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FAST TRACK

October 10, 1997

INFORMATION

MEMORANDUM FOR GENE SPERLING ✓
DAN TARULLO

FROM:

BOB KYLE *for all*
LINDA EDDLEMAN
ERIC BIEL *l*

SUBJECT:

Labor/Environment Commitments to Sen. Daschle

Attached is a draft summary of the labor/environment commitments we made to Senator Daschle as part of our discussions in early September. Daschle's staff has asked to meet with us next Wednesday to discuss these and presumably review a draft. Could you please review these before then and give me any thoughts.

We have not discussed how and when this might be rolled out. Therefore, I have not attached a cover letter or other transmittal document. We should discuss these issues soon as well.

ATTACHMENT: ADMINISTRATION INITIATIVES ON ENVIRONMENTAL AND LABOR ISSUES

Environmental Issues

A. World Trade Organization (WTO): Transparency and Openness

This Administration has long been committed to improving the transparency of WTO activities and the openness of WTO proceedings and we will be continuing our active pursuit of these goals in the coming year. First, to demonstrate the significance we attach to this issue, the Administration's fast track bill included a principal negotiating objective of achieving the observance of open and equitable procedures by U.S. trading partners and WTO members. The Ways and Means and Senate Finance bills both contain a similar provision. Second, we will present our transparency objectives at a meeting of the WTO General Council (the WTO's governing body) before the end of the year. Third, we will adopt increased transparency, openness and public participation as priority objectives for the mandated review of the WTO dispute settlement rules and procedures that must be completed by WTO Members by the end of 1998.

The specific objectives that we will pursue in support of greater openness and transparency include:

- Advocating consideration by WTO panels and the Appellate Body of *amicus curiae* submissions from non-governmental interested parties in dispute settlement proceedings that involve environmental and conservation issues.
- Seeking to open WTO dispute settlement panel and Appellate Body proceedings to the public.
- Providing for more timely public access to dispute settlement documents, including through electronic means, to enhance the ability of non-governmental representatives to provide their input and expertise.

In addition, we will work to ensure that similar transparency and openness provisions are included in future trade agreements -- whether multilateral, regional, or bilateral -- that contain dispute settlement provisions.

B. WTO: Eminent Persons Group

We strongly support efforts to improve the understanding of how environmental considerations relate to GATT/WTO rules and principles. We believe that establishment of an "eminent persons group" can advance that process significantly and help establish the groundwork for further initiatives in this area. To that end:

- We will propose that the WTO Director General convene a group of eminent persons, to include independent experts in the fields of trade and the environment, to formulate options for the WTO Committee on Trade and Environment to consider with respect to the issues on its agenda.
- We anticipate that the issues this group could focus on would include: the interpretation of GATT Articles III and XX with respect to environmental matters; the relationship between trade measures in international environmental agreements and WTO rules; and the relationship between trade disciplines and "ecolabeling" provisions and proposals.

C. Improving the Operation of the NADBank and BECC

We are committed to improving the effectiveness of the North American Development Bank (NADBank) and the Border Environmental Cooperation Commission (BECC), established in 1993 to develop and finance environmental infrastructure projects. We are encouraged by plans to approve financing by the end of this year for important wastewater treatment projects for the major border cities of Tijuana and Juarez. We intend to work closely with the BECC and NADBank to ensure implementation of the work plan they have developed to accelerate project development -- under which they have identified more than 30 projects with a total cost exceeding \$500 million.

Secretary of the Treasury Rubin and EPA Administrator Browner are determined to ensure that these institutions effectively address border environmental problems; toward this end they will concentrate on making infrastructure financing affordable to poor communities and on speeding the pace of project development. For example:

- The NADBank is establishing co-financing arrangements with U.S. and Mexican grant programs to address the needs of poor communities along the border, and recently entered into a cooperative agreement with the EPA establishing a Border Environmental Infrastructure Fund to provide access to up to \$170 million in EPA grants.
- The NADBank also is developing a plan, in conjunction with the State Revolving Funds in states along the border, to help smaller communities access the tax-exempt bond market through the establishment of reserve funds for debt servicing.
- In cooperation with the EPA, the BECC is preparing to commit and disburse up to \$10 million to communities by the end of this year under its Project Development Assistance Program. Once existing resources are committed, the BECC and EPA are prepared to infuse additional funding into this program.

- We will pursue additional resources for the NADBank's Institutional Development Program -- which already has approved \$1.8 million and plans to double in size -- to help border communities operate their water, sewage, and solid waste management services more efficiently.
- We will seek additional appropriations of \$100 million annually for the EPA border grant program in FY 1998-2001, with these resources to be combined with NADBank loans to provide affordable financing packages for border environment infrastructure projects.

In addition to the above measures, in an effort to expedite the process of approving small projects proposed by smaller border communities, the following steps will be taken:

- Small projects (typically those costing \$100,000 or less) will be eligible for expedited processing, provided they are sponsored by an appropriate Federal or state agency (e.g., the Texas Water Development Board).
- Similar projects that meet the BECC/NADBank requirements for project quality and review will be considered for certification as a group and financed through a NADBank line of credit with an appropriate Federal or state agency.
- BECC/NADBank will establish a new program to assist residents in poor communities finance residential hook-ups of water and wastewater services by providing lines of credit (through a public utility or other intermediary) to fund the costs of such services.

D. International Financial Institutions (IFIs)

We intend to build upon and expand our efforts to promote incorporation by the IFIs of the full range of environmental issues into their operations and promote a greater flow of resources to environmental projects. In an effort to achieve these goals, the following specific steps will be taken:

- Secretary Rubin will propose that the Inter-American Development Bank (IDB) create an independent advisory committee comprised of senior IDB officials, representatives of non-governmental organizations, and others to examine environmental issues arising from prospective operations and to make specific recommendations to the IDB.
- We will press for significant increases in direct lending for environment and natural resources management projects (in the IDB such funding rose to \$815 million in 1996 due in large part to our advocacy) and for a higher share of lending to be dedicated to these projects.

- We will continue to scrutinize closely the effectiveness of public information disclosure for environmentally sensitive projects to ensure compliance with the Pelosi Amendment, focusing on the required advance consultation with affected and interested persons.
- We will examine closely the practices of the independent inspection panels established to examine alleged non-compliance with established policies and propose improvements to this process, as required.
- We will pursue vigorously international support for our proposal to create a \$250 million fund that would provide below market rate loans to finance environmental initiatives.
- We will continue to urge the IMF, in its program design and annual consultations with members, to consider the link between the environment and economic policy choices.

Labor Issues

In the labor area, the Administration supports a range of initiatives designed to strengthen the respect for internationally-recognized labor standards. We already have taken a number of important steps to broaden international respect for the right to organize and bargain collectively; freedom of association, and prohibitions on forced labor; exploitative child labor; and discrimination in employment. The list of measures that follows illustrates our commitment to address worker rights issues aggressively in a variety of different ways.

A. Benchmark Review of Future Free Trade Agreement (FTA) Partners

The Administration has set out a series of commitments to ensure that we consult closely with the Congress on any plans to initiate future free trade negotiations. One important element of this plan is our commitment to make certain that Members of Congress and the public are informed of the laws, practices, and economic conditions of each prospective FTA partner. To advance this effort:

- We will undertake a "benchmark" review of the laws and policies of each such country when an agreement is brought back for congressional approval. This review will include an evaluation of the country's legal system, trade laws and practices, labor laws and practices, environmental laws and practices, macroeconomic policies and conditions, and other relevant conditions. We will provide the report to the Congress, and also will make it publicly available.

B. Labor Department Review of the North American Labor Agreement

We believe that a greater understanding of the labor conditions in our NAFTA partners will both build on the work already being done under the North American Agreement on Labor Cooperation (NAALC) and, at the same time, strengthen the NAALC's own effectiveness on addressing relevant labor issues. To aid in this objective:

- The Department of Labor will produce an annual report reviewing the operation of the NAALC, including a survey of major issues arising under the Agreement, the proceedings and actions brought by the parties, and the steps being taken by our NAFTA partners to conform to the findings in any cases brought under the Agreement.

C. International Financial Institutions (IFIs)

The Administration will undertake a series of measures designed to enhance the U.S. leadership role in pressing for incorporation of worker rights issues into the planning and programs of the IFIs. Our goal in this regard is to ensure that program countries take all steps possible to guarantee worker rights and adopt fair labor practices and standards. The following measures will help enhance attention to these issues within the U.S. Government, secure a greater international focus on worker rights issues, and heighten the priority given to worker rights issues by the IFIs:

Ensuring International Focus on Worker Rights Issues

- The Administration believes the U.S. should continue to heighten attention to this issue. To that end, Secretary Rubin highlighted [the need to place greater emphasis on core labor standards] in his recent speech at the World Bank/IMF Annual Meeting in September. He will continue to do so in appropriate fora.
- We will propose a summit meeting of the presidents of the IFIs and the Director General of the ILO to reinforce the commitment of the institutions to working closely together.

Enhanced Focus Within the Administration

- In consultation with Secretary of Labor Herman, Secretary of the Treasury Rubin will propose formation of an interagency team -- including the Departments of Labor, State, and Commerce -- to explore international worker rights issues more broadly and examine ways to incorporate these issues more systematically into the work of the IFIs.

Heightening the Priority given by the IFIs to Worker Rights Issues

- We will actively promote our proposed joint World Bank-IMF conference on worker rights issues to pursue explicit commitments to make tangible progress in the IFIs on these issues. The conference could bring together senior IFI and ILO officials, as well as academics and representatives of non-governmental organizations.
- We will continue to promote vigorously our proposal to develop a screening mechanism -- now under discussion with the multilateral development banks -- to ensure that worker rights issues are taken systematically into account in the institutions' operational planning and programming. We also will explore the best means for ensuring that IFI budgets contain resources sufficient to conduct screening operations and similar analytical functions.
- We will call for the World Bank to establish an office that is dedicated to analysis of labor issues and has direct input into the Bank's program and lending activities, and will encourage regular direct contacts between ILO staff and this office.
- We will urge the multilateral development banks to increase both technical assistance and direct lending to promote the adoption of worker rights and fair labor standards.
- We will urge the IMF to further emphasize the importance of labor issues in its annual reviews of member countries and by examining the link between promotion of core labor standards and long-term macroeconomic performance (for possible inclusion in its new governance policies).
- We will follow up vigorously on the paper completed, at our urging, by the World Bank on child labor issues, including its specific proposals for more active Bank engagement on these issues.
- We will continue to implement the statutory requirement (Frank Amendment) directing the Secretary of the Treasury to urge the IFIs to adopt policies encouraging borrowing countries to protect worker rights and requiring an annual report to Congress on how the IFIs are performing.

D. Export Processing Zones

The U.S. Government has been concerned over the past several years with programs through which certain countries apply lower labor standards and permit less adequate worker protections in special tariff-free export processing zones (EPZs). We are committed to developing a clearer understanding of such programs and, in so doing, exploring the best means for addressing the concerns that already have been identified and any others that may be highlighted through additional study of EPZs. To accomplish this:

- The Department of Labor will update its 1990 study finding that some countries applied different rules in such zones with the intent of restricting certain important labor standards, including the freedom of association and the right to bargain collectively.
- We will continue to encourage work within the ILO to analyze the extent to which differential standards exist in such zones, and will review whether to recommend increased coordination on this issue between the ILO and the WTO.

FAST TRACK LEGISLATION

Talking Points

- "Fast track" legislation is the single most important piece of trade legislation the Administration seeks.
- If we are not competing in the world with an aggressive agenda, we are retreating in the face of our competition and the prospect of providing our industries and workers a fair shot at the most important markets in the world. Remember, 95 percent of the world's consumers live outside the U.S. and they are becoming key engines of growth.
- Massive economic opportunities are at stake:
 - Trade now equals nearly 30 percent of GDP, up from 13 percent in 1970; and
 - Over 11 million higher than average pay jobs are supported by exports. This number has grown by 1.4 million 1992-96 and we want that to accelerate.
- We want to work closely with Congress in a bipartisan manner. We are interested in a broad fast track with sufficient duration.
- The Administration has major trade agreement initiatives underway in the Western Hemisphere, the Asia Pacific region, the TransAtlantic Market and possibly additional initiatives to pursue. Fast track is central to these efforts.
- The Western Hemisphere and Asia Pacific region together account for our fastest growing export markets and a growing percentage of our total exports - 74 percent, but our strongest competitors have targeted these markets and are taking action.
- We also have important ongoing work in the WTO and the OECD (i.e., the Multilateral Agreement on Investment) where fast track is important.
- We believe there is an understanding to be found on this issue with Congress.

Background

The immediate relevant event regarding fast track is the Frei visit February 25-27 where the President will have to explain the situation to Frei and the Administration's intentions on fast track. The key question is to what degree will we be able to progress on this issue in advance of the Frei visit, which depends on a variety of factors.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

The Export Expansion and Reciprocal Trade Agreements Act of 1997

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

The proposal recreates a partnership between the President and the Congress, first put in place under the Ford Administration, that helps secure advantageous trade agreements for the United States. The 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. The proposal thus serves to unite the Congress and the President in trade negotiations. It tells U.S. trading partners that they can trust the United States to consider, but not reopen, trade deals after they are struck.

The proposal also permits the President to enter into certain agreements reducing tariff barriers and implement them without returning to Congress for further authority. This aspect of the proposal has antecedents dating back to the mid-1930s.

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

Key provisions of the proposal are as follows:

- The President may negotiate and bring back to the Congress for fast track Congressional approval and implementation trade agreements addressing non-tariff barriers or both tariff and non-tariff barriers.
 - Thus, fast track could be used to carry out agreements concluded under the negotiating agenda established by the World Trade Organization -- for example, to further reduce tariff and non-tariff barriers to agricultural trade -- or to conclude bilateral or regional free-trade arrangements.
 - The President could use the renewed "proclamation authority" to carry out an agreement like the recent "Information Technology Agreement," which is reducing tariffs that foreign governments impose on billions of dollars of U.S. computer, electronic, and semiconductor products sold around the world.
- In order for an agreement to qualify for fast-track treatment, the President must comply with numerous notice and consultation provisions designed to ensure that the Congress is a full partner with the President in critical trade negotiations. These provisions enable the Congress to set priorities, provide advice, and exercise oversight at all stages of the negotiations, and after the agreement is concluded. That means Congressional views will be fully reflected both in the final agreement and in the manner in which the agreement is to be carried out. Moreover, if the Congress concludes that the President has not adequately consulted the Congress regarding a proposed agreement, the proposal creates an expedited procedure for the Congress to refuse to apply fast-track procedures.
- The proposal adds to existing law in ensuring that the public is fully informed of the negotiations and that the President receives advice from both the private sector and the public concerning the negotiations.
- Among the requirements that the President must carry out in connection with fast-track negotiations are the following:
 - The President must provide written notice to the Congress before initiating negotiations and must spell out in writing his principal objectives for the

negotiations.

- The President must consult with the Congress as negotiations progress and again before an agreement is concluded. The proposal calls on U.S. negotiators to make every effort to keep official Congressional advisors fully informed regarding the negotiations.
- Before signing an agreement, the President must inform the Congress of any other agreements he intends to conclude in conjunction with the trade agreement. He must also state his plans for implementing the agreement and whether the agreement will require additional legislation beyond that subject to fast-track procedures.
- Any fast-track agreement that the President concludes must make progress towards the principal trade negotiating objectives set out in the proposal. These include negotiating objectives for U.S. goods, services, intellectual property, agricultural products, foreign investment, and for worker rights and environmental protection.
- 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, and the environment, among others. The proposal ensures that these committees also examine and provide their views to the Congress and the President on any proposed agreement -- before it is signed.
- Under existing law the President must solicit comments from the general public by publishing a notice, and holding public hearings, regarding his intention to initiate fast-track negotiations. Under the proposal, the President must in addition issue a public notice several months before he concludes a trade agreement.
- The proposal requires the President to describe at the time he submits implementing legislation to the Congress how he intends to use existing regulatory and

administrative authority to carry out the agreement. He must also explain in writing how the agreement meets Congressionally-mandated negotiating objectives and serves U.S. economic interests.

- Under well-established practice, the President collaborates with the Congress in drafting the implementing legislation and the legislation is subject to informal public hearings and "mark-ups" by all Congressional committees of jurisdiction before its introduction.
- Agreements for which the President has observed each of the proposal's notice, consultation, and other procedures are subject to fast-track consideration in the Congress. Fast track rules call for the Congress to vote on qualifying trade agreements and implementing legislation without amendment within 60 "legislative days" -- a period of several months.
- Under the President's proposal, new statutory provisions or other changes in U.S. law required to carry out a trade agreement may be included in fast-track implementing legislation only if the changes are both: (1) necessary or appropriate to implement the agreement; and (2) related to trade. This requirement prevents fast-track bills from being used to enact extraneous provisions.
- Under the renewed "proclamation authority" the President would be authorized to reduce by 50 percent tariffs that currently exceed 5 percent *ad valorem*. The President could eliminate duties of 5 percent or less. The proposal also allows the President to lower tariffs in connection with new multilateral sectoral tariff agreements.

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Section-by-Section Analysis

Section 1. Short Title.

Section 2. Negotiating Objectives.

Section 2 of the proposal sets out the "overall" and "principal" objectives that will guide the President in negotiating future trade agreements covered by the proposal. This format parallels that of section 1101 of the Omnibus Trade and Competitiveness Act of 1988, which in turn was based on a similar structure in the Trade Act of 1974. In order for a trade agreement to qualify for fast-track treatment, it must make progress toward the principal objectives set out in section 2(b). These objectives address, among other subjects, agricultural products, intellectual property, trade in services, U.S. foreign investment, and worker rights and environmental protection.

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

Section 3(a) provides the President with limited authority to reduce U.S. tariff rates -- without seeking further approval from the Congress -- in return for reciprocal concessions from U.S. trading partners. Much of the language on this subject is derived from earlier versions of tariff proclamation authority, with antecedents dating back to the mid-1930s. The proposal adds a provision that will allow the President to implement new multilateral sectoral tariff agreements, subject to a Congressional notice and layover requirement.

