Without that assurance, foreign governments are reluctant to negotiate with the United States.

- As we prepare the American people for the challenges of the 21st century, we face a critical choice: We can embrace the global economy and continue America's economic expansion, or we can turn our back on the world and fail to compete for new contracts, new markets, new business or new job opportunities.

- Every President since Ford, Republican and Democrat, has had fast track authority. Congress has consistently recognized the President must have the authority to break down foreign trade barriers and a bipartisan majority of the United States Congress has consistently supported American leadership in opening markets and creating jobs.

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

THE RECORD IS CLEAR

- President Clinton's economic strategy of deficit reduction, investing in our people through education and training, and opening markets to our goods and services has created the largest economic expansion in a generation.

- The American people have enjoyed the longest period of sustained growth of all our G-7 partners--seven years as of last March. The US economy has created 12 million new jobs, the unemployment rate is 5%, core inflation is at a 30 year low, and the value of the stock market has doubled since 1993.

- The United States is once again the world's largest exporter, the largest producer of semiconductors, and the largest producer of automobiles. Independent studies have found America to be the most competitive economy in the world for the past five years.

- Over the last four years, American manufactured exports rose by 42%, high technology exports jumped 46%, service exports climbed 26% and farm exports rose 43%.

- US industrial production has increased by 18% in real terms between 1992 and 1996, while Japan's has risen just 8% and Germany's declined by 1%.

- No country is better positioned to compete than the United States. To maintain the standard of living of the American people, President Clinton needs fast track authority to continue America's record economic expansion.

STAYING ON THE FAST TRACK: CREATING AMERICAN JOBS

- Over the past four years, one-quarter of our economic growth has come from overseas trade and US exports have created 1.4 million new American jobs. Fast track will help this trend continue.

- In addition, 11 million total American jobs are supported by exports, including one in five manufacturing jobs--paying 13-16% more than non-trade related jobs.

- Over the next decade, the global economy is expected to grow at three times the rate of the US economy. Growth will be particularly powerful in the world's emerging markets.

- In a world where over 96% of the world's consumers live outside of the United States, we must export our goods and services to sustain our standard of living at home. To stay on the global fast track, the American economy needs fast track authority.

MAINTAINING AMERICA'S STANDARD OF LIVING

The rapidly expanding global economy presents enormous potential for American companies and workers:

- <u>Sectoral Agreements</u>: The President would negotiate agreements in sectors where the US is most competitive. From medical equipment, environmental technology, telecommunications to high tech computers, the President will tear down more barriers to American exports. For example, the recent Information Technology Agreement eliminated tariffs and unshackled $500 billion of trade in semiconductors, computers, telecommunications equipment and software, amounting to a $5 billion tax cut in tariffs on American exports.

- <u>Agriculture</u>: The President would use fast track authority for negotiations to cut barriers in the $536 billion global agriculture market that will attack such practices as export subsidies and domestic support programs.

- <u>Services</u>: A $1.2 trillion global market—where US firms exported more than $220 billion in 1996 with a surplus of $74 billion. The President would address a wide range of service sectors, including health care, education, entertainment, tourism and business consulting and advertising.

<u>Regional Free Trade Agreements</u>

- Asia: Asia has the fastest growing economies in the world, with nearly 3 billion consumers. Forecasters expect real growth of 6-7% annually for the next 15 years. In APEC, the President is working to reach agreement in key sectors that could open these markets to America's goods and services.

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

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

AMERICAN LEADERSHIP

- Over 50 years of persistent American leadership has helped bring down global barriers to America's products--falling from an average 40% at the end of World War II to about 5% today. This has lead to a 90-fold increase in global trade.

- As the world's sole superpower, we simply cannot turn our back on the global economy. The United States exports more products and services than any country in the world and trade provided more than one-fourth of our economic growth over the past four years. Without fast track authority, the United States will lose our strong competitive advantage, erode our growing economic expansion and miss the opportunity to increase our exports and create more job opportunities.

THE PRICE OF INACTION:

- America's failure to participate in shaping the global trading system will allow our competitors to negotiate preferential trade arrangements, form strategic relationships excluding the United States and create new exclusive trade alliances. The United States must not abdicate its global leadership to the detriment of the American economy.

- Since 1992, in Latin America and Asia alone, our competitors have negotiated 20 free trade pacts excluding the United States.

- Today every major economy in this hemisphere has a preferential trade deal with Chile except the United States. This gives our competitors an 8% across-the-board tariff advantage for their products, which means American companies must sell to Chile with an immediate 8% cost disadvantage.

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

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

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

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

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

FAST TRACK IS NOT ABOUT NAFTA:

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

RAISING LABOR STANDARDS AND PROTECTING THE ENVIRONMENT

- Opening foreign markets does not mean retreating from our commitment to labor and the environment. The President is committed to promoting worker rights and ensuring that economic growth does not come at the expense of a clean and healthy environment. Failing to engage the world's markets will not improve worker rights or protect the environment—but through dialogue and engagement these issues will be addressed.