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The Washington Post

AN INDEPENDENT NEWSPAPER

4/27/9

... Now on to Trade

NOW THAT Congress has ratified the treaty banning chemical weapons, it's time for President Clinton to move on to the next big foreign policy battle: trade. To maintain the momentum he established during his first term toward breaking down global trade barriers, he must seek congressional authorization for further trade talks, and soon. As in the chemical weapons fight, he will need bipartisan support. But the politics in this case are, if anything, more complex, because the Democrats are as divided as the Republicans on the issue.

Free trade is good for the U.S. economy. It helps create jobs that tend to be higher-paying than average. Exports have helped revive the U.S. manufacturing sector, which not so many years ago was widely portrayed as terminally rusting. New agreements, if achieved, will increasingly play to U.S. strengths in agriculture, high-technology products and services ranging from insurance to telecommunications. Pursuing such agreements particularly makes sense because the American economy already is so open; little is to be lost, and much is to be gained, from pressuring other countries to approach the U.S. level of openness.

That can't happen unless Congress gives Mr. Clinton what's known as "fast-track" negotiating authority. This would allow his representatives to negotiate treaties—with congressionally approved nations and on congressionally approved subjects—and then submit those agreements to Congress for a yes-or-no vote. Otherwise—if Congress could reject some provisions, accept others and seek to amend still more—no other country would ever make concessions in trade talks, because none could be

sure the U.S. administration could deliver on its side of the bargain. Congress has given such authority to every president since Gerald Ford.

This Congress, though, is leery. Some of the more nationalist Republicans are suspicious of any international deal. But the greater problem may lie with Democrats, who want to mandate strict labor standards—with punitive sanctions for any breaches—as part of any trade agreement.

Jobs migrating overseas is a real issue. The U.S. economy as a whole gains from globalization, but many individual workers lose out. The main response to that problem has to be domestic: retraining to prepare workers for better-paying jobs, and improved education to create the kind of labor force that will attract long-term investment. At the same time, the United States should work to ensure that other countries fulfill their pledges to enforce decent working conditions, outlaw forced and child labor and permit unions and collective bargaining.

But the kind of labor-standard mandates some Democrats are seeking will simply kill any trade deal, because no developing country will accept them. Then everyone loses. American workers lose out on high-paying, export-related jobs. Companies likely to migrate overseas will probably go anyway, and any leverage the U.S. government might achieve through trade deals that include less stringent labor provisions would be lost.

To some extent, all of this may come down to whether Vice President Gore has the moxie to stand up for free trade against House Majority Leader Dick Gephardt in their presidential election battle already underway. It will be an interesting test of leadership.

COMMENTARY

By Paul Magnusson

BEYOND NAFTA: WHY WASHINGTON MUSTN'T STOP NOW

Caterpillar Inc. sells nearly \$100 million worth of its distinctive yellow bulldozers, excavators, and off-road trucks each year to Chile's mining industry. Most of the heavy machinery is made in the U.S. But because of a growing free-trade movement within Latin America, Caterpillar may shift production—and thousands of jobs—to a plant in Brazil. The reason: Brazil's open-market agreement with Chile means that a Cat tractor built in Brazil comes into Chile duty-free. One from the U.S. is subject to a 11% tariff. And Cat isn't the only U.S. outfit in this situation. General Electric, Coca-Cola, and Eastman Kodak are just a few of the companies that also are being forced to choose between exporting jobs or losing markets.

The blame lies squarely with Washington, which has yet to produce legislation that would authorize new "fast-track" trade talks. The U.S. shepherded the world through the Uruguay Round of trade liberalizations, signed a free-trade pact with Mexico, and promised in 1994 to turn the Western Hemisphere into a tariff-free zone by 2005. But lately, the Clinton Administration and Congress have taken a breather, mainly because of domestic political considerations.

LOST SALES. Meanwhile, Asian, European, and Latin American nations have moved ahead, fashioning free-trade zones among themselves. Chile, for example, has reached zero-tariff deals with Canada, Mexico, and the Mercosur trade bloc that includes Brazil, Argentina, Paraguay, and Uruguay. One result: A Chilean telephone company recently passed over three U.S.-based manufacturers rather than pay an 11% tariff on U.S. telecom goods. Overall, says the U.S.

Chamber of Commerce, the loss of U.S. exports to Chile is \$480 million a year and growing.

The White House is belatedly acknowledging that U.S. exporters are missing out. On Apr. 7, Commerce Secretary William M. Daley announced that his first trade mission will take him to Brazil, Argentina, and Chile. It's a good start, but Daley will be flying in the jet exhaust of delegations from Canada, France, Germany, Britain, Japan, and South Korea. Meanwhile, the European Union has broached the idea of an EU-Mercosur free-trade zone.

Why has the Administration been so slow to move? It can't decide how to handle issues of labor rights and the environment in fast-track trade legislation—longtime Democratic concerns. Well, it should simply negotiate side deals on such issues. That's the method Clinton used in negotiat-

ing the 1993 North American Free Trade Agreement.

There's also pressure from critics who point out that trade deficits with Mexico and Canada have ballooned since NAFTA. But multilateral agreements with Latin American nations

are not likely to produce such a surge.

U.S. tariffs now average around 3%, while South American tariffs are still about 12%.

The U.S. can't lose by equalizing those rates.

NO CONTEST. Meanwhile, U.S. exporters are losing sales because of tariffs on U.S. goods. Take Quaker Fabric in Fall

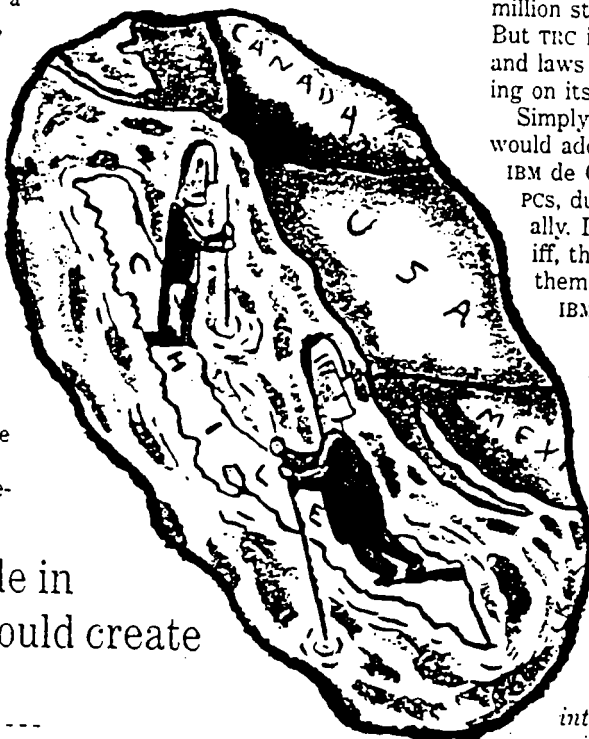
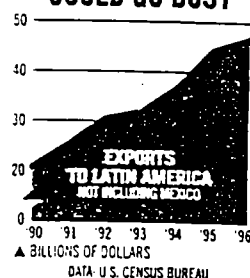
River, Mass. Its exports of textiles to Canada and Mexico have taken off since NAFTA passed. But Quaker can't compete with Brazilian manufacturers selling duty-free to Chile and Argentina. Then there's TRC Cos. in Windsor, Conn., which sees a huge market in Chile for its environmental technology. It has engineered a \$25 million state-of-the-art landfill there. But TRC is hobbled by Chilean tariffs and laws that require 20% withholding on its fees.

Simply extending NAFTA to Chile would add U.S. jobs. For example, IBM de Chile imports \$35 million in PCs, duty-free, from Mexico annually. If it weren't for the 11% tariff, the company would bring them in from the U.S., says an IBM de Chile official.

As the world's largest exporter, the U.S. can't afford to sit on the sidelines in the free-trade game. And if Washington can't pass trade legislation in the sixth year of a recovery with low unemployment, when can it? The Clinton Administration should wait no longer to introduce a fast-track bill.

Paul Magnusson covers international trade and economics in Washington.

THE BOOM THAT COULD GO BUST



Simply including Chile in the free-trade pact would create new jobs in the U.S.

Today's debate: FREE TRADE

Foot-dragging on trade hurts U.S. workers

OUR VIEW The president's trip this week gives him an opportunity to pursue an overdue hemispheric trade pact.

As President Clinton parades through summits with Mexican, Central American and Caribbean leaders this week, he comes face to face with a major unredeemed promise: tearing down trade barriers between the United States and the rest of the hemisphere. Inaction on trade is causing U.S. business and workers to lose out.

Quaker Fabric of Fall River, Mass., has seen its textile exports to Canada and Mexico take off since the North American Free Trade Agreement took effect. But Quaker can't compete in Chile and Argentina, where Brazilian manufacturers now sell duty-free while Quaker pays a stiff tariff.

TRC Cos. of Windsor, Conn., sees a huge market in Chile, the fastest-growing country of the hemisphere, for its environmental technology. But it faces 20% withholding on its fees due to Chilean laws.

Caterpillar Inc. is thinking of shifting some of its heavy equipment manufacturing — and jobs — to Brazil in order to escape an 11% tariff and get inside the growing duty-free market that now covers more than half of South America.

When trade barriers among the U.S., Canada and Mexico were slashed in 1994, similar deals, first with Chile and then with others, were to follow. The benefits of a hemisphere-wide free trade area by 2005

were proclaimed. Central American and Caribbean nations are clamoring for a broader agreement. But nothing happened.

The authority required to effectively negotiate trade agreements expired and has not been renewed. That victory for industries and unions that fear foreign competition carries a steep price.

Chile, for example, has cut free-trade deals with nearly all its major trading partners except the United States. Jobs filling Chile's booming demand for imports are going to workers in other countries.

Leaders from Germany and Japan, France and Spain, even South Africa and Hungary have been hopscotching Latin capitals, building trade ties while the United States dawdles. The free-trade group of Brazil, Argentina, Paraguay, Uruguay and Chile now does more business with Europe than with the United States.

U.S. workers pay for the foot-dragging in opportunities lost. The 11.3 million existing export-related jobs pay 13% to 16% more than U.S. jobs overall. And exports accounted for one of every eight net jobs created between 1992 and 1996.

Yes, NAFTA has cost some jobs. Experts disagree on the number, but even the 250,000 claimed by its severest critics are scarcely more than one month's new jobs created by today's robust economy.

Clinton waited until his fifth year in office to finally visit any part of the natural U.S. market south of the border. Now that he's there, trade-expansion legislation appears glaringly overdue. Running scared is no way to run a trade policy.

USA
5/6/97

Catch-up time for the US

4189

BY DAN PEARSON

The arguing over the North American Free Trade Agreement that characterized its inception has continued largely unabated in the three years since. This backward-looking bickering should cease.

Nafta has proved itself. The various disputes that have arisen are normal tests of a new agreement that requires its participants to make economic changes. Painful as these changes are to a few, they are temporary and will be beneficial to most over time.

Attention should turn instead to the next frontiers for expansion of Nafta, starting this year with Chile. Then should come steady progress toward another expansion that would embrace other countries in the region in a Free Trade Area of the Americas by 2005.

Nafta is good because trade is good. It's that simple.

Nafta has boosted trade among its three member countries — the United States, Canada and Mexico — and their combined 391 million people.

It has locked in progressive reductions in trade barriers and other economic reforms in Mexico, a troubled but growing country that could have slipped back into isolationism when the peso crashed. Instead, Mexico stuck to its reforms and is now climbing out of its worst recession in years.

True, Nafta may have been oversold during the U.S. congressional debate that preceded its approval in November 1993, just as its critics magnified its dangers. And the peso crisis that occurred so early in its tenure has made quantification of the agreement's effects even harder.

But no trade agreement proves its true mettle overnight. It takes time to gradually erase barriers and to let domestic economies adjust. Nafta allows up to 15 years for some of its market-opening reforms to take hold.

Trade rewards all countries for playing to their strengths, or

what economists call their comparative advantage. The world as a whole benefits because resources are put to their best uses.

Look at the United States. Back in the formative years, the original 13 states decided not to impose discriminatory measures against products originating in other states, including new territories west of the Appalachians.

That decision ensured a ready market in cities of the East for the low-cost agricultural surpluses of the developing Midwest. It also created a growing market in newly settled areas for the manufactured goods produced in Eastern cities or imported from other countries.

Today, the United States has the world's largest economy. The products of 50 states move freely across internal borders to meet the needs of 265 million people.

Nafta is good because trade is good. It's that simple.

The same principle works between countries. Free-trade agreements are the thread that stitches together a larger quilt of economic specializations.

For the United States, comparative advantage means it should — as it does — sell Mexican corn and other grains that its productive farmers harvest year after year. It also means taking the fresh produce that Mexico, with its warmer climate and longer growing season, ships north.

When comparative advantage is allowed to operate, consumers benefit from their links to the world's lowest-cost producers and efficient producers benefit from their links to a larger demand base.

While studies prove that trade liberalization generates more and better jobs, trade lib-

eralization also can be downright painful for high-cost industries. But sheltering such industries from change only postpones the day of reckoning.

The better approach is to help people who lose their jobs to retrain and find new ones. According to the U.S. Labor Department, more than 90,000 workers have taken advantage of a retraining program put in place to soften Nafta's impact.

The "America First" argument, espoused by those on the far left and right, insists that trade is bad. Its proponents have little faith in the U.S. ability to adapt, to compete successfully and to thrive in a growing global economy.

But with the unemployment rate at around 5%, one of the lowest levels in seven years, the naysayers lack a cause on which to base their case. The United States should press forward with further reform.

First, Congress and the Clinton administration should enact fast-track authority broad enough to accommodate several years of trade negotiations.

Next, they should admit Chile into Nafta. It's time to catch up: Mexico and Canada are about to sign trade agreements with Chile.

Then, the United States should engage actively with other countries in the hemisphere to negotiate the Free Trade Area of the Americas by 2005. That will help set the stage for the World Trade Organization's negotiations on agriculture and services, set to start in 1999.

By working toward a future of freer trade throughout the world, the United States can help make all countries — and their residents — better off. It, too, will become stronger in the process.

Trade is good medicine.

Dan Pearson is a public affairs analyst for Cargill Inc., an agribusiness company. This article was adapted for Bridge News from a longer version in the Cargill Bulletin.

LENGTH: 760 words

HEADLINE: NAFTA a remarkable success - now let's expand it

BYLINE: JOHN P. SWEENEY

BODY:

PRESIDENT Clinton's trip to Mexico and other Latin American nations this week makes this a perfect time to think about the North American Free Trade Agreement. Remember NAFTA? It was the trade pact H. Ross Perot and other critics said would cause U.S. manufacturing plants and jobs to flee America in droves for regions south of the border.

But they were wrong. The data covering the first three years of NAFTA are now in.

And they confirm what free-trade advocates said all along: The trade pact among the United States, Mexico and Canada has been a remarkable success. None of the doomsday warnings about NAFTA has come true. Hundreds of thousands of U.S. jobs did not disappear, the U.S. manufacturing base did not crumble and American sovereignty has not been undermined.

What did happen? For starters, total North American trade has increased by nearly half. Trade in the Western Hemisphere has gone from \$ 293 billion in 1993 to \$ 420 billion in 1996, a gain of \$ 127 billion, or 43 percent, in NAFTA's first three years.

In 1996, U.S. exports to Canada and Mexico totaled \$ 190 billion: a figure that surpasses American exports to any other area of the world - and that includes the entire Pacific Rim, or all of Europe. In other words, Mexico and Canada purchased \$ 3 out of every \$ 10 worth of U.S. exports in 1996, and supplied \$ 3 out of every \$ 10 worth of U.S. imports.

Thanks to NAFTA, Mexican tariffs, which had averaged 10 percent before it was implemented, now average less than 6 percent, while average U.S. tariffs have fallen from 4 percent to about 2.5 percent. As a result, U.S. exports to Mexico grew by 37 percent from 1993 to 1996, reaching a record \$ 57 billion last year. During this same period, exports to Canada increased by 33 percent, to \$ 134 billion in 1996. Total two-way trade between the United States and Canada was \$ 290 billion last year, while total two-way U.S.-Mexico trade was nearly \$ 130 billion. U.S. market share in Mexico increased from 69 percent of total Mexican imports in 1993 to 76 percent in 1996.

According to the Department of Commerce, U.S. exports to Mexico in the fourth quarter of 1996 were growing at a rate of \$ 64 billion per year. Moreover, 44 states reported growth in exports to Mexico in 1996, according to the Massachusetts Institute for Social and Economic Research.

Employment is up. NAFTA has shattered the myth that U.S. trade deficits destroy American jobs. The combined U.S. trade deficit with Canada and Mexico rose during the first three years of NAFTA implementation from \$ 9 billion in 1992 to \$ 39.9 billion in 1996; however, since 1992, the U.S. economy has created 12 million net new jobs.

Moreover, manufacturing employment grew from 16.9 million jobs in 1992 to 18.3 million in 1993, an increase of 1.4 million net new jobs. The general unemployment rate declined from 7.5 percent in 1992 to 5.3 percent in 1996. U.S. exports to NAFTA countries currently support 2.3 million U.S. jobs.

Manufacturing output grew. The largest post-NAFTA gains in U.S. exports to Mexico have been in high-tech manufacturing such as transportation and electronic equipment, industrial machinery, plastics and rubber, fabricated metal products and chemicals. NAFTA has also been a boon for agriculture states such as Montana, Nebraska and North Dakota, and for Southern textile states like North Carolina and Alabama.

Remember the warnings about factories moving out of the United States and into Mexico? Instead, NAFTA has encouraged U.S. and foreign investors who already own apparel and footwear factories in Asia to relocate to Mexico. When they did this, they switched suppliers. Now they're buying from U.S. and not Asian textile manufacturers.

Neither has NAFTA put a dent in U.S. living standards as predicted by doomsayers. Gross domestic product, personal income and consumption have all grown. Of course NAFTA can't claim sole credit for this growth. But at the very least, the data quantify objectively and empirically that NAFTA is not hurting us - and at most it is achieving tangible benefits.

President Clinton should take full advantage of this news and ask Congress for new "fast-track" negotiating authority that could bring Chile and other Latin American nations in as new members of NAFTA. He has dallied on this promise ever since making it in his February State of the Union address.

His Latin America trip and the news about NAFTA make this the perfect time.

Put trade on a fast track

BY R. SEAN RANDOLPH

As the new Congress and the executive branch get down to business, the time has come to restore momentum to the free-trade process. Significant advances have been made in recent months in areas such as information technology and telecommunications, but, to fully assert American leadership, major partisan divisions must be overcome.

This won't be easy. Some legislators of both parties are deeply opposed to the new global economy and its institutions. Some of them stress loss of sovereignty, others loss of jobs. Both share a nostalgic desire to maintain a status quo and to erect economic walls around America.

The first question to be resolved in the new trade consensus is the relationship of labor and the environment to trade. Despite the Clinton administration's urge to include these issues in all post-Nafta trade agreements, most of the world rejects the notion that they are closely linked to trade.

Both issues have an important place in the global policy dialogue, but rigidly insisting on a forced marriage to trade will impede the process of global liberalization from which most of the world — including the United States — has benefited.

The resolution of the labor/environment debate holds the key, in turn, to the other major trade challenge facing Washington — to restore fast-track negotiating authority for new trade agreements. Unfortunately, for the United States, the rest of the world isn't waiting.

Chile, which was repeatedly promised Nafta membership by both the Bush and Clinton administrations, is still waiting. In the meantime, it has associated itself with Mercosur — the emerging South American group composed of Brazil, Argentina, Paraguay and Uruguay — which is positioning itself as the core of a new Hemisphere trade bloc.

A related challenge facing trade policy is more subtle — to build the credibility of the World Trade Organization. Much politi-

cal blood and sweat went into the passage of the Uruguay Round agreements and the establishment of the WTO as the heart of the new global trading system. Now that we have a strong institution, it is important to use it, including its new dispute settlement panels.

To strengthen the WTO's credibility, the United States must respect its decisions, even in politically sensitive cases. Washington brings far more complaints be-

ple. Last year California exported over \$100 billion in manufactured goods, plus \$40 billion more in services. The state's major markets — including Mexico's — all saw double-digit growth. California's \$26 billion increase in exports in the last two years alone has created almost 500,000 new jobs — most of them high quality. International trade is now widely recognized as a major factor in the state's economic revival and a key to its economic future.

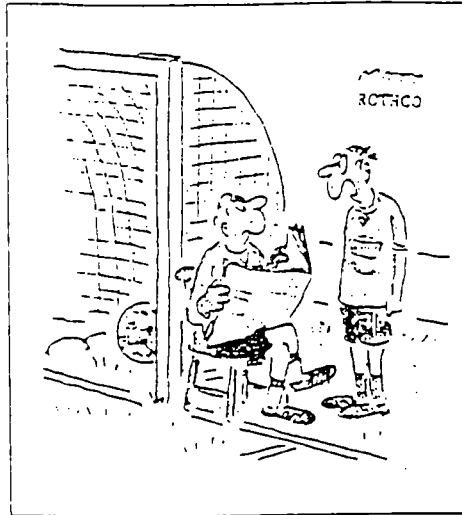
The best strategy is to influence the global economy from the front, through positive leadership, rather than fight rear-guard actions to protect declining jobs or aspects of sovereignty whose relevance has long since diminished.

The Clinton administration drifted away from its early commitment to multilateralism by subordinating trade policy to domestic political agendas. Congressional Democrats already have suggested they will block any expansion of Nafta or other free-trade agreements unless their demands on labor and the environment are met and "congressional authority" to dissect trade agreements is affirmed.

Supporters of free trade in Congress should not be deterred. It is critical to U.S. leadership that fast-track negotiating authority be restored, unburdened by rigid labor and environmental restrictions. Fast-track authority should embrace both Latin America and the Pacific. Negotiations with Chile for accession to Nafta should get under way.

There is a long list of other trade issues before the Congress this year, and each is an important part of the picture. Congress and the administration should move forward on the international treaty, long stalled by the United States, to ban shipbuilding subsidies.

As the world's largest exporter and importer, the United States benefits hugely from trade. Americans need a bipartisan trade policy based on aggressive U.S. leadership.