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

adhere to numerous notice and consultation requirements imposed by the proposal.

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

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

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

A number of the notice and consultation requirements included in sections 4 and 5 are drawn from equivalent provisions in the Omnibus Trade and Competitiveness Act of 1988. For example, the President must provide advance notice to the Congress before initiating a negotiation and must consult with the Congress before an agreement is concluded. The President must also describe in detail at the time he submits implementing legislation to the Congress how he intends to use existing regulatory and administrative authority to carry out the agreement. The proposal also provides for Congress and the President to receive advice before the President signs an agreement from Congressionally-chartered private sector advisory committees. These include advisory committees on the range of goods, agricultural commodities, services, intellectual property, labor, the environment and other trade matters. Under existing law, the President consults with these committees over the course of the negotiations as well.

The proposal also adds new consultation requirements to enhance further Congressional oversight of the negotiation process. For example, the President must spell out for the Congress before negotiations begin his principal negotiating objectives and is

required to consult with the Congress over the course of the negotiations. In addition, the President must inform the Congress of any other agreements he intends to conclude in conjunction with the trade agreement and must state whether the agreement will require implementing legislation in addition to that subject to fast-track procedures.

Section 6. On-going Negotiations.

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

Section 7. Conforming Amendments.

The proposal makes changes to other statutes as necessary to take account of the new fast track provisions.

A BILL

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

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

1 **SEC. 1. SHORT TITLE.**

2 This act may be cited as the "Export Expansion and
3 Reciprocal Trade Agreements Act of 1997".

4 **SEC. 2. TRADE NEGOTIATING OBJECTIVES.**

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

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

10 (2) to obtain the reduction or elimination of barriers
11 and other trade-distorting policies and practices;

12 (3) to further strengthen the system of international

1 trading disciplines and procedures;

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

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

10 (b) PRINCIPAL TRADE NEGOTIATING OBJECTIVES.-

11 (1) EXPORTS OF UNITED STATES PRODUCTS. - The
12 principal negotiating objective of the United States
13 regarding goods manufactured or produced in the United
14 States is to expand competitive market opportunities for
15 United States exports and to obtain fairer and more open
16 conditions of trade by reducing or eliminating tariff and
17 nontariff barriers and trade-related policies and practices
18 of foreign governments directly related to trade which
19 decrease market opportunities for United States exports or
20 distort United States trade.

21 (2) TRADE IN SERVICES. - The principal negotiating

1 objective of the United States regarding trade in services
2 is to reduce or eliminate barriers to international trade in
3 services, including regulatory and other barriers that deny
4 national treatment and restrict the establishment and
5 operations of service suppliers.

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

10 (A) reducing or eliminating exceptions to the
11 principle of national treatment;

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

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

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

20 (E) providing meaningful procedures for
21 resolving investment disputes.

1 (4) INTELLECTUAL PROPERTY. - The principal
2 negotiating objectives of the United States regarding
3 trade-related intellectual property are -

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

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

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

18 (iii) preventing or eliminating
19 discrimination with respect to matters
20 affecting the availability, acquisition, scope,
21 maintenance, use, and enforcement of

1 intellectual property rights; and

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

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

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

15 (A) increased public access to information
16 regarding trade issues; and

17 (B) the observance of open and equitable
18 procedures in trade policy matters by parties to
19 international trade agreements.

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

1 is to achieve, on an expedited basis, fairer and more open
2 conditions of trade in agricultural commodities by -

3 (A) reducing or eliminating tariffs or other
4 charges which decrease market opportunities for
5 United States exports;

6 (B) reducing or eliminating subsidies which
7 decrease market opportunities for United States
8 exports or distort agricultural markets to the
9 detriment of United States agriculture;

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

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

18 (ii) unjustified restrictions or
19 commercial requirements affecting new
20 technologies;

21 (iii) unjustified sanitary or phytosanitary

1 restrictions;

2 (iv) other unjustified technical barriers;

3 and

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

6 (7) WORKER RIGHTS AND ENVIRONMENTAL
7 PROTECTION. - The principal negotiating objectives of the
8 United States regarding worker rights and protection of
9 the environment are, through the World Trade
10 Organization, -

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

13 (B) to secure a review of the relationship of
14 worker rights to GATT articles, objectives, and
15 related instruments with a view to ensuring that the
16 benefits of the trading system are available to all
17 workers;

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

1 (D) to promote sustainable development; and
2 (E) to clarify the relationship between trade
3 and environmental protection with a view to
4 ensuring that they are mutually supportive.

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

10 (c) GUIDANCE FOR NEGOTIATORS. -

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

18 (2) In the course of negotiations conducted under
19 this act, the United States Trade Representative shall
20 consult closely and on a timely basis with, and make
21 every effort to keep fully apprised of the negotiations, the

1 congressional advisers on trade policy and negotiations
2 appointed under section 161 of the Trade Act of 1974.

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

10 **SEC. 3. TRADE AGREEMENTS PROCEDURES.**

11 (a) AGREEMENTS REGARDING TARIFF BARRIERS. -

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

18 -

19 (A) before October 1, 2001 (or October 1,
20 2005, if fast track procedures are extended under
21 subsection (c)), may enter into trade agreements
22 with foreign countries; and

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

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

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

7 (iii) such additional duties,
8 as the President determines to be required or
9 appropriate to carry out any such trade agreement.

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

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

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

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

3 (3) AGGREGATE REDUCTION; EXEMPTION FROM
4 STAGING. -

5 (A) AGGREGATE REDUCTION. - Except as
6 provided in subparagraph (B), the aggregate
7 reduction in the rate of duty on any article which is
8 in effect on any day pursuant to a trade agreement
9 entered into under paragraph (1) shall not exceed
10 the aggregate reduction which would have been in
11 effect on such day if a reduction of 3 percent ad
12 valorem or a reduction of one-tenth of the total
13 reduction, whichever is greater, had taken effect on
14 the effective date of the first reduction proclaimed
15 under paragraph (1) to carry out such agreement
16 with respect to such article.

17 (B) EXEMPTION FROM STAGING. - No
18 staging is required under subparagraph (A) with
19 respect to a duty reduction that is proclaimed under
20 paragraph (1) for an article of a kind that is not
21 produced in the United States. The United States

1 International Trade Commission shall advise the
2 President of the identity of articles that may be
3 exempted from staging under this subparagraph.

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

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

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

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

18 (6) OTHER TARIFF MODIFICATIONS. -

19 (A) Subject to the consultation and layover
20 requirements of section 115 of the Uruguay Round
21 Agreements Act, the President may proclaim the

1 modification of any duty or staged rate reduction of
2 any duty set forth in Schedule XX, as defined in
3 section 2(5) of that Act, if the United States agrees
4 to such modification or staged rate reduction in a
5 negotiation for the reciprocal elimination or
6 harmonization of duties under the auspices of the
7 World Trade Organization.

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

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

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

16 (A) any duty or other import restriction
17 imposed by any foreign country or the United States
18 or any other barrier to, or other distortion of,
19 international trade unduly burdens or restricts the
20 foreign trade of the United States or adversely
21 affects the United States economy; or

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

4 and that the purposes and policies of this act will be
5 promoted thereby, the President may, before October 1,
6 2001 (or October 1, 2005, if fast track procedures are
7 extended under subsection (c)), enter into trade
8 agreements with foreign countries providing for -

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

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

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

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

20 (A) The provisions of section 151 of the Trade
21 Act of 1974, as amended by subparagraph (B) of

1 this paragraph, (in this act referred to as “fast track
2 procedures”) apply to implementing bills (as
3 defined in subsection (b)(1) of such section)
4 submitted with respect to trade agreements entered
5 into under section (3)(b) of this act.

6 (B) Section 151(b)(1) of the Trade Act of
7 1974 is amended by striking subparagraph (C) and
8 inserting -

9 “(C)(i) if changes in existing laws or
10 new statutory authority is required to
11 implement such trade agreement or
12 agreements or such extension,
13 provisions which are necessary or
14 appropriate to implement such trade
15 agreement or agreements or extension
16 and which are trade-related, either
17 repealing or amending existing laws or
18 providing new statutory authority; and
19 (ii) provisions necessary for purposes of
20 complying with section 252 of the
21 Balanced Budget and Emergency Deficit

1 Control Act of 1985 in implementing
2 the applicable trade agreement.”

3 (c) APPLICATION AND EXTENSION OF “FAST TRACK”
4 PROCEDURES . -

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

6 5(b)-

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

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

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

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

21 (2) REPORT TO CONGRESS BY THE PRESIDENT. -

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

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

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

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

17 (3) REPORT TO CONGRESS BY THE ADVISORY
18 COMMITTEE. - The President shall promptly inform the
19 Advisory Committee for Trade Policy and Negotiations
20 established under section 135 of the Trade Act of 1974
21 (19 U.S.C. 2155) of the President's decision to submit a

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

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

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

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

16 (5) EXTENSION DISAPPROVAL RESOLUTIONS. -

17 (A) For purposes of this subsection, the term
18 "extension disapproval resolution" means a
19 resolution of either House of the Congress, the sole
20 matter after the resolving clause of which is as
21 follows: "That the ____ disapproves the request of

1 the President for the extension, under section
2 3(c)(1)(B)(i) of the Export Expansion and
3 Reciprocal Trade Agreements Act of 1997, of the
4 provisions of section 151 of the Trade Act of 1974
5 to any implementing bill submitted with respect to
6 any trade agreement entered into under section 3(b)
7 of the Export Expansion and Reciprocal Trade
8 Agreements Act of 1997 after September 30,
9 2001.”, with the blank space being filled with the
10 name of the resolving House of the Congress.

11 (B) Extension disapproval resolutions -

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

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

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

1 extension disapproval resolutions.

2 (D) It is not in order for -

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

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

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

13 **SEC. 4. NOTICE AND CONSULTATIONS.**

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

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

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

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

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

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

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

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

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

3 (A) the nature of the agreement;

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

7 (C) plans regarding the implementation of the
8 agreement under section 5, including whether-

9 (i) the agreement includes subject matter
10 for which supplemental implementing
11 legislation may be required which is not
12 subject to fast track procedures; and

13 (ii) the President has entered into or
14 intends to enter into any other agreement in
15 conjunction with the trade agreement.

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

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

3 **SEC. 5. IMPLEMENTATION OF TRADE AGREEMENTS.**

4 (a) IN GENERAL. -

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

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

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

21 (C) after entering into the agreement, the

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

3 (i) a draft of an implementing bill;

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

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

9 (D) the implementing bill is enacted into law.

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

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

16 (B) a statement -

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

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

1 (I) how and to what extent the
2 agreement makes progress in achieving
3 the applicable purposes and policies
4 referred to in clause (i), and why and to
5 what extent the agreement does not
6 achieve other applicable purposes and
7 policies;

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

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

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

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

1 shall recommend to Congress in the implementing bill
2 and statement of administrative action submitted with
3 respect to such agreement that the benefits and obligations
4 of such agreement apply solely to the parties to such
5 agreement, if such application is consistent with the terms
6 of such agreement. The President may also recommend
7 with respect to any such agreement that the benefits and
8 obligations of such agreement not apply uniformly to all
9 parties to such agreement, if such application is consistent
10 with the terms of such agreement.

11 (b) LIMITATIONS ON FAST TRACK PROCEDURES. -

12 (1) FOR LACK OF CONSULTATIONS. -

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

19 (B) For purposes of this paragraph, the term
20 "procedural disapproval resolution" means a
21 resolution of either House of the Congress, the sole

1 matter after the resolving clause of which is as
2 follows: "That the President has failed or refused to
3 consult with the Congress on trade negotiations and
4 trade agreements in accordance with section 4(b) of
5 the Export Expansion and Reciprocal Trade
6 Agreements Act of 1997 and, therefore, the
7 provisions of section 151 of the Trade Act of 1974
8 shall not apply to any implementing bill submitted
9 with respect to any trade agreement entered into
10 under section 3(b) of the Export Expansion and
11 Reciprocal Trade Agreements Act 1997."

12 (2) PROCEDURES FOR CONSIDERING RESOLUTIONS. -

13 (A) PROCEDURAL DISAPPROVAL
14 RESOLUTIONS -

15 (i) in the House of Representatives -

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

21 (II) shall be jointly referred to the

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

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

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

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

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

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

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

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

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

10 **SEC. 6. TREATMENT OF CERTAIN TRADE AGREEMENTS.**

11 (a) NEGOTIATIONS UNDER THE WORLD TRADE
12 ORGANIZATION. - The provisions of section 4(a) shall not
13 apply to an agreement which results from the extended
14 negotiations on financial services identified in section 135 of
15 the Uruguay Round Implementation Act (19 U.S.C. 3555), or
16 from the work program identified in section 132 of that Act (19
17 U.S.C. 3552), that were commenced before the date of the
18 enactment of this Act, and the applicability of fast track
19 procedures to such agreement shall be determined without
20 regard to the requirements of section 4(a).

21 (b) AGREEMENT WITH CHILE. - If an agreement to which

1 section 3(b) applies is entered into with Chile after the date of
2 the enactment of this Act and results from negotiations that
3 were commenced before such date of enactment the provisions
4 of section 4(a) shall not apply to such agreement and the
5 applicability of fast track procedures to such agreement shall
6 be determined without regard to the requirements of section
7 4(a).

8 **SEC. 7. DEFINITIONS AND CONFORMING AMENDMENTS.**

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

10 (1) The term “core labor standards” means -

11 (A) the right of association;

12 (B) the right to organize and bargain
13 collectively;

14 (C) a prohibition on forced labor;

15 (D) a prohibition on the exploitation of
16 children; and

17 (E) non-discrimination in employment.

18 (2) The term “distortion” includes, but is not limited
19 to, a subsidy.

20 (3) The term “foreign country” includes any foreign
21 instrumentality. Any territory or possession of a foreign

1 country that is administered separately for customs
2 purposes, shall be treated as a separate foreign country.

3 (4) The term "internationally recognized worker
4 rights" has the meaning ascribed to that term in section
5 507(4) of the Trade Act of 1974, as amended.

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

7 (A) trade in both goods and services, and

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

11 (b) IN GENERAL. - Title I of the Trade Act of 1974
12 (19 U.S.C. 211 and following) is amended as follows -

13 (1) Section 151(b)(1) (19 U.S.C. 2191(b)(1)) is
14 amended by striking "or section 282 of the Uruguay
15 Round Agreements Act" and inserting "section 282 of the
16 Uruguay Round Agreements Act, or section 5 of the
17 Export Expansion and Reciprocal Trade Agreements Act
18 of 1997".

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

20 (A) in subsection (a) -

21 (i) in paragraph (1), by striking "section

1 123 of this Act or section 1102 (a) or (c) of
2 the Omnibus Trade and Competitiveness Act
3 of 1988," and inserting "section 123 of this
4 Act, section 1102 (a) or (c) of the Omnibus
5 Trade and Competitiveness Act of 1988, or
6 section 3 (a) or (b) of the Export Expansion
7 and Reciprocal Trade Agreements Act of
8 1997,"; and

9 (ii) in paragraph (2), by inserting "or
10 section 3 (a) or (b) of the Export Expansion
11 and Reciprocal Trade Agreements Act of
12 1997" after "1988"; and

13 (B) in subsection (b), by inserting "of the
14 Omnibus Trade and Competitiveness Act of 1988 or
15 section 3(a)(3)(A) of the Export Expansion and
16 Reciprocal Trade Agreements Act of 1997" before
17 the end period; and

18 (C) in subsection (c), by striking "of this Act
19 or section 1102 of the Omnibus Trade and
20 Competitiveness Act of 1988," and inserting "of this
21 Act, section 1102 of the Omnibus Trade and

1 Competitiveness Act of 1988, or section 3 of the
2 Export Expansion and Reciprocal Trade
3 Agreements Act of 1997,”.

4 (3) Sections 132, 133(a), and 134(a) (19 U.S.C.
5 2152, 2153(a), and 2154(a)) are each amended by striking
6 “or section 1102 of the Omnibus Trade and
7 Competitiveness Act of 1988,” each place it appears and
8 inserting “, section 1102 of the Omnibus Trade and
9 Competitiveness Act of 1988, or section 3 of the Export
10 Expansion and Reciprocal Trade Agreements Act of
11 1997,”.

12 (4) Section 134(b) (19 U.S.C. 2154(b)) is amended
13 by inserting “or section 3 of the Export Expansion and
14 Reciprocal Trade Agreements Act of 1997” after “1988”.

15 (5) Section 135(a)(1)(A) (19 U.S.C. 2155(a)(1)(A))
16 is amended by inserting “or section 3 of the Export
17 Expansion and Reciprocal Trade Agreements Act of
18 1997” after “1988”.

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

21 (A) in paragraph (1), by inserting “or section

1 3 of the Export Expansion and Reciprocal Trade
2 Agreements Act of 1997" after "1988" the first two
3 places it appears, and by inserting "or section
4 5(a)(1)(A) of the Export Expansion and Reciprocal
5 Trade Agreements Act of 1997" after "1988" the
6 third place it appears; and

7 (B) in paragraph (2), by inserting "or section
8 3 of the Export Expansion and Reciprocal Trade
9 Agreements Act of 1997" after "1988".

10 (c) APPLICATION OF SECTIONS 125, 126, AND 127
11 OF THE TRADE ACT OF 1974. - For purposes of applying
12 sections 125, 126, and 127 of the Trade Act of 1974 (19 U.S.C.
13 2135, 2136(a), and 2137) -

14 (1) any trade agreement entered into under section
15 3 shall be treated as an agreement entered into under
16 section 101 or 102, as appropriate, of the Trade Act of
17 1974 (19 U.S.C. 2111 or 2112); and

18 (2) any proclamation or Executive order issued
19 pursuant to a trade agreement entered into under section
20 3 shall be treated as a proclamation or Executive order
21 issued pursuant to a trade agreement entered into under

1

section 102 of the Trade Act of 1974.

10/07/97

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USTR CONG AFFRS

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SUBJECT:

Ways & Means mark for tomorrow

COMMENTS:

Tomorrow's mark up will be
Fast Track, TAA & Tariff Suspensions

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H.L.C.