"Some of the lads are suggesting you've been paid to lose this match."

fore the WTO dispute panels than any other nation, and has a good track record of success. When the arrow does move against the United States we can't just pick up our chips, ignoring the WTO or resorting to unilateral measures.

Why is trade so important? In 1960 international trade accounted for a mere 9% of GDP. Today, it accounts for 23%, employing over 12 million Americans. As other nations have liberalized their trade regimes, lowering barriers to imports and foreign investment, U.S. exports have risen. Despite continued harping from its opponents, Nafta is stimulating strong two-way trade, new jobs and increased consumer choice on both sides of the border.

Globally, the stimulative effects of the Uruguay Round are just starting to be felt. New global agreements on trade in telecommunication and information technology, where the United States dominates, promise to bring more benefits for consumers worldwide and profits at home.

California offers a good exam-

R. Sean Randolph is director of trade for the state of California.

Midwest Boom Fueled by Mexico Trade

Exports Rise Due to Nafta, Demand for Construction Gear

By CARL QUINTANILLA

Staff Reporter of THE WALL STREET JOURNAL

The Midwest economy is booming, and a big reason why is just south of the border.

Mexico, whose economy is starting to recover from the 1994 peso devaluation, is quickly becoming a major export market for Midwestern manufacturers. The country is spending billions of dollars to modernize its infrastructure, creating strong demand for heavy-construction equipment such as bulldozers and cranes — primary products of the Midwest.

Exports of other Midwestern staples, such as autos and agriculture, also are surging because of looser trade barriers under the North American Free Trade Agreement. In addition, Nafta has encouraged many Midwestern companies to set up shop or expand operations in Mexico, giving them a base to boost sales throughout Latin America.

No. 2 Spot

The growth in exports has helped Mexico replace Japan as the U.S.'s second-largest trading partner behind Canada. Midwestern states are among the biggest beneficiaries of the trend. Exports to Mexico by 10 Midwestern states jumped

Tracking the Economy on Page A4.

16% last year from two years earlier, according to the U.S. Census Bureau. That compares with an 11.7% increase in total U.S. exports to Mexico during the same period.

Growing Market

The Midwest is finding increased demand for its exports in Mexico.

	1996 EXPORTS (in millions)	CHANGE FROM 1995
Michigan	\$3,184.3	+ 2.7%
Illinois	1,232.4	+ 21.5
Ohio	757.1	+ 12.7
Missouri	512.5	+ 20.3
Kansas	477.5	+ 51.1
Wisconsin	382.5	+ 21.8
Indiana	340.6	+ 21.2
Iowa	257.1	+ 22.9
Nebraska	264.3	+122.1
Minnesota	244.1	+ 30.0
U.S. average	\$56,760.8	+ 22.6

Sources: U.S. Census Bureau, Massachusetts Institute for Social and Economic Research

Case Corp., a Racine, Wis., equipment maker, says sales to Mexico surged 50% last year, more than the 47% sales increase to Latin America overall. "We're seeing a rebound," says Mick Stahl, Case's director of business development in Latin America. "It's eye-opening what's going on."

Caterpillar Inc., the Peoria, Ill.-based construction-equipment giant, estimates Mexico will spend \$35 billion to \$50 billion through the year 2010 on projects such as

new highways and waste-water treatment plants. The company says it is expanding its facility in Monterrey, Mexico, to meet "increased customer demand" for some of its machine components.

Auto makers, meanwhile, saw exports of light vehicles to Mexico soar 30% last year, while agricultural exports jumped 34.4%. Shipments of wheat, rice, soybeans and cotton reached their highest levels since 1970.

Missing Middle Class

Of course, not all Midwestern industries are benefiting. Some retailers are still feeling the negative effects of the late-1994 peso devaluation, which sent Mexico's economy into a tailspin. Earlier this month, Chicago-based Sears Roebuck & Co. sold its 60% stake in Sears Roebuck de Mexico SA to a Mexican industrial conglomerate. Sears had been losing money in Mexico because it targeted the middle class, which practically vanished during the economic slump.

Still, economists say the overall growth in Midwestern exports has helped fuel the region's already-strong economy and could help sustain the boom if the U.S. economy starts slowing. One advantage is that Nafta, which was designed to help U.S. companies ship goods to Mexico, and vice versa, aids the Midwest more than other regions. Not only are Midwestern products in strong demand, but the timing of some of the treaty's tariff reductions favors certain Midwest companies — such as auto makers, which were heavily involved in the Nafta negotiations.

"No producers in the world have more privileged trade status in Mexico than the producers of the Midwest," says Diane Swonk, chief economist for First Chicago NBD Corp. In other industries, like telecommunications and retail, she adds, "it's much more slow."

Offsetting the Dollar

The growth in trade with Mexico also could offset the negative effects of a strong dollar, which is hurting some companies' exports. Caterpillar's sales in Europe fell 12% last year, in part because the dollar made its goods more expensive than those of foreign rivals. Latin American sales helped offset that, the company says.

Mexico isn't risk-free, of course. Many Midwestern companies still recall that the peso devaluation pushed the inflation rate up to 52% and caused thousands of Mexican businesses to fail. In the 12 months following the devaluation, Cummins Engine Co. of Columbus, Ind., sold the same number of engines that it would have sold in only four days before.

"It pretty much closed business down," says Mr. Stahl, the Case executive.

Handicaps also remain. Mexico has poor transportation systems, and fewer miles of paved road than Texas. In July, the country also faces a round of political

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WST
4/21/97

Midwest Gets Boost From Mexico

Continued From Page A2

elections, many of which don't have a clear frontrunner.

Still, many Midwestern companies seem ready to brave the risks.

The Midwest is "at the forefront" of Mexican trade, says Christopher Felts, deputy director of international trade at the Indiana department of commerce. "But you have to be very patient. These are volatile markets."

Many companies already are using Mexico as a springboard for sales of products to South America. Navistar International Corp., a Chicago-based maker of trucks and school buses, is building a \$167 million plant in Mexico—its first new facility in 16 years — to assemble trucks for delivery in both Mexico and Brazil.

This month, Deere & Co., Moline, Ill., is breaking ground on a 500,000-square-foot plant in Monterrey to build diesel engines for its John Deere products world-wide. The Mexican plants make it easy to ship goods to Brazil, where the market for high-tech tractors is booming. About 15,000 Brazilian farms are bigger than 1,000 acres, which require high-horsepower farm equipment.

U.S. business people say cooperation between their companies and Mexican offi-

cials is also improving. Navistar and Cummins negotiated with officials in Mexico City recently to gain permission for their low-emission engines to run five days a week — despite the highly polluted city's ordinance that heavy-duty trucks run only four days a week.

WSS
4/21/97

DRAFT

MEMORANDUM FOR: Ambassador Barshefsky
Nancy LeMond
Bob Novick

FROM: Liz Arky
Jay Ziegler

RE: Fast Track

The objectives of the congressional strategy over the course of the next several months should be two-fold. First, we need to continue to set the foundation by providing a broader understanding on the Hill and among the public about the elements of fast track and why it is necessary. Second, on a working-level we need to be in a position to transmit a bill the first or second week of September upon their return from the August recess (depending on how much negotiating with key Members remains for the first week of September). While continuing to educate Members we have not yet reached, and the public which we have not yet focused on, we must go back to key Members over the summer in order to prepare and negotiate our proposal.

I. Congress -- Educational Efforts on Fast Track and the Trade Agenda

Ambassador Barshefsky has already met with approximately 170 Members and has honed an effective argument for the needs and uses of fast track. As part of this effort, Members have been provided with a better sense of the trade agenda, the accomplishments of the Clinton Administration and basic elements of the multilateral trading system. Members have appreciated the oral briefings and the materials we have provided, although additional requests have been made for information on the NAFTA (which will be satisfied by the NAFTA report) and basic information about trade and the history of fast track (a "primer"). Members have also requested talking points that could be used to explain the trade agenda and fast track to their constituents. We should develop these materials before Members return to their districts in August.

We should continue educational efforts with House Democrats who voted yes on GATT, but no on NAFTA, as well as those who are in the leadership and a few who voted yes on both trade issues. In an effort to save time, we will invite some groups to come to USTR. Whenever Chairman Archer believes it is the appropriate time (probably in the fall), Ambassador Barshefsky should begin meeting with House Republicans in groups (e.g., Freshmen). At some point, Ambassador Barshefsky will be asked to appear before the House Democratic Caucus (probably in the fall).

On both public and congressional outreach, we should enlist Secretaries Daley, Rubin, and Glickman in the effort to meet with Members and highlight the importance of trade. McClarty, Shalala and Eisenstat are also willing to help in the effort. In early July, calls will be made to every Congressional office on an interagency basis, in order to get a very preliminary whip list developed. There is no substitute for Presidential involvement prior to the recess, perhaps most

effectively captured in a few group meetings with Members. This list would include approximately 30 Members, particularly those Democrats who will be targeted by labor in August. This group should include some of the Democratic whip group, such as Rangel, Matsui, Moran, Dooley, McCarthy (Dooley and McCarthy are targeted); key players in the caucus who we want to be part of the whip effort such as Fazio and Murtha; Ways and Means Democrats such as Kennelly and ~~Rea~~; and freshmen such as Boswell and Kind who want to be with us but will be torn because of labor. We especially need to step up outreach to the Senate. The first step would be to renew our request (which has been made several times) for an Executive Session with the Finance Committee. The following is a suggested list:

Large Groups on the Hill

Senate Finance Committee

Senate Freshmen

House Democratic Whip Group (particularly on the NAFTA report)

House Ways and Means Democrats

House Small Business and Banking Committee Democrats

Congressional Black Caucus

Cons Hispanic Caucus

Small Groups at USTR

Murtha, Foglietta, Borski, McHale

Hamilton, Berman, Gejdenson

Carl and Sandy Levin

Manton, Schumer, Maloney, Ackerman

Vento, Minge, Luther

Bentsen, Eddie Bernice Johnson, Green, Edwards

Individual Meetings

Markey

Dingell

DeLauro (previously cancelled several times)

Hastert (previously cancelled several times)

Daschle

Mikulski

Hagel (WH request)

Harkin

Dodd

Wyden

Kennedy

II. Possible Bill Progression Schedule

Obviously, the schedule will be determined by the relevant Committees and Leadership, but we can make the following working assumptions. The House is scheduled to return from the August recess on Wednesday, September 3rd and the Senate returns on Tuesday the 2nd. The first week of September would require consultations with a broad range of Members so that a bill could be

transmitted and introduced in both Houses the second week of September.

Ways and Means held a hearing in March, and a subcommittee markup could occur during the second week of September with full Committee markup either the third or fourth week of September. The proposed bill could reach the House floor by the first or second week in October. The Senate Finance Committee held a hearing on June 3rd and could potentially mark up during mid-September so that the Senate could act on the bill that comes over from the House in early to mid October. Senator Lott noted that the Congress intends to adjourn by November 14th and Thanksgiving at the latest.

III. Bill Preparation

In order to be in a position to transmit a bill in September, we must meet again with a number of key Members, individually and in groups. From a substantive and tactical perspective, the first groups should include Democrats who will form the whip group, and the Ways and Means Democrats. Substantively, the Dems whip group can provide an indication of what language could garner the most votes, specifically with respect to labor and environment. The Ways and Means Democrats must be consulted on the same issues (as promised), and tactically this should occur in early to mid-July. We need to identify a core group of Democrats to join the whip effort and who are willing to do so early, in the face of labor opposition; this list would include Rangel, Matsui, Berman, Murtha, Dingell, Hoyer, Fazio, Gejdenson, Hamilton, Markey, Eshoo, Roemer, Moran, McCarthy, Davis and Tauscher. There may be a few of these who the President should phone and request their assistance (Murtha) or other cabinet members should approach (Rubin call/meet with Rangel).

Once meetings with selected Democrats have taken place, meetings with key Republican House staffers should take place so that meetings may occur with the key Republican Members the third and fourth weeks of July. These key Members are Gingrich, Armey, Archer, Crane, Dreier, DeLay, Hastert. At the same time, we need to have similar meetings on the Senate side -- with key Senators such as Lott, Daschle, Roth, Moynihan, Grassley, Rockefeller, Baucus and Breaux - in close proximity to House meetings. It should be noted that Senate Finance Committee staffers are meeting this week to begin drafting their own language. This process can be helpful to our own and we should work closely with them.

Before Members leave for the August recess we should have a good sense of where they are so that final negotiations can take place upon their return in September and the proposal can be transmitted the first week they are back.

IV. Public Agenda: Public Affairs Planning

The "fast track" talking points provide a more positive and aggressive cut on the trade agenda and should be distributed to all members of the Cabinet that may become involved in discussion of trade issues. We will refine points as we go along and provide Q&A information to be reviewed by principals this week. We should be realistic about opportunities to make news on trade issues in July as the congressional and White House agenda are buried by other business. During this

month, however, we will have an opportunity to begin Cabinet outreach outside Washington, and inform key reporters, editorial boards, and opinion writers about the trade agenda. We also need to begin active involvement with the business community so that they can effectively communicate with their constituencies about fast track and the trade agenda.

July: Base-building and Opinion Leader Outreach

We should continue to use approximately 5-8 hours per week of Ambassador Barshefsky's time to meet with key opinion leaders in the press and editorial boards, constituency leaders, and business groups, and organize Cabinet-level outreach on fast track. This period should be used as an opportunity for Ambassador Barshefsky to reach New York-based business press on the trade agenda (i.e. why we need fast track), Washington political writers, editorial boards, and trade opinion leaders.

There are other areas where we may make news on the trade front in July -- certainly on the Boeing-Airbus issue/bilateral agreement on aircraft, and possibly in connection with our financial services offer, and in connection with possible trips to Europe or China.

August: The Lead-Up to Fast Track Introduction

As part of the educational effort among the public and to solidify support among Members, several cabinet officials including Ambassador Barshefsky should travel to key areas of the country in August. Particular media markets (by region) include:

Northeast -- New York City, Albany, Hartford, Baltimore, Boston

Midwest -- Detroit, Lansing, Akron, Gary, South Bend (IN), Woodbury (MN), LaCrosse, Green Bay, Bismarck, Des Moines, Ames (IA)

Southeast -- Nashville, Jackson (TN), Little Rock, Memphis/Jonesboro, (AR), Chapel Hill, New Orleans, Lafayette (LA), Gainesville, Atlanta, Dallas, Waco

West -- Los Angeles, Santa Ana, Sacramento/Redding, Seattle

Some of these markets are captured in several package trips that provide an opportunity to outline the trade agenda in attractive retail terms.

Midwest Trip -- Outreach here would focus on Democratic and Republican areas that benefit from trade. The trip should highlight at least a couple of different sectors among agriculture, manufacturing, high-technology and services. A trip to Ohio could include a visit to Ralph Regula's district (R-Wooster) as well as Tom Sawyer's (D-Akron). Indiana would provide an opportunity to work with Gov. O'Bannon, Rep. Tim Roemer (D-South Bend), and do something with Senator Lugar as well.

Another Midwest trip would focus on Michigan possibly including visits to the districts of Rep. Sandy Levin (D-Southfield) and Rep. Dave Camp (R-Midland; Ways and Means). Finally, we could also put a trip together to Illinois with Dan Manzullo (R-Rockford), Phil Crane (R-Mount Prospect) and Senator Moseley-Braun demonstrating urban and rural gains from trade.

California Trip

Reps. Fazio and Matsui have requested that Amb. Barshefsky visit their districts; another possibility is Secretary Rubin, and the Administration will need an on-going outreach strategy as the fast track discussion moves along. Because of the high media interest in trade issues on the West Coast, we should start our California outreach soon. The northern California trip could include a rural event (agriculture) in Fazio's district (Davis) and a speech in Matsui's district (Sacramento). While there, you could either do a technology event in San Francisco with Feinstein, Boxer and/or Pelosi. Rep. Ellen Tauscher's district is just west of the Bay Area and Anna Eshoo's district is Palo Alto at the northern end of Silicon Valley.

A visit in LA would also be important (you have promised Jane Harman (D-LA) you would visit her district). There are several other members we should try to reach here including Reps. Becerra (D-LA), Millender-McDonald (D-Carson) or Sanchez (D-Orange County), and Rep. Brad Sherman (D-Sherman Oaks).

McClarty CODEL

McClarty believes that it would be useful to take Members to South America, specifically Chile, on a CODEL (sponsored by the Members) during August. His staff has already begun talking to Congressional staff about the prospect; Rangel and Matsui's staffs are not sure yet whether it would be helpful. If you agree it would be useful, we should work with them to make this effort productive.

September: Fast Track Bill Introduction

If there is an extensive Cabinet outreach effort during the summer then we should be in a better position to trumpet the need for fast track as a compelling case. There will be substantial interest in the level of attention that the Administration gives to the introduction of legislation. Ideally, the President and the Vice President would do major news events/speeches around the time fast track is introduced.

The Cabinet, particularly you, Secretary Rubin, Secretary Daley, Secretary Albright, and Gene Sperling and Janet Yellin should reinforce the Administration's message with speeches along the following themes:

- *The elements of fast track: Why we need it (Barshefsky, Daley)*
- *The importance of U.S. leadership in the global economy and fast track [domestic constituency arguments] (Rubin, Albright, Yellen, Sperling)*
- *The growing importance of commercial diplomacy in global relations [international constituency arguments] (Rubin, Albright, Daley, Barshefsky)*

During this period we will also be engaged in aggressive editorial/opinion leader outreach.

September: *While the Bill is Under Consideration*

This will be a period of considerable legislative acrimony and a lot of attention focused on labor and environment issues. We need to dedicate some time to ensuring that our arguments are made in forceful terms and that supporters are very active. Is there an opportunity for an "All-American Trade Fair" in Washington to press the case for U.S. exports (DOC event)? Also, we should identify all major business, trade association, and appropriate governmental events to ensure Cabinet coverage in Washington and outside Washington.

Some time should continue to be dedicated for Cabinet travel. Events with supportive Members will be an important part of this effort.

WEEK-TO-WEEK PLAN

Week of July 7th

- o Finalize plan of action for July, August and September
- o Finalize message documents
- o Principal's meeting on message and action plan
- o Begin interagency calls to all Congressional offices to create preliminary whip list
- o Schedule Barshefsky meetings for month of July: Senate Finance; Senate Freshmen; Dems whips; W&M Dems; key Republicans; various large and small groups
- o Barshefsky speech to NAM
- o Transmission of NAFTA report; ensure Congressional, business and opinion maker validators
- o Contact staffs to House Dems who would form core whip group and W&M trade staff to ensure support and seek bill language guidance
- o Contact Senate Finance staff re. their bill
- o Barshefsky and Cabinet Member meetings with key opinion leaders in the press/editorial boards, constituency leaders and business groups

Week of July 14th

- o Complete interagency calls to create preliminary whip list
 - o Possible W&M NAFTA Hearing on 16th
 - o Senate Commerce NAFTA Hearing on 16th (no Admin. witnesses)
 - o Organize positive Dear Colleagues on NAFTA Report
 - o Barshefsky meetings should be sought with Dems whip group and W&M Dems first; individual, small and large group meetings as they can be scheduled
 - o Targeted cabinet member meetings/calls (e.g., Rubin and Rangel)
 - o Prepare fast track "primer" and talking points for Members
 - o Meet with staffs to key Republicans re. bill language
 - o Meet with Senate Finance staff re. bill language
 - o Barshefsky and Cabinet Member meetings with key opinion leaders in the press/editorial boards, constituency leaders and business groups
- [end of week target for completion of tax and spending bill conferences]

Week of July 21st

- o Barshefsky and targeted cabinet member meetings continue
- o Seek Senate Finance Committee Executive Session
- o Seek meetings with key House Republican Members and Senate leadership re. bill language
- o POTUS calls to selected Dems to join whip effort (e.g., Murtha)
- o Seek POTUS meeting with 30-40 Dems
- o Barshefsky and Cabinet Member meetings with key opinion leaders in the press/editorial boards, constituency leaders and business groups

Week of July 28th

- o Barshefsky and targeted cabinet member meetings continue
 - o Barshefsky and Cabinet Member meetings with key opinion leaders in the press/editorial boards, constituency leaders and business groups
 - o Potential second POTUS meeting with House and Senate Dems?
 - o Follow-up meetings with House and Senate key staff re. bill language
- [end of week target for completion of action on tax and spending bills]

August Outreach

- o Barshefsky and Cabinet begin outreach in targeted areas around the country
- o Business community begins outreach on importance of the trade agenda
- o Editorial and opinion leader outreach to continue

MEMORANDUM

TO: Susan Brophy
FR: Forbes
DT: May 9, 1997
RE: Fast Track Targeting

The two groups we should focus on are Democrats who voted for NAFTA and newly elected Democrats in seats where the previous member voted for NAFTA. We should have friends outside of the White House deal with Republican members who voted against NAFTA yet labor spend thousands to defeat them and newly elected members in districts where the previous member voted for NAFTA.

We should first shore up our yes votes from NAFTA, they are as follows:

Baesler -- may seek higher office

Bacerra

Berman

G. Brown -- received \$145K in Labor PAC money

Cardin -- most likely running for higher office, voted with Kaptur on HR400

Clement -- does not currently feel he can defend side agreements

Dicks

Dooley -- on board, will whip NDC members

Edwards

Eshoo -- wants to be for it, needs help defending side agreements

Farr -- received \$145K in labor PAC money, labor will target with ads

Fazio -- \$314K in PAC money, hesitant to be too far out front

Flake

Frost -- received \$384K from labor PACs plus field staff

B. Gordon -- received \$201K from labor, voted with Kaptur on HR400

Hamilton -- labor placed field staff in district

Hastings

Hefner -- received \$128K from labor

Hoyer -- received \$238K from labor, voted w/Kaptur on HR400, was hesitant to come out for it, has a big problem w/ labor

Jefferson -- voted w/ Kaptur on HR400

EB Johnson

J. Kennedy -- received \$172K from labor, will most likely seek higher office

Lowey -- received \$99K from labor, may seek higher office

McDermott

Markey

Matsui -- on board

Meehan

Meek

Moran -- worried about side deals, feels betrayed by Admin., voted w/ Kaptur on HR400

Ortiz -- voted w/Kaptur on HR400

Pastor

D. Payne -- received \$124K from labor, voted w/Kaptur on HR400

Pelosi -- voted w/Kaptur on HR400

Pickett

Price -- received \$161K from labor plus ads and staff

Roybal-Allard

Sawyer -- received \$171K from labor plus staff

Skaggs -- received \$162K from labor, may seek higher office

Skelton

Spratt -- received \$99K from labor plus staff, voted w/Kaptur on HR400

Stenholm -- AFL-CIO will target with ad campaign, wants to make sure we keep mod.
approach, voted w/ Kaptur on HR400

Tanner -- AFL-CIO will target with ad campaign

Torres -- voted w/ Kaptur on HR 400

New members in districts that previously voted yes are:

Bentsen -- received \$263K from labor plus field staff

Berry -- received \$104K from labor plus staff, leaning yes, defended Admin. In Blue Dog mtg.