105TH CONGRESS
1ST SESSION**H. R. _____**

IN THE HOUSE OF REPRESENTATIVES

Mr. ARCHER (for himself, Mr. CRANE, and Mr. DREIER) introduced the following bill; which was referred to the Committee on

A BILL

To extend trade authorities procedures with respect to reciprocal trade agreements.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **TITLE I—TRADE AUTHORITIES**
4 **PROCEDURES**

5 SEC. 101. SHORT TITLE.

6 This Act may be cited as the "Reciprocal Trade
7 Agreement Authorities Act of 1997".

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H.L.C.

2

1 SEC. 102. TRADE NEGOTIATING OBJECTIVES.

2 (a) OVERALL TRADE NEGOTIATING OBJECTIVES.—

3 The overall trade negotiating objectives of the United
4 States for agreements subject to the provisions of section
5 103 are—

6 (1) to obtain more open, equitable, and recip-
7 rocal market access;

8 (2) to obtain the reduction or elimination of
9 barriers and distortions that are directly related to
10 trade and that decrease market opportunities for
11 United States exports or otherwise distort United
12 States trade;

13 (3) to further strengthen the system of inter-
14 national trading disciplines and procedures, includ-
15 ing dispute settlement; and

16 (4) to foster economic growth, raise living
17 standards, and promote full employment in the Unit-
18 ed States and to enhance the global economy.

19 (b) PRINCIPAL TRADE NEGOTIATING OBJECTIVES.—

20 (1) TRADE BARRIERS AND DISTORTIONS.—The
21 principal negotiating objectives of the United States
22 regarding trade barriers and other trade distortions
23 are—

24 (A) to expand competitive market opportu-
25 nities for United States exports and to obtain
26 fairer and more open conditions of trade by re-

1 ducing or eliminating tariff and nontariff bar-
2 riers and policies and practices of foreign gov-
3 ernments directly related to trade that decrease
4 market opportunities for United States exports
5 or otherwise distort United States trade; and

6 (B) to obtain reciprocal tariff and non-
7 tariff barrier elimination agreements, with par-
8 ticular attention to those tariff categories cov-
9 ered in section 111(b) of the Uruguay Round
10 Agreements Act (19 U.S.C. 3521(b)).

11 (2) TRADE IN SERVICES.—The principal nego-
12 tiating objective of the United States regarding
13 trade in services is to reduce or eliminate barriers to
14 international trade in services, including regulatory
15 and other barriers that deny national treatment and
16 unreasonably restrict the establishment and oper-
17 ations of service suppliers.

18 (3) FOREIGN INVESTMENT.—The principal ne-
19 gotiating objective of the United States regarding
20 foreign investment is to reduce or eliminate artificial
21 or trade-distorting barriers to trade related foreign
22 investment by—

23 (A) reducing or eliminating exceptions to
24 the principle of national treatment;

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

3 (C) reducing or eliminating performance
4 requirements and other unreasonable barriers
5 to the establishment and operation of invest-
6 ments;

7 (D) seeking to establish standards for ex-
8 propriation and compensation for expropriation,
9 consistent with United States legal principles
10 and practice; and

11 (E) providing meaningful procedures for
12 resolving investment disputes.

13 (4) INTELLECTUAL PROPERTY.—The principal
14 negotiating objectives of the United States regarding
15 trade-related intellectual property are—

16 (A) to further promote adequate and effec-
17 tive protection of intellectual property rights,
18 including through—

19 (i)(I) ensuring accelerated and full
20 implementation of the Agreement on
21 Trade-Related Aspects of Intellectual
22 Property Rights referred to in section
23 101(d)(15) of the Uruguay Round Agree-
24 ments Act (19 U.S.C. 3511(d)(15)),

1 (II) achieving improvements in the
2 standards of that Agreement, particularly
3 with respect to United States industries
4 whose products are subject to the
5 lengthiest transition periods for full com-
6 pliance by developing countries with that
7 Agreement; and

8 (III) ensuring that the provisions of
9 any multilateral or bilateral trade agree-
10 ment entered into by the United States
11 provide protection at least as strong as the
12 protection afforded by chapter 17 of the
13 North American Free Trade Agreement
14 and the annexes thereto;

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

19 (iii) preventing or eliminating dis-
20 crimination with respect to matters affect-
21 ing the availability, acquisition, scope,
22 maintenance, use, and enforcement of in-
23 tellectual property rights; and

24 (iv) providing strong enforcement of
25 intellectual property rights, including

1 through accessible, expeditious, and effec-
2 tive civil, administrative, and criminal en-
3 forcement mechanisms; and

4 (B) to secure fair, equitable, and non-
5 discriminatory market access opportunities for
6 United States persons that rely upon intellec-
7 tual property protection.

8 (5) TRANSPARENCY.—The principal negotiating
9 objective of the United States with respect to trans-
10 parency is to obtain broader application of the prin-
11 ciple of transparency through—

12 (A) increased and more timely public ac-
13 cess to information regarding trade issues and
14 the activities of international trade institutions;
15 and

16 (B) increased openness of dispute settle-
17 ment proceedings, including under the World
18 Trade Organization.

19 (6) RECIPROCAL TRADE IN AGRICULTURE.—
20 The principal negotiating objective of the United
21 States with respect to agriculture is to obtain com-
22 petitive opportunities for United States exports in
23 foreign markets substantially equivalent to the com-
24 petitive opportunities afforded foreign exports in
25 United States markets and to achieve fairer and

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1 more open conditions of trade in bulk and value-
2 added commodities by—

3 (A) reducing or eliminating, by a date cer-
4 tain, tariffs or other charges that decrease mar-
5 ket opportunities for United States exports—

6 (i) giving priority to those products
7 that are subject to significantly higher tar-
8iffs or subsidy regimes of major producing
9 countries; and

10 (ii) providing reasonable adjustment
11 periods for United States import-sensitive
12 products;

13 (B) reducing or eliminating subsidies that
14 decrease market opportunities for United States
15 exports or unfairly distort agriculture markets
16 to the detriment of the United States;

17 (C) developing, strengthening, and clarify-
18 ing rules and effective dispute settlement mech-
19 anisms to eliminate practices that unfairly de-
20 crease United States market access opportuni-
21 ties or distort agricultural markets to the det-
22 riment of the United States, particularly with
23 respect to import-sensitive products, includ-
24 ing—

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1 (i) unfair or trade-distorting activities
2 of state trading enterprises and other ad-
3 ministrative mechanisms;

4 (ii) unjustified trade restrictions or
5 commercial requirements affecting new
6 technologies, including biotechnology;

7 (iii) unjustified sanitary or
8 phytosanitary restrictions, including those
9 not based on sound science in contraven-
10 tion of the Uruguay Round Agreements;

11 (iv) other unjustified technical bar-
12 riers to trade; and

13 (v) restrictive rules in the administra-
14 tion of tariff rate quotas;

15 (D) improving import relief mechanisms to
16 recognize the unique characteristics of perish-
17 able agriculture;

18 (E) taking into account whether a party to
19 the negotiations has failed to adhere to the pro-
20 visions of already existing trade agreements
21 with the United States or has circumvented ob-
22 ligations under those agreements;

23 (F) taking into account whether a product
24 is subject to market distortions by reason of a
25 failure of a major producing country to adhere

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1 to the provisions of already existing trade
2 agreements with the United States or by the
3 circumvention by that country of its obligations
4 under those agreements; and

5 (G) otherwise ensuring that countries that
6 accede to the World Trade Organization have
7 made meaningful market liberalization commit-
8 ments in agriculture.

9 (7) LABOR, THE ENVIRONMENT, AND OTHER
10 MATTERS.—The principal negotiating objective of
11 the United States regarding labor, the environment,
12 and other matters is to address the following aspects
13 of foreign government policies and practices regard-
14 ing labor, the environment, and other matters that
15 are directly related to trade:

16 (A) To ensure that foreign labor, environ-
17 mental, health, or safety policies and practices
18 do not arbitrarily or unjustifiably discriminate
19 or serve as disguised barriers to trade.

20 × (B) To ensure that foreign governments do
21 not derogate from or waive existing domestic
22 environmental, health, safety, or labor meas-
23 ures, including measures that deter exploitative
24 child labor, as an encouragement to gain com-
25 petitive advantage in international trade or in-

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1 vestment. Nothing in this subparagraph is in-
2 tended to address changes to a country's laws
3 that are nondiscriminatory and consistent with
4 sound macroeconomic development. ✓

5 (8) WTO EXTENDED NEGOTIATIONS.—The
6 principal negotiating objectives of the United States
7 regarding trade in financial services are those set
8 forth in section 135(a) of the Uruguay Round
9 Agreements Act (19 U.S.C. 3555(a)), regarding
10 trade in civil aircraft are those set forth in section
11 135(c) of that Act, and regarding rules of origin are
12 the conclusion of an agreement described in section
13 132 of that Act (19 U.S.C. 3552).

14 (c) INTERNATIONAL ECONOMIC POLICY OBJEC-
15 TIVES.—

16 (1) IN GENERAL.—The President should take
17 into account the relationship between trade agree-
18 ments and other important priorities of the United
19 States and seek to ensure that the trade agreements
20 entered into by the United States complement and
21 reinforce other policy goals. The United States prior-
22 ities in this area include—

23 (A) seeking to ensure that trade and envi-
24 ronmental policies are mutually supportive;

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1 (B) seeking to protect and preserve the en-
2 vironment and enhance the international means
3 for doing so, while optimizing the use of the
4 world's resources;

5 (C) promoting the respect for ^{worker}~~working~~
6 rights and the rights of children and an under-
7 standing of the relationship between trade and
8 worker rights, particularly by working with the
9 International Labor Organization to encourage
10 the observance and enforcing of core labor
11 standards, including exploitative child labor;
12 and

13 (D) supplementing and strengthening
14 standards for protection of intellectual property
15 under conventions administered by international
16 organizations other than the World Trade Or-
17 ganization, expanding the conventions to cover
18 new and emerging technologies, and eliminating
19 discrimination and unreasonable exceptions or
20 preconditions to such protection.

21 (2) APPLICABILITY OF TRADE AUTHORITIES
22 PROCEDURES.—Nothing in this subsection shall be
23 construed to authorize the use of the trade authori-
24 ties procedures described in section 103 to modify
25 United States law.

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12

1 (d) GUIDANCE FOR NEGOTIATORS.—

2 (1) DOMESTIC OBJECTIVES.—In pursuing the
3 negotiating objectives described in subsection (b),
4 the negotiators on behalf of the United States shall
5 take into account United States domestic objectives,
6 including the protection of health and safety, essen-
7 tial security, environmental, consumer, and employ-
8 ment opportunity interests, and the law and regula-
9 tions related thereto.

10 (2) CONSULTATIONS WITH CONGRESSIONAL AD-
11 VISERS AND ENFORCEMENT OF THE TRADE LAWS.—
12 In the course of negotiations conducted under this
13 Act, the United States Trade Representative shall—

14 (A) consult closely and on a timely basis
15 with, and keep fully apprised of the negotia-
16 tions, the congressional advisers on trade policy
17 and negotiations appointed under section 161 of
18 the Trade Act of 1974; and

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

1 (e) ADHERENCE TO OBLIGATIONS UNDER URUGUAY
2 ROUND AGREEMENTS.—In determining whether to enter
3 into negotiations with a particular country, the President
4 shall take into account the extent to which that country
5 has implemented, or has accelerated the implementation
6 of, its obligations under the Uruguay Round Agreements.

7 SEC. 103. TRADE AGREEMENTS AUTHORITY.

8 (a) AGREEMENTS REGARDING TARIFF BARRIERS.—

9 (1) IN GENERAL.—Whenever the President de-
10 termines that one or more existing duties or other
11 import restrictions of any foreign country or the
12 United States are unduly burdening and restricting
13 the foreign trade of the United States and that the
14 purposes, policies, and objectives of this Act will be
15 promoted thereby, the President—

16 (A) may enter into trade agreements with
17 foreign countries before—

18 (i) October 1, 2001, or

19 (ii) October 1, 2005, if trade authori-
20 ties procedures are extended under sub-
21 section (c), and

22 (B) may, subject to paragraphs (2) and
23 (3), proclaim—

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

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1 (ii) such continuance of existing duty-
2 free or excise treatment,
3 as the President determines to be required or
4 appropriate to carry out any such trade agree-
5 ment. The President shall notify the Congress
6 of the President's intention to enter into an
7 agreement under this subsection.

8 (2) LIMITATIONS.—No proclamation may be
9 made under paragraph (1) that—

10 (A) reduces any rate of duty (other than a
11 rate of duty that does not exceed 5 percent ad
12 valorem on the date of the enactment of this
13 Act) to a rate of duty which is less than 50 per-
14 cent of the rate of such duty that applies on
15 such date of enactment; or

16 (B) reduces the rate of duty on an article
17 to take effect on a date that is more than 10
18 years after the first reduction that is pro-
19 claimed to carry out a trade agreement with re-
20 spect to such article.

21 (3) AGGREGATE REDUCTION; EXEMPTION FROM
22 STAGING.—

23 (A) AGGREGATE REDUCTION.—Except as
24 provided in subparagraph (B), the aggregate re-
25 duction in the rate of duty on any article which

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1 is in effect on any day pursuant to a trade
2 agreement entered into under paragraph (1)
3 shall not exceed the aggregate reduction which
4 would have been in effect on such day if—

5 (i) a reduction of 3 percent ad valo-
6 rem or a reduction of one-tenth of the total
7 reduction, whichever is greater, had taken
8 effect on the effective date of the first re-
9 duction proclaimed under paragraph (1) to
10 carry out such agreement with respect to
11 such article; and

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

16 (B) EXEMPTION FROM STAGING.—No
17 staging is required under subparagraph (A)
18 with respect to a duty reduction that is pro-
19 claimed under paragraph (1) for an article of a
20 kind that is not produced in the United States.
21 The United States International Trade Com-
22 mission shall advise the President of the iden-
23 tity of articles that may be exempted from stag-
24 ing under this subparagraph.

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

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

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

10 (5) OTHER LIMITATIONS.—A rate of duty re-
11 duction that may not be proclaimed by reason of
12 paragraph (2) may take effect only if a provision au-
13 thorizing such reduction is included within an imple-
14 menting bill provided for under section 105 and that
15 bill is enacted into law.

16 (6) OTHER TARIFF MODIFICATIONS.—Notwith-
17 standing paragraphs (1)(B) and (2) through (5),
18 and subject to the consultation and layover require-
19 ments of section 115 of the Uruguay Round Agree-
20 ments Act, the President may proclaim the modifica-
21 tion of any duty or staged rate reduction of any duty
22 set forth in Schedule XX, as defined in section 2(5)
23 of that Act, if the United States agrees to such
24 modification or staged rate reduction in a negotia-
25 tion for the reciprocal elimination or harmonization

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1 of duties under the auspices of the World Trade Or-
2 ganization or as part of an interim agreement lead-
3 ing to the formation of a regional free-trade area.

4 (7) AUTHORITY UNDER URUGUAY ROUND
5 AGREEMENTS ACT NOT AFFECTED.—Nothing in this
6 subsection shall limit the authority provided to the
7 President under section 111(b) of the Uruguay
8 Round Agreements Act (19 U.S.C. 3521(b)).

9 (b) AGREEMENTS REGARDING TARIFF AND NON-
10 TARIFF BARRIERS.—

11 (1) IN GENERAL.—(A) Whenever the President
12 determines that—

13 (i) one or more existing duties or any other
14 import restriction of any foreign country or the
15 United States or any other barrier to, or other
16 distortion of, international trade unduly bur-
17 dens or restricts the foreign trade of the United
18 States or adversely affects the United States
19 economy, or

20 (ii) the imposition of any such barrier or
21 distortion is likely to result in such a burden,
22 restriction, or effect,

23 and that the purposes, policies, and objectives of this
24 Act will be promoted thereby, the President may
25 enter into a trade agreement described in subpara-

1 graph (B) during the period described in subpara-
2 graph (C).

3 (B) The President may enter into a trade
4 agreement under subparagraph (A) with foreign
5 countries providing for—

6 (i) the reduction or elimination of a duty,
7 restriction, barrier, or other distortion described
8 in subparagraph (A), or

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

11 (C) The President may enter into a trade
12 agreement under this paragraph before—

13 (i) October 1, 2001, or

14 (ii) October 1, 2005, if trade authorities
15 procedures are extended under subsection (c).

16 (2) CONDITIONS.—A trade agreement may be
17 entered into under this subsection only if such
18 agreement makes progress in meeting the applicable
19 objectives described in section 102 and the President
20 satisfies the conditions set forth in section 104.

21 (3) BILLS QUALIFYING FOR TRADE AUTHORI-
22 TIES PROCEDURES.—The provisions of section 151
23 of the Trade Act of 1974 (in this Act referred to as
24 “trade authorities procedures”) apply to a bill of ei-
25 ther House of Congress consisting only of—

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1 (A) a provision approving a trade agree-
2 ment entered into under this subsection and ap-
3 proving the statement of administrative action,
4 if any, proposed to implement such trade agree-
5 ment,

6 (B) provisions directly related to the prin-
7 cipal trade negotiating objectives set forth in
8 section 102(b) achieved in such trade agree-
9 ment, if those provisions are necessary for the
10 operation or implementation of United States
11 rights or obligations under such trade agree-
12 ment,

13 * (C) provisions that define and clarify, or
14 provisions that are related to, the operation or
15 effect of the provisions of the trade agreement,

16 * (D) provisions to provide adjustment as-
17 sistance to workers and firms adversely affected
18 by trade, and

19 (E) provisions necessary for purposes of
20 complying with section 252 of the Balanced
21 Budget and Emergency Deficit Control Act of
22 1985 in implementing the trade agreement,

23 to the same extent as such section 151 applies to
24 implementing bills under that section. A bill to

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1 which this subparagraph applies shall hereafter in
2 this Act be referred to as an "implementing bill".

3 (c) EXTENSION DISAPPROVAL PROCESS FOR CON-
4 GRESSIONAL TRADE AUTHORITIES PROCEDURES.—

5 (1) IN GENERAL.—Except as provided in sec-
6 tion 105(b)—

7 (A) the trade authorities procedures apply
8 to implementing bills submitted with respect to
9 trade agreements entered into under subsection
10 (b) before October 1, 2001; and

11 (B) the trade authorities procedures shall
12 be extended to implementing bills submitted
13 with respect to trade agreements entered into
14 under subsection (b) after September 30, 2001,
15 and before October 1, 2005, if (and only if)—

16 (i) the President requests such exten-
17 sion under paragraph (2); and

18 (ii) neither House of the Congress
19 adopts an extension disapproval resolution
20 under paragraph (5) before October 1,
21 2001.

22 (2) REPORT TO CONGRESS BY THE PRESI-
23 DENT.—If the President is of the opinion that the
24 trade authorities procedures should be extended to
25 implementing bills described in paragraph (1)(B),

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1 the President shall submit to the Congress, not later
2 than July 1, 2001, a written report that contains a
3 request for such extension, together with—

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

8 (B) a description of the progress that has
9 been made in negotiations to achieve the pur-
10 poses, policies, and objectives of this Act, and
11 a statement that such progress justifies the
12 continuation of negotiations; and

13 (C) a statement of the reasons why the ex-
14 tension is needed to complete the negotiations.

15 (3) REPORT TO CONGRESS BY THE ADVISORY
16 COMMITTEE.—The President shall promptly inform
17 the Advisory Committee for Trade Policy and Nego-
18 tiations established under section 135 of the Trade
19 Act of 1974 (19 U.S.C. 2155) of the President's de-
20 cision to submit a report to the Congress under
21 paragraph (2). The Advisory Committee shall submit
22 to the Congress as soon as practicable, but not later
23 than August 1, 2001, a written report that con-
24 tains—

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1 (A) its views regarding the progress that
2 has been made in negotiations to achieve the
3 purposes, policies, and objectives of this Act;
4 and

5 (B) a statement of its views, and the rea-
6 sons therefor, regarding whether the extension
7 requested under paragraph (2) should be ap-
8 proved or disapproved.

9 (4) REPORTS MAY BE CLASSIFIED.—The re-
10 ports submitted to the Congress under paragraphs
11 (2) and (3), or any portion of such reports, may be
12 classified to the extent the President determines ap-
13 propriate.

14 (5) EXTENSION DISAPPROVAL RESOLUTIONS.—
15 (A) For purposes of paragraph (1), the term “exten-
16 sion disapproval resolution” means a resolution of
17 either House of the Congress, the sole matter after
18 the resolving clause of which is as follows: “That the
19 _____ disapproves the request of the President for
20 the extension, under section 103(c)(1)(B)(i) of the
21 Reciprocal Trade Agreement Authorities Act of
22 1997, of the provisions of section 151 of the Trade
23 Act of 1974 to any implementing bill submitted with
24 respect to any trade agreement entered into under
25 section 103(b) of the Reciprocal Trade Agreement

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1 Authorities Act of 1997 after September 30, 2001.”,
2 with the blank space being filled with the name of
3 the resolving House of the Congress.

4 (B) Extension disapproval resolutions—

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

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

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

16 (D) It is not in order for—

17 (i) the Senate to consider any extension
18 disapproval resolution not reported by the Com-
19 mittee on Finance;

20 (ii) the House of Representatives to con-
21 sider any extension disapproval resolution not
22 reported by the Committee on Ways and Means
23 and the Committee on Rules; or

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1 (iii) either House of the Congress to con-
2 sider an extension disapproval resolution after
3 September 30, 2001.

4 SEC. 104. CONSULTATIONS.

5 (a) NOTICE AND CONSULTATION BEFORE NEGOTIA-
6 TION.—

7 (1) IN GENERAL.—The President, with respect
8 to any agreement that is subject to the provisions of
9 section 103(b), shall—

10 (A) provide, at least 90 calendar days be-
11 fore initiating negotiations, written notice to the
12 Congress of the President's intention to enter
13 into the negotiations and set forth therein the
14 date the President intends to initiate such nego-
15 tiations, the specific United States objectives
16 for the negotiations, and whether the President
17 intends to seek an agreement, or changes to an
18 existing agreement; and

19 (B) before and after submission of the no-
20 tice, consult regarding the negotiations with the
21 Committee on Finance of the Senate and the
22 Committee on Ways and Means of the House of
23 Representatives and such other committees of
24 the House and Senate as the President deems
25 appropriate.

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1 (e) ADHERENCE TO OBLIGATIONS UNDER URUGUAY
2 ROUND AGREEMENTS.—In determining whether to enter
3 into negotiations with a particular country, the President
4 shall take into account the extent to which that country
5 has implemented, or has accelerated the implementation
6 of, its obligations under the Uruguay Round Agreements.

7 SEC. 103. TRADE AGREEMENTS AUTHORITY.

8 (a) AGREEMENTS REGARDING TARIFF BARRIERS.—

9 (1) IN GENERAL.—Whenever the President de-
10 termines that one or more existing duties or other
11 import restrictions of any foreign country or the
12 United States are unduly burdening and restricting
13 the foreign trade of the United States and that the
14 purposes, policies, and objectives of this Act will be
15 promoted thereby, the President—

16 (A) may enter into trade agreements with
17 foreign countries before—

18 (i) October 1, 2001, or

19 (ii) October 1, 2005, if trade authori-
20 ties procedures are extended under sub-
21 section (c), and

22 (B) may, subject to paragraphs (2) and
23 (3), proclaim—

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

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1 (ii) such continuance of existing duty-
2 free or excise treatment,
3 as the President determines to be required or
4 appropriate to carry out any such trade agree-
5 ment. The President shall notify the Congress
6 of the President's intention to enter into an
7 agreement under this subsection.

8 (2) LIMITATIONS.—No proclamation may be
9 made under paragraph (1) that—

10 (A) reduces any rate of duty (other than a
11 rate of duty that does not exceed 5 percent ad
12 valorem on the date of the enactment of this
13 Act) to a rate of duty which is less than 50 per-
14 cent of the rate of such duty that applies on
15 such date of enactment; or

16 (B) reduces the rate of duty on an article
17 to take effect on a date that is more than 10
18 years after the first reduction that is pro-
19 claimed to carry out a trade agreement with re-
20 spect to such article.

21 (3) AGGREGATE REDUCTION; EXEMPTION FROM
22 STAGING.—

23 (A) AGGREGATE REDUCTION.—Except as
24 provided in subparagraph (B), the aggregate re-
25 duction in the rate of duty on any article which

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1 is in effect on any day pursuant to a trade
2 agreement entered into under paragraph (1)
3 shall not exceed the aggregate reduction which
4 would have been in effect on such day if—

5 (i) a reduction of 3 percent ad valo-
6 rem or a reduction of one-tenth of the total
7 reduction, whichever is greater, had taken
8 effect on the effective date of the first re-
9 duction proclaimed under paragraph (1) to
10 carry out such agreement with respect to
11 such article; and

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

16 (B) EXEMPTION FROM STAGING.—No
17 staging is required under subparagraph (A)
18 with respect to a duty reduction that is pro-
19 claimed under paragraph (1) for an article of a
20 kind that is not produced in the United States.
21 The United States International Trade Com-
22 mission shall advise the President of the iden-
23 tity of articles that may be exempted from stag-
24 ing under this subparagraph.

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

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

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

10 (5) OTHER LIMITATIONS.—A rate of duty re-
11 duction that may not be proclaimed by reason of
12 paragraph (2) may take effect only if a provision au-
13 thorizing such reduction is included within an imple-
14 menting bill provided for under section 105 and that
15 bill is enacted into law.

16 (6) OTHER TARIFF MODIFICATIONS.—Notwith-
17 standing paragraphs (1)(B) and (2) through (5),
18 and subject to the consultation and layover require-
19 ments of section 115 of the Uruguay Round Agree-
20 ments Act, the President may proclaim the modifica-
21 tion of any duty or staged rate reduction of any duty
22 set forth in Schedule XX, as defined in section 2(5)
23 of that Act, if the United States agrees to such
24 modification or staged rate reduction in a negotia-
25 tion for the reciprocal elimination or harmonization

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1 of duties under the auspices of the World Trade Or-
2 ganization or as part of an interim agreement lead-
3 ing to the formation of a regional free-trade area.

4 (7) AUTHORITY UNDER URUGUAY ROUND
5 AGREEMENTS ACT NOT AFFECTED.—Nothing in this
6 subsection shall limit the authority provided to the
7 President under section 111(b) of the Uruguay
8 Round Agreements Act (19 U.S.C. 3521(b)).

9 (b) AGREEMENTS REGARDING TARIFF AND NON-
10 TARIFF BARRIERS.—

11 (1) IN GENERAL.—(A) Whenever the President
12 determines that—

13 (i) one or more existing duties or any other
14 import restriction of any foreign country or the
15 United States or any other barrier to, or other
16 distortion of, international trade unduly bur-
17 dens or restricts the foreign trade of the United
18 States or adversely affects the United States
19 economy, or

20 (ii) the imposition of any such barrier or
21 distortion is likely to result in such a burden,
22 restriction, or effect,

23 and that the purposes, policies, and objectives of this
24 Act will be promoted thereby, the President may
25 enter into a trade agreement described in subpara-

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1 graph (B) during the period described in subpara-
2 graph (C).

3 (B) The President may enter into a trade
4 agreement under subparagraph (A) with foreign
5 countries providing for—

6 (i) the reduction or elimination of a duty,
7 restriction, barrier, or other distortion described
8 in subparagraph (A), or

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

11 (C) The President may enter into a trade
12 agreement under this paragraph before—

13 (i) October 1, 2001, or

14 (ii) October 1, 2005, if trade authorities
15 procedures are extended under subsection (c).

16 (2) CONDITIONS.—A trade agreement may be
17 entered into under this subsection only if such
18 agreement makes progress in meeting the applicable
19 objectives described in section 102 and the President
20 satisfies the conditions set forth in section 104.

21 (3) BILLS QUALIFYING FOR TRADE AUTHORI-
22 TIES PROCEDURES.—The provisions of section 151
23 of the Trade Act of 1974 (in this Act referred to as
24 “trade authorities procedures”) apply to a bill of ei-
25 ther House of Congress consisting only of—

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1 (A) a provision approving a trade agree-
2 ment entered into under this subsection and ap-
3 proving the statement of administrative action,
4 if any, proposed to implement such trade agree-
5 ment,

6 (B) provisions directly related to the prin-
7 cipal trade negotiating objectives set forth in
8 section 102(b) achieved in such trade agree-
9 ment, if those provisions are necessary for the
10 operation or implementation of United States
11 rights or obligations under such trade agree-
12 ment,

13 (C) provisions that define and clarify, or
14 provisions that are related to, the operation or
15 effect of the provisions of the trade agreement,

16 (D) provisions to provide adjustment as-
17 sistance to workers and firms adversely affected
18 by trade, and

19 (E) provisions necessary for purposes of
20 complying with section 252 of the Balanced
21 Budget and Emergency Deficit Control Act of
22 1985 in implementing the trade agreement,
23 to the same extent as such section 151 applies to
24 implementing bills under that section. A bill to

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1 the President shall submit to the Congress, not later
2 than July 1, 2001, a written report that contains a
3 request for such extension, together with—

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

8 (B) a description of the progress that has
9 been made in negotiations to achieve the pur-
10 poses, policies, and objectives of this Act, and
11 a statement that such progress justifies the
12 continuation of negotiations; and

13 (C) a statement of the reasons why the ex-
14 tension is needed to complete the negotiations.

15 (3) REPORT TO CONGRESS BY THE ADVISORY
16 COMMITTEE.—The President shall promptly inform
17 the Advisory Committee for Trade Policy and Nego-
18 tiations established under section 135 of the Trade
19 Act of 1974 (19 U.S.C. 2155) of the President's de-
20 cision to submit a report to the Congress under
21 paragraph (2). The Advisory Committee shall submit
22 to the Congress as soon as practicable, but not later
23 than August 1, 2001, a written report that con-
24 tains—

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1 (A) its views regarding the progress that
2 has been made in negotiations to achieve the
3 purposes, policies, and objectives of this Act;
4 and

5 (B) a statement of its views, and the rea-
6 sons therefor, regarding whether the extension
7 requested under paragraph (2) should be ap-
8 proved or disapproved.

9 (4) REPORTS MAY BE CLASSIFIED.—The re-
10 ports submitted to the Congress under paragraphs
11 (2) and (3), or any portion of such reports, may be
12 classified to the extent the President determines ap-
13 propriate.

14 (5) EXTENSION DISAPPROVAL RESOLUTIONS.—
15 (A) For purposes of paragraph (1), the term “exten-
16 sion disapproval resolution” means a resolution of
17 either House of the Congress, the sole matter after
18 the resolving clause of which is as follows: “That the
19 _____ disapproves the request of the President for
20 the extension, under section 103(c)(1)(B)(i) of the
21 Reciprocal Trade Agreement Authorities Act of
22 1997, of the provisions of section 151 of the Trade
23 Act of 1974 to any implementing bill submitted with
24 respect to any trade agreement entered into under
25 section 103(b) of the Reciprocal Trade Agreement

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1 Authorities Act of 1997 after September 30, 2001.",
2 with the blank space being filled with the name of
3 the resolving House of the Congress.

4 (B) Extension disapproval resolutions—

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

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

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

16 (D) It is not in order for—

17 (i) the Senate to consider any extension
18 disapproval resolution not reported by the Com-
19 mittee on Finance;

20 (ii) the House of Representatives to con-
21 sider any extension disapproval resolution not
22 reported by the Committee on Ways and Means
23 and the Committee on Rules; or

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1 (iii) either House of the Congress to con-
2 sider an extension disapproval resolution after
3 September 30, 2001.

4 SEC. 104. CONSULTATIONS.

5 (a) NOTICE AND CONSULTATION BEFORE NEGOTIA-
6 TION.—

7 (1) IN GENERAL.—The President, with respect
8 to any agreement that is subject to the provisions of
9 section 103(b), shall—

10 (A) provide, at least 90 calendar days be-
11 fore initiating negotiations, written notice to the
12 Congress of the President's intention to enter
13 into the negotiations and set forth therein the
14 date the President intends to initiate such nego-
15 tiations, the specific United States objectives
16 for the negotiations, and whether the President
17 intends to seek an agreement, or changes to an
18 existing agreement; and

19 (B) before and after submission of the no-
20 tice, consult regarding the negotiations with the
21 Committee on Finance of the Senate and the
22 Committee on Ways and Means of the House of
23 Representatives and such other committees of
24 the House and Senate as the President deems
25 appropriate.

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1 (2) CONSULTATIONS REGARDING NEGOTIA-
2 TIONS ON CERTAIN OBJECTIVES.—

3 (A) CONSULTATION.—In addition to the
4 requirements set forth in paragraph (1), before
5 initiating negotiations with respect to a trade
6 agreement entered into under section 103(b) in
7 which the subject matter is directly related to
8 the principal trade negotiating objectives set
9 forth in section 2(b)(1) or section 102(b)(7),
10 the President shall consult with the Committee
11 on Ways and Means of the House of Represent-
12 atives and the Committee on Finance of the
13 Senate and with the appropriate industry sector
14 advisory groups established under section 135
15 of the Trade Act of 1974 with respect to such
16 negotiations.

17 (B) SCOPE.—The consultations described
18 in subparagraph (A) shall concern the manner
19 in which the negotiation will address the objec-
20 tive of reducing or eliminating a specific tariff
21 or nontariff barrier or foreign government pol-
22 icy or practice directly related to trade that de-
23 creases market opportunities for United States
24 exports or otherwise distorts United States
25 trade.

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1 (3) NEGOTIATIONS REGARDING AGRI-
2 CULTURE.—Before initiating negotiations under sec-
3 tion 102(b)(6)(A) with any country, the President
4 shall assess whether United States tariffs on agri-
5 culture products that were bound under the Uru-
6 guay Round Agreements are lower than the tariffs
7 bound by that country. In addition, the President
8 shall consider whether the tariff levels bound and
9 applied throughout the world with respect to imports
10 from the United States are higher than United
11 States tariffs and whether the negotiation provides
12 an opportunity to address any such disparity. The
13 President shall consult with the Committee on Ways
14 and Means and the Committee on Agriculture of the
15 House of Representatives and the Committee on Fi-
16 nance and the Committee on Agriculture, Nutrition,
17 and Forestry of the Senate concerning the results of
18 the assessment, whether it is appropriate for the
19 United States to agree to further tariff reductions
20 based on the conclusions reached in the assessment,
21 and how all applicable negotiating objectives will be
22 met.

23 (b) CONSULTATION WITH CONGRESS BEFORE
24 AGREEMENTS ENTERED INTO.—

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1 (1) CONSULTATION.—Before entering into any
2 trade agreement under section 103(b), the President
3 shall consult with—

4 (A) the Committee on Ways and Means of
5 the House of Representatives and the Commit-
6 tee on Finance of the Senate; and

7 (B) each other committee of the House
8 and the Senate, and each joint committee of the
9 Congress, which has jurisdiction over legislation
10 involving subject matters which would be af-
11 fected by the trade agreement.

12 (2) SCOPE.—The consultation described in
13 paragraph (1) shall include consultation with respect
14 to—

15 (A) the nature of the agreement;

16 (B) how and to what extent the agreement
17 will achieve the applicable purposes, policies,
18 and objectives of this Act; and

19 (C) the implementation of the agreement
20 under section 105.

21 (c) ADVISORY COMMITTEE REPORTS.—The report
22 required under section 135(e)(1) of the Trade Act of 1974
23 regarding any trade agreement entered into under section
24 103(a) or (b) of this Act shall be provided to the Presi-
25 dent, the Congress, and the United States Trade Rep-

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1 resentative not later than 30 days after the date on which
2 the President notifies the Congress under section
3 103(a)(1) or 105(a)(1)(A) of the President's intention to
4 enter into the agreement.

5 **SEC. 105. IMPLEMENTATION OF TRADE AGREEMENTS.**

6 (a) IN GENERAL.—

7 (1) NOTIFICATION AND SUBMISSION.—Any
8 agreement entered into under section 103(b) shall
9 enter into force with respect to the United States if
10 (and only if)—

11 (A) the President, at least 90 calendar
12 days before the day on which the President en-
13 ters into the trade agreement, notifies the
14 House of Representatives and the Senate of the
15 President's intention to enter into the agree-
16 ment, and promptly thereafter publishes notice
17 of such intention in the Federal Register;

18 (B) within 60 days after entering into the
19 agreement, the President submits to the Con-
20 gress a description of those changes to existing
21 laws that the President considers would be re-
22 quired in order to bring the United States into
23 compliance with the agreement;

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1 (C) after entering into the agreement, the
2 President submits a copy of the final legal text
3 of the agreement, together with—

4 (i) a draft of an implementing bill de-
5 scribed in section 103(b)(3);

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

9 (iii) the supporting information de-
10 scribed in paragraph (2); and

11 (D) the implementing bill is enacted into
12 law.

13 (2) SUPPORTING INFORMATION.—The support-
14 ing information required under paragraph (1)(C)(iii)
15 consists of—

16 (A) an explanation as to how the imple-
17 menting bill and proposed administrative action
18 will change or affect existing law; and

19 (B) a statement—

20 (i) asserting that the agreement
21 makes progress in achieving the applicable
22 purposes, policies, and objectives of this
23 Act;

24 (ii) setting forth the reasons of the
25 President regarding—

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1 (I) how and to what extent the
2 agreement makes progress in achiev-
3 ing the applicable purposes, policies,
4 and objectives referred to in clause (i);

5 (II) whether and how the agree-
6 ment changes provisions of an agree-
7 ment previously negotiated;

8 (III) how the agreement serves
9 the interests of United States com-
10 merce; and

11 (IV) how the implementing bill
12 complies with section 103(b)(3).

13 (3) RECIPROCAL BENEFITS.—In order to en-
14 sure that a foreign country that is not a party to a
15 trade agreement entered into under section 103(b)
16 does not receive benefits under the agreement unless
17 the country is also subject to the obligations under
18 the agreement, the implementing bill submitted with
19 respect to the agreement shall provide that the bene-
20 fits and obligations under the agreement apply only
21 to the parties to the agreement, if such application
22 is consistent with the terms of the agreement. The
23 implementing bill may also provide that the benefits
24 and obligations under the agreement do not apply
25 uniformly to all parties to the agreement, if such ap-

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1 plication is consistent with the terms of the agree-
2 ment.

3 (b) LIMITATIONS ON TRADE AUTHORITIES PROCE-
4 DURES.—

5 (1) FOR LACK OF CONSULTATIONS.—

6 (A) IN GENERAL.—The trade authorities
7 procedures shall not apply to any implementing
8 bill submitted with respect to a trade agreement
9 entered into under section 103(b) if during the
10 60-day period beginning on the date that one
11 House of Congress agrees to a procedural dis-
12 approval resolution for lack of notice or con-
13 sultations with respect to that trade agreement,
14 the other House separately agrees to a proce-
15 dural disapproval resolution with respect to that
16 agreement.

17 (B) PROCEDURAL DISAPPROVAL RESOLU-
18 TION.—For purposes of this paragraph, the
19 term “procedural disapproval resolution” means
20 a resolution of either House of Congress, the
21 sole matter after the resolving clause of which
22 is as follows: “That the President has failed or
23 refused to notify or consult (as the case may
24 be) with Congress in accordance with section
25 104 or 105 of the Reciprocal Trade Agreement

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1 Authorities Act of 1997 on negotiations with re-
2 spect to, or entering into, a trade agreement to
3 which section 103(b) of that Act applies and,
4 therefore, the provisions of section 151 of the
5 Trade Act of 1974 shall not apply to any imple-
6 menting bill submitted with respect to that
7 trade agreement."

8 (2) PROCEDURES FOR CONSIDERING RESOLU-
9 TIONS.—(A) Procedural disapproval resolutions—

10 (i) in the House of Representatives—

11 (I) shall be introduced by the chair-
12 man or ranking minority member of the
13 Committee on Ways and Means or the
14 chairman or ranking minority member of
15 the Committee on Rules;

16 (II) shall be jointly referred to the
17 Committee on Ways and Means and the
18 Committee on Rules; and

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

21 (ii) in the Senate shall be original resolu-
22 tions of the Committee on Finance.

23 (B) The provisions of section 152(d) and (e) of
24 the Trade Act of 1974 (19 U.S.C. 2192(d) and (e))
25 (relating to the floor consideration of certain resolu-

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1 tions in the House and Senate) apply to procedural
2 disapproval resolutions.

3 (C) It is not in order for the House of Rep-
4 resentatives to consider any procedural disapproval
5 resolution not reported by the Committee on Ways
6 and Means and the Committee on Rules.

7 (c) RULES OF HOUSE OF REPRESENTATIVES AND
8 SENATE.—Subsection (b) of this section and section
9 103(c) are enacted by the Congress—

10 (1) as an exercise of the rulemaking power of
11 the House of Representatives and the Senate, re-
12 spectively, and as such are deemed a part of the
13 rules of each House, respectively, and such proce-
14 dures supersede other rules only to the extent that
15 they are inconsistent with such other rules; and

16 (2) with the full recognition of the constitu-
17 tional right of either House to change the rules (so
18 far as relating to the procedures of that House) at
19 any time, in the same manner, and to the same ex-
20 tent as any other rule of that House.

21 SEC. 106. TREATMENT OF CERTAIN TRADE AGREEMENTS.

22 (a) CERTAIN AGREEMENTS.—Notwithstanding sec-
23 tion 103(b)(2), if an agreement to which section 103(b)
24 applies—

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1 (1) is entered into under the auspices of the
2 World Trade Organization regarding trade in infor-
3 mation technology products,

4 (2) is entered into under the auspices of the
5 World Trade Organization regarding extended nego-
6 tiations on financial services as described in section
7 135(a) of the Uruguay Round Agreements Act (19
8 U.S.C. 3555(a)),

9 (3) is entered into under the auspices of the
10 World Trade Organization regarding the rules of ori-
11 gin work program described in Article 9 of the
12 Agreement on Rules of Origin referred to in section
13 101(d)(10) of the Uruguay Round Agreements Act
14 (19 U.S.C. 3511(d)(10)), or

15 (4) is entered into with Chile,
16 and results from negotiations that were commenced before
17 the date of the enactment of this Act, subsection (b) shall
18 apply.

19 (b) TREATMENT OF AGREEMENTS.—In the case of
20 any agreement to which subsection (a) applies—

21 (1) the applicability of the trade authorities
22 procedures to implementing bills for be determined
23 without regard to the requirements of section
24 104(a), and any procedural disapproval resolution

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1 under section 105(b)(1)(B) shall not be in order
2 with respect to the provisions of section 104(a); and
3 (2) consultations under section 104(a) that
4 would be required prior to initiation of negotiations
5 shall be made as soon as feasible after the enact-
6 ment of this Act.

7 SEC. 107. CONFORMING AMENDMENTS.

8 (a) IN GENERAL.—Title I of the Trade Act of 1974
9 (19 U.S.C. 2111 et seq.) is amended as follows:

10 (1) IMPLEMENTING BILL.—

11 (A) Section 151(b)(1) (19 U.S.C.
12 2191(b)(1)) is amended by striking “section
13 1103(a)(1) of the Omnibus Trade and Competi-
14 tiveness Act of 1988, or section 282 of the Uru-
15 guay Round Agreements Act” and inserting
16 “section 282 of the Uruguay Round Agree-
17 ments Act, or section 105(a)(1) of the Recip-
18 rocal Trade Agreement Authorities Act of
19 1997”.

20 (B) Section 151(c)(1) (19 U.S.C.
21 2191(c)(1)) is amended by striking “or section
22 282 of the Uruguay Round Agreements Act”
23 and inserting “, section 282 of the Uruguay
24 Round Agreements Act, or section 105(a)(1) of

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1 the Reciprocal Trade Agreement Authorities
2 Act of 1997".

3 (2) ADVICE FROM INTERNATIONAL TRADE COM-
4 MISSION.—Section 131 (19 U.S.C. 2151) is amend-
5 ed—

6 (A) in subsection (a)—

7 (i) in paragraph (1), by striking "sec-
8 tion 123 of this Act or section 1102 (a) or
9 (c) of the Omnibus Trade and Competitive-
10 ness Act of 1988," and inserting "section
11 123 of this Act or section 103(a) or (b) of
12 the Reciprocal Trade Agreement Authori-
13 ties Act of 1997,"; and

14 (ii) in paragraph (2), by striking "sec-
15 tion 1102 (b) or (c) of the Omnibus Trade
16 and Competitiveness Act of 1988" and in-
17 serting "section 103(b) of the Reciprocal
18 Trade Agreement Authorities Act of
19 1997";

20 (B) in subsection (b), by striking "section
21 1102(a)(3)(A)" and inserting "section
22 103(a)(3)(A) of the Reciprocal Trade Agree-
23 ment Authorities Act of 1997" before the end
24 period; and

1 (C) in subsection (c), by striking "section
2 1102 of the Omnibus Trade and Competitive-
3 ness Act of 1988," and inserting "section 103
4 of the Reciprocal Trade Agreement Authorities
5 Act of 1997,".

6 (3) HEARINGS AND ADVICE.—Sections 132,
7 133(a), and 134(a) (19 U.S.C. 2152, 2153(a), and
8 2154(a)) are each amended by striking "section
9 1102 of the Omnibus Trade and Competitiveness
10 Act of 1988," each place it appears and inserting
11 "section 103 of the Reciprocal Trade Agreement Au-
12 thorities Act of 1997,".

13 (4) PREREQUISITES FOR OFFERS.—Section
14 134(b) (19 U.S.C. 2154(b)) is amended by striking
15 "section 1102 of the Omnibus Trade and Competi-
16 tiveness Act of 1988" and inserting "section 103 of
17 the Reciprocal Trade Agreement Authorities Act of
18 1997".

19 (5) ADVICE FROM PRIVATE AND PUBLIC SEC-
20 TORS.—Section 135 (19 U.S.C. 2155) is amended—

21 (A) in subsection (a)(1)(A), by striking
22 "section 1102 of the Omnibus Trade and Com-
23 petitiveness Act of 1988" and inserting "section
24 103 of the Reciprocal Trade Agreement Au-
25 thorities Act of 1997";

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1 (B) in subsection (e)(1)—

2 (i) by striking “section 1102 of the
3 Omnibus Trade and Competitiveness Act
4 of 1988” each place it appears and insert-
5 ing “section 103 of the Reciprocal Trade
6 Agreement Authorities Act of 1997”; and

7 (ii) by striking “section 1103(a)(1)(A)
8 of such Act of 1988” and inserting “sec-
9 tion 105(a)(1)(A) of the Reciprocal Trade
10 Agreement Authorities Act of 1997”; and

11 (C) in subsection (e)(2), by striking “sec-
12 tion 1101 of the Omnibus Trade and Competi-
13 tiveness Act of 1988” and inserting “section
14 102 of the Reciprocal Trade Agreement Au-
15 thorities Act of 1997”.

16 (6) TRANSMISSION OF AGREEMENTS TO CON-
17 GRESS.—Section 162(a) (19 U.S.C. 2212(a)) is
18 amended by striking “or under section 1102 of the
19 Omnibus Trade and Competitiveness Act of 1988”
20 and inserting “or under section 103 of the Recip-
21 rocal Trade Agreement Authorities Act of 1997”.

22 (b) APPLICATION OF CERTAIN PROVISIONS.—For
23 purposes of applying sections 125, 126, and 127 of the
24 Trade Act of 1974 (19 U.S.C. 2135, 2136(a), and
25 2137)—

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1 (1) any trade agreement entered into under sec-
2 tion 103 shall be treated as an agreement entered
3 into under section 101 or 102, as appropriate, of the
4 Trade Act of 1974 (19 U.S.C. 2111 or 2112); and

5 (2) any proclamation or Executive order issued
6 pursuant to a trade agreement entered into under
7 section 103 shall be treated as a proclamation or
8 Executive order issued pursuant to a trade agree-
9 ment entered into under section 102 of the Trade
10 Act of 1974.

11 SEC. 108. DEFINITIONS.

12 In this Act:

13 (1) UNITED STATES PERSON.—The term
14 “United States person” means—

15 (A) a United States citizen;

16 (B) a partnership, corporation, or other
17 legal entity organized under the laws of the
18 United States; and

19 (C) a partnership, corporation, or other
20 legal entity that is organized under the laws of
21 a foreign country and is controlled by entities
22 described in subparagraph (B) or United States
23 citizens, or both.

24 (2) URUGUAY ROUND AGREEMENTS.—The term
25 “Uruguay Round Agreements” has the meaning

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1 given that term in section 2(7) of the Uruguay
2 Round Agreements Act (19 U.S.C. 3501(7)).

3 (3) WORLD TRADE ORGANIZATION.—The term
4 “World Trade Organization” means the organization
5 established pursuant to the WTO Agreement.

6 (4) WTO AGREEMENT.—The term “WTO
7 Agreement” means the Agreement Establishing the
8 World Trade Organization entered into on April 15,
9 1994.

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REFORMS LISTED IN SEPTEMBER 21 LETTER TO CONGRESSIONAL HISPANIC CAUCUS

NAFTA-TAA

Secretary Herman is strongly committed to addressing the challenges faced by low-skilled workers in the global economy. Her discussions with members of the Hispanic Caucus and her recent visit to El Paso have provided important insights into needed improvements to the NAFTA-TAA:

- **Reducing Certification Times:** The Department of Labor will cut by one-third the amount of time required for a determination on a Trade Adjustment Assistance petition.
- **Early Response:** The Department of Labor will strengthen outreach and early intervention services provided to workers even before an assessment of the trade impact has been made.
- **Outreach to Secondary Workers:** It is important to increase awareness among workers experiencing secondary trade impacts that they are eligible for the full range of benefits and services available to primary workers under NAFTA-TAA. The Department of Labor is strengthening efforts to reach secondary workers by calling attention to the explicit secondary worker provisions on NAFTA-TAA petitions and utilizing information from primary certifications to identify secondary workers. They will provide technical assistance to the states to help identify secondary workers.
- **Involving Workers and Local Communities:** The Department of Labor will work with the states to encourage the establishment of worker transition committees in planning the delivery of comprehensive services and collaboration with local elected officials, economic development agencies, and community-based organizations to address the needs of trade-impacted workers, including secondary workers.
- **Measuring Outcomes:** In order to ensure that the effectiveness of NAFTA-TAA improves as it develops, the Department of Labor will begin to collect outcome-based performance data for workers who receive adjustment assistance.

Community Adjustment

Secretary Rubin and Administrator Alvarez are confident that the recent designation of 35 eligible areas and approval of three loans under the NADBank Community Adjustment and Investment Plan (CAIP) are only the first steps in developing an innovative program to address the needs of local communities challenged by trade and production shifts. Future plans include:

- **El Paso Meeting of the Presidential Advisory Committee:** The CAIP will hold a public meeting of the Presidential Advisory Committee in El Paso, Texas to hear first-hand from members of a trade-impacted community.

- **Additional Areas:** This month, the CAIP Finance Committee expect to announce approximately twelve additional communities that will be eligible for assistance.
- **Coordination with NAFTA-TAA:** The Departments of Labor and Treasury will establish formal links in the administration of NAFTA-TAA and CAIP, including on marketing and outreach, in order to magnify the effectiveness of both programs in assisting individual workers and communities affected by trade.
- **Full-time Staffing:** Both the Department of Agriculture and the Small Business Administration are currently in the process of selecting staff that will be dedicated full-time to administering the CAIP program.
- **Significant New Lending from the Small Business Administration (SBA):** SBA estimates that the new CAIP/SBA program could increase SBA's loan volume by about \$146 million over the duration of the program. With this increased funding capacity, SBA could guarantee loans to over 1,000 small firms. CAIP/SBA will afford greater access to capital, and eligible small firms will not be charged a guaranty fee.
- **Increased Outreach and Marketing by SBA:** SBA will significantly increase marketing and outreach efforts this fall. This will include extensive briefings of SBA resource partners such as SCORE and the SBDCs to help them provide management assistance to CAIP borrowers.

Environmental Protection along the Border

Secretary Rubin and Environmental Protection Agency (EPA) Administrator Carol Browner have worked hard to make sure that the NADBank and its sister organization, the Border Environment Cooperation Commission (BECC), are effectively addressing border environmental problems. They will concentrate future efforts on making infrastructure financing affordable for poor communities, expanding technical assistance, and accelerating the pace of project development.

- **Making Environmental Infrastructure Affordable:** To address the needs of poor border communities, the NADBank is establishing cofinancing arrangements with U.S. and Mexican grant programs. NADBank has recently entered into a cooperative agreement with EPA for a Border Environment Infrastructure Fund that will provide access to up to \$170 million in EPA grants. NADBank is working on a proposal that would help smaller U.S. communities to access the tax exempt bond market by working with the State Revolving Funds in the U.S. border states to establish reserve funds for debt servicing.
- **Assisting Communities in Project Development:** In cooperation with the EPA, the BECC is establishing a Project Development Assistance Program (PDAP) that will begin committing and disbursing up to \$10 million in funds to communities by the end of the year.

- **Upgrading Management Capabilities:** NADBank has established an Institutional Development Program (IDP) to help communities on both sides of the border achieve effective and efficient operation of their water, sewage and solid waste management services. So far, NADBank has approved \$1.8 million in technical assistance for 12 projects under this program, and it now plans to double total IDP resources to \$4 million.
- **Accelerating Project Development:** The NADBank and BECC have developed a work plan for accelerating project development. They have identified more than 30 projects and potential projects with a total cost of more than \$500 million as the core of their 1997-99 work plan.

POTENTIAL NEW REFORMS

NADBank Community Adjustment and Investment Plan (CAIP)

Expand Finance Committee to Include the Department of Labor (DOL) and Economic Development Administration (EDA): To ensure high-level coordination with NAFTA-TAA and EDA, the membership of the NADBank CAIP Finance Committee will be expanded to include representatives from the Departments of Labor and Commerce. This group will meet as frequently as once a week for the next six months to provide oversight to the CAIP, including determinations of community eligibility and loan approvals.

El Paso Meeting of the Presidential Advisory Committee: The CAIP will hold a public meeting of the Presidential Advisory Committee in El Paso, Texas on November 21 to learn first-hand the needs of this trade-impacted community.

Full-time Staffing: Both the Department of Agriculture and the Small Business Administration are currently in the process of selecting staff that will be dedicated full-time to administering the CAIP program.

Significant New Lending from the Small Business Administration (SBA): SBA estimates that the new CAIP/SBA program could increase SBA's loan volume by about \$146 million over the duration of the program. With this increased funding capacity, SBA could guarantee loans to over 1,000 small firms. CAIP/SBA will afford greater access to capital, and eligible small firms will not be charged a guaranty fee.

Increased Outreach and Marketing by SBA: SBA will significantly increase marketing and outreach efforts this fall. This will include extensive briefings of SBA resource partners such as SCORE and the SBDCs to help them provide management assistance to CAIP borrowers.

Outreach Roundtables: In eligible communities, CAIP will hold roundtables with community groups, bankers, elected officials, and community leaders to market the program.

Technical Assistance to Identify Eligibility: The CAIP will provide technical assistance both directly and through outside contractors to help communities determine whether they are eligible for CAIP assistance.

Quarterly Evaluations: The Department of Treasury is required to report to Congress on the operation of the CAIP on an annual basis. In order to accelerate identification and correction of problems with the program in the first year of its operation, Treasury proposes increasing the frequency of evaluations to a quarterly basis.

Expand CAIP Staffing: At a cost of \$1 million over four years, the number of professional staff could be doubled, greatly expanding the capacity for outreach, technical assistance and loan assessments.

Provide Technical Assistance: Trade-impacted communities are in need of significant technical assistance to develop strategic plans to help identify opportunities and attract investment. For a cost of \$10 million over four years, CAIP could provide such assistance to eligible communities, working closely with EDA.

Expand Direct Lending: The direct lending program allows the CAIP to assist a wide range of commercial and nonprofit borrowers who would otherwise lack access to commercial lending institutions. This program allows loans to be extended directly or used for innovative credit enhancements through intermediaries such as establishing loan loss reserves or taking a "first loss" position on a participated loan. The direct lending program, which is currently funded at \$7 million, could benefit from an expansion of \$25 million over four years.

~~**Modify Credit Terms to Serve Trade-Impacted Communities More Effectively:** Under existing law, the CAIP is subject to the restrictions and limitations of existing federal credit programs. In order to ensure these programs are tailored to meet the special needs of trade-impacted communities, the loan and guarantee levels, community and borrower eligibility and credit terms of existing programs could be modified, expanding lending by roughly \$32 million over 4 years. (Similar flexibility was provided under the defense conversion program).~~

~~**Expand CAIP to Include Grant Programs:** Under existing law, CAIP is limited to programs that use loans and loan guarantees. CAIP funds could serve trade-impacted communities more effectively if it had the flexibility to provide funds through federal programs that use a mixture of grants and loans. The estimated cost would be \$10 million over four years.~~

~~**Expand CAIP to Cover All Trade-Impacted Communities:** Eligibility for CAIP is currently limited to communities affected by NAFTA. The program could be expanded to cover communities that are severely impacted by trade shifts from any country at a cost of roughly \$40 million over 4 years.~~

25⁰⁰ SDA + Ag

25⁰⁰ Direct Con

\$1 for \$1

Environmental Protection along the Border

Making Environmental Infrastructure Affordable: To address the needs of poor border communities, the NADBank is establishing cofinancing arrangements with U.S. and Mexican grant programs. NADBank has recently entered into a cooperative agreement with EPA for a Border Environment Infrastructure Fund that will provide access to up to \$170 million in EPA grants. In addition, the Administration is seeking additional appropriations of \$100 million per year over FY 1998-2001 to provide additional affordable financing packages for border environmental infrastructure.

Helping Small Communities Access Tax-Exempt Financing: NADBank is working on a proposal that would help smaller U.S. communities access the tax exempt bond market by working with the State Revolving Funds in the U.S. border states to establish reserve funds for debt servicing. This would leverage \$4 million per year in NADBank financing to make available an additional \$16 million per year for smaller communities in the border states.

Assisting Communities in Project Development: In cooperation with the EPA, the BECC is establishing a Project Development Assistance Program (PDAP) that will begin committing and disbursing up to \$10 million in funds to communities by the end of the year.

Upgrading Management Capabilities: NADBank has established an Institutional Development Program (IDP) to help communities on both sides of the border achieve effective and efficient operation of their water, sewage and solid waste management services. So far, NADBank has approved \$1.8 million in technical assistance for 12 projects under this program, and it now plans to double total IDP resources to \$4 million.

Accelerating Project Development: The NADBank and BECC have developed a work plan for accelerating project development. They have identified more than 30 projects and potential projects with a total cost of more than \$500 million as the core of their 1997-99 work plan.

Fast Track BDD's own
(9/22/97)

[Process + Order + Game really
- on acceptable language]

Roll tomorrow

[May the Senate bill first
- move it to the S
- explore it
But may give next less
leverage]

[Meeting on Sept 30th?

Step by step

[Issue is who goes to the Floor first?

3 lunches: goal of getting 3-5 members
+ Sally Bege

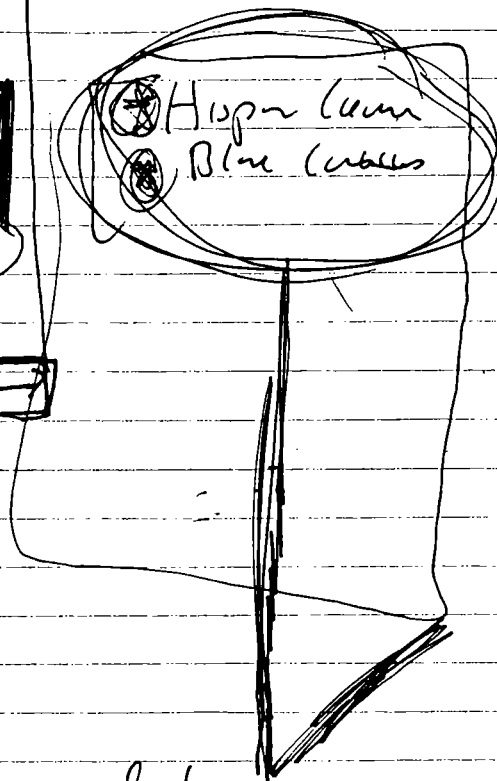
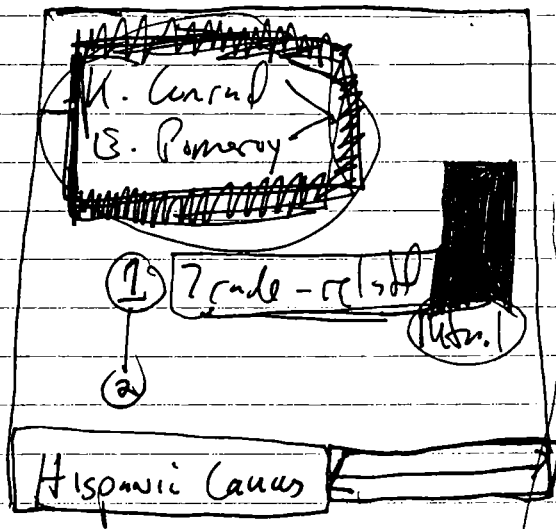
Skylar Hager: ~~Skylar~~

BDD do Senate lunch

Food + Safety: action to plan

Show activity + motion: Step by step:
Just From Committee Room

Fast Track



Retrial decison

Daschle: Police agreed to

16 4 14 24 + 35
 77 LNs

First 704 (EPB)
9/26/97

→ Bureau
→ Regul - pld

→ Gossely → Manual
→ exhibit about As provisions
→ deep bill moderate

→ Business - unlarge of ratio not

→ Grate concept paper for Rd
included 1988
to work off of 1988 bill

→ Lea regulation might get

Next sent out of Committee - with vote

Very fleshed out plan

Most-likely offer

- ① Warn him down pol. lly
- ② no RENEW
- ③

Reject 2 or 3 things

= No Deal yet

THE WHITE HOUSE
WASHINGTON

September 24, 1997

MEMORANDUM FOR ERSKINE BOWLES

FROM: Bruce Reed
Elena Kagan

SUBJECT: Food Safety Initiative

This memorandum sets out a proposal for a new food safety initiative focusing on imported produce. HHS/FDA, USDA, USTR, and OMB have participated in developing this proposal. The memorandum also raises an issue of timing that has arisen in our policy discussions.

The Proposal

The initiative has four elements -- one administrative and three legislative.

1. A Presidential directive to the FDA to issue guidance on good agricultural practices and good manufacturing practices for fruits and vegetables. This guidance would deal with such matters as sanitation, worker health, and water use. The guidance would not itself have the force of law (the domestic farmers' groups would object if it did), but would indicate what kinds of practices the FDA believes violate the Food and Drug Act. In so doing, the guidance (we may be able to use the term "enforcement standards") would improve the agricultural and manufacturing practices of all those, foreign and domestic, seeking to sell produce in the U.S. market. As part of this directive, the President would instruct USDA to provide assistance to the FDA through various research activities and educational programs.

2. Proposed legislation giving the FDA authority to bar food imports from any foreign country or establishment that does not provide safety protections that are at least equivalent to those provided by the U.S. food safety system. This legislation would give to the FDA the power now held by USDA (regarding meat and poultry products) to hold foreign countries and establishments to an "equivalency standard." We expect that Jeff Gerth will highlight this difference between USDA and FDA authority, noting that the FDA now relies on essentially unenforceable bilateral agreements to hold other countries to equivalent food safety standards. The legislation would include the authority to bar imports if a foreign country or establishment refused to permit the FDA to carry out inspections.

3. Proposed legislation and budget request to improve and expand the FDA's inspection system, particularly in relation to foreign producers. OMB is still reviewing the numbers, but the FDA has requested \$20-25 million for FY 99. This appropriation would allow vastly increased

inspections abroad and at the dock (though still permitting the inspection of only a minuscule percentage of total imports), as well as some supportive research activities. Some fairly significant funding commitment to hire additional inspectors is critical to the credibility of this initiative.

4. Proposed legislation to require "country of origin" labeling on produce, meat, and certain other food products. This legislation would not itself do much to improve food safety (at least in the short term), but it would provide consumers with more complete information than they currently have about food products. It also may be the part of this package that the public finds most attractive. The agricultural groups are divided on the desirability of such legislation. The Farmers Union and Farmers Bureau like it, as do the cattlemen and most fruit and vegetable growers. Pork producers do not like it (we don't know why), and food processors and retailers think the legislation would place onerous burdens on them.

Timing

Some believe we should not announce this initiative immediately. OMB (OIRA) urges that we take more time to vet the proposal, noting that it is complex and politically sensitive -- and that we have put it together from scratch in 48 hours. OMB also has asked whether we should use these proposals during negotiations over fast track (to buy the support of reluctant legislators), rather than announce them now. Finally, USTR has expressed some uncertainty about whether the "country of origin" proposal in particular could undermine, rather than aid, our position on fast track. (USTR stresses that this is a question only of political strategy; USTR has no objections to any part of this package as a matter of trade policy.)

THE WHITE HOUSE

WASHINGTON

September 21, 1997

Dear Rubén:

I understand that Secretary Rubin, Secretary Herman, Administrator Alvarez and National Economic Adviser Sperling had a constructive exchange with you and other members of the Hispanic Caucus last week on NAFTA.

Since that meeting, Gene Sperling has been working with Cabinet members to provide you with the attached written document specifically detailing the efforts we are committed to taking to strengthen the implementation of NAFTA. Although I recognize the steps outlined in this document are not the full answer to the concerns voiced by your constituents, my top advisers, Cabinet members, and I are committed to continuing to work with you to make sure that our trade initiatives fulfill their promise for all Americans, as are my Cabinet members and senior advisors.

During last week's discussions, several members of your Caucus pointed out that the challenges posed by the new economy are broader than those associated directly with trade, and consequently that we must look to broader solutions. I could not agree more. I am confident that the numerous discussions that are taking place under the joint leadership of members of the Hispanic Caucus along with Education Secretary Riley and White House senior officials Maria Echaveste, Mickey Ibarra, and Gene Sperling will identify

2

significant actions we can take to help more young Latinos reach their full potential.

Globalization presents us all with challenges and opportunities. This week, I transmitted to Congress legislation on fast track trade negotiating authority, to give us the tools we need to shape the global economy in America's best interests. I will need your help building support for future trade agreements that help America compete in the global economy and contribute to improved living standards and environmental protection.

I hope that we can continue this dialogue.

Sincerely,

Rui

The Honorable Rubén Hinojosa
House of Representatives
Washington, D.C. 20515-4315

Washington, D.C. 20510

NAFTA-TAA

Secretary Herman is strongly committed to addressing the challenges faced by low-skilled workers in the global economy. Her discussions with you and her recent visit to El Paso have provided important insights into needed improvements to the NAFTA-TAA:

- **Reducing Certification Times:** The Department of Labor will cut by one-third the amount of time required for a determination on a Trade Adjustment Assistance petition.
- **Early Response:** The Department of Labor will strengthen outreach and early intervention services provided to workers even before an assessment of the trade impact has been made.
- **Outreach to Secondary Workers:** It is important to increase awareness among workers experiencing secondary trade impacts that they are eligible for the full range of benefits and services available to primary workers under NAFTA-TAA. The Department of Labor is strengthening efforts to reach secondary workers by calling attention to the explicit secondary worker provisions on NAFTA-TAA petitions and utilizing information from primary certifications to identify secondary workers. They will provide technical assistance to the states to help identify secondary workers.
- **Involving Workers and Local Communities:** The Department of Labor will work with the states to encourage the establishment of worker transition committees in planning the delivery of comprehensive services and collaboration with local elected officials, economic development agencies, and community-based organizations to address the needs of trade-impacted workers, including secondary workers.
- **Measuring Outcomes:** In order to ensure that the effectiveness of NAFTA-TAA improves as it develops, the Department of Labor will begin to collect outcome-based performance data for workers who receive adjustment assistance.

Community Adjustment

Secretary Rubin and Administrator Alvarez are confident that the recent designation of 35 eligible areas and approval of three loans under the NADBank Community Adjustment and Investment Plan (CAIP) are only the first steps in developing an innovative program to address the needs of local communities challenged by trade and production shifts. Future plans include:

- **El Paso Meeting of the Presidential Advisory Committee:** The CAIP will hold a public meeting of the Presidential Advisory Committee in El Paso, Texas to hear first-hand from members of a trade-impacted community.
- **Additional Areas:** This month, the CAIP Finance Committee expect to announce approximately twelve additional communities that will be eligible for assistance.
- **Coordination with NAFTA-TAA:** The Departments of Labor and Treasury will establish formal links in the administration of NAFTA-TAA and CAIP, including on marketing and outreach, in order to magnify the effectiveness of both programs in assisting individual workers and communities affected by trade.
- **Full-time Staffing:** Both the Department of Agriculture and the Small Business Administration are currently in the process of selecting staff that will be dedicated full-time to administering the CAIP program.
- **Significant New Lending from the Small Business Administration (SBA):** SBA estimates that the new CAIP/SBA program could increase SBA's loan volume by about \$146 million over the duration of the program. With this increased funding capacity, SBA could guarantee loans to over 1,000 small firms. CAIP/SBA will afford greater access to capital, and eligible small firms will not be charged a guaranty fee.
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Environmental Protection along the Border

Secretary Rubin and Environmental Protection Agency (EPA) Administrator Carol Browner have worked hard to make sure that the NADBank and its sister organization, the Border Environment Cooperation Commission (BECC), are effectively addressing border environmental problems. They will concentrate future efforts on making infrastructure financing affordable for poor communities, expanding technical assistance, and accelerating the pace of project development.

- **Making Environmental Infrastructure Affordable:** To address the needs of poor border communities, the NADBank is establishing cofinancing arrangements with U.S. and Mexican grant programs. NADBank has recently entered into a cooperative agreement with EPA for a Border Environment Infrastructure Fund that will provide access to up to \$170 million in EPA grants. NADBank is working on a proposal that would help smaller U.S. communities to access the tax exempt bond market by working with the State Revolving Funds in the U.S. border states to establish reserve funds for debt servicing.
- **Assisting Communities in Project Development:** In cooperation with the EPA, the BECC is establishing a Project Development Assistance Program (PDAP) that will begin committing and disbursing up to \$10 million in funds to communities by the end of the year.
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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

LABOR BRANCH FAX SHEET

DATE:

8/28

TO:

Gene Sperling

FROM:

Maureen Walsh

COMMENTS:

*Info you requested
on DOL's Opportunity Areas
for Out-of-School Youth.*

NUMBER OF PAGES
(INCLUDING COVER)

9

CONFIRMATION: (202) 395-3262
FAX NUMBER: (202) 395-1596

OPPORTUNITY AREAS FOR OUT-OF-SCHOOL YOUTH (YOA)

- **1998 Budget Policy:** The FY 1998 request of \$250 M would provide first-year grants to 15-20 high poverty urban and rural areas, including EZ/ECs. Grants would average \$14 M for each of 5 years, serving about 50,000 youth annually. The program's goal is to boost the employment rate of out-of-school youth in each target area to 80% from its current rate of about 45%. DOL would conduct YOA under JTPA demonstration authority. YOA pilots are operating in 6 sites with \$16 M in JTPA funds. The YOA program is one of 17 in the Training and Employment Services (TES) account. TES is one of the 13 "Protected Domestic Discretionary Priorities" in the Balanced Budget Agreement.
- **Latest House Action:** The House committee-reported bill provides a FY 1999 Advance Appropriation (AA) of \$100 M, to be available for the Program Year (PY) beginning on July 1, 1999 "only if [the program is] specifically authorized by subsequent legislation." The committee report also indicates that \$25 M is available for YOA within JTPA's \$43 M demonstration appropriation.
- **Administration Position:** The July 28th Statement of Administration Policy on H.R. 2264, the Labor/HHS/Education appropriation bill, urges the House to provide FY 1998 resources for YOA and notes the program may be carried out under existing legislation (as pilots are now). The SAP also urges the House to fully fund the request for TES programs, in order to be consistent with the BBA.
- **Latest Senate Action:** The Senate committee bill provides a FY 1999 AA of \$250 M, to be available on October 1, 1998, "if job training reform legislation authorizing this or similar at-risk youth projects is enacted by April 1, 1998." The Senate also provides \$25 M for YOA demos.
- **Analysis:** Senate action -- without the requirement that authorizing legislation must be enacted -- would delay funding availability only for three months (the FY 1998 request finances a PY beginning on July 1, 1998). YOA funding should not be contingent on the highly uncertain outcome of training reform legislation. Similar legislation met constituent opposition and failed to emerge from a contentious conference committee in the 104th Congress. Also, in May 1997, the House passed H.R. 1385, a training reform bill that does not include an authorization for YOA. The Senate companion draft bill does authorize YOA, but introduction has been delayed.
- **FY 1997 Appropriations Action:** Both the House and Senate denied the YOA request of \$250 M in the President's 1997 Budget.

August 28, 1997

June 25, 1997

Opportunity Areas for Out-of-School Youth

Proposed in the President's FY 1998 Budget, the Youth Opportunity Areas (YOA) initiative would provide \$250 million in "seed capital" grants to Empowerment Zones, Enterprise Communities (EZ/EC), and other high poverty areas to boost the employment rate among out-of-school youth to 80 percent. Congress denied a similar request in the FY 1997 Budget.

- **Five-year grants.** The \$250 million request would provide competitive grants of about \$14 million in the first of five years to each of 15 to 20 current and future EZ/ECs. The federal investment would total \$1.3 billion over the FYs 1998-2002.
- **Matching requirement.** Grantees would be required to enlist support of schools, business, training programs, and community groups in the target area, and include a 100 percent State/local match in the first year. The matching requirement would rise over the five-year life of the grant; at the end of the grant cycle, the program would be sustained without federal funds.
- **Grant competition.** A "leading edge" competitive grant strategy would be used to distribute grant funds, as in the Administration's School-to-Work and One-Stop Career Center initiatives.
- **Administrative entity.** JTPA Private Industry Councils or local workforce development boards would be the local governing body for the YOA grants.
- **Program features.** YOA would serve about 50,000 youth annually. Its features include:
 - Immediate job placement, work-based learning opportunities, and strong links to the school system. Community involvement would occur in program planning, design, and implementation.
 - Requiring responsible behavior on the part of youth as a condition of continued participation.
 - Concentrating funds in a small "target neighborhood" within an EZ/EC of about 10,000 to 20,000 persons in an effort to saturate areas and produce positive peer pressure.
- **YOA pilots.** In Summer 1996, the Labor Department used \$9 million in existing JTPA demonstration funds to launch YOA pilots of \$3 million each in Chicago, Houston, and Los Angeles. Pending funding availability, the grants will be extended for two additional years.

News Release



U.S. Department of Labor

Office of Public Affairs
Washington, D.C.

Employment and Training Administration

CONTACT: Meg Schryver
OFFICE: (202) 219-8211

USDL: 97-214
FOR RELEASE: Immediate
Wednesday, June 25, 1997

**LABOR DEPARTMENT AWARDS THREE NEW GRANTS TOTALING \$6.7 MILLION
TO SERVE OUT-OF-SCHOOL YOUTH IN HIGH-POVERTY AREAS**

1998 Funding Expected to Reach \$250 Million

One rural and two urban communities will each receive over \$2 million to serve youth in high-poverty areas, Secretary of Labor Alexis M. Herman announced today. The 1997 Opportunity Areas for Out-of-School Youth Pilot Project grants have been awarded to Boston, New York and the Lake Cumberland Area in Kentucky.

"I am pleased that my Administration can provide these funds to ensure that young people are able to receive needed education and job training assistance," said President Clinton. "This support will be a positive step in preparing them not only for successful careers but also for rewarding futures."

The bi-partisan budget agreement recently reached between the President and Congressional leaders provides for \$250 million for an Out-of-School Youth initiative in 1998 and is critical to provide seed funds to high-poverty urban neighborhoods and rural areas--current and prospective Empowerment Zones and Enterprise Communities (EZ/ECs)--to help them increase employment among out-of-school young people as an alternative to welfare and crime.

"Through these grants, we have been able to provide much-needed hope for a few communities," said Herman. "Now we need to take everything we've learned and put it to good use across the nation."

-more-

-2-

These demonstration projects establish opportunity areas in specific neighborhoods (with populations of 15,000 or less) like those in empowerment zones and enterprise communities. The primary emphasis is to get out-of-school youth, aged 16-24, into private sector employment. To do this, a variety of successful job training and job development strategies are used. The goal is to increase employment in the target population from below 50 percent to 80 percent.

In addition, grantees work with public and private organizations in the broader community, such as schools, community colleges, community-based organizations, private sector employers and the judicial system, to reduce the high school dropout rate in the area and to provide mentoring support, leadership development and other services that young people need to start career paths with earnings sufficient to support a family.

Research suggests that unemployment is linked to crime, poverty, teen pregnancy, drug abuse and welfare dependency.

Recipients of the 1997 Opportunity Areas for Out-of-School Youth Grants were selected through a competitive process in which 21 needy communities applied. These communities were from urban and rural Service Delivery Areas located within designated empowerment zones and enterprise communities.

The Economic Development and Industrial Corporation in Boston will receive \$2,208,099. These funds will be used in the neighborhoods of Orchard Park in Roxbury and West Broadway and the Old Colony in South Boston. Approximately 3,400 youth will be served with a goal of placing 684 youth in jobs. Two employment centers will be created to provide comprehensive service delivery and to create neighborhood-based learning environments.

The New York City Department of Employment will receive \$2,214,179 to provide services in the Mott Haven/Port Morris sections of the Bronx. Approximately 3,074 out-of-school youth will have access to services as a result of this award. The goal is to place 580 youth in jobs. A Community Advisory Board will oversee program linkages.

The Lake Cumberland Area Development District in Russell Springs, Kentucky, will receive \$2,246,838 to assist this rural community. Approximately 1,136 young people from Clinton County and portions of Wayne County will benefit from the program. The project will seek to place 454 youth in jobs. Participants will learn customized skills and will receive certification of these skills.

-more-

Creating Opportunities for Out-of-School Youth

U.S. Department of Labor
June 1997

PROFILE

Name

Opportunity Areas for Out-of-School Youth Pilot Project Grant

Goal

Raise employment rate of out-of-school youth to 80 percent

Funding

\$8.9 million in Federal funds for 1996; \$6.7 million for 1997 grantees

Target Population

High-poverty urban and rural youth, aged 16-24

Overview

Only one of every two out-of-school youth lacking a high-school diploma is employed. In high-poverty areas, only one out of every three young dropouts is employed. Their joblessness, some researchers suggest, is inextricably linked to crime, poverty, teen pregnancy, drug abuse, and welfare dependency. Without intervention, many out-of-school youth may become permanently lost to the workforce. Investments in increasing the rate of employment for out-of-school youth can lead to benefits for individuals and society as a whole.

Increasing Employment for Out-of-School Youth

On June 25, 1997, the U.S. Department of Labor awarded three new grants -- to the Boston Mayor's Office of Jobs and Community Services, the New York City Department of Employment, and the Lake Cumberland Area Development District in Kentucky. These grants provide for comprehensive services to raise the employment rates for out-of-school youth aged 16-24 in high-poverty areas -- Empowerment Zones and Enterprise Communities Empowerment Zones and Enterprise

Communities (EZ/ECs). The Opportunity Areas for Out-of-School Youth Pilot Project grants combine federal, state, and local community resources with strong private-sector involvement to create a comprehensive approach to job training, education, and counseling—all focused toward the ultimate goal of getting jobs for youth living in poor communities.

The grants use federal money as a catalyst to spur long-term community investments in out-of-school youth. The grant's design is based on what has worked best among the nation's education and training programs to prepare high-risk, low-income youth for better jobs.

Last year, \$8.9 million was granted for three three-year pilot projects -- one each in Chicago, Houston and Los Angeles. These grants were made in memory of Donald J. Kulick, a federal official who devoted much of his career supporting employment programs for youth.

The High Cost of Inaction

Rescuing young dropouts from the nation's most impoverished areas is not cheap, easy or quick. But consider the cost of doing nothing:

- The average high-school dropout earns less, contributing \$230,000 less to the economy than a high-school graduate.
- The average high-school dropout pays \$70,000 less in taxes over a lifetime than a high-school graduate.
- One half of all African American male high-school dropouts under age 25—and three-quarters between the ages of 25 and 34—are under some form of justice system supervision, at an average yearly cost to the taxpayer of \$50,000.

Grant Recipients

Opportunity Areas for Out-of-School Youth Pilot Project grants are based on the following criteria:

1. Need in the target area.
2. The overall plan for reaching an employment level of 80 percent for out-of-school youth.
3. Commitments by area employers for a specific number of career track jobs.
4. School district efforts to reduce the dropout and truancy rates in middle and high schools.
5. Additional investments from state, local or other federal programs.
6. School-to-work efforts in the target area high school.

In addition, grantees agree to support public-private efforts to start an area CollegeBound program and to provide comprehensive sports and recreation programs in the area.

The grant recipients for 1997 are:

City of Boston This project will provide services to approximately 3,400 out-of-school youth in the Orchard Park and Old Colony neighborhoods, with a goal of placing 684 in jobs. Neighborhood teams will be responsible for outreach and case management, education and job training, dropout prevention, school-to-career and mentoring efforts and recreation and sports. An Advisory Council, composed of political, law enforcement, private sector, and community leadership, will be responsible for resource acquisition, policy development and advocacy, as well as building partnerships to ensure the long-term sustainability of the initiative. Under the project, two employment centers will be created to provide comprehensive service delivery and to create neighborhood-based learning environments.

New York City The focus of this project will be a youth opportunity employment area in the Mott Haven/Port Morris sections of the Bronx. It will serve 3,074 youth and have a job placement goal of 580. Three community organizations will form a partnership to deliver core services in education, support and skill training. A Youth Action Center will be established, overseen by a Community Advisory Board that includes project organization representatives, community members, parents and students from within the target area. The project will use a comprehensive model of outreach and recruitment, assessment and case management, training and employment activities, job placement and follow-up services. Links to other initiatives will support school-to-work efforts, dropout prevention

activities, industry-based job training projects, environmental and housing rehabilitation projects, sports and recreational efforts.

Lake Cumberland Area, Kentucky This project will target the 1,136 out-of-school youth who live in Clinton County and part of Wayne County, with a goal of moving 454 participants into employment. The grant will fund BRITE (Bringing Real Improvement Through Employment), a comprehensive program of intervention to assist out-of-school youth. BRITE has several components: an Employee Certification Program, which provides customized skills training to certify workers for local industries; a career assessment and counseling service; education and skills training through an Alternative High School; GED training; occupational skills training and an internship program that leads to a high school diploma or equivalency, along with occupational or skills training. Youth may also choose from several traditional development programs, such as YouthBuild, training toward a community college certificate or degree and expanded school-to-work activities. A comprehensive sports and recreation program also is part of the initiative.

The three 1996 recipients of Opportunity Areas for Out-of-School Youth Pilot Project Grants are getting their programs started toward their ambitious goals of cutting out-of-school youth unemployment rates from as high as 80 percent to 20 percent within three years:

The City of Chicago has focused on the Grand Boulevard community on the South Side, where more than half of the residents are below the poverty line, 80 percent of 16- to 24-year-olds are unemployed, and the high school dropout rate is almost 60 percent. The goal is to enroll 525 youth in the Quantum Project, which includes mentoring, academic and vocational classes, job skills and job placement services. The project emphasizes mentoring to help the young people make the transition to work. Chicago's YMCA will train the youth in computer skills, data processing, spread sheet preparation, customer service and math and science skills. The Pyramid Career Institute will offer customized vocational training based on skills levels and needs.

Houston Works, the coordinator of the Opportunity Areas for Out-of-School Youth Pilot Project Grant in Houston, Texas, is using a total immersion technique, combining work-site skills, education, recreational activities and job placement for two predominantly Black and Hispanic communities, where between 30 and 50 percent of students quit high school and 50 percent of the youth are unemployed. Currently about 75 youth are enrolled in a GED program and are taking academic classes at an employment and training center. Youth are also in vocational programs at Houston Community College, and some who need intensive remedial assistance are tutoring elementary school students to build their skills and self-esteem and to improve their financial situations. The goal is to recruit 500, or one-third of the area's young adult population.

The City of Los Angeles and several partners have targeted South Central's Watts community, where half of the high school dropouts aged 16 to 24 are jobless, for comprehensive services. A Career Options Alternative High School has opened, providing at-risk students with more flexibility in attaining a high school diploma. Partners include the University of California at Los Angeles, providing work skills training and remedial education, and the Center for Employment and Training offering vocational classes. The Los Angeles Conservation Corps is hiring participants for graffiti removal and landscaping, and the Los Angeles Private Industry Council is contacting area employers to encourage the hiring of youth. The goal is to recruit at least 1,000 young people over the three-year period.

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The grants announced today will operate for 18 months. It is anticipated that funding will be extended for two additional years. The 1996 Opportunity Areas for Out-of-School Youth Grants totaled \$8.9 million and were awarded to communities in Chicago, Houston and Los Angeles.

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POTENTIAL TEN-POINT ACTION PLAN TO COVER SECONDARY WORKERS AND EXPAND AND IMPROVE TAA

\$455 MILLION OVER FIVE YEARS FOR SECONDARY WORKERS:

- I. \$200 MILLION OVER FIVE YEARS IN SECRETARY'S DISCRETIONARY FUND EARMARKED FOR SECONDARY WORKERS.** In conjunction with the passage of fast track authority, the Department of Labor will issue a Statement of Administrative Action extending the Secretary's discretionary authority to use JTPA Title III funds to serve secondary workers in firms doing business with primary firms eligible for or certified for TAA. To ensure that adequate funding is available the Secretary of Labor will fence off \$200 million over the next five years to ensure job training and income support for secondary workers.

- II. \$250 MILLION IN DISLOCATED WORKER FUNDING EARMARKED TO SECONDARY WORKERS.** The Administration will propose a \$50 million increase in JTPA Title III in our FY99 budget and will earmark this money to help secondary workers receive the job training and income support they need and deserve. Between FY99 and FY03, this expansion of dislocated worker funding for secondary workers would mean an additional \$250 million of resources. As with Action Item #1, this proposal would serve secondary workers affected by trade.
 - In addition to basic education, training and income support, the \$455 million over five years the Administration will spend on secondary workers will be used to develop better approaches to serving special targeted groups. These grants will be flexible, customized and aimed at filling in the gaps in our training system. Cities, states and local non-profit groups will participate in developing innovating new approaches. For example, the Department will develop:
 - a competitive demonstration program to better develop bilingual training strategies;
 - contextual learning strategies which incorporate language skills into job training programs and have been shown to be effective;
 - plans to leverage these grants to support and complement other federal, state and local efforts for economic development and community adjustment.

III. CLARIFY THAT SECONDARY FIRMS CAN BE CERTIFIED FOR TAA/NAFTA-TAA EVEN IF PRIMARY FIRM IS NOT CERTIFIED. Some have expressed concern that secondary firms were being denied benefits because the relevant primary firm had not obtained certification. There are cases when the primary firm does not go through the certification process, but the secondary firm is adversely impacted from trade. Therefore, the Secretary of Labor will clarify that secondary firms -- adversely affected as a result of business lost with a primary firm -- can be certified for TAA or NAFTA-TAA, even if the primary firm is not certified.

- In order to certify these firms, the Labor Department will need to do broader, two-tiered investigations. This will cost an estimated \$5 million over five years.

INFORMATION CAMPAIGN TO INCREASE TAKE-UP RATE OF SECONDARY WORKERS:

IV. LABOR DEPARTMENT GUIDELINES TO STATES TO URGE THEM TO FIND OUT INFORMATION ABOUT SECONDARY FIRMS. The best way for the Labor Department to find secondary workers is to start with the primary firm and work outwards. The Labor Department's Employment Training Administration will issue guidelines to the states requesting that they seek information from primary firms about their suppliers during or immediately following the certification process. This information would form the basis for a systemic effort to identify and locate potentially eligible secondary workers.

V. ISSUE GUIDELINES TO TAKE A PROACTIVE STANCE AND CONTACT SECONDARY FIRMS POTENTIALLY IMPACTED BY LOSS OF BUSINESS. The Labor Department would issue a set of guidelines so that direct contact with potentially eligible secondary firms and their workers is made. The Labor Department would also disseminate fact sheets and posters to these secondary businesses, and would make information available to personnel offices. The Labor Department would also set up a bilingual web site to help contact secondary workers.

VI. PUBLIC SERVICE CAMPAIGN IN ENGLISH AND SPANISH ABOUT THE BENEFITS SECONDARY WORKERS CAN RECEIVE. In order to increase the take-up rate among secondary workers, the Labor Department would run a public education campaign using public service announcements in English and Spanish in trade-impacted areas.

VII. DISTRIBUTE INFORMATION ON BENEFITS AVAILABLE TO SECONDARY WORKERS AT UNEMPLOYMENT OFFICES. The Labor Department will distribute information to State Employment Service Offices where workers go to file unemployment benefits.

- This information campaign will increase the take-up rate among secondary workers. Outreach efforts can successfully reach many workers who are not, but should be, receiving job training and income support. The resulting increased case load will require 4-5 FTEs, at a cost of \$2 million over five years.

EXPAND AND IMPROVE TAA:

VIII. ISSUE GUIDELINES URGING STATES TO GIVE WORKERS 30 DAY EXTENSION IF THEY ARE RECEIVING REMEDIAL EDUCATION. While the 6/16 requirement -- that is, the requirement that certified workers enroll in training by their 16th week on unemployment insurance, or enroll in training by their 6th week after being certified under NAFTA/TAA -- is statutory and can not be changed administratively, the Labor Department will issue guidelines to the states requesting that they provide 30 additional days for dislocated workers who are receiving English as a second language (ESL) or another form of remedial education to get into training. The statutory language gives certified workers up to 30 additional days on the 6/16 requirement if there are "extenuating circumstances" that do not allow them to be in training by the specified time periods. The Labor Department guidelines will state the ESL or other remedial education programs classify as "extenuating circumstances."

IX. CUT CERTIFICATION TIMES BY ONE-THIRD. In order to cut the certification time from 60 days to 40 days, the Department of Labor will take the following four steps: (1) reduce investigator caseload to allow for more timely follow-up in obtaining relevant company and customer data; (2) develop an enhanced in-house system for tracking import trends and performing import-impact analysis; (3) reduce the amount of time from 21 to 14 days between the day the Labor Department requests and receive data from companies; and (4) reduce the length of the customer survey from 21 to 14 days. See attached time lines for changes in certification process.

- Technological improvements as well as possible staffing increases will allow the Department to assemble, review, and analyze investigative data and information in a more timely manner. The total cost for these improvements would be \$2.5 to \$3 million over five years.

X. IMPLEMENT PERFORMANCE MEASURES FOR TAA/NAFTA-TAA PROGRAMS. The Labor Department does not receive information on how workers do after they participate in either TAA or NAFTA-TAA programs. To ensure that the programs work effectively, the Labor Department is developing and implementing performance measures, and collecting outcome-based performance data for workers who receive adjustment assistance. This will permit better tracking of TAA/NAFTA-TAA program effectiveness, and thus, improved outcomes for participants.

- These performance measures can be accomplished within current administrative cost and program budget limitations.

STEPS TO IMPROVE AND REFORM NADBANK

REFORMS INCLUDED IN SEPTEMBER 21 LETTER TO CONGRESSIONAL HISPANIC CAUCUS

Community Adjustment

- **El Paso Meeting of the Presidential Advisory Committee:** The CAIP will hold a public meeting of the Presidential Advisory Committee in El Paso, Texas to hear first-hand from members of a trade-impacted community.
- **Full-time Staffing:** Both the Department of Agriculture and the Small Business Administration are currently in the process of selecting staff that will be dedicated full-time to administering the CAIP program.
- **Coordination with NAFTA-TAA:** The Departments of Labor and Treasury will establish formal links in the administration of NAFTA-TAA and CAIP, including on marketing and outreach, in order to magnify the effectiveness of both programs in assisting individual workers and communities affected by trade.
- **Significant New Lending from the Small Business Administration (SBA):** SBA estimates that the new CAIP/SBA program could increase SBA's loan volume by about \$146 million over the duration of the program. With this increased funding capacity, SBA could guarantee loans to over 1,000 small firms. CAIP/SBA will afford greater access to capital, and eligible small firms will not be charged a guaranty fee.
- **Increased Outreach and Marketing by SBA:** SBA will significantly increase marketing and outreach efforts this fall. This will include extensive briefings of SBA resource partners such as SCORE and the SBDCs to help them provide management assistance to CAIP borrowers.

Environmental Protection along the Border

- **Making Environmental Infrastructure Affordable:** To address the needs of poor border communities, the NADBank is establishing cofinancing arrangements with U.S. and Mexican grant programs. NADBank has recently entered into a cooperative agreement with EPA for a Border Environment Infrastructure Fund that will provide access to up to \$170 million in EPA grants. NADBank is working on a proposal that would help smaller U.S. communities to access the tax exempt bond market by working with the State Revolving Funds in the U.S. border states to establish reserve funds for debt servicing.

- **Assisting Communities in Project Development:** In cooperation with the EPA, the BECC is establishing a Project Development Assistance Program (PDAP) that will begin committing and disbursing up to \$10 million in funds to communities by the end of the year.
- **Upgrading Management Capabilities:** NADBank has established an Institutional Development Program (IDP) to help communities on both sides of the border achieve effective and efficient operation of their water, sewage and solid waste management services. So far, NADBank has approved \$1.8 million in technical assistance for 12 projects under this program, and it now plans to double total IDP resources to \$4 million.
- **Accelerating Project Development:** The NADBank and BECC have developed a work plan for accelerating project development. They have identified more than 30 projects and potential projects with a total cost of more than \$500 million as the core of their 1997-99 work plan.

POTENTIAL NEW REFORMS

NADBank Community Adjustment and Investment Plan (CAIP)

Expand Finance Committee to Include the Department of Labor (DOL) and Economic Development Administration (EDA): To ensure high-level coordination with NAFTA-TAA and EDA, the membership of the NADBank CAIP Finance Committee will be expanded to include representatives from the Departments of Labor and Commerce. This group will meet as frequently as once a week for the next six months to provide oversight to the CAIP, including determinations of community eligibility and loan approvals.

El Paso Meeting of the Presidential Advisory Committee: The CAIP will hold a public meeting of the Presidential Advisory Committee in El Paso, Texas on November 21 to learn first-hand the needs of this trade-impacted community.

Significant New Lending from the Small Business Administration (SBA): SBA estimates that the new CAIP/SBA program could increase SBA's loan volume by about \$146 million over the duration of the program. With this increased funding capacity, SBA could guarantee loans to over 1,000 small firms. CAIP/SBA will afford greater access to capital, and eligible small firms will not be charged a guaranty fee.

Increased Outreach and Marketing by SBA: SBA will significantly increase marketing and outreach efforts this fall. This will include extensive briefings of SBA resource partners such as SCORE and the SBDCs to help them provide management assistance to CAIP borrowers.

Outreach Roundtables: In eligible communities, CAIP will hold roundtables with community groups, bankers, elected officials, and community leaders to market the program.

Technical Assistance to Identify Eligibility: The CAIP will provide technical assistance both directly and through outside contractors to help communities determine whether they are eligible for CAIP assistance.

Quarterly Evaluations: The Department of Treasury is required to report to Congress on the operation of the CAIP on an annual basis. In order to accelerate identification and correction of problems with the program in the first year of its operation, Treasury proposes increasing the frequency of evaluations to a quarterly basis.

Expand CAIP Staffing: At a cost of \$1 million over four years, the number of professional staff could be doubled, greatly expanding the capacity for outreach, technical assistance and loan assessments.

Provide Technical Assistance: Trade-impacted communities are in need of significant technical assistance to develop strategic plans to help identify opportunities and attract investment. For a cost of \$8 million over four years, CAIP could provide such assistance to eligible communities, working closely with EDA.

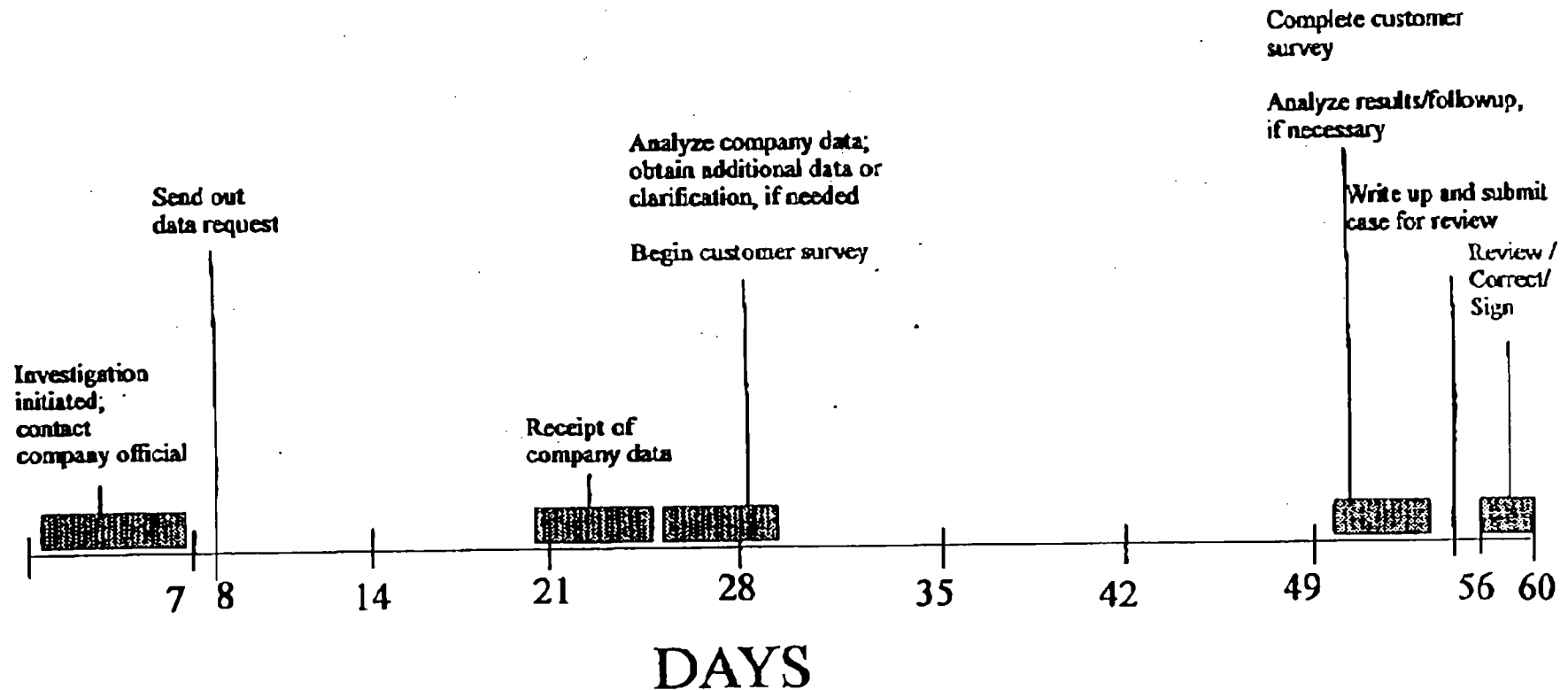
Expand Direct Lending: The direct lending program allows the CAIP to assist a wide range of commercial and nonprofit borrowers who would otherwise lack access to commercial lending institutions. This program allows loans to be extended directly or used for innovative credit enhancements through intermediaries such as establishing loan loss reserves or taking a "first loss" position on a participated loan. The direct lending program, which is currently funded at \$7 million, could benefit from an expansion of \$20 million over four years.

Environmental Protection along the Border

Helping Small Communities Access Tax-Exempt Financing: NADBank is working on a proposal that would help smaller U.S. communities access the tax exempt bond market by working with the State Revolving Funds in the U.S. border states to establish reserve funds for debt servicing. This would leverage \$4 million per year in NADBank financing to make available an additional \$16 million per year for smaller communities in the border states.

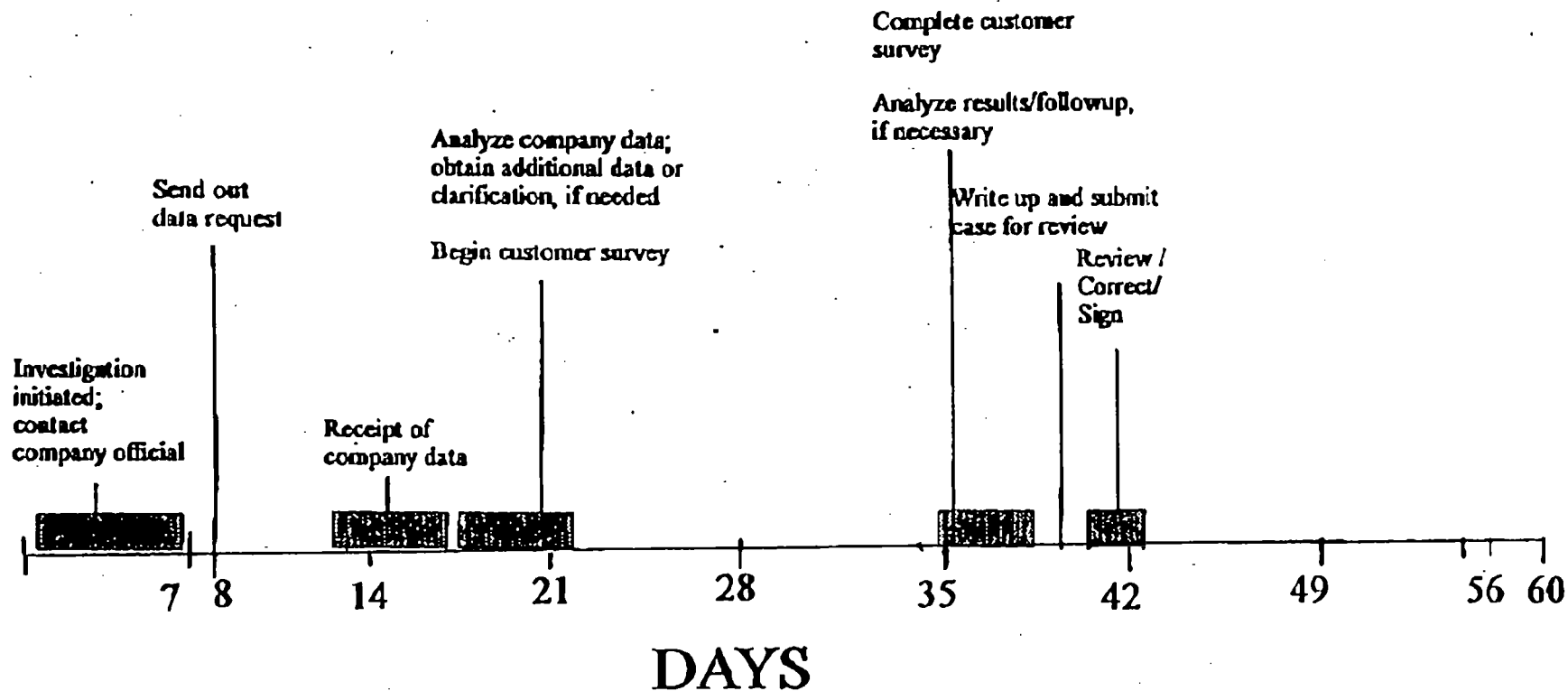
Timeline for TAA Investigative/Determination Process

CURRENT:



Timeline for TAA Investigative/Determination Process

PROPOSED



September 25, 1997

- 1. ESTABLISH THE PRESIDENT’S INTERAGENCY COMMITTEE ON TRADE & ECONOMIC ADJUSTMENT.** The Committee would include the Secretaries of the relevant Cabinet agencies and be co-chaired by the Secretaries of Labor and Commerce. Its mandate would be to improve outreach and coordinate response to trade-impacted regions and workers.

ASSISTANCE. Modeled after DOD's Office of Economic Adjustment, the OECA would bring the appropriate state, local and federal groups to the table to develop a comprehensive economic adjustment plan which maximizes federal resources and is tailored to the local labor market. The OECA would provide staff as well as planning expertise through grants and other means.

3. **FORM ADMINISTRATION TASK FORCE ON TRADE & ECONOMIC ADJUSTMENT IN EL PASO.** The Task Force would oversee a comprehensive administration-wide response effort.

SUPPORT. Change the definition of secondary workers under NAFTA TAA to include workers in firms that are substantially dependent on (e.g. conduct 80 percent of their business with) a trade impacted (but not necessarily certified) firm and whose firms experience a significant negative impact as a result of trade. This definition would encompass suppliers and producers of primary firms as well as indirectly dependent firms, like the neighborhood lunch shop *as long as the indirectly dependent firm relies heavily on the principal firm and is hurt by trade.*

NOTE: This assumes that you give more secondary workers access to TAA-like benefits under JTPA Title III, w/o actually giving them a formal entitlement to NAFTA TAA benefits. Therefore, all we are doing is moving them to the front of the JTPA queue.

5. **MAKE WORKERS IN SERVICES COVERED BY FREE TRADE AGREEMENTS ELIGIBLE FOR TRADE ADJUSTMENT SERVICES.** Expand eligibility to include workers in covered services. For NAFTA, this would include ground transportation and financial services.

NOTE: OMB & DOL were not able to cost this out. I think it will be significantly less than \$61 million, but I am guessing.

6. **CREATE COMMUNITY TRADE ADJUSTMENT PROGRAM IN EDA.** Modeled after EDA's Title IX community adjustment program, this program would provide comprehensive economic develop assistance to trade-impacted regions.

ANNUAL COST: \$50M

NOTE: This would be a big expansion. We can probably do it for less.

7. **DIRECT SBA TO LINK 1,000 SMALL BUSINESS DEVELOPMENT CENTERS TO AMERICA'S TALENT BANK.** Issue a Presidential directive to SBA to connect all 1,000 Small Business Development Centers to America's Job Bank and America's Talent Bank. The Development Centers provide training and technical assistance to small business owners and prospective owners. America's Job Bank lists job openings on the Internet from employers; America's Talent Bank posts jobseekers' resume to an Internet-accessible, employer-searchable database. There are plans to link the two databases as soon as the Talent Bank is up and running. Linking Development Centers to the Job and Talent Banks would help find jobs more quickly for dislocated workers.

ANNUAL COST: LOW

8. **INCREASE DISLOCATED WORKER FUNDING BY \$130 MILLION OR 10%.** To further enhance our capacity to meet the readjustment needs of secondary workers.

ANNUAL COST: \$130M

9. **GIVE WORKERS IN FIRMS WHICH SHIFT PRODUCTION TO ANOTHER COUNTRY TRADE ADJUSTMENT ASSISTANCE.** Twenty two thousand additional workers would be eligible for TAA as a result of this change.

ANNUAL COST: \$68.7M

NOTE: We are probably going to want to do this to make TAA parallel NAFTA TAA, and to reflect the reality that trade impact often takes the form of a shift in production, however, the call for this will more likely come from "labor" Dems, than from the Hispanic Caucus.

10. **IMPLEMENT HISPANIC DROP OUT ACTION PLAN.**

11. **GIVE TRADE IMPACTED WORKERS MORE ACCESS TO PELL GRANTS.** Use prospective income accounting to assure certified trade impacted workers access to the Pell program.

ANNUAL COST: \$90M

TOTAL ANNUAL COST FOR ALL OPTIONS: \$409M

(Using highest estimates)