Blagojevich -- received \$171K from labor as well as ads and staff

Blumenauer

Boswell -- received \$131K from labor who also ran ads and placed staff in district, interested
in ag issues, has indicated could be for it

Capps -- received \$140K from labor who also ran ads and placed staff in district

J. Davis -- received \$108K from labor who also ran ads and placed staff in district, should be
on board

DeGette -- received \$122K from labor

Delahunt -- received \$152K from labor as well as field staff

Doggett -- received \$120K from labor, leaning against because of wage issues

Etheridge -- received \$115K from labor plus ads and staff

Ford Jr.

Goode -- received just \$18K from labor, AFL will target him with issue ads, voted w/
Kaptur on HR400

Hinojosa

Hooley -- received \$144K from labor plus ads and staff

Jackson Jr. -- received \$145K from labor

C. John -- involved in Chinese crawfish debate, on board, will help whip

J. Johnson -- received \$75K and field staff from labor

P. Kennedy -- received \$186K from labor

Kilpatrick

Kind -- received \$97K from labor plus staff, wants to support but needs info on effect on

U.S. dairy

Luther -- received \$201K from labor

J. Maloney -- received \$183K from labor who also ran ads and placed staff in district

C. McCarthy -- received \$141K from labor plus field staff, voted w/Kaptur on HR400

McIntyre -- received just \$29K from labor, voted w/Kaptur on HR400, tobacco will influence

Pascrell -- received \$143K from labor plus ads and staff, CoS says will vote against, voted w/Kaptur on HR 400

Reyes -- leaning yes, will need help in the district, would like Daley to visit district

Rodriguez

Sandlin -- received \$173K from labor plus staff

Sherman -- received \$104K from labor

A. Smith -- received \$215K from labor plus ads and staff

Snyder -- received \$113K from labor also placed staff in district, needs to be able to defend side agreements and movement on labor and environment, would like Barshevsky to come to Little Rock and meet w/ labor leaders

Tauscher -- received \$110K from labor who also ran ads and placed staff in district, wants to be for it but realizes all labor did for her

Tierney -- received \$204K from labor as well as ads and field staff

Wexler -- received \$104K from labor

addy MacKay "is expected to report" about \$1M and state Sen. Jack Dantzler "expects" a total of \$220K. Other Dems "still considering" the gov. race have not opened a campaign account: AG Bob Butterworth and state Rep. Keith Arnold (St. Pete Times, 7/2). Other potential Dem: House Min. Leader Buzz Ritchie.

GEORGIA: WATERGATE CAPER OR BAD BREAK-IN?

A "bizarre" weekend break-in at ex-AG Mike Bowers' (R) campaign HQs ignored computers and other valuable equipment but "rifled through desk drawers, stole tax records from Bowers' personal desk and left behind drug paraphernalia." Bowers spokesperson Bill Crane "said it looked like a political break-in to him." Bowers: "I don't know anybody in Georgia politics who would do anything like this ... This is far too significant a matter to make loose accusations." Fulton Co. police detective Tom Browning "said he didn't know if it was politically motivated or the work of juveniles." Browning: "It's not unusual sometimes when juveniles commit burglaries to spend some time ... (on the property) and either drink or smoke." Bowers said the burglary "most likely" happened 6/29, and someone pushed in the back door. The burglar made off with tax documents Bowers had gathered in preparation for a news conference to disclose his finances. Bowers: "They took a radio, a tape recorder, some tapes. They left all the computers. They left big rolls of stamps but moved them." Crane "said stolen tapes included recording of some of Bowers' speeches and of his recent testimony before the State Ethics Commission." The burglar left what "appeared to be a crack pipe and a razor blade" (AP/Augusta Chronicle, 7/2). Dems: LG Pierre Howard, Labor Commis. David Poythress. Other GOPers: '94 gov./'96 Senate nominee Guy Millner, Rep. Saxby Chambliss (08) and GA Christian Coalition dir. Jerry Keen.

NEW YORK: VALLONE AND MCCALL EDGE CLOSER

Crain's Insider reports, NYC Council Speaker Peter Vallone (D) has begun telling associates that he is "definitely" running for gov. Ex-NY Dem chair John Marino: "Peter grabbed me at City Hall and said, 'I've been talking to people and I'm running.'" Meanwhile, Dme insiders say Comp. Carl McCall (D) will officially announce his gov. candidacy by the middle of 8/97. McCall had originally planned to make a decision after the 11/97 elections. "But he moved up his timetable when contributors complained they were unsure whether he was running" (7/2 issue). Gov. George Pataki (R) is running for re-election. Potential Dems: Brooklyn DA Charles Hynes, Rep. Maurice Hinchey (26), Speaker Sheldon Silver, ex-Trans. Commis. James Larocca, Maj. Leader Michael Bragman, ex-Econ. Devel. official Richard Kahan and physician Myron Schoenfeld.

===== HOUSE REPORT =====

AFL-CIO: SECOND ROUND OF TAX ADS; SEVEN DEMS TARGETED

The AFL-CIO launched another \$500K radio and TV ad buy 7/1 in response to last week's House vote on the GOP tax plan, and "in anticipation of the conference negotiations." The ads will run in 16 GOP and 7 Dem CDs. The AFL-CIO ran ads last week in 22 CDs before the vote (see Hotline, 6/26). AFL-CIO pres. John Sweeney: "Two-thirds of the tax cuts ... go to the wealthiest Americans. Our ads remind members of Congress they have another opportunity to do the right thing -- and put working families first" (release, 7/1).

Republicans

CD	Rep.	'96 Vote	CD	Rep.	'96 Vote
AR 04:	Dickey	64%	NY 02:	Lazio	64%
NV 01:	Ensign	50	WI 01:	Neumann	51
NJ 07:	Franks	55	OH 18:	Ney	50
NV 02:	GIBBONS	59	KY 03:	NORTHRUP	50
IN 08:	Hostettler	50	CT 04:	Shays	60
MO 09:	HULSHOF	49	WA 03:	Smith	50
NY 19:	Kelly	46	IL 11:	Weller	52
OH 19:	LaTourette	55	WA 01:	White	54

Democrats

CD	Rep.	'96 Vote	CD	Rep.	'96 Vote
TN 05:	Clement	72%	LA 07:	JOHN	53%
CA 18:	Condit	66	VA 02:	Pickett	65
CA 20:	Dooley	55	MS 05:	Taylor	58
VA 05:	GOODE	61			

Note: Freshman are in caps.

AD TEXT

Video: Couple in a kitchen. Text: PAID FOR BY THE WORKING MEN AND WOMEN OF THE AFL-CIO Couple: "The mortgage payments; and now tuition on top of that. How are we going to manage this?" Video: Picture of daughter in cap and gown. Announcer: "President Clinton has called for tax cuts to help working families raise their children and pay for education." Video: Picture of U.S. Capitol and New York Times' headline that reads "Study Shows Tax Proposal Would Benefit The Wealthy." Announcer: "But now Newt Gingrich's Congress has scaled back that relief to give bigger breaks to the richest Americans." Video: Text: "Congressman [X] voted to give two-thirds of tax cuts to wealthy. Source: House Vote #, 6/26/97; U.S. Treasury Dept. Report." Announcer: "Congressman [X] voted with Gingrich to hand two-thirds of the tax cuts to the wealthy." Video: Black on white type: Call Congressman X at (home district number). Announcer: "Call Congressman X. Tell him ..." Video: Initial couple, gazing into camera. Announcer: "... Next time put working families first" (release, 7/1).

KENTUCKY 04: NO GOPERS BLAZING FUNDRAISING TRAIL

Cincinnati Enquirer's Crowley reports on the amount of campaign funding three GOP candidates have said they raised in the first reporting period, which ended 6/30. Finance atty Rick Robinson "said he is pleased" with raising \$59,072, "particularly because he has not held a local fundraiser." State Sen. Gex Williams "said he will report raising \$42,000 and will lend his campaign \$14,000 in personal money." Williams: "I'm not a fundraising machine and we do have a long way to go and we're still getting around the district." Atty Jim Kidney has not held any fund-raisers and "will report raising \$29,000 to \$31,000" from "unsolicited contributions from individuals, which includes \$8,000 of his own money he has contributed to his campaign." Kidney: "I asked people to become a 'Kidney Donor' and quite a few of them have" (7/1). Dems: Osteopath Howard Feinberg, state Rep. Pete Worthington's son Wes Worthington, Judge/Execs. Ken Lucas and Ken Paul.

===== IN THE STATES =====

ROBERT T. MATSUI

FAX DIRECTOR, JUNE 1997

COMMITTEE ON
WAYS AND MEANSSUBCOMMITTEE ON TRADE
POLICY AND TRADESUBCOMMITTEE ON
HUMAN RESOURCES

WHIP AT LARGE

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FAX TRANSMITTAL SHEET

TO: Jeff Fries FAX NUMBER: 456-2604
 FROM: April Fox
 DATE: Aug 21

NUMBER OF PAGES: ____ (including cover sheet)

SENT FROM FAX # (202) 225-0566

(If you do not receive all pages, or if they are
 not clear, please call 202-225-7163)

Jeff- Here's the list per our conversation.
 Also FYI - Ortiz and
 Menedez sign the attached "NAFTA
 hurt Hispanics last wk- They
 are likely to be very negative on
 Free Trade - FYI -

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07/21/97 21:08 2021566220



Michael W. Williams

07/22/97 10:00:40 AM

Record Type: Record

To: Raymond E. Dornally III/WHO/EOP

cc:

Subject: Fast Track Invitees

Charles Rangel
Robert Matsui
Howard Berman
Earl Blumenauer
Ben Cardin
Jim Davis
Cal Dooley
Nita Lowey
Anna Eshoo
Vic Fazio
Martin Frost
Steny Hoyer
William Jefferson
→ Barbara Kennelly
Ed Markey
→ Karen McCarthy

Jim Moran
John Murtha
Richard Neal
⇒ Solomon Ortiz
⇒ Tim Roemer (says he can't be with us)
David Skaggs
Charles Stenholm
⇒ Karen Thurman
⇒ Robert Menendez (everyone else in WJ delegation will
NOT be with us)
E.B. Johnson
Earl Pomeroy
⇒ Darlene Hooley (Freshman may be wary of rubber)
Joseph Kennedy
Ron Kind
David Price
Tom Sawyer

07/16/97 20:57 202 395 4656

USTR CONG AFFRS +--+ MATSUI

002/010

Congress of the United States
Washington, DC 20515

July 16, 1997

The Honorable William Jefferson Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

As you prepare to request that Congress grant new fast track trade negotiating authority, we are writing to ask your support for future trade agreements that promote improved living standards, a cleaner environment, and the protection of human rights in the U.S. and around the globe.

There is no question that international trade is increasingly important to the American economy. The enhanced integration of the economies in this hemisphere is both inevitable and desirable for the future prosperity of our nation. However, to ensure that the benefits of expanded hemispheric trade are maximized and the harmful effects are minimized, it is imperative that we heed the lessons from existing treaties, particularly as they relate to working families and the environment. After carefully examining the impact of NAFTA, we have concluded that a number of changes must be made to the basic structure and implementation of the Agreement before we can support its expansion.

NAFTA Impact

While there is wide disagreement about the economic impact of NAFTA, it is generally accepted that the treaty has produced both winners and losers. A recent study by a coalition of Latino leaders reveals that NAFTA has produced more job loss than job gains. The study concludes that over 315,000 jobs have been lost or threatened compared to 225,000 jobs gained or supported, for a net labor market impact of 90,000 under NAFTA. Moreover, the Latino Coalition study shows that these losses have been particularly severe in certain regions, industries and segments of the workforce. Latinos, African Americans and women, who are more likely to be employed in low-wage, import-sensitive industries, are particularly vulnerable to dislocation due to trade. For example, El Paso, Texas has lost 6,000 jobs as a result of NAFTA, most of which were concentrated in one industry, contributing to an increase in its unemployment rate from 9 to almost 12 percent.

NAFTA Implementation

Unfortunately, the provisions adopted to mitigate the harmful effects of NAFTA have proven deficient and their implementation grossly negligent. The Latino Coalition study shows that, although Latinos have been disproportionately affected by NAFTA, their experience in the training programs designed to assist NAFTA-dislocated workers has led to neither increased

07/18/97 20:58 202 395 4656

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employment prospects nor economic well-being. Latinos displaced by NAFTA are significantly under-served by the NAFTA-TAA program and secondary workers are virtually absent. Furthermore, the typical training offered fails to meet the needs of the most vulnerable displaced Latino workers. In short, the NAFTA-TAA program is just a shadow of the program Latino leaders insisted on as a condition of support for NAFTA.

The NAFTA-TAA program clearly requires improvement in its design and structure; but the principal cause of its failure to adequately serve Latino workers is poor implementation by the Department of Labor. As the Latino Coalition study documents, the program has been plagued by the absence of clear regulations and guidance, inadequate outreach and a severe lack of focus. The implementation of the North American Development Bank's (NADBank) Domestic Window program by the Department of the Treasury has proven to be even more problematic.

The NADBank was created at the insistence of Latino leaders to mitigate the harmful effects of NAFTA on American workers and the environment. It was designed to mobilize financing for environmental infrastructure projects along the U.S.-Mexico Border, and to help create jobs in communities that suffered significant job loss as a result of NAFTA. Yet, after three and a half years, the NADBank's Domestic Window, the component designed to create jobs in communities negatively impacted by NAFTA, has failed to issue a single loan or help to create a single job, despite 315,000 jobs lost or threatened due to NAFTA. This legacy of neglect has occurred despite our consistent prodding, pressure and public criticism of the Domestic Window program.

The NADBank's border environmental infrastructure component has been slowed by limitations in the Bank's Charter and the economic characteristics of the border region. For example, only four loans have been approved to date. The Latino Coalition study reveals that many border communities are too small and too poor to afford any interest rate that is not subsidized. The NADBank's lending rates are market oriented, creating the perception that its rates are too high. Further complicating lending in these communities is the Bank's own borrowing costs, which are based on the taxable, not the tax exempt, market. Despite these problems, the NADBank can actually provide financing at lower rates than U.S. commercial banks, and at much lower rates than banks in Mexico. The economic conditions of these communities have also required extensive technical assistance from the NADBank to produce project proposals that are technically and financially feasible.

A serious lack of coordination between the NADBank and the Border Environment Cooperation Commission (BECC) has also delayed the Bank's lending activity. The Latino Coalition study found that failure to integrate the NADBank into the initial stages of the BECC's project development process has inhibited both institutions from working efficiently and effectively. This lack of coordination has resulted in the certification of projects by the BECC that did not meet the requirements of the Bank's loan and guaranty policies. Unlike the Domestic Window, however, the NADBank's environmental infrastructure component has diligently worked to overcome these obstacles and we are hopeful that the Bank's lending activity along the border will continue to accelerate.

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USTR CONG AFFRS --- MATSUI

004/010

NAFTA's Structural Limitations

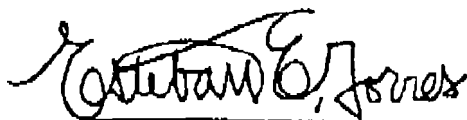
- Perhaps the single biggest flaw in NAFTA was its failure to incorporate labor and environmental issues as a chapter in the core agreement, rather than as side agreements. So far, the few complaints that have been brought under the labor side agreement have made little or no impact. Only five cases concerning Mexico have been brought under the labor side agreement, and none of these cases has resulted in a union being recognized or noticeable changes being made in the lives of the workers involved. Clearly, if the rights of workers are to be protected in future trade agreements there must be strong mechanisms of enforcement -- a mechanism that is not available under NAFTA.

The environmental side agreement has also failed to provide adequate protection from increased production resulting from NAFTA. The increase in post-NAFTA border economic activity has increased cross-boundary population, industrial and toxic emissions and waste. In addition, the North American Commission for Environmental Cooperation (NACEC), which was designed to ensure enforcement of environmental laws under NAFTA has proven to be ineffective. Of the ten complaints filed not a single one has led to either enforcement orders or economic sanctions against any participating country. Yet, the promised improvements to the health and safety of working families along the border has not occurred. The NAFTA environmental side agreement has simply not been adequate to the task.

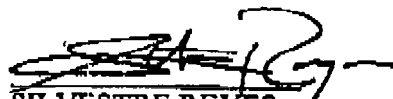
Conclusion

We continue to share your goal of expanding trade to Chile and ultimately the rest of Latin America. Delegating fast track trade negotiating authority, however, is a responsibility we take very seriously. Before we can support your request for such authority we must be certain that the economic, safety and health interests of our constituents are not compromised by future trade agreements. As the new Latino Coalition study so vividly illustrates, these interests have not been adequately protected under NAFTA. Therefore, until the flaws in the structure and implementation of NAFTA are addressed, we simply cannot support its extension.

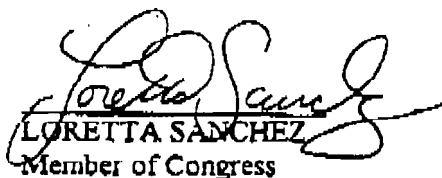
Sincerely,



ESTEBAN E. TORRES
Member of Congress



SILVESTRE REYES
Member of Congress



LORETTA SANCHEZ
Member of Congress

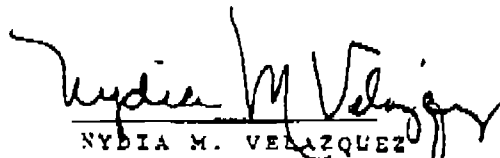


ED PASTOR
Member of Congress

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USTR CONG AFFRS --- MATSUI

005/010

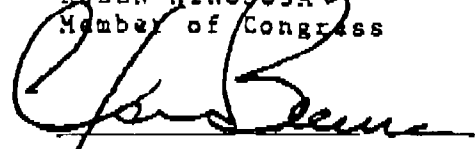

NYDIA M. VELAZQUEZ
Member of Congress


MATTHEW G. MARTINEZ
Member of Congress

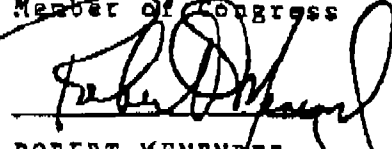

JOSE E. SERRANO
Member of Congress

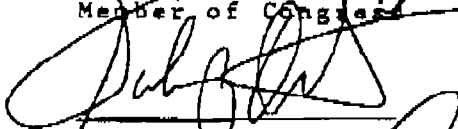

RUBEN HINOJOSA
Member of Congress


LUIS V. GUTIERREZ
Member of Congress


XAVIER BECERRA
Member of Congress


CIRO D. RODRIGUEZ
Member of Congress


ROBERT MENENDEZ
Member of Congress


SOLOMON P. ORTIZ
Member of Congress


SAM FARR
Member of Congress


GENE GREEN
Member of Congress


LUCILLE ROYBAL-ALLARD
Member of Congress

8/5

TO: SUSAN
✓ Jeff
Janet

FR: JH

pls advise.

THE WHITE HOUSE
WASHINGTON

*Susan, Janet, Jeff
look ok to me if
we can fit it in*

SCHEDULING ADVICE MEMORANDUM FOR: John Hilley, Maria Echaveste,
Bruce Reed, Ann Lewis

FROM: STEPHANIE STREETT
DEPUTY ASSISTANT TO THE PRESIDENT
DIRECTOR OF SCHEDULING
DATE: July 27, 1997
SUBJECT: INVITATION/REQUEST FOR THE PRESIDENT (SEE ATTACHED)

PLEASE MARK ONE OF THE FOLLOWING AND WRITE ANY ADDITIONAL
COMMENTS/RECOMMENDATIONS BELOW CONCERNING THE ATTACHED REQUEST:

- 1) ☐ The President does not need to accept/attend.
- 2) ☐ The President does not need to accept/attend but we
STRONGLY recommend an Administration surrogate attend
on his behalf:
- ☐ Our office will arrange for a surrogate.
- ☐ Our office will work with Cabinet Affairs to
arrange for a surrogate.
- 3) ☒ THE PRESIDENT SHOULD ACCEPT -- PLEASE SUBMIT A
SCHEDULING PROPOSAL WITH THE INVITATION ATTACHED TO
THE WEST WING SCHEDULING OFFICE ASAP!
-

COMMENTS/RECOMMENDATIONS:

IF YOU ARE NOT SUBMITTING A PROPOSAL, PLEASE RETURN THIS MEMO TO
PETE SELFRIDGE IN ROOM 184 BY: 8/18/97

ack. sent _____
routes recvd _____
addt'l info. _____

rec'd 7/2/97 DWA

United States Senate

WASHINGTON, DC 20510

JUL 15 1996

March 12, 1997

The President
The White House
Washington, D.C. 20500

[Handwritten signature: "C. W. ..."]

Dear Mr. President:

Thank you for joining with former President George Bush last month to announce the upcoming summit on volunteerism. In this time when government is being asked to do more with less, we believe we must do all we can to encourage private citizens to reach out to our nation's least fortunate. You have taken an important step in that direction.

In keeping with the spirit of service and bipartisanship, we are writing to ask you to join us in honoring individuals who have performed extraordinary acts of public service by serving as the Honorary Chairman and Keynote Speaker for the 25th Anniversary of the Jefferson Awards for Public Service on November 17, 1997.

The Jefferson Awards have honored thousands of local volunteers and over one hundred national public servants since 1973. Past recipients range from 14 year-old Ambor Agesen of Lancaster, Pennsylvania, who, in spite of the crippling effects of cerebral palsy, volunteers at her local hospital, to the late Supreme Court Justice Thurgood Marshall. The awards provide a rare opportunity to shine the spotlight on those who labor selflessly in our communities. Indeed, it is our hope that letting others know of their deeds will inspire many to follow in their paths.

During the 25th Anniversary Celebration, former national and local recipients will come together from both political parties, all walks of life and corners of the country, to celebrate 25 years of excellence in service to America. We believe that public service represents all that is best in America and that we must reach across party lines to give these individuals our united support. By honoring these award-winners, we can demonstrate that no problem is so desperate that committed individuals cannot make a difference.

We hope you will join us in honoring these exceptional Americans. Thank you for your consideration.

Sincerely,

[Handwritten signature: "Trent Lott"]

Trent Lott
United States Senate

[Handwritten signature: "Tom Daschle"]
Tom Daschle
United States Senate

THE WHITE HOUSE

WASHINGTON

November 3, 1997

Dear Mr. Leader:

As I know we both agree, the future of America's farmers and America's farming communities is integrally related to our ability to compete in global markets. In 1996, U.S. agricultural exports climbed to \$60 billion, an historic high for such exports. In fact, American agriculture is more than twice as reliant on foreign trade as the U.S. economy as a whole, with exports currently accounting for an estimated 30 percent of agriculture's cash receipts.

But as you have correctly pointed out, more can be done to increase the ability of American farmers to sell their products overseas. You have been a leader in promoting the ability of U.S. farmers to export their products and I am glad to continue our joint efforts to achieve this goal. In that regard, I am glad to convey my support for the attached list of initiatives that can further strengthen the ability of America's farmers to compete in today's global economy.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill", is positioned below the word "Sincerely,".

The Honorable Thomas A. Daschle
Minority Leader
United States Senate
Washington, D.C. 20510

ADMINISTRATION SUPPORT FOR U.S. AGRICULTURE

The Administration is well aware that no other sector in the U.S. economy has benefited as much from trade as agriculture, and that no other sector's future is so closely tied to exports and free and fair access to foreign markets. Agricultural exports were a record \$60 billion in FY 1996, and with a trade surplus of \$27 billion, agriculture is now the largest positive contributor to the U.S. balance of trade.

We share the concerns of Senator Daschle and other leaders in the agricultural community about the very real restrictions in foreign countries facing exporters of U.S. agricultural products. The Administration will continue to be aggressive in the international arena, building on our past trade policy successes, and opening up new opportunities for U.S. agriculture.

Support for Agricultural Exports

The export of agricultural products is an important component of U.S. agriculture's success in foreign markets. These exports contribute directly to farm income and to the health of the overall economy, and value-added farm sales overseas are an important factor in improving the United States merchandise trade balance. Unfortunately, U.S. farmers and ranchers cannot realize their full export potential because some foreign countries deny fair and equitable market access to U.S. agricultural products.

In order to identify unfair market restrictions on U.S. value-added agricultural exports, and to focus our resources on removing these barriers, the Administration supports S. 219, the Value-added Agricultural Products Market Access Act of 1997.

The Administration agrees that it would be beneficial for the U.S. Trade Representative to identify, on an annual basis, countries that deny market access for value-added U.S. agricultural products, or that apply standards for the import of value-added agricultural products from the United States, that are not related to protecting human, animal, or plant life or health, and are not based on scientific principles.

The Need for More Timely Data on Trade in Livestock and Livestock Products

America's livestock sector contributes greatly to our agricultural trade surplus. The export value of red meats, for example, have risen steadily during this Administration, and is at a record level. U.S. agriculture now boasts a \$2.4 billion surplus in red meat trade.

Significant cross-border trade in live animals and meat has accompanied the rise in exports. Timely and reliable trade data are critical to our producers, especially those who live in border areas and experience first-hand trade with our geographical neighbors. Imports can have an important impact on the conditions of competition facing U.S. livestock producers. The Department of Agriculture's Task Force on Concentration in the Livestock Industry called for

more timely reporting of price and quantity data for livestock and livestock product trade. More timely data can help improve competition in the market place.

For this reason, I direct the following administrative action that will improve the availability of livestock import data:

The Secretary of Agriculture, in close cooperation with the U.S. Customs Service and the agricultural community, will identify and make available to the public timely and appropriate quantity and value data on U.S. imports of live cattle and beef.

Improved Availability of Basic Data on Canada's Cattle Sector

Increased cross border trade between the United States and Canada in cattle and beef has raised the interest of U.S. livestock producers about economic conditions in Canada's cattle sector. Up-to-date information on cattle inventory, cattle slaughter, and cattle and beef trade will answer U.S. producer needs for information about a significant competitor in the U.S. market. To obtain this information on Canada's cattle sector:

The Secretary of Agriculture will engage in consultations with his counterpart in Canada for the reciprocal exchange, on a monthly basis, of data on cattle inventory; cattle slaughter; and cattle and beef trade between the United States and Canada. This data shall be made available to the public upon receipt.

Voluntary Labeling of Meat of U.S. Origin

The rise in cross-border trade between the United States and Canada in cattle and beef has raised interest in developing a voluntary labeling system for meat of U.S. origin. The Administration stands ready to assist the livestock industry in its ongoing efforts to examine and develop voluntary labeling of meat of U.S. origin. To this end:

The Secretary of Agriculture will, in cooperation with the U.S. livestock industry, develop guidelines for the voluntary labeling of meat and meat food products produced in the United States from livestock raised in the United States to indicate the U.S. origin of the meat and meat food products, and will provide technical assistance to the U.S. industry to facilitate the use of such labeling.

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

NOV 3 1997

The Honorable Pat Roberts
U.S. Senate
Washington, DC 20510

Dear Senator Roberts:

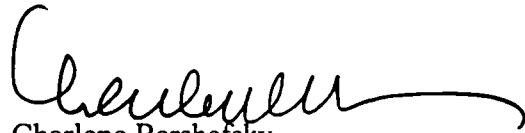
The President has asked me to reply to your letter concerning fast track.

As you know, on October 1, 1997, the Senate Finance Committee reported out a fast track bill. If enacted, the measure would renew the partnership between the President and the Congress in reaching trade agreements, a partnership that has been in place since 1934.

As you pointed out in your letter, removing barriers to U.S. products should be one of the highest priorities of our nation. The legislation reported by the Finance Committee would allow the United States to tear down those barriers and help American businesses and workers compete and win in the global marketplace. The bill's focus is on addressing all issues that affect U.S. competitiveness abroad. I am confident that the full Congress will agree that fast track authority is a key factor in continuing our economic growth.

Again, thank you for letting the President know of your specific concerns on fast track. Please let me know if I may be of assistance to you on any matter.

Sincerely,



Charlene Barshefsky

970922002
OFFICE OF UNITED STATES
TRADE REPRESENTATIVE
97 SEP 22 AIO: 32

THE WHITE HOUSE
WASHINGTON

September 17, 1997

MEMORANDUM FOR LEVERNE HICKS

FROM: SUSAN BROPHY
LEGISLATIVE AFFAIRS

SUBJECT: PRESIDENTIAL CORRESPONDENCE

Enclosed please find a copy of a letter that was sent to the President from Sen. Pat Roberts (R-KS).

I do not believe this letter requires a Presidential response at this time. Please review the attached letter and respond directly to the Member(s) of Congress. Please forward a copy of the response to Chris Walker, Office of Legislative Affairs.

Thank you very much for your assistance in this matter. If you have any questions, please feel free to call Chris Walker at 456-7500.

Enclosure

PAT ROBERTS
KANSAS

302 HAYT SENATE OFFICE BUILDING
WASHINGTON, DC 20510-1605
202-224-4774

970922002

COMMITTEES:
ARMED SERVICES
AGRICULTURE
INTELLIGENCE
ETHICS

United States Senate

WASHINGTON, DC 20510-1605

September 8, 1997

Hon. Bill Clinton
The White House
Washington, DC 20510

USTR

✓copied FWS

SEP 11 PM5:21

Dear Mr. President:

I understand that in the next few days you will submit a legislative proposal to give your Administration "fast-track" authority for negotiating trade agreements. This issue is of profound importance to my home state of Kansas.

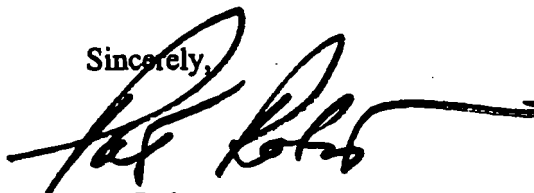
Mr. President, one out of every four jobs in Kansas depends on exports. Two of Kansas' largest commercial sectors — aircraft production and agriculture — regularly contribute trade surpluses towards our nation's huge and ever-increasing trade deficit. I strongly believe that removing barriers to trade for U.S. products should be one of the highest priorities of our government. Granting fast-track authority would be a strong step toward achieving fairer treatment for American businesses and workers.

Many interest groups are encouraging you to include labor and environmental riders in your fast-track proposal. Including these issues in your proposed fast-track legislation would be a profound mistake. Congress should work diligently with you to ensure that our trading partners adhere to their labor and environmental standards. However, gaining markets for U.S. products is a goal too important to sacrifice over ill-advised attempts to solve problems unrelated to trade.

Mr. President, I strongly urge you to submit a clean fast-track proposal for Congress' immediate consideration.

With every best wish,

Sincerely,



Pat Roberts

PR:be

THE WHITE HOUSE

WASHINGTON

November 5, 1997

Dear Mr. Chairman:

Thank you for taking the time to share your ideas with me about advancing fast track legislation. Your perspectives were, as always, welcome and useful.

As you know, I am committed to ensuring close Congressional involvement both in the formulation and implementation of our trade agreements. Appropriately, the Senate and House fast track bills both provide for extensive Congressional participation.

I was intrigued by the idea of establishing an oversight mechanism for trade negotiations similar to the NATO Observers Group. I have since looked into this idea and want to draw your attention to a structure that has been in place for a while that is quite similar to the NATO group. In 1974, Congress established the Congressional Advisers for Trade Policy and Negotiations, a trade policy and negotiations oversight body that remains in place today. This is a bipartisan group of official Congressional advisers, designated by the Leadership, that is accredited to our trade delegations and kept informed on matters affecting trade policy, including ongoing negotiations. I am including with this letter a summary of how the procedure works.

I am fully committed to ensuring that the Congressional trade advisor system works effectively to ensure that Congress is both fully informed and consulted as we develop and implement U.S. trade policy. I am convinced that the Administration benefits significantly when Congress plays an active and continuing role in formulating our trade policies and objectives. For that reason, the Administration bill and both the Senate and House bills, which I support, include specific language designed to enhance the effectiveness of the Congressional trade adviser system.

While the bills pending in the House and Senate seek to reinvigorate the Congressional Advisers mechanism, I believe that more can be done. Therefore, I would propose the inclusion of an additional title in the fast track bill entitled "Congressional Oversight Groups" that would:

The Honorable Richard G. Lugar
Page Two

- a. Establish for each trade negotiation that the Administration notifies to the Congress under fast track, a specific "Congressional Oversight Group" for that negotiation. The group would be selected by the leadership from among the existing congressional trade advisers, and would be tasked with oversight of, and providing advice to the Trade Representative regarding, the negotiation.
- b. Instruct the Trade Representative to work with the Senate and House leadership to develop, within 60 days of enactment, guidelines for interaction between the Administration and Congressional Oversight Groups. The guidelines would be structured to ensure a useful and timely flow of information between the Administration and the Congressional Oversight Group, including at an early stage between the Oversight Group and the Trade Representative to discuss the Administration's objectives and the Group's views.

I hope that you will give serious consideration to this proposal. I would welcome any thoughts that you and other Members may have.

Sincerely,

A handwritten signature in dark ink, appearing to read "Phil Clinton", with a long, sweeping horizontal stroke at the end.

The Honorable Richard G. Lugar
Chairman
Committee on Agriculture, Nutrition and Forestry
United States Senate
Washington, D.C. 20510

THE PRESIDENT HAS SEEN
11-5-97

THE WHITE HOUSE
WASHINGTON

'97 NOV 4 PM4:34

November 4, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: SUSAN BROPHY *SB*
SUBJECT: CONGRESSIONAL CORRESPONDENCE

Attached for your signature is a letter to Sen. Richard Lugar (R-IN), following up on your fast track meeting with him and proposing the inclusion of an additional title in the fast track bill entitled "Congressional Oversight Groups."

THE WHITE HOUSE

WASHINGTON

November 3, 1997

Dear Mr. Leader:

As I know we both agree, the future of America's farmers and America's farming communities is integrally related to our ability to compete in global markets. In 1996, U.S. agricultural exports climbed to \$60 billion, an historic high for such exports. In fact, American agriculture is more than twice as reliant on foreign trade as the U.S. economy as a whole, with exports currently accounting for an estimated 30 percent of agriculture's cash receipts.

But as you have correctly pointed out, more can be done to increase the ability of American farmers to sell their products overseas. You have been a leader in promoting the ability of U.S. farmers to export their products and I am glad to continue our joint efforts to achieve this goal. In that regard, I am glad to convey my support for the attached list of initiatives that can further strengthen the ability of America's farmers to compete in today's global economy.

Sincerely,

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The Honorable Thomas A. Daschle
Minority Leader
United States Senate
Washington, D.C. 20510

ADMINISTRATION SUPPORT FOR U.S. AGRICULTURE

The Administration is well aware that no other sector in the U.S. economy has benefited as much from trade as agriculture, and that no other sector's future is so closely tied to exports and free and fair access to foreign markets. Agricultural exports were a record \$60 billion in FY 1996, and with a trade surplus of \$27 billion, agriculture is now the largest positive contributor to the U.S. balance of trade.

We share the concerns of Senator Daschle and other leaders in the agricultural community about the very real restrictions in foreign countries facing exporters of U.S. agricultural products. The Administration will continue to be aggressive in the international arena, building on our past trade policy successes, and opening up new opportunities for U.S. agriculture.

Support for Agricultural Exports

The export of agricultural products is an important component of U.S. agriculture's success in foreign markets. These exports contribute directly to farm income and to the health of the overall economy, and value-added farm sales overseas are an important factor in improving the United States merchandise trade balance. Unfortunately, U.S. farmers and ranchers cannot realize their full export potential because some foreign countries deny fair and equitable market access to U.S. agricultural products.

In order to identify unfair market restrictions on U.S. value-added agricultural exports, and to focus our resources on removing these barriers, the Administration supports S. 219, the Value-added Agricultural Products Market Access Act of 1997.

The Administration agrees that it would be beneficial for the U.S. Trade Representative to identify, on an annual basis, countries that deny market access for value-added U.S. agricultural products, or that apply standards for the import of value-added agricultural products from the United States, that are not related to protecting human, animal, or plant life or health, and are not based on scientific principles.

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America's livestock sector contributes greatly to our agricultural trade surplus. The export value of red meats, for example, have risen steadily during this Administration, and is at a record level. U.S. agriculture now boasts a \$2.4 billion surplus in red meat trade.

Significant cross-border trade in live animals and meat has accompanied the rise in exports. Timely and reliable trade data are critical to our producers, especially those who live in border areas and experience first-hand trade with our geographical neighbors. Imports can have an important impact on the conditions of competition facing U.S. livestock producers. The Department of Agriculture's Task Force on Concentration in the Livestock Industry called for

more timely reporting of price and quantity data for livestock and livestock product trade. More timely data can help improve competition in the market place.

For this reason, I direct the following administrative action that will improve the availability of livestock import data.

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STATEMENT OF EXECUTIVE INITIATIVES

The renewal of traditional trade negotiating authority will enable the United States to continue to assume the leadership role in breaking down trade barriers and opening markets -- creating new opportunities for our workers and our companies. By fostering a close partnership between the President and the Congress, this authority also ensures that the United States speaks with a united, bipartisan voice in pursuing our international trade agenda.

Even as we use this authority to negotiate strong new trade agreements, we need to ensure that our trade agenda complements and reinforces other important policy objectives -- as it always has done. These goals include helping promote greater attention by other countries to the protection of the environment and worker rights. Because of American leadership, we already have witnessed significant progress in both areas. Maintaining and extending this progress depends on our continued economic leadership role, which in turn is dependent on the renewal of our traditional trade negotiating authority. Failing to do so not only will deny us the ability to attack foreign trade barriers and create new jobs at home, but also will ensure that we are not positioned to help advance environmental protection and promotion of worker rights in other countries.

Greater international attention to labor and environmental issues is integral to our efforts to see that all workers have the opportunity to compete and win in the global marketplace. It also helps serve as an important reminder that the ultimate rationale for freer, expanded trade is to create additional wealth and, by so doing, to improve the living conditions of workers both in the United States and abroad. U.S. leadership in this regard also affords a clear example to the rest of the world that protecting the environment and worker rights helps contribute to increased economic growth and prosperity.

The initiatives described below complement the provisions on labor and the environment in the "fast track" legislation now under consideration in the Senate and House of Representatives. They demonstrate that we should work to promote stronger protection of the environment and worker rights in a variety of ways in a variety of fora; indeed, they reveal that trade negotiations may not always afford the best venue for achieving these important objectives.

These initiatives are fully consistent with our goal of expanding international trade. By remaining active here, the United States can help ensure that protection of the environment and promotion of worker rights are in step with trade liberalization. Our leadership position grants us both an opportunity and a challenge: to ensure that trade expansion and improved protection of the environment and worker rights are mutually supportive, and together contribute to economic growth, higher standards of living, and a higher quality of life both in the United States and abroad.

I. 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. Second, we will present our transparency objectives with respect to WTO activities and proceedings 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 in dispute settlement 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 observance by 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 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, the environment, and development, to examine issues and formulate options for the WTO to consider.

- We will propose that the group examine the interaction of national and international environmental policies with WTO rules and principles. Among the issues it should address are: the relationship of GATT Articles III and XX to environmental measures that affect trade; the relationship between trade measures in international environmental agreements and WTO rules; and the relationship between trade disciplines and ecolabeling.

C. 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 existing law, 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 and its expansion to the IFIs that currently do not make use of independent inspection panels.
- 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, as appropriate, in its program design and annual consultations with members to consider the link between the environment and economic policy choices.

Please note also the environmental dimensions of the review of future free trade agreement partners, described below at II(A).

II. Labor Issues

In the labor area, the Administration supports a range of initiatives designed to strengthen the respect for core labor standards. We already have taken a number of important steps to broaden international respect for freedom of association; the right to organize and bargain collectively; prohibitions on forced labor and 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 ways.

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

The Administration is committed to ensuring that Congress and the American public have an opportunity to thoroughly evaluate future free trade agreements. One important element of this plan is our commitment to make certain that Members of Congress and the public are informed of the broader relevant conditions in prospective FTA partner countries, including each country's labor laws and practices, environmental laws and practices, legal system, macroeconomic policies and conditions, trade laws and practices, and other relevant conditions. To advance this effort:

- We will submit to the Congress, and make available to the American public, a review evaluating these conditions in each prospective FTA partner country when an agreement is brought back for congressional approval. This review will be prepared with the participation of relevant Executive Branch agencies, including the Department of Labor, the Environmental Protection Agency, the Department of Justice, the Department of Treasury, the Office of the United States Trade Representative, and the Department of Commerce.
- Among the matters this review will address are: (1) the FTA partner country's relevant labor and environmental laws, including the enforcement of those laws; (2) the integrity and effectiveness of the country's legal system; (3) the country's macroeconomic policies and practices, including the operation of its exchange rate system; and (4) a description of the country's institutional structures and general policies and practices for addressing each of these areas.

B. Labor Department Annual Report on Labor Conditions under the North American Agreement on Labor Cooperation

We believe that a greater understanding of the labor conditions in our NAFTA partners will allow us to 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 in addressing relevant labor issues. To aid in this objective:

- The Department of Labor will produce an annual report reviewing for each NAFTA partner the labor laws, practices, and conditions covered by the NAALC, as well as the relevant proceedings, actions and cases under the NAALC, and the steps being taken by our NAFTA partners to conform to the findings in any such cases.

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 issues related to core labor standards into the planning and programs of the IFIs. 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 United States should continue to heighten attention to this issue. To that end, Secretary Rubin highlighted the need to place greater emphasis on labor standards in his 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 issues related to core labor standards more broadly and examine ways to incorporate these issues more systematically into the work of the IFIs. As part of this, the State Department will undertake a variety of diplomatic efforts to promote observance of core labor standards.

Heightening the Priority given by the IFIs to Worker Rights Issues

- 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 seek over time to pattern this effort on the institutional reforms undertaken by the Bank in recent years to strengthen its capacity to incorporate environmental considerations in lending and policy advisory activities.
- 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 actively promote the Administration's proposed joint World Bank-IMF conference on issues related to core labor standards in an effort 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 urge the multilateral development banks to increase both technical assistance and direct lending to promote greater adherence to core 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 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 urge the ILO to work with member states to address these practices. We also will review whether to recommend increased coordination on this issue between the ILO and the WTO.

E. Child Labor

The Administration has focused particular attention on addressing concerns about the exploitation of child labor. Since 1993, we have responded to congressional concerns by preparing three major reports on child labor practices, and have used these reports to aid the private sector in developing voluntary codes of conduct, labeling efforts, and production changes in overseas facilities. Innovative approaches in this area also include technical assistance to help developing countries eliminate exploitative child labor; pressing successfully for a greater ILO focus on exploitative child labor; using U.S. laws to suspend trade benefits in response to persistent exploitative child labor practices; and holding two workshops in 1997 with our NAFTA partners to discuss child labor concerns in North America. To build on these efforts:

- The Labor Department will soon release a fourth report on actions being taken internationally to combat child labor and other exploitative working conditions. The Department also expects to begin a fifth report evaluating strategies that have been undertaken in other countries to reduce exploitative child labor.
- The Administration supported the recent enactment of a change in the Tariff Act of 1930 to clarify that products of forced or bonded child labor can be excluded from entry into the United States. The Department of the Treasury is establishing a task force to assure that the Administration can effectively respond to any allegations raised under the new law.

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

October 30, 1997

The Honorable Frank H. Murkowski
United States Senate
Washington, D.C. 20510

Dear Senator Murkowski:

Thank you for your letter expressing the concern that private groups may seek to challenge U.S. environmental practices under agreements negotiated pursuant fast track legislation now pending before the Congress. You also asked me to provide you with an update of challenges to U.S. environmental laws brought to date under the NAFTA Environmental Side Agreement and the World Trade Organization Agreements. I welcome the opportunity to respond to your concerns.

First, let me reassure you that nothing in either the Senate or House bills would increase the likelihood of legal challenges of the type you described. The Congress has uniformly required in fast track implementing legislation adopted since 1979 that private parties be barred from bringing enforcement actions under such agreements. We would expect any future fast track implementing legislation to include similar language. Neither pending bill changes or enhances the President's ability to conclude other types of agreements.

As to your question regarding issues raised under the existing NAFTA Environmental Side Agreement, three such cases were initiated and all were dismissed at an early stage.

The submission referenced in your letter, regarding the U.S. logging law, was filed in 1995 by a consortium of environmental groups, including the Sierra Club Legal Defense Fund. This submission alleged that provisions of a 1995 supplemental appropriations act resulted in a failure to effectively enforce U.S. environmental laws by eliminating private remedies for timber salvage sales. The Secretariat of the Commission for Environmental Cooperation (CEC), which administers the NAFTA Environmental Side Agreement, determined that the act made a change in law, which did not constitute a failure to effectively enforce the law within the meaning of Article 14.

Another submission concerning the United States presented the same question and was disposed of similarly. Filed in June 1995 by a consortium of environmental groups, it alleged that a supplemental appropriations and rescissions bill suspended enforcement of the Endangered Species Act's listing provisions. The case was terminated when the Secretariat determined, as with the logging rider submission, that the provisions of Article 14 were not intended to apply to legislative actions.

The third submission involving the United States was filed in November 1996, and involved an allegation that the U.S. Army had failed to conduct an adequate environmental impact assessment when Congress decided to increase the number of personnel assigned to Fort Huachuca, Arizona. In our response, the United States noted that the submitter had failed to file a timely complaint in U.S. courts, and that the alleged non-enforcement action occurred entirely before the Environmental Side Agreement entered into force. The Secretariat decided not to go forward with the case.

The WTO Agreements do not contain an analogue to the NAFTA Environmental Side Agreement, and do not contain provisions regarding citizen submissions or alleged failures by WTO members to enforce their environmental laws. Under the WTO Agreements, environmental laws may be at issue when one WTO member alleges that another member's laws unjustifiably discriminate against imports. Under the WTO Agreements, as under the NAFTA, each member's sovereignty is fully preserved. Moreover, as under the NAFTA, each WTO member reserves its right to determine its own level of environmental protection, and WTO dispute settlement panels cannot require a WTO member to change its laws.

With respect to your request for a list of other challenges to U.S. environmental laws under either the NAFTA or the WTO, there have been two such cases -- both under the WTO. The first was a case brought in 1995 by Venezuela and Brazil concerning regulations issued by the Environmental Protection Agency pursuant to the Clean Air Act with respect to gasoline. A WTO panel, and eventually the WTO's Appellate Body, accepted the complainants' contention that certain elements of the regulation were discriminatory in nature. However, both bodies made clear that U.S. environmental objectives were not in any way at issue, but rather only certain aspects of EPA's means of implementation.

After carefully evaluating the findings in this dispute, and after close consultation with congressional committees of jurisdiction, the Administration decided to initiate a process to bring EPA's regulations into conformity with our WTO obligations. This process was conducted in the best tradition of the open U.S. regulatory process. EPA began by inviting comments on possible compliance options. It then prepared a notice of proposed rule making, followed by a proposed final rule, providing full opportunity for input by all interested parties. Consultation with the congressional committees of jurisdiction was a key element of this process. On August 19, 1997 Administrator Browner signed a final rule which completes the compliance process. In issuing the final rule, EPA underscored its belief that the revised rule is consistent with EPA's commitment to fully protect public health and the environment.

In the second WTO case involving a U.S. environmental law, India, Malaysia, Pakistan, and Thailand -- all exporters of shrimp to the United States -- are challenging a U.S. law which prohibits the importation of shrimp harvested with commercial fishing technology that may adversely affect endangered species of sea turtles. The United States requires its domestic shrimp industry to use devices that protect sea turtles from unintended deaths in shrimp trawl nets, and the U.S. law requires that shrimp exported to the United States be harvested in the same

manner. A decision by the dispute resolution panel is currently scheduled to be released in March 1998.

I trust that this addresses your concerns.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charlene", followed by a long horizontal flourish.

Charlene Barshefsky

FRANK H. MURKOWSKI

ALASKA

COMMITTEES:

CHAIRMAN

ENERGY AND NATURAL RESOURCES

FINANCE

VETERANS' AFFAIRS

INDIAN AFFAIRS

United States Senate

WASHINGTON, DC 20510-0202

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October 28, 1997

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The Honorable Charlene Barshefsky
United States Trade Representative
Winder Building
600 Seventeenth Street, N.W.
Washington, DC 20506

Dear Ambassador Barshefsky:

As you are aware, I have serious reservations about extending Trade Agreements to cover labor and environmental issues. I agreed to vote for NAFTA only after receiving assurances from USTR that the side agreements on labor and environment would not lead to successful challenges to State labor and environmental laws by outside groups and other countries.

I appreciated the hard work of your staff to address similar concerns during negotiations with my staff over the Finance Committee bill to grant the President authority to negotiate reciprocal trade agreements.

As I mentioned to you at the Finance Committee mark up, however, I am still concerned about how these various environmental and labor provisions will work in practice. In particular, I remain concerned by various news reports that environmentalists will continue to use international trade venues to challenge U.S. laws.

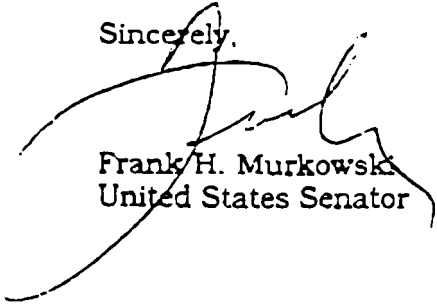
The attached article indicates that the first complaint filed with the North American Commission for Environmental Cooperation in Montreal (created under the NAFTA environmental side deal) was by lawyers for the Sierra Club Legal Defense Fund challenging a U.S. logging law that exempts some cutting in national forests from regulations protecting fish and wildlife. The groups are quoted as saying that the logging law "offends the spirit of the NAFTA admonition to avoid waiving or derogating from environmental measures to attract or retain investment."

I would like your office to provide an update on the status or ultimate outcome of this case.

I am also asking your office to provide a list of other challenges to U.S. environmental laws under either the NAFTA or the WTO, and the status or ultimate outcome of those cases.

Because this information is relevant to how I will vote if the Senate considers the Finance Committee's Fast Track authority, I ask that you expedite this response. If you need additional information, please contact Deanna Okun of my staff (224-6665).

Sincerely,


Frank H. Murkowski
United States Senator

Treaty Cited To Challenge Timber Law

Environmental Groups Say NAFTA Violated

Associated Press

Environmentalists are asking an international panel to help block a new U.S. logging law that exempts some cutting in national forests from regulations protecting fish and wildlife.

Lawyers for the Sierra Club Legal Defense Fund said they would file a formal complaint with the North American Commission for Environmental Cooperation in Montreal today on behalf of more than 20 groups.

In an unusual twist, the conservationists say the logging law President Clinton reluctantly signed last month violates a North American Free Trade Agreement provision that his administration had demanded because of concerns that Mexico would try to gain an unfair trade advantage by skimping on environmental protections.

"It is ironic that the first complaint would be filed against the United States," said Patti Goldman, a lawyer with the defense fund in Seattle.

The logging provision suspends the Endangered Species Act and other laws to expedite salvage timber harvests in an effort to reduce wildfire threats in federally owned forests nationwide.

It also directs the Forest Service to log—free from the normal environmental constraints—areas in

some of the Pacific Northwest's oldest forests that contain threatened northern spotted owls and marbled murrelets. The provision is insulated from administrative appeals or court challenges.

"As a result, many environmental violations will be left unredressed and a great deal of on-the-ground environmental harm will occur," the environmentalists said in a copy of the complaint.

The logging law "offends the spirit of the NAFTA admonition to avoid waiving or derogating from environmental measures to attract or retain investment," said the groups, including the Sierra Club, National Audubon Society, the Wilderness Society, Friends of the Earth and Natural Resources Defense Council.

The three-member commission, made up of Environmental Protection Agency Administrator Carol M. Browner and her counterparts in Canada and Mexico, will be asked to investigate the new U.S. law to determine whether it complies with NAFTA's environmental side agreement, Goldman said.

The panel has no power to strike down the U.S. law. But a vote that a violation had occurred would open the door for Canada or Mexico to launch a trade complaint that could result in sanctions against the United States, Goldman said.

There was no immediate comment yesterday from the White House, EPA, Agriculture Department or U.S. trade representative's office, spokespersons said.

William Pistor, the EPA's NAFTA coordinator, said in a letter to the legal defense fund in June that "it is not immediately clear" whether the then-pending logging measure would violate NAFTA or the side agreement.

FAX-MEMO
Office of Senator
Frank H. Murkowski

Hart Senate Office
Building, Room 706
Washington, D.C. 20510

Tel: (202) 224-6665
Fax: (202) 224-5301

TO: Erin Ennis

FROM: Deanna Okun
Tel: (202) 224-9320

Office: Office of the United States

FAX: 395-4656

DATE: October 29, 1997

TOTAL # PAGES: 3

COMMENTS: I will also send copy to Susan Brophy.

The Secretariat is handling cut subsidies
carefully & responsibly.

All 3 submissions
were not passed by
Secretariat -
didn't meet
criteria on
agreement

Fort
Hueco P. 138
Salvage Tank
Subs.

3/10

1-82 thousand
challenges to
my Secretariat

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

NOV 6 1997

The Honorable Susan Collins
United States Senate
Washington, DC 20510

Dear Senator Collins:

Thank you for sharing your concerns regarding the need to create a fair and level playing field for potato growers in Maine.

I share your concerns regarding the need to address the difficult trade issues facing potato growers in Maine. As a result, I requested that the International Trade Commission conduct a section 332 investigation on fresh and processed potatoes, on an expedited basis, to provide the necessary information to assess the terms of trade between U.S. and Canadian growers and processors. The Commission issued its report on July 18. We are now in the process of working with industry to determine the next steps given the information that was provided in the report.

One specific concern you mentioned is Canada's regulations governing interprovincial and import shipments of potatoes for repackaging and processing. It is our understanding that a processor intending to import bulk potatoes must obtain a Ministerial Exemption (Easement) to the Fresh Fruit and Vegetable Regulations under the Canada Agricultural Products Act. Such an easement is only granted for the purposes of importation if a shortage of potatoes exists in Canada. Our exporters object to the apparent discriminatory and arbitrary manner in which this system operates. I agree that this unfair trade barrier should be addressed expeditiously and will engage Canadian officials in bilateral talks on this matter, beginning no later than March 1998. Please be assured that I am committed to pursuing this matter until we reach a fair resolution.

The second concern you raised is Canadian subsidies, and in specific, whether Canada is in compliance with its international obligations with respect to certain programs qualifying as "green box" support programs. I agree that a review should be conducted to determine whether or not certain Canadian subsidy programs now qualify as green box programs. We, together with USDA, will work with industry to determine which Canadian programs should be reviewed and will pursue any exceptions that are found.

It is my hope that this plan to address the trade concerns of Maine's potato growers will indeed level the playing field for Maine's potato growers.

Sincerely,


Charlene Barshefsky

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

NOV 6 1997

The Honorable Jeff Sessions
United States Senate
Washington, D.C. 20510-0104

Dear Senator Sessions:

I am responding to your recent letter to Ambassador Barshefsky concerning implementation of the U.S.-Canada Softwood Lumber agreement, as Ambassador Barshefsky is recused from involvement in this issue.

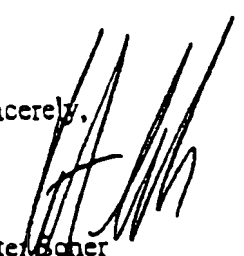
I assure you that effective and proper implementation of this important agreement on an interagency basis is a high priority for the Administration. As you note, a recent Customs ruling which classifies certain drilled lumber designated for specific uses in a category not listed in the agreement has been under close scrutiny. A number of lumber experts from the industry and the government have raised questions about the ruling's analysis and conclusions, and the Customs Service has issued a Federal Register Notice requesting information from the public about uses of drilled lumber, needed for the final determination as to the proper classification of this item.

As proper classification of this item is an important element of maintaining the integrity of the Lumber agreement, we have urged Customs to promptly initiate and to expeditiously complete its planned review process. In the meantime, Customs agreed to count and report to us the quantity of drilled lumber imports. We are concerned that any unwarranted delays in ascertaining the proper classification of this product could undermine the implementation and the integrity of the agreement and have also asked Customs to closely monitor imports under HS 4418 to prevent circumvention. So far, while imports in that category are up, they remain only a small fraction of overall lumber imports.

You are correct in stating that U.S. negotiators concluded the agreement on the assumption that drilled lumber would be covered. While Customs proceeds in determining the proper classification of this product, USTR is continuing to assess all options available to us toward effective implementation of the agreement.

I hope this information is helpful.

Sincerely,



Peter S. Bauer
Special Trade Ambassador



U.S. GENERAL SERVICES ADMINISTRATION
Office of the Administrator

Date: January 5, 1998

From: Dave Barram

To: ✓ Erskine Bowles
Frank Raines
Gene Sperling

Subj: Policy Issues around the GSA FY99 Budget

*From -
Please advise
how to respond*

As you prepare the final budget submission to Congress I want to make two points:

1. Our passback acknowledged the importance of taking responsible care of our national building inventory. We genuinely appreciate the way we and OMB have agreed on this sensible approach. We will vigorously explain the value of this to all of our stakeholders. It is the right thing to do.

Our passback did *not* include any additional appropriations for the new courthouse construction program. This is the second consecutive year we will *not* have appropriations for new courthouse construction. (As I think we all agree, the Federal Building Fund can not support both repair & maintenance and new construction.)

That makes this decision an important policy decision - at two levels: One level is the decision to support repair & maintenance. The second is to allocate budget dollars to Presidential Priorities other than building new courthouses. We will support that policy decision in our explanations.

2. I expect Congress to disagree with the Administration's decision.

It will be challenging for us, at GSA, to be good Administration soldiers as we work through the budget with Congress. Like other agencies in Washington, our career staff has built years of relationships with the Hill. And throughout the country, we have an extensive regional presence and many contacts with Members. Congress will almost certainly want a more extensive new construction program, and we are likely to face intense questioning about our push for confirming judges, while not building new courtrooms.

The nature of our Congressional relationships means we often deal *both* with individual projects and also with our total \$5B rental income and expense budget. In that larger context, we have to put individual projects in a logical perspective so we can be responsible and responsive. That means we have to know the direction the Administration is heading. For example, during the Fast Track discussion, Gene and I agreed that a \$2M design item for a courthouse in Missouri was small enough to include in our FY99 budget submission. Yet, I learned later that OMB was thinking that we might want to send up a budget with no courthouse construction money, no matter how small.

So, I am asking for a more open and respectful relationship on these broad policy issues. As annoyed as I occasionally get with some parts of OMB, I consider us on the same team. As a small first step, we need to figure out our response on the Missouri courthouse design budget item. And then we need to be clear, together, how we will respond to the inevitable challenge from Congress and the Courts about the whole new construction program.

Dave

18th and F Streets, NW, Washington, DC 20405



KENNETH E. BENTSEN, JR.
25TH DISTRICT, TEXAS

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FINANCIAL INSTITUTIONS AND
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SUBCOMMITTEE ON
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MONETARY POLICY

BUDGET

Congress of the United States
House of Representatives
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TO: Erskine Bowles, White House Chief of Staff
FR: Congressman Ken Bentsen
DT: November 5, 1997
RE: Pending matters

After comments

I have several issues pending with the Administration on which I would greatly appreciate any assistance that can be provided. These are:

Invitation to the First Lady — I have invited the First Lady to attend the grand opening in February 1998 of The Children's Assessment Center's new facility in Houston (letter of invitation attached). This high-profile project is being constructed to improve the manner in which the community addresses the needs of sexually abused children, and the grand opening would a tremendous opportunity for the First Lady given her advocacy on behalf of children.

Asm
Houston HUD Office — The Department of Housing and Urban Development is currently downsizing the Houston field office from 100 to 31 employees and downgrading its function to a program center and not a full service office. This low level of service is simply unacceptable for the nation's fourth largest city and third largest county. At the least, it is imperative that vital public liaison functions such as Community Development and Planning and Single and Multi-Family Housing be maintained in Houston.

Asm
Removing Abandoned Barges — I secured \$1.5 million through the Coast Guard budget in the FY 1997 Transportation Appropriations Bill to remove abandoned barges from the San Jacinto River in my district. The Coast Guard is authorized to undertake such work under the Barge Removal Act of 1992. These barges pose a threat to public safety and the environment as they could drift into the commercial shipping lanes of the Houston Ship Channel, leak hazardous chemicals, and damage riverfront property, as some did during major flooding in 1994. The FY 1997 funding is sufficient to remove only five of some 30 abandoned barges. It would be very helpful if the Administration's FY 1999 budget request included at least another \$3 million for the Coast Guard to continue this work so that half the barges can be removed.

Asm
Houston Ship Channel Expansion — Congress in the 1996 Water Resources Development Act authorized a \$341 million project to widen and deepen the ship channel (\$211 million federal, \$130 million local) and the FY 1998 Energy and Water Appropriations Bill included an appropriation of \$20 million to begin this project. The Administration is now finalizing its FY 1999 request for this project. The Corps of Engineers FY 1999 request as submitted to the Office of Management and Budget includes \$57.3 million for this project — \$55 under general construction and \$2.3 million under new starts funding. The project needs a

minimum of \$60 million in FY 1999 to stay on schedule. I am concerned that the failure to include all \$60 million under general construction threatens this timetable as budget constraints may preclude approval of any new starts. Therefore, I urge the Administration to increase the Corps request to \$60 million and to include all funding under general construction and not new starts.

 Designation of Barrett Station, Texas, as a brownfield site -- Barrett Station, in my district, is the site of two Superfund sites, French Limited and Sykes. EPA has completed clean-up work on the French Limited site and community leaders are seeking to have that area designated as a brownfield so that they can qualify for redevelopment grants. However, that designation is precluded by the fact that the French Limited site has not been officially removed from the Superfund priority list. I would appreciate if the Administration could take the necessary steps as quickly as possible to have this area reclassified as a brownfield.

 Funding for community park at Anderson Elementary School in Houston -- The Houston Parks and Recreation Department operates a program, called SPARK Parks, to provide funding for community parks located at public schools. Local funding for qualified parks is supplemented by \$45,000 in Community Development Block Grants. The latest effort to establish a SPARK Park is at Anderson Elementary School in my district. However, Anderson Elementary's park has not been able to secure a CDBG grant because it falls just short of meeting the CDBG requirement that 51 percent of residents within a one-mile radius qualify as low and moderate income. I would appreciate any assistance the Administration can provide in waiving these requirements or finding alternative sources of federal funding for this much-needed community project. (Background letter attached)

KENNETH E. BENTSEN, JR.
25TH DISTRICT, TEXAS

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SUBCOMMITTEE ON
FINANCIAL INSTITUTIONS AND
CONSUMER CREDIT

SUBCOMMITTEE ON
DOMESTIC AND INTERNATIONAL
MONETARY POLICY

BUDGET

The Honorable Andrew Cuomo
Secretary
Department Of Housing and Urban Development
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Washington, D.C. 20410

Congress of the United States

House of Representatives

Washington, DC 20515-4325
September 5, 1997

DISTRICT OFFICES:
6575 WEST LOOP SOUTH
SUITE 406
BELLARE, TX 77401
(713) 667-3534
(713) 667-4833 FAX
1001 E. SOUTHMOORE
SUITE 810
PASADENA, TX 77502
(713) 473-4334
(713) 475-8887 FAX
1300 ROLLINGBROOK DRIVE
SUITE 517
BAYTOWN, TX 77521
(281) 827-8225

Dear Mr. Secretary:

Please accept this letter as a formal request to meet with you to discuss reorganization plans for the U.S. Department of Housing and Urban Development (HUD) office located in Houston, Texas. In particular, we seek information about the Department's Management Reform Plan, HUD 2020, and its impact on programs, services, and personnel allocations in the Houston field office.

In our recent meeting with Deputy Secretary Dwight Robinson, he made a verbal commitment to us that the Houston field office would not be closed. We strongly believe that the Houston office should not only remain open, but should be upgraded in order to facilitate the administration of all HUD programs and services. Additionally, we outlined why the Houston field office should be a full service office, and the need for a Community Planning and Development representative. We trust that this information was communicated to you and considered during restructuring decisions at the Department.

We look forward to meeting with you in order to directly communicate our concerns and reaffirm our commitment to working with HUD to ensure the strongest possible HUD presence in Houston. Thank you for your attention to our request.

Sincerely,


Kenneth E. Bentsen, Jr.
Member of Congress


Gene Green
Member of Congress


Sheila Jackson-Lee
Member of Congress

KEB:ra

KENNETH E. BENTSEN, JR.
29TH DISTRICT, TEXAS

126 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-4325
(202) 225-7508
(202) 225-2947 FAX
email: bentsen@hr.house.gov
http://www.house.gov/bentsen/welcome.html

COMMITTEES:

BANKING AND FINANCIAL SERVICES

SUBCOMMITTEE ON
FINANCIAL INSTITUTIONS AND
CONSUMER CREDIT

SUBCOMMITTEE ON
DOMESTIC AND INTERNATIONAL
MONETARY POLICY

BUDGET

The Honorable Hillary Rodham Clinton
First Lady of the United States
Second Floor, West Wing
The White House
Washington, D.C. 20500

Congress of the United States
House of Representatives
Washington, DC 20515-4325
August 25, 1997

DISTRICT OFFICES:
8675 WEST LOOP SOUTH
SUITE 408
BELLAIRE, TX 77401
(713) 667-3554
(713) 667-4633 FAX
1001 E. SOUTHWEST
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PASADENA, TX 77502
(713) 673-4334
(713) 673-8687 FAX
1300 ROLLINGBROOK DRIVE
SUITE 517
BAYTOWN, TX 77521
(281) 837-6225

Dear Mrs. Clinton:

I am writing to invite you to attend the grand opening in February 1998 of The Children's Assessment Center's new facility. This pioneering project is now being constructed in Houston in response to the community's demand for improving the manner in which the needs of sexually abused children are addressed. Given your tireless advocacy for children, the Center's supporters and the entire Houston community would be greatly honored to have you join us for this special event. The Center is flexible on the exact date for the grand opening and stands ready to accommodate your schedule in every way.

The Children's Assessment Center was established in 1991 to protect children by providing co-housing, coordination, agency collaboration, and the use of the multi-disciplinary team approach in the prevention, assessment, investigation, referral for prosecution and treatment of child sexual abuse. To fulfill this mission, The Center provides the following direct services to child victims of sexual abuse: 1) a videotaped forensic interview of a child's statement that eliminates the need for multiple interviews by the various entities involved in a child sexual abuse case; 2) a sexual assault examination utilizing videocolposcopy; 3) therapeutic services to help child sexual abuse victims heal; 4) expert testimony in civil and criminal court cases; and 5) advocacy for children as they make their way through the system. The Center is the largest of its kind in the nation and serves over 5,000 children annually.

The Center's direct services are enhanced by the expertise provided by over 100 representatives of ten government and private sector agencies who are committed to reducing the trauma children undergo during the difficult period of assessment, investigation, and treatment of child sexual abuse. Participants include law enforcement entities, child advocacy programs, several academic institutions, and other service providers. This team approach to serving sexually abused children speeds recovery and improves the effectiveness of law enforcement in such cases. The agency truly stands as a national model worthy of your attention.

From its inception in 1991 as a program of Harris County Children's Protective Services, The Children's Assessment Center has grown exponentially and now stands as its own department of Harris County Commissioners' Court. In a unique approach to meeting the specialized needs

The Honorable Hillary Rodham Clinton

Page 2

of child victims of sexual abuse, The Center established a public-private partnership, wherein 50 percent of its operating budget is provided by county government and the remainder is raised from private sources. The Center is currently housed on the second floor of the Children's Protective Services building, where it has quickly outgrown its allocated space. In 1994, Harris County Commissioners' Court approved the construction of the 53,000-square-foot facility that will house expanded staff, state-of-the-art interview and therapy rooms, and a complete medical clinic.

In their efforts to fund the \$10.25 million capital campaign for the construction of the building, The Center has received an overwhelming amount of support from the private sector, which has provided over 79% of the money raised to date. The remaining 11% has been funded through Community Development Block Grants. The Center is nearing completion of this campaign and expects to occupy the building in mid-January.

I am enclosing additional information about The Children's Assessment Center and its new building. I cannot overstate how much it would mean to me and the Center's supporters to have you attend this grand opening. Please do not hesitate to contact me or my district director, Ms. Pat Strong, at 713-667-3554 if you have any questions or need more information. We stand ready to work with you in every way to make this visit possible. Thank you for your kind consideration of this request and for your work on behalf of our children.

With kindest personal regards,

Sincerely,



Kenneth E. Bentsen, Jr.

Member of Congress

KEB:vw



U.S. Department of Housing and Urban Development
Texas State Office, Southwest
Office of the Secretary's Representative
1600 Throckmorton
Post Office Box 2903
Fort Worth, Texas 76113-2903

JUL 14 1997

Honorable Kenneth E. Benton, Jr.
House of Representatives
6575 West Loop South, Suite 496
Bellaire, TX 77401

Dear Mr. Benton:

This is in reply to your letters of June 30, 1997, regarding a request by Principal Mark White of Anderson Elementary School involving the City of Houston's SPARK parks program. Mr. White and other persons are concerned that the school's park does not qualify for this program although many of the students are from low-income families.

The city of Houston uses Community Development Block Grant (CDBG) funds to develop and improve neighborhood parks by using public school grounds. The use of CDBG funds requires compliance with one of the three statutory national objectives of the program; the SPARK program can meet only the objective of principally benefiting low- and moderate-income persons on an area wide basis because it is designed by the city to be used by the surrounding neighborhoods after school hours and on weekends. Consequently, the neighborhood park must be open to all of the residents living in the park's service area, at least 51 percent of whom must be low- and moderate-income persons.

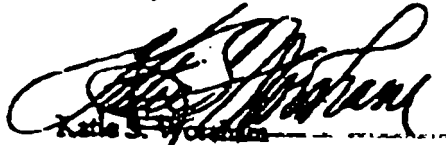
The city has established the service area of each neighborhood park using a one-mile radius. This determination should be based on the nature of the activity, its location, accessibility to the residents, and the location of other comparable facilities. Based on this, the city then must use the most recent Census data for the block groups and census tracts encompassed by the designated service area to determine if the low- and moderate-income benefit requirement can be met. If this Census data does not reflect accurately the incomes of the residents, the city may conduct a formal survey of the service area residents to establish current income levels.

We contacted the city's Department of Housing and Community Development to discuss this matter. We recommend that Mr. White call George Valdez, Assistant Director of that department, at 713-868-8401 to explain the circumstances involving the park's service area and the concentration of apartments in it. Mr. Valdez assured us that he will work with Mr. White to ensure that an accurate assessment is made of the low- and moderate-income population in the

service area. In addition, Mr. White may wish to contact the city's Park Department to ask if there are funds available from other sources which could be used; we are unaware of any other federal program which pays for improvements to neighborhood parks.

Thank you for your continued interest in our programs. If we may be of further assistance, please contact me.

Sincerely,



Katie J. Wooten
Acting Secretary's Representative

THE WHITE HOUSE
WASHINGTON

PM 07 1987

Dear Representative Pomeroy:

I understand you have expressed concern regarding our civil aviation negotiations with Japan.

Let me first state that the goal of U.S. international civil aviation policy is to achieve open skies as quickly as possible with all countries.

Our objectives in the Japan negotiations are to achieve substantial opening of the Japanese market for our carriers and the resolution of disputes that have prevented our carriers from serving the important and fast growing aviation markets beyond Japan. We will not yield rights that have been obtained for any of our carriers in prior agreements. We seek to deregulate the market in a way that will enhance competition and quicken the transition to a fully liberalized regime.

We will keep your staff informed on a regular basis as negotiations progress so as to afford you ample opportunity to express your views directly to us. We are firmly committed to achieving the above stated objectives.

Sincerely,

Erskine Bowles

The Honorable Earl Pomeroy
House of Representatives
Washington, D.C. 20515-3401

THE WHITE HOUSE
WASHINGTON

Dear Representative Ehlers:

I understand you have expressed concern regarding our civil aviation negotiations with Japan.

Let me first state that the goal of U.S. international civil aviation policy is to achieve open skies as quickly as possible with all countries.

Our objectives in the Japan negotiations are to achieve substantial opening of the Japanese market for our carriers and the resolution of disputes that have prevented our carriers from serving the important and fast growing aviation markets beyond Japan. We will not yield rights that have been obtained for any of our carriers in prior agreements. We seek to deregulate the market in a way that will enhance competition and quicken the transition to a fully liberalized regime.

We will keep your staff informed on a regular basis as negotiations progress so as to afford you ample opportunity to express your views directly to us. We are firmly committed to achieving the above stated objectives.

Sincerely,

Erskine Bowles

The Honorable Vernon J. Ehlers
House of Representatives
Washington, D.C. 20515-2203

THE WHITE HOUSE

WASHINGTON

November 7, 1997

NOV 9 7 1997

ACTION

MEMORANDUM FOR ERSKINE BOWLES

FROM:

DANIEL TARULLO *DT*

SUBJECT:

Letter to Members of Congress Supporting Open
Skies Agreement with Japan

In fast track consultations over the past few days, several members of Congress have sought clarification of our position on open skies in our civil aviation negotiations with Japan, citing concerns about Northwest Airlines. The attached letter for your signature articulates our general international aviation policy objectives and our specific objectives for the Japan negotiations, and makes clear that we will stand firmly to achieve them. The draft reply also assures the members that we will keep their staff's fully apprised as negotiations progress. I believe that this letter may provide some comfort to those who are undecided or leaning yes, but will likely not change no votes.

Gene Sperling concurs with sending this letter.

RECOMMENDATION

That you sign the letter at Tab A.

Approve _____ Disapprove _____

Attachment

Tab A Letters to Members of Congress

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

NOV 7 1997

The Honorable Earl Pomeroy
United States House of Representatives
Washington, D.C. 20515-0103

Dear Congressman Pomeroy:

I am writing to respond to your concerns regarding wheat imports from Canada and the non-transparent pricing practices of the Canadian Wheat Board. I take this opportunity to outline how the Administration will respond to this problem.

In August 1994, following a year in which wheat imports from Canada reached an all-time high, the Clinton Administration entered into the Memorandum of Understanding on Grains with Canada to limit durum imports to 300,000 metric tons (with an additional 150,000 metric tons allowed into the United States at a higher tariff level) and to limit imports of all other spring wheat to 1.05 million metric tons. The overall cap on shipments of wheat from Canada was 1.5 million metric tons.

When the MOU officially expired in September 1995, Ambassador Kantor assured you and other members of Congress that the Administration would continue to monitor imports and would hold consultations with the Canadians if imports looked as if they had the potential to reach disruptive levels. Ambassador Kantor further pledged that the Administration would not tolerate market disruption from imports of Canadian wheat and would use our trade laws if necessary. Ambassador Kantor also indicated the MOU limit would be used as a point of reference to determine whether market disruption had occurred.

I am writing to you to let you know that we reaffirm these commitments. In addition, we will respond forcefully in the event that Canada violates any of its international trade obligations to the disadvantage of our farmers.

To that end, the role of the Canadian Wheat Board as a state trading enterprise must be thoroughly evaluated, including whether its pricing practices fully comply with existing trading agreements between our countries which prohibit unfair price subsidies. In this regard we will take the following actions:

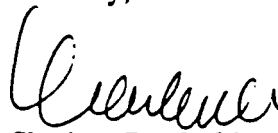
1. We will ask for an annual audit of the Canadian Wheat Board consistent with the recommendations of the CFTA Chapter 18 Panel on Durum Wheat to obtain information about the pricing practices of the Board to determine if it is engaged in discriminatory pricing practices;
2. If it is determined that the CWB is selling in foreign markets at prices below domestic market prices or prices below their full costs of acquiring and delivering agriculture products to foreign markets (including any interim and final payments to producers), then

we will seek negotiations with Canada to eliminate such practices. If negotiations fail, we will take action under and consistent with our trade laws to address any failure by Canada to comply with its international trade obligations. Concurrently, we will pursue relief under the dispute resolution provisions in our trade agreements;

3. Finally, it is our priority in the next round of international agricultural negotiations and in the negotiations on the Free Trade of the Americas to impose constraints and disciplines as well as price transparency on state trading enterprises. The pricing practices of state trading enterprises, such as the Canadian Wheat Board, can be trade distorting, and we will strive to eliminate such distortions.

I am glad to have had the opportunity to present the Administration's plan for addressing Canadian wheat trade issues, and I look forward to continuing to work closely with you on these important issues.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Charlene Barshefsky', with a long horizontal flourish extending to the right.

Charlene Barshefsky
U.S. Trade Representative

THE WHITE HOUSE

WASHINGTON

November 6, 1997

The Honorable Porter J. Goss
House of Representatives
Washington, D.C. 20515

Dear Representative Goss:

Ambassador Barshefsky has informed me of your conversation with her regarding the upcoming fast track vote. I understand your concerns about narcotics trafficking across the border, the safety of imported produce, and the effect of the North American Free Trade Agreement (NAFTA) on the Florida agricultural industry. I agree that we can do more.

In the 1993 lead-up to the NAFTA vote, the Florida delegation expressed several concerns about the effect of the proposed agreement on Florida's agricultural industry, particularly with regard to citrus, tomato, and vegetable growers. As a result, special safeguard provisions were negotiated and included in the NAFTA.

Over the last three years, however, it has become clear that these special safeguards, particularly the tariff-rate quota (TRQ) and "snap back" measures, have not been adequate. As the Florida delegation has pointed out on numerous occasions, growers suffered while we explored ways to address concerns about "dumping." These efforts finally culminated in the negotiation of a suspension agreement, which has provided effective relief for some growers, but came too late for others. Nevertheless, I understand that many Florida growers have deep reservations about the fast track process.

I acknowledge that more rigorous application of these measures is necessary, utilizing the special safeguards in the NAFTA for tomatoes and vegetables. You may be assured that I remain personally committed to ensuring that "snap back," TRQ and other mechanisms are fully implemented.

Sincerely,

Bill Clinton

THE WHITE HOUSE

WASHINGTON

November 7, 1997

Dear Bob:

Thank you for sharing with me your concern for the economic well-being of this nation's tobacco farmers and the communities in which they live.

As I have stated publicly, I am committed to the financial well-being of America's tobacco farmers, their families, and their communities. I will not support or sign any legislation that does not provide American tobacco farmers with a safe, sound, and secure future.

In response to the points you have raised with me, I agree with you that American tobacco farmers must have a stable and realistic price for the product they produce. I trust in the abilities of you and your colleagues to determine that price.

I also agree with the principle espoused by several of your colleagues on both sides of the aisle that assures American tobacco farmers a fair level of production based upon the world market share of American cigarette companies, and a sound share of their own domestic market. I understand that this principle will involve adopting a new thought process as it affects grower production, but I believe this idea is soundly based in principles of equity, and thus deserving of my support. Further, I appreciate the points you have raised regarding our ability to enforce this provision, and I can assure you that I will work with you to achieve your stated objectives.

I am committed to supporting an independent source of funding for all costs associated with the operation of a successful tobacco farm program. As I understand the concept you have shared with me, you believe that tobacco farmers should be entitled to a dedicated portion of the current tobacco excise tax for the purposes of: ensuring financial stability in tobacco communities; compensating tobacco farmers for any negative economic effect from the tobacco settlement; maintaining the economic viability of farmers' investments in tobacco; and covering all administrative and other costs associated with the tobacco program.

THE WHITE HOUSE
WASHINGTON

November 7, 1997

Dear Charlie:

I am pleased to have this opportunity to provide to you my Administration's views on various issues of concern to the domestic peanut industry as they relate to future trade negotiations.

First, my Administration recognizes that imports of peanuts and peanut products are economically sensitive for the U.S. industry. Therefore, any future trade agreements will take into account this import-sensitivity and allow reasonable transition periods for both peanuts and peanut products. Furthermore, no additional access will be provided in future trade negotiations without full consultation with Congress and interested groups in the private sector, as provided for in the Fast Track legislation.

Second, my Administration will ensure that any future multilateral trade agreement will preserve tariff-rate quotas for both peanuts and peanut products.

Third, all future agreements will include appropriate rules of origin, and these will be developed in consultation with Congress and other interested parties.

Fourth, my Administration will strictly enforce U.S. laws regarding transshipments on peanuts and peanut products and will impose appropriate penalties when violations are detected.

Fifth, my Administration will maintain U.S. Marketing Agreement #146 quality standards on imported peanuts, as provided for in NAFTA.

Sixth, my Administration will not support establishment of a Free Trade Zone within the United States for peanuts or peanut products.

Finally, the U.S. Trade Representative will administer the allocation of licenses for peanut imports on the same basis as currently administered until the conclusion of any future trade agreement.

THE HONORABLE CHARLES W. STENHOLM
Page Two

There is no question that U.S. agriculture will benefit enormously from trade agreements that will result from approval of fast track trade negotiating authority. The agricultural sector is more dependent on exports than any sector of our economy and over 30 percent of its cash receipts derive from exports. It is critical, therefore, that new trade negotiations be pursued that will reduce or remove remaining barriers to our exports, while ensuring reasonable and adequate transitional protections to import sensitive commodities. I believe the commitments outlined above will provide such assurances to our peanut producers.

Sincerely,

A handwritten signature in dark ink, appearing to read "C. Stenholm", is centered below the word "Sincerely,".

The Honorable Charles W. Stenholm
House of Representatives
Washington, D.C. 20515

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

NOV 5 1997

The Honorable Dave Weldon
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Weldon:

Thank you for your letter concerning Florida citrus exports to Mexico and the need to press Mexico prior to the completion of eradication efforts for Mediterranean fruit fly in Florida.

As your letter suggested, Florida is a major exporter of citrus around the world, yet citrus exports to Mexico are currently banned due to citrus canker and Mediterranean fruit fly. Mexico has indicated that it will make a final decision on Florida citrus once eradication efforts are completed.

I share your concern in resolving this important trade issue. As my response to you on October 22 indicated, U.S. officials have pressed Mexico on accepting Florida citrus exports at the highest levels in recent weeks. For example, USTR's Special Trade Ambassador Peter Scher raised it with SECOFI officials on October 21, and will continue to do so at every subsequent meeting with Mexico until it is resolved.

Regarding the North American Plant Protection Organization meeting in Seattle in October, Mexican officials requested a change to the Caribbean fruit fly protocol. I understand that the position expressed by USDA's Animal Plant Health Inspection Service officials that attended that meeting is that the Caribbean fruit fly protocol that is currently in place is more than sufficient to address any risk concerns expressed by Mexico.

I hope the information conveyed in this letter underscores our desire to resolve the Florida citrus issue to permit exports to Mexico to begin as soon as possible. We would be happy to meet with you at your convenience to discuss this further.

Sincerely,


Charlene Barshefsky

NOV 5 1987

The Honorable Vic Fazio
U.S. House of Representatives
Washington, DC 20515-0503

Dear Congressman Fazio:

Thank you for your recent letter supporting renewal of fast track legislation. The President very much appreciates your support, which will allow the United States to maintain our leadership role in the global economy and open markets for U.S. products.

With respect to your concerns about wine and brandy, I can assure you that the Administration is committed to achieving enhanced market access for U.S. wine and brandy exports. We have consistently worked closely with the industry toward this end, and we will continue to do so as we pursue our trade agenda. Similarly, we will continue to aggressively pursue the bilateral issues to which you refer, again with the goal of increasing market access for the industry.

As you know, we have ongoing discussions with Mexico, including on tariff acceleration, where we have the interests of the industry firmly in mind. We will continue to work closely with the industry to realize opportunities that are of interest to wine and brandy producers.

Again, thank you for your supportive letter; we remain committed to further advancing the interests of the U.S. wine and brandy industry.

Sincerely,



Charlene Barshefsky

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

NOV 8 1997

The Honorable John Thune
United States House of Representatives
Washington, D.C. 20515

Dear Congressman Thune:

I am writing to indicate my support for, and endorsement of, the legislative language that you and Congressman Hill have offered to amend the Fast Track bill in the House of Representatives. As you know, your amendments have been inserted into the bill in section 102(b)(6).

The first provides:

This principal negotiating objective applies to any agreement entered into during the period set forth in section 103(a)(1)(A), including any agreement providing for the accession of any new parties to agreements to which the United States is already a party, including the NAFTA and the United States-Canada Free Trade Agreement.

The second states:

(H) taking into account the impact of agreements covering agriculture to which the United States is a party, including the NAFTA, on the U.S. agricultural industry.

I believe both amendments improve the fast track bill. Moreover, they supplement already strong agriculture negotiating objectives contained in the House fast track bill. I assure you that I am committed to getting the best deals we can for our agricultural community in future negotiations.

I will continue to support these amendments for inclusion in the final fast track bill. I look forward to continuing to work closely with you on agricultural interests, which are key to the U.S. economy.

Sincerely,


Charlene Barshefsky

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

NOV 7 1997

The Honorable Lloyd Doggett
United States House of Representatives
Washington D.C. 20515

Dear Congressman Doggett:

This is in response to your recent letter inquiring about petitions, requests, or claims of alleged discriminatory treatment by foreign countries that the U.S. Trade Representative has received from American tobacco companies. I appreciate this opportunity to clarify the scope of tobacco trade-related issues that have been brought to our attention during the Clinton Administration.

As you may know, the Clinton Administration has devoted a considerable amount of thought to the question of what is an appropriate policy with respect to tobacco exports. A summary of our health-based policy, and the process we employ in developing and implementing it, follows.

This Administration has approached the intersection between U.S. trade and health policies in a way which recognizes that insisting on non-discriminatory treatment of U.S. companies should not conflict with our own health-based policies or undermine the legitimate health-based policies of our trading partners. This policy clearly recognizes the health problems posed by smoking. The Office of the U.S. Trade Representative cannot be indifferent to that fact, and we are not. USTR's current policy on cigarette exports is that we do not interfere with or object to foreign countries' adoption or enforcement of measures necessary to protect public health, including advertising and promotion restrictions; however, these restrictions should be applied in a non-discriminatory fashion.

Since the beginning of the Clinton Administration, we have developed and implemented this policy by integrating the expertise of the Department of Health and Human Services (HHS) into the tobacco trade policy process. The active participation of HHS at all stages of policy development and implementation ensures a balanced approach to tobacco export policy. United States trade and health officials now work together to evaluate the health implications of relevant trade policy issues on a case-by-case basis.

We have two examples to illustrate how we have implemented this policy when U.S. industry brought concerns to our attention. In August, 1995, USTR held a negotiation with Korea in which the U.S. government agreed to modify a market access agreement with Korea to allow it greater flexibility to impose legitimate health-based measures to restrict the use of tobacco products. We also, however, insisted that Korea dismantle a discriminatory structure of allocating cigarette tax revenue that was totally unrelated to health concerns. These negotiations were held in response to concerns raised by U.S. tobacco firms, namely, the R.J. Reynolds Tobacco Company, the Phillip Morris Companies, Inc., and the Cigarette Export Association.

USTR led these negotiations with experts from across the U.S. government, including from HHS, Treasury, and State, joining us at the negotiating table. In addition, separate consultations were held with the U.S. industry and with anti-smoking groups prior to the negotiations. Negotiations with South Korea were successfully completed and South Korea has implemented public health measures, including limitations on cigarette advertising.

The most recent example of our policy process was our consideration of a Thai cigarette regulation requiring brand-by-brand disclosure of ingredients. The U.S. embassy had asked for guidance in addressing the issue with the Thai government and we had also been contacted by the British American Tobacco company expressing their concern. A key component of the interagency process chaired by USTR was the input of experts from the Centers for Disease Control. The interagency group deliberations included careful consideration of the health basis for that regulation as well as the trade policy implications of various possible responses the U.S. government might take. Ultimately the interagency group took the position that the regulation could legitimately be considered health-based; however, more information was needed to ensure that it would be implemented in a non-discriminatory fashion. Accordingly, we are endeavoring to obtain a copy of the Thai regulation in order to understand the confidentiality measures that would apply to the ingredient disclosure U.S. tobacco companies would be required to provide.

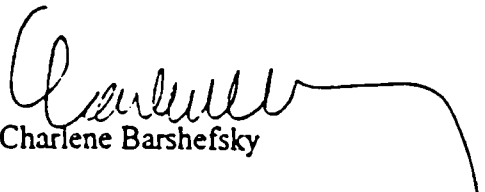
Based on our review to date, we can provide the following additional information: Over the course of the Clinton Administration, we have received inquiries from six U.S. tobacco companies or associations: British American Tobacco, the Council for Burley Tobacco, the Leaf Tobacco Exporters Association, Inc., the Phillip Morris Companies, Inc., R.J. Reynolds Tobacco International, Inc., the Star Tobacco Corporation, and the U.S. Tobacco Growers. The subjects of these inquiries were the following countries: Brazil, Bulgaria, Canada, China, Columbia, Korea, Nigeria, Seychelles, South Africa, Thailand, and Venezuela. The issues raised by these American tobacco companies included the following: advertising, manipulation of sales and distribution channels, anti-import activities, discriminatory taxes, generic packaging and brand-by-brand disclosure regulations, market access and tariffs, quotas for leaf tobacco, and trade mark concerns. We have also received submissions from Philip Morris Companies, Inc. requesting liberalization of import duties/prohibitions on tobacco and/or tobacco products in the course of the WTO accession negotiations with sixteen countries. During the Clinton Administration USTR has not received any Section 301 petitions on the subject of tobacco or tobacco products nor have we received any requests to initiate WTO or NAFTA consultations or disputes.

I hope you find this information helpful. Should we find any additional responsive information, we will notify you immediately. Moreover, if you would find it useful, I or my staff would be pleased to meet with you or your staff to answer any further questions you may have.

The Honorable Lloyd Doggett
Page 3

Thank you again for your thoughtful interest in our tobacco export policy.

Sincerely,



Charlene Barshefsky

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

NOV 3 1997

Honorable George P. Radanovich
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Radanovich:

I was glad to have the opportunity on October 22 to meet with you and other Members of the California delegation to discuss fast track. As you know, no state exports more agricultural products than California, and greater access to foreign markets is critical to the future health of California's farm sector.

I share your concern about the disparity in wine tariffs between the United States and many of our trading partners. I appreciate the input from you and your colleagues on this issue. Opening markets for our wine producers remains a key priority for me and this agency. We have made progress. For example, Canada's tariffs on U.S. wines will be eliminated on January 1, 1998. Canada is the single largest market for U.S. wine, and the elimination of tariffs on wine was negotiated under the U.S.-Canada Free Trade Agreement.

We have made headway in other markets, such as the EU and Israel, but results remain insufficient to get the access that we need. I agree with you and your colleagues that much work remains. We should not ignore, however, the overall healthy level of U.S. wine exports. Wine exports reached a record \$320 million last year, a dramatic 150-percent increase over 1990. U.S. wine sales to the EU continued a 7-year upward trend, and 1996 also saw continued growth in exports to Asia.

Exports now account for 10 percent of U.S. wine production, and as the wine industry continues to look to foreign markets to bolster sales, farm-gate prices, and income, we will need to increase our efforts to expand access overseas. For example, we are actively engaged at this time with Mexico and the EU to improve access for U.S. wine. More broadly, whether the obstructions are in the form of high tariffs and licensing fees in Mexico and Asian countries, restrictive state or provincial monopolies in some Scandinavian countries and Taiwan, or preferential trade agreements in Latin America that we are not a party to, this Administration will use all the tools at its disposal, including fast track, to level the international playing field for U.S. wine.

Congressman George Radanovich

Page 2

My staff and I have met with wine industry leaders; we have also been working with the Committee on Ways and Means on specific legislative language to address industry concerns, and we will continue to do so. Once again, I was glad to meet with you, and I look forward to your support in our joint efforts to promote U.S. agriculture.

Sincerely,

A handwritten signature in black ink, appearing to read 'Charlene Barshefsky', with a long, sweeping horizontal line extending to the right.

Charlene Barshefsky

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

NOV 6 1997

Honorable George P. Radanovich
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Radanovich:

On November 3 I wrote to you to reiterate my concern about the high tariffs facing U.S. wine exports and to reiterate that improving market access for U.S. wine is a top priority of this Administration. In addition to discussing wine tariffs at our October 22 meeting, we also discussed another important issue facing California agriculture: the international trade implications of the EU's canned fruit regime. I would like to bring you up to date on our efforts to address the concerns of U.S. producers and processors of fruit about Greek exports of canned peaches.

We have worked actively with the U.S. industry concerning the market problems created by EU subsidies to the Greek canned peach industry. We are examining with our industry the legal options for addressing the EU's subsidies under the WTO Agreement and, as I mentioned to you last month, we are assembling all pertinent information upon which to base our decision.

We will continue to work closely with industry to determine our best course of action to resolve this long standing issue. If a reasonable legal case can be identified, we will pursue it.

Once again, I was glad to meet with you. I look forward to your support in our joint efforts to promote U.S. agriculture.

Sincerely,

A handwritten signature in black ink, appearing to read 'Charlene Barshefsky', with a long horizontal line extending to the right.

Charlene Barshefsky

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

NOV 7 1997

The Honorable John E. Peterson
House of Representatives
Washington, D.C. 20515-3802

Dear Congressman Peterson:

Thank you for your letter expressing interest in ensuring that our future trade agreements do not undermine the protection provided to America's workers and firms by our dumping and countervailing duties laws.

I know that the President shares the high priority you attach to creating and retaining good American jobs. Renewed fast track will give the President the tools he needs to continue expanding high-paying job opportunities at home by opening foreign markets to the products and services of Northwest Pennsylvania and our country as a whole.

While the United States has the world's most open and competitive marketplace, we must remain vigilant to ensure that American-produced goods can compete at home on fair terms with imported goods. For precisely this reason, the Administration places the highest priority on ensuring that our unfair trade laws remain strong and effective and are vigorously enforced.

The Administration fully supports the language included in H.R. 2621, the Reciprocal Trade Agreement Authorities Act of 1997, which directs U.S. trade negotiators to:

"... preserve the ability of the United States to enforce rigorously its trade laws, including the anti-dumping and countervailing duties laws, and avoid agreements which lessen the effectiveness of domestic and international disciplines on unfair trade, especially dumping and subsidies, in order to ensure that United States workers, agricultural producers, and firms can compete fully on fair terms and enjoy the benefits of reciprocal trade."

We intend to support the inclusion of this language in the final fast track bill.

To this end, I can assure you that the Administration will continue its ongoing efforts to improve disciplines over unfair trading practices, and that we will not use authority conferred by fast track legislation to conclude any agreement that would weaken our unfair trade laws, particularly our anti-dumping and countervailing duties laws.

I hope that this letter addresses the concerns you raised. To the extent you have remaining concerns, I would be happy to meet with you to discuss those at a mutually convenient time.

Sincerely,

A handwritten signature in black ink, appearing to read "Charlene Barshefsky", with a long, sweeping horizontal line extending to the right.

Charlene Barshefsky

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

NOV 7 1997

The Honorable Brian Bilbray
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Bilbray:

I enjoyed having the opportunity to meet with you the other day.

Recognizing that air pollution along the U.S.-Mexico border is a challenge which the two nations have faced for decades, I was interested to hear about your proposal for reducing smog along the U.S.-Mexico border by requiring commuter vehicles to comply with local air quality standards. I am sympathetic to your constituents' frustration with the air pollution problems caused by people commuting from across the border in cars that do not meet California's emissions standards.

I have passed along a copy of your bill to EPA Administrator Browner. I have also asked my staff to carefully review your bill and follow up with EPA. We will be in touch with your office in the near future to explore ways, in conjunction with EPA, to help improve our air pollution strategies along the growing border region.

I look forward to working with you.

Sincerely,



Charlene Barshefsky

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

NOV 6 1997

The Honorable Carol M. Browner
Administrator
U.S. Environmental Protection Agency
401 M Street, S.W.
Washington, D.C. 20460

Dear Administrator Browner:

During a recent meeting that I had with Congressman Bilbray, the discussion turned to legislation he has introduced that is designed to reduce smog along the U.S.-Mexico border by requiring commuter vehicles to comply with local air quality standards. Knowing of your interest in this area, I have attached a copy of this bill (H.R. 8) for your staff to review. My staff is also reviewing the bill for any trade policy implications.

We look forward to hearing EPA's views on this legislation.

Sincerely,


Charlene Barshefsky

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.
- **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.

THE WHITE HOUSE

WASHINGTON

September 21, 1997

Dear Xavier:

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

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,

A handwritten signature in black ink, appearing to read "Brian". The letters are cursive and slightly slanted to the right.

The Honorable Xavier Becerra
House of Representatives
Washington, D.C. 20515-0530

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

November 6, 1997

TO: Cory Flohr
Legislative Assistant
Representative Bob Schaefer

FROM: Jennifer Haverkamp
Assistant U.S. Trade Representative
For Environment and Natural Resources

SUBJECT: Fast-Track Legislation

I understand that Congressman Schaefer is concerned about the possibility that environmental groups could seek to challenge U.S. environmental laws under agreements negotiated pursuant to fast-track legislation. The attached letter, which Ambassador Barshefsky recently sent to Senator Murkowski, may help to respond to those concerns.

If you have any further questions, please feel free to call me at (202) 395-7320.

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

October 30, 1997

The Honorable Frank H. Murkowski
United States Senate
Washington, D.C. 20510

Dear Senator Murkowski:

Thank you for your letter expressing the concern that private groups may seek to challenge U.S. environmental practices under agreements negotiated pursuant fast track legislation now pending before the Congress. You also asked me to provide you with an update of challenges to U.S. environmental laws brought to date under the NAFTA Environmental Side Agreement and the World Trade Organization Agreements. I welcome the opportunity to respond to your concerns.

First, let me reassure you that nothing in either the Senate or House bills would increase the likelihood of legal challenges of the type you described. The Congress has uniformly required in fast track implementing legislation adopted since 1979 that private parties be barred from bringing enforcement actions under such agreements. We would expect any future fast track implementing legislation to include similar language. Neither pending bill changes or enhances the President's ability to conclude other types of agreements.

As to your question regarding issues raised under the existing NAFTA Environmental Side Agreement, three such cases were initiated and all were dismissed at an early stage.

The submission referenced in your letter, regarding the U.S. logging law, was filed in 1995 by a consortium of environmental groups, including the Sierra Club Legal Defense Fund. This submission alleged that provisions of a 1995 supplemental appropriations act resulted in a failure to effectively enforce U.S. environmental laws by eliminating private remedies for timber salvage sales. The Secretariat of the Commission for Environmental Cooperation (CEC), which administers the NAFTA Environmental Side Agreement, determined that the act made a change in law, which did not constitute a failure to effectively enforce the law within the meaning of Article 14.

Another submission concerning the United States presented the same question and was disposed of similarly. Filed in June 1995 by a consortium of environmental groups, it alleged that a supplemental appropriations and rescissions bill suspended enforcement of the Endangered Species Act's listing provisions. The case was terminated when the Secretariat determined, as with the logging rider submission, that the provisions of Article 14 were not intended to apply to legislative actions.

The third submission involving the United States was filed in November 1996, and involved an allegation that the U.S. Army had failed to conduct an adequate environmental impact assessment when Congress decided to increase the number of personnel assigned to Fort Huachuca, Arizona. In our response, the United States noted that the submitter had failed to file a timely complaint in U.S. courts, and that the alleged non-enforcement action occurred entirely before the Environmental Side Agreement entered into force. The Secretariat decided not to go forward with the case.

The WTO Agreements do not contain an analogue to the NAFTA Environmental Side Agreement, and do not contain provisions regarding citizen submissions or alleged failures by WTO members to enforce their environmental laws. Under the WTO Agreements, environmental laws may be at issue when one WTO member alleges that another member's laws unjustifiably discriminate against imports. Under the WTO Agreements, as under the NAFTA, each member's sovereignty is fully preserved. Moreover, as under the NAFTA, each WTO member reserves its right to determine its own level of environmental protection, and WTO dispute settlement panels cannot require a WTO member to change its laws.

With respect to your request for a list of other challenges to U.S. environmental laws under either the NAFTA or the WTO, there have been two such cases -- both under the WTO. The first was a case brought in 1995 by Venezuela and Brazil concerning regulations issued by the Environmental Protection Agency pursuant to the Clean Air Act with respect to gasoline. A WTO panel, and eventually the WTO's Appellate Body, accepted the complainants' contention that certain elements of the regulation were discriminatory in nature. However, both bodies made clear that U.S. environmental objectives were not in any way at issue, but rather only certain aspects of EPA's means of implementation.

After carefully evaluating the findings in this dispute, and after close consultation with congressional committees of jurisdiction, the Administration decided to initiate a process to bring EPA's regulations into conformity with our WTO obligations. This process was conducted in the best tradition of the open U.S. regulatory process. EPA began by inviting comments on possible compliance options. It then prepared a notice of proposed rule making, followed by a proposed final rule, providing full opportunity for input by all interested parties. Consultation with the congressional committees of jurisdiction was a key element of this process. On August 19, 1997 Administrator Browner signed a final rule which completes the compliance process. In issuing the final rule, EPA underscored its belief that the revised rule is consistent with EPA's commitment to fully protect public health and the environment.

In the second WTO case involving a U.S. environmental law, India, Malaysia, Pakistan, and Thailand -- all exporters of shrimp to the United States -- are challenging a U.S. law which prohibits the importation of shrimp harvested with commercial fishing technology that may adversely affect endangered species of sea turtles. The United States requires its domestic shrimp industry to use devices that protect sea turtles from unintended deaths in shrimp trawl nets, and the U.S. law requires that shrimp exported to the United States be harvested in the same

manner. A decision by the dispute resolution panel is currently scheduled to be released in March 1998.

I trust that this addresses your concerns.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charlene", followed by a long horizontal flourish.

Charlene Barshefsky

THE WHITE HOUSE

WASHINGTON

November 9, 1997

The Honorable Charles F. Bass
House of Representatives
Washington, D.C. 20515

Dear Representative Bass:

As the House prepares to vote on H.R. 2621, the Reciprocal Trade Agreement Authorities Act of 1997, I write to commend you for your important work on this issue. Your vote in favor of "fast track" trade authority is a vote for more high-paying jobs in New Hampshire and strong American leadership abroad.

Over the past four and a half years, New Hampshire's unemployment rate has fallen dramatically and 78,000 new jobs have been created. A key reason why more people in New Hampshire are working is because New Hampshire is exporting more of its products abroad. In fact, the number of jobs supported by New Hampshire's exports has increased by 61 percent, to 26,000.

According to the Department of Commerce, New Hampshire's exports to the world have doubled since 1992, to \$2.2 billion this year. New Hampshire's exports to Canada have increased 118 percent, to \$1.1 billion -- making Canada New Hampshire's largest export market. Moreover, New Hampshire's exports to Japan are up 122 percent, while exports to Mexico have risen 169 percent.

Clearly, opening foreign markets through tough, fair trade agreements have benefited New Hampshire's economy and its workers. Your vote for fast track is critical if we are going to keep the state's strong economy on the right track. I look forward to working with you to assure that any agreements negotiated under the fast track process take into account the needs of New Hampshire's businesses and working families.

Sincerely,



RECEIVED BY THE INS FROM THE DISTRICT

Congressman Gallegly has requested 10 INS investigators to support efforts to detect and remove illegal workers in the congressman's Ventura County, California District. He talked with INS Commissioner Meissner yesterday. INS plans to move from 8 - 10 investigators to the congressman's district to address his concern in a phased approach. The first increment of new agents should arrive within the next few months (from LA County) with the additional agents added as new resources become available in FY 1998.

NO -
needs
border guards

Police Station in Simi Valley

- The police station in Simi Valley, California sustained some damage during the Northridge Earthquake. Because the building had a steel frame, FEMA found that it did not sustain any *structural* damage and was therefore eligible for FEMA funds only to bring the building back to its state before the damage. FEMA paid \$400,000 to fix the drywall, raise the building (because it had settled during the earthquake), and repair the foundation.
- The county wants FEMA to find at least 10% structural damage, which would make the county eligible for additional funds to bring the building up to new codes. With a finding of 30% damage, the county would be eligible for \$3.7 million to replace the police station entirely.
- If FEMA were to waive its normal rules and find any structural damage greater than zero percent, the agency would face additional Northridge claims worth hundreds of millions of dollars.

OMB says can't help

— Are we sure?

He wants to vote yes but
needs help



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DEPUTY DIRECTOR

November 6, 1997

Representative J.D. Hayworth
1023 Longworth HOB
Washington, DC 20515-0306

Dear Representative Hayworth:

I am writing to follow up on our conversation earlier this afternoon regarding the in-situ copper research program in Arizona that has been funded since 1986 by the Department of the Interior.

The Department of the Interior informs us that this project still had a balance of carryover funds of about \$2 million at the beginning of this fiscal year, October 1, 1997, which is available to continue work on the project this year. This carryover amount is adequate to complete the research now underway through FY 1998, including the data analysis and evaluation of research results for the 10 years of this demonstration project. In addition, these funds will provide the planned allocation for addressing federal environmental liabilities associated with the project.

It is our understanding that the private partners in this project are expected to support a continuation of the work on their own after the federal participation is completed. As part of the phase-out of federal participation, the Department will produce a report which summarizes the results of the research and the potential applicability of the technology. We expect that adequate funds are available for this report preparation. However, if adequate carryover funds are not available to complete a report on the potential applicability of this technology, we will include funding for such a report in our FY 1999 Budget request to the Congress.

Sincerely,

A handwritten signature in black ink, appearing to read "Jacob Lew", is positioned above the printed name.

Jacob Lew
Deputy Director

cc: Erskine Bowles

TO: Erskine Bowles
Chief of Staff, The White House

FROM: Congressman J.D. Hayworth

DATE: November 5, 1997

Sent to [unclear]

MEMO

I enjoyed speaking with you about several important legislative issues and, as requested, I am following up with information about the in situ technology research program that President Clinton line-item vetoed from the Fiscal Year 1998 Energy and Water Appropriations bill.

As we discussed, the in situ research program is exploring an environmentally-friendly mining technology. Congress provided \$1,000,000 in the Energy and Water Appropriations bill to complete the final year of the in situ program's field test. In addition, \$300,000 was provided for Bureau of Reclamation oversight of the program. The federal funds are cost-shared by the non-federal participants on a 75/25 basis as provided for in the project contract.

The project has been supported by Congress since its inception in 1986 and has successfully traversed many technical and administrative requirements at both the federal and state level. Although there have been delays associated with the first-of-its-kind Aquifer Protection Permit required by the Arizona Department of Environmental Quality and with resolving the usual unknowns inherent in an experimental program, the project is still operating under the budget projections of the original design manual.

Fiscal year 1998 is the *final* and most critical phase of the research activities. The objective is to master the technical aspects of controlling and directing solutions to target concentrations within the ore body. The information being derived, however, has potential uses well beyond mining. Very promising applications for underground stabilization and the removal of contaminants have been discovered as a secondary benefit of the program.

It seems to me that to walk away from the project after investing so much time and money in this promising technology makes little fiscal sense, especially since the administration prides itself on environmental protection. The technological payoff is a year away. Why quit now?

But what really is troubling is the way in which the veto was handled. I was never allowed an opportunity to make the very strong case for this project before the veto was issued. And I have to tell you that there are many who believe the veto was politically motivated. Please see what you can do to help rectify this unfortunate situation.

Thank you for your consideration and attention. I look forward to hearing from you soon.



J. D. Hayworth
Member of Congress



CHIEF OF STAFF TO THE PRESIDENT

Till Blitskin

*Very important Member of
Fast Track*

*Wanted \$1.3 Mill
- 2 mill carry over from 98
- He wants respect regarding
- we don't have mechanism
to make
- we can't do this
- put on delay
- 997
- does he know?*

OWEN PICKETT
VIRGINIA
2ND DISTRICT

COMMITTEE ON NATIONAL SECURITY
SUBCOMMITTEE ON RESEARCH & DEVELOPMENT
MANAGING MEMBER

SUBCOMMITTEE ON MILITARY READINESS
SUBCOMMITTEE ON MILITARY PLANNING
PANEL ON MORALE, WELFARE AND RECREATION

COMMITTEE ON RESOURCES
SUBCOMMITTEE ON WATER AND POWER

HOUSE OF REPRESENTATIVES
OF THE UNITED STATES
WASHINGTON, D.C. 20515
November 4, 1997

VIRGINIA OFFICE
3841 EAST LITTLE CREEK ROAD
SUITE 1
NORFOLK, VIRGINIA 23518
(757) 583-3892

2710 VIRGINIA BEACH BOULEVARD
VIRGINIA BEACH, VIRGINIA 23452
(757) 486-3710

Mr. Erskine Bowles
White House Chief of Staff
The White House
First Floor West Wing
Washington, D.C. 20502

Dear Mr. Bowles:

I am writing to urgently request your assistance on two hurricane and storm damage control projects located in my congressional district, the Sandbridge Beach Hurricane and Storm Damage Protection Project and the Virginia Beach Erosion Control and Hurricane Protection Project.

The Sandbridge project was authorized by Congress in 1992 (Public Law 102-580, Section 101(22)), three years before the Administration arbitrarily terminated funding of this type project (a number of previously authorized projects have nevertheless been fully funded). The community relied upon federal authorization to move ahead with its special tax district and take other steps to protect public and private property from storm damage. This is not a recreational project. The Corps of Engineers determined that the project cost is fully justified based on a favorable cost/benefit ratio using solely the value of property protected.

On May 7 of this year, the Assistant Secretary of the Army for Civil Works granted approval for Corps acceptance of \$8,100,000 in Local Sponsor contributed funds for a one time emergency construction project. A Project Cooperation Agreement (PCA) between the City and the Corps is presently before the Assistant Secretary of the Army for Civil Works for final approval. Plans and specifications for the project are complete and a construction contract is scheduled to be advertised and awarded in early 1998. Construction will commence in May 1998 with completion scheduled for October 1998.

I will deeply appreciate your help in obtaining assurances (1) for Administration support of one-time funding for construction of the Sandbridge Project, (2) expeditious and timely review and approval of the PCA for the Sandbridge project, and (3) for exemption as a federal project under Public Law 103-426; 43 U.S.C. 1337(k)(2) relating to the payment for

Send to Jill Bluestein: GB
Members Very important has on
Fast Track

Frank
will be
please send
my
GB

November 4, 1997
Mr. Erskine Bowles
Page 2

minerals (sand).

The second issue of concern to me is the Virginia Beach Erosion Control and Hurricane Protection Project authorized in the Water Resources Development Act of 1992 (Public Law 102-580, Section 102(cc)). This is not a recreational project. The Corps of Engineers determined that this project has a cost/benefit ratio of better than 1.5 to 1 using solely the value of property protected. This is a multiyear project that initially was scheduled for construction over a four year period.

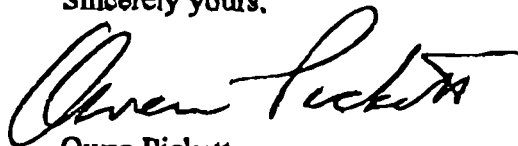
For the past two years, Congress has appropriated funds for this project. The Pre-construction, Engineering, and Design Phase (PED) has been completed and the Construction Phase commenced in 1996 and is continuing. The Fiscal Year 1998 Energy and Water Appropriations Act (Public Law 105-62) appropriated \$13 million for project construction. The Assistant Secretary of the Army for Civil Works currently has under consideration a modification of the existing PCA executed in 1996 to facilitate the continued construction of this project.

Your assistance is requested to assure (1) Administration support for continued funding of this project and (2) to expeditiously review and approve the PCA modification.

Both of these projects are extremely important to me in my district and I hope you will find it possible to assist me with them.

With kindest personal regards, I am

Sincerely yours,



Owen Pickett
Member of Congress

OP/lc

*Will appreciate
your help!
OP*

THE WHITE HOUSE
WASHINGTON

November 7, 1997

Dear Representative Thune:

As I know we both agree, the future of America's farmers and America's farming communities is integrally related to our ability to compete in global markets. In 1996, U.S. agricultural exports climbed to \$60 billion, an historic high for such exports. In fact, American agriculture is more than twice as reliant on foreign trade as the U.S. economy as a whole, with exports currently accounting for an estimated 30 percent of agriculture's cash receipts.

But as you have correctly pointed out, more can be done to increase the ability of American farmers to sell their products overseas. You have been a leader in promoting the ability of U.S. farmers to export their products and I am glad to continue our joint efforts to achieve this goal. In that regard, I am glad to convey my support for the attached list of initiatives that can further strengthen the ability of America's farmers to compete in today's global economy.

Sincerely,

A handwritten signature in black ink, reading "Bill Clinton". The signature is fluid and cursive, with a long horizontal stroke at the end.

The Honorable John R. Thune
House of Representatives
Washington, D.C. 20515-4101

ADMINISTRATION SUPPORT FOR U.S. AGRICULTURE

The Administration is well aware that no other sector in the U.S. economy has benefited as much from trade as agriculture, and that no other sector's future is so closely tied to exports and free and fair access to foreign markets. Agricultural exports were a record \$60 billion in FY 1996, and with a trade surplus of \$27 billion, agriculture is now the largest positive contributor to the U.S. balance of trade.

We share the concerns of Congressman Thune and other leaders in the agricultural community about the very real restrictions in foreign countries facing exporters of U.S. agricultural products. The Administration will continue to be aggressive in the international arena, building on our past trade policy successes, and opening up new opportunities for U.S. agriculture.

Support for Agricultural Exports

The export of agricultural products is an important component of U.S. agriculture's success in foreign markets. These exports contribute directly to farm income and to the health of the overall economy, and farm sales overseas are an important factor in improving the United States merchandise trade balance. Unfortunately, U.S. farmers and ranchers cannot realize their full export potential because some foreign countries deny fair and equitable market access to U.S. agricultural products.

In order to identify unfair market restrictions on U.S. agricultural exports, and to focus our resources on removing these barriers, the Administration supports HR 2596, the United States Agricultural Products Market Access Act of 1997.

The Administration agrees that it would be beneficial for the U.S. Trade Representative to identify, on an annual basis, countries that deny market access for U.S. agricultural products, or that apply standards for the import of agricultural products from the United States, that are not related to protecting human, animal, or plant life or health, and are not based on scientific principles.

The Need for More Timely Data on Trade in Livestock and Livestock Products

America's livestock sector contributes greatly to our agricultural trade surplus. The export value of red meats, for example, has risen steadily during this Administration, and is at record or near-record levels. U.S. agriculture now boasts a \$2.4 billion surplus in red meat trade.

Significant cross-border trade in live animals and meat has accompanied the rise in exports. Timely and reliable trade data are critical to our producers, especially those who live in border areas and experience first-hand trade with our geographical neighbors. Imports can have an important impact on the conditions of competition facing U.S. livestock producers. The Department of Agriculture's Task Force on Concentration in the Livestock Industry also highlighted these concerns, and called for more timely reporting of price and quantity data for

livestock and livestock product trade. More timely data can help improve competition in the market place by giving all participants a better understanding of forces shaping the market.

In response to urging from Congressional leaders such as Congressman Thune, I have directed the following administrative actions that will improve the availability of livestock import data:

The Secretary of Agriculture, in close cooperation with the U.S. Customs Service and the agricultural community, will identify and make available timely and appropriate price and value data on U.S. imports of live cattle and beef.

Improved Availability of Basic Data on Canada's Cattle Sector

Increased cross border trade between the United States and Canada in cattle and beef has raised the interest of U.S. livestock producers about economic conditions in Canada's cattle sector. Up-to-date information on cattle inventory, cattle slaughter, and cattle and beef trade will answer U.S. producer needs for information about a significant competitor in the U.S. market. To obtain this information on Canada's cattle sector:

The Secretary of Agriculture will engage in consultations with his counterpart in Canada for the reciprocal exchange, on a monthly basis, of data on cattle inventory; cattle slaughter; and cattle and beef trade between the United States and Canada. This data shall be made available to all interested parties upon receipt.

Voluntary Labeling of Meat of U.S. Origin

The rise in cross-border trade between the United States and Canada in cattle and beef has raised interest in developing a voluntary labeling system for meat of U.S. origin. The Administration stands ready to assist the livestock industry in its ongoing efforts to examine and develop voluntary labeling of meat of U.S. origin. To this end:

The Secretary of Agriculture will, in cooperation with the U.S. livestock industry, develop guidance for the voluntary labeling of meat and meat food products produced in the United States from livestock raised in the United States to indicate the U.S. origin of the meat and meat food products, and will promote technical assistance to the U.S. industry to facilitate the use of such labeling.

THE WHITE HOUSE

WASHINGTON

Dear Zoe:

I am writing to set out my Administration's commitment to address the important issues you have raised in connection with the House of Representatives' consideration of legislation to renew fast track trade negotiating authority.

I share your view that our efforts to open foreign markets to U.S. exports must be complemented by an effort to advance respect in other countries for worker rights and environmental protection. The renewal of traditional trade negotiating authority will enable the United States to continue to assume its leadership role in negotiating strong trade agreements to open other markets, creating new opportunities for our workers and our companies. This engagement can also help promote greater attention by other countries to the protection of worker rights and the environment.

Greater international attention to these issues is integral to our efforts to see that all workers have the opportunity to compete and win in the global marketplace. It also helps serve as an important reminder that the ultimate rationale for freer, expanded trade is to create additional wealth and, by so doing, to improve the living conditions of workers both in the United States and abroad. U.S. leadership in this regard affords a clear example to the rest of the world that protecting the environment and worker rights helps contribute to increased economic growth and prosperity.

Expanding trade for America's workers and firms creates good jobs in this country - jobs that on average pay 15% more than non-export related jobs. But we must also be honest that the benefits of expanded trade do not fall equally on all Americans. A comprehensive U.S. trade policy must also provide assistance for those individuals and communities adversely affected by trade, so that all Americans have the opportunity to compete and win in the global economy. I know you share my commitment to that goal.

Other Efforts to Address Labor and Environmental Concerns

Section 102(c) of the House fast track bill directs the President to ensure that any trade agreements entered into by the United States "complement and reinforce" other important U.S. policy objectives, which expressly include environmental protection and respect for worker rights. U.S. priorities under this section include ensuring that trade and environmental policies are "mutually supportive" and promoting a greater understanding of the relationship between trade and worker rights, in particular by working with the International Labor Organization "to encourage the observance and enforcement of core labor standards, including the prohibition on exploitative child labor."

In short, the bill encourages the President to pursue labor and environmental objectives through a variety of means. This is precisely what the Administration already is working to accomplish in a variety of international fora and through direct negotiations with other countries, with a series of new initiatives announced recently, as described below.

Finally, the bill also sets out in section 102(d) clear guidance for U.S. trade negotiators, requiring them to take into account our own domestic objectives, including "the protection of health and safety" as well as "environmental, consumer, and employment opportunity interests" in any future negotiations. This is intended to ensure that our negotiators keep these important objectives closely in mind during the course of future trade negotiations.

II. Other Initiatives on Worker Rights and the Environment

Under the House fast track bill the President retains his full authority to use additional means to promote greater respect for worker rights in other countries. He is committed to doing so through direct negotiations with these countries, whenever appropriate, as well as in a variety of international fora. In this regard, the Administration has announced a series of new initiatives on both labor and environmental issues, which complement the provisions on labor and the environment in the fast track legislation. These initiatives demonstrate that we should work to promote stronger protection of worker rights and the environment in a variety of ways in a variety of fora. Indeed, they reveal that trade negotiations may not always afford the best venue for achieving these important objectives.

These initiatives are fully consistent with our goal of expanding international trade. By remaining active here, the United States can help ensure that protection of the environment and promotion of worker rights are in step with trade liberalization. Our leadership position grants us both an opportunity and a challenge: to ensure that trade expansion and improved protection of the environment and worker rights are mutually supportive, and together contribute to economic growth, higher standards of living, and a higher quality of life both in the United States and abroad.

A. Labor Issues

In the labor area, the Administration supports a range of initiatives designed to strengthen respect for core labor standards. We already have taken a number of important steps to broaden international respect for freedom of association; the right to organize and bargain collectively; prohibitions on forced labor and 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 ways.

Review of Future Free Trade Agreement (FTA) Partners

The Administration is committed to ensuring that Congress and the American public have an opportunity to thoroughly evaluate future free trade agreements. One important element of this plan is our commitment to make certain that Members of Congress and the public are informed of the broader relevant conditions in prospective FTA partner countries, including each country's labor laws and practices, environmental laws and practices, legal system, macroeconomic policies and conditions, trade laws and practices, and other relevant conditions. To advance this effort:

- We will submit to the Congress, and make available to the American public, a review evaluating these conditions in each prospective FTA partner country when an agreement is brought back for congressional approval. This review will be prepared with the participation of relevant Executive Branch agencies, including the Department of Labor, the Environmental Protection Agency, the Department of Justice, the Department of Treasury, the Office of the United States Trade Representative, and the Department of Commerce.
- Among the matters this review will address are: (1) the FTA partner country's relevant labor and environmental laws, including the enforcement of those laws; (2) the integrity and effectiveness of the country's legal system; (3) the country's macroeconomic policies and practices, including the operation of its exchange rate system; and (4) a description of the country's institutional structures and general policies and practices for addressing each of these areas.

Labor Department Annual Report on Labor Conditions under the North American Agreement on Labor Cooperation

We believe that a greater understanding of the labor conditions in our NAFTA partners will allow us to 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 for each NAFTA partner the labor laws, practices, and conditions covered by the NAALC, as well as the relevant proceedings, actions and cases under the NAALC, and the steps being taken by our NAFTA partners to conform to the findings in any such cases.

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 issues related to core labor standards into the planning and programs of the IFIs. 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 United States should continue to heighten attention to this issue. To that end, Secretary Rubin highlighted the need to place greater emphasis on labor standards in his 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 issues related to core labor standards more broadly and examine ways to incorporate these issues more systematically into the work of the IFIs. As part of this, the State Department will undertake a variety of diplomatic efforts to promote observance of core labor standards.

Heightening the Priority given by the IFIs to Worker Rights Issues

- 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 seek over time to pattern this effort on the institutional reforms undertaken by the Bank in recent years to strengthen its capacity to incorporate environmental considerations in lending and policy advisory activities.
- 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 IFI budgets contain resources sufficient to conduct screening operations and similar analytical functions.

- We will actively promote our proposed joint World Bank-IMF conference on issues related to core labor standards in an effort 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 urge the multilateral development banks to increase both technical assistance and direct lending to promote greater adherence to core 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.

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 urge the ILO to work with member states to address these practices. We also will review whether to recommend increased coordination on this issue between the ILO and the WTO.

Child Labor

The Administration has focused particular attention on addressing concerns about the exploitation of child labor. Since 1993, we have responded to congressional concerns by preparing three major reports on child labor practices, and have used these reports to aid the private sector in developing voluntary codes of conduct, labeling efforts, and production changes in overseas facilities. Innovative approaches in this area also include providing funds to the ILO's International Program for the Elimination of Child Labor (IPEC); pressing successfully for a greater ILO focus on exploitative child labor; using U.S. laws to suspend trade benefits in response to persistent exploitative child labor practices; and holding two workshops in 1997 with our NAFTA partners to discuss child labor concerns in North America. To build on these efforts:

- The Labor Department will soon release a fourth report on the use of consumer labeling initiatives to combat child labor and other exploitative working conditions. The Department also expects to begin a fifth report evaluating strategies that have been undertaken in other countries to reduce exploitative child labor.
- The Administration supported the recent enactment of a change in the Tariff Act of 1930 to clarify that products of forced or bonded child labor can be excluded from entry into the United States. The Department of the Treasury is establishing a task force to assure that the Administration can effectively respond to any allegations raised under the new law.

B. Environmental Issues

The Administration also will actively promote greater environmental protection. Those initiatives recently announced include:

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. Second, we will present our transparency objectives with respect to WTO activities and proceedings 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 in dispute settlement 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 observance by 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.

WTO: Eminent Persons Group

We strongly support efforts to improve the understanding of how environmental considerations relate to 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, the environment, and development, to examine issues and formulate options for the WTO to consider.
- We will propose that the group examine the interaction of national and international environmental policies with WTO rules and principles. Among the issues it should address are: the relationship of GATT Articles III and XX to environmental measures that affect trade; the relationship between trade measures in international environmental agreements and WTO rules; and the relationship between trade disciplines and "ecolabeling."

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 existing law, 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 and its expansion to the IFIs that currently do not make use of independent inspection panels.
- 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, as appropriate, in its program design and annual consultations with members to consider the link between the environment and economic policy choices.

III. Initiatives to Help American Workers and Communities

This Administration also is committed to make it possible for all Americans to share in the benefits of open trade through a strategy that helps American workers and communities succeed in the global economy. We reject the view that in the new economy, workers should somehow be left on their own. Our plan -- developed with many Members of Congress -- illustrates the Administration's vision of economic growth: as we tear down foreign barriers and open foreign markets, we also are determined to work to bring more Americans into the winner's circle.

In order to help more Americans succeed in the global economy, this plan (which will be part of the President's fiscal year 1999 budget) increases funds for worker and community adjustment, while doing more to tap the untapped potential of our inner cities and poor rural communities. The Administration's plan consists of three broad elements.

A. Worker Adjustment

- Improve and expand Trade Adjustment Assistance and ensure a quick response for worker dislocation. To make economic adjustment easier for workers, the Administration proposes a series of actions to make the dislocated worker and trade adjustment programs work better:

- Reauthorize TAA and NAFTA-TAA for two years. Both the House and Senate fast track bills include an extension of TAA and NAFTA-TAA for two years. The Administration supports this reauthorization. CBO estimates the costs of the NAFTA-TAA extension for two years at about \$102 million. While a two-year extension of TAA costs \$662 million, it does not require offsets since it already is included in the baseline.
- Give workers in firms which shift production to another country Trade Adjustment Assistance. Under TAA, workers may only be certified for assistance if their firm is adversely affected by imports. Under NAFTA-TAA, workers may be certified if either their firm is adversely affected or their firm shifts production to Mexico or Canada. As part of the President's FY99 budget, the Administration would propose legislation to give workers in firms which shift production to another country trade adjustment assistance. Covering shifts in production under TAA, as well as NAFTA-TAA, would cost \$69 million per year or about \$345 million over five years.
- Issue guidelines to promote greater use of "rapid response" for worker dislocation. Based on the recent experience with layoffs at Fruit of the Loom in Louisiana, the Labor Department will issue guidelines to the states promulgating that "rapid response" should be used for all substantial layoffs and plant closures. Rapid response is the initial information sharing activity (for employees, as well as employers) to facilitate access to all public programs -- this process helps individuals look for new jobs, while assessing their needs for reemployment services. The activity would occur as soon as the State receives a Worker Adjustment and Retraining Notification (WARN) notice of any substantial layoff or plant closure, or when the State becomes aware of such event through other sources.
- Cut certification times by one-third. In order to cut the TAA 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 receives data from companies; and (4) reduce the response time for the customer survey from 21 to 14 days. 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 about \$2.5 to \$3 million over five years.
- Modify waiver for training requirements for TAA and NAFTA-TAA so that they are similar. TAA requires that a participant be enrolled in training in order to qualify for income support; however, waivers of the training requirement are granted very often. In contrast, there is no waiver authority under NAFTA-TAA. As part of the President's FY99 budget request, the Administration would propose to narrow waiver authority under TAA and loosen it under NAFTA-TAA. This would serve to both reduce the abuse of the waive provision under TAA

and to harmonize the two programs. The costs of this proposal are undetermined, but it is likely revenue-neutral.

- 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 promote improved outcomes for participants. These performance measures will be implemented within current administrative cost and program budgets.
- Create Presidential Commission on "Workers and Economic Change in a New Economy." The Administration will create a commission on "Workers and Economic Change in a New Economy." This commission will study businesses' best practices in the areas of education and on-the-job training, and the opportunities for improving trade-related training programs; specifically examining the Federal-State and public-private partnerships in helping educate and train America's workers for the next century. The Administration will seek to include workforce development professionals, academics, state workforce or labor commissioners, union leaders, business leaders, and Members of Congress. This commission will be appointed by the President and will report back to him with its results by December 1, 1998.

Expand dislocated worker funding so that funding in 2003 would be triple that it was in the year before Clinton took office.

- \$750 million increase in dislocated worker funding over five years. In the year before President Clinton took office, the dislocated worker program was funded at \$517 million. Since President Clinton took office, dislocated worker money has more than doubled, allowing some 300,000 more dislocated workers to receive training this year than five years ago. The Administration proposes to increase funding so that a total of \$750 million more in dislocated worker funding is provided over the next five years. And that means that the resources for dislocated workers in 2003 will be more than triple the \$517 million funding in the year before President Clinton took office.
- Earmark \$250 million in existing funds for secondary workers – while initiating an informational campaign to reach out to them more effectively.
 - \$250 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 \$250 million over the next five years to provide job training and income support for secondary workers.

- Clarify that secondary firms can be certified for assistance even if primary firm does not apply for certification. 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 assistance, even if the primary firm does not apply for TAA or NAFTA/TAA certification. 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.
- Initiate an informational campaign to increase the take-up rate of secondary workers. Many secondary workers do not know they are eligible for training and income support. This informational campaign will work to raise their awareness of these programs. Outreach efforts can successfully reach many workers who are not, but should be, receiving job training and income support. The resulting increased case load could require 4-5 FTEs, at a cost of \$2 million over five years.

The Administration proposes four methods to raise the secondary worker take-up rate:

(1) The best way for the Labor Department to find secondary workers is to start with the primary firm and work outwards. By December 1997, 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 will form the basis of a concerted effort to identify and locate potentially eligible secondary workers.

(2) By December 1997, the Labor Department will issue a set of guidelines so that direct contact with potentially eligible secondary firms and their workers is made. The Labor Department will also disseminate fact sheets and posters to these secondary businesses, and will make information available to personnel offices. The Labor Department will also set up a bilingual web site to help contact secondary workers.

(3) The Labor Department will distribute information to State Employment Service and Unemployment Insurance offices where workers go to file unemployment benefits.

(4) 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. Specifications for the bidding process will be in place by December 1997 and the competition will begin soon thereafter. In seeking bids for the project, the Department will include in the specifications a requirement that the firm have experience with the Hispanic media in the region and will ask bidding firms to submit evidence of prior successful public education campaigns.

- Create Trade Adjustment Assistance contingency to ensure all workers who lose their jobs due to trade -- including those who lose their jobs due to trade agreements negotiated under fast track authority -- receive benefits.
 - Create Trade Adjustment Assistance contingency. While the Administration believes that trade agreements are beneficial for the country -- with more jobs being created on net than lost -- we understand the concerns of those who believe workers will be adversely affected by these agreements. Thus, to be certain that no one is left behind, we are proposing a Trade Adjustment Assistance Contingency that automatically will make additional adjustment assistance available for workers who have lost their jobs due to trade -- including those people who lose their jobs due to trade agreements negotiated under fast-track authority. Additional funds will be made available in increments if adjustment assistance demands ever exceed the estimate in our budget. While we fully expect this contingency will not trigger on, with this safety net added to the Trade Adjustment Assistance program there should be no question that resources will be there if the need ever arises.

B. Community Adjustment

- Provide \$250 million over five years for community adjustment; create Office of Community and Economic Adjustment to coordinate response to trade-impacted areas.
 - Expand community adjustment by \$250 million over five years; create Office of Community and Economic Adjustment to deal with trade-impacted regions. DOD's Office of Economic Adjustment (OEA) was the Administration's first point of contact with communities experiencing a military base closure or defense plant closing. Learning from the defense conversion experience, we would create an OEA-type body (the Office of Community and Economic Adjustment) to coordinate the Administration's response to trade-impacted regions by working with Labor, Commerce, SBA, HUD, Treasury, and other government entities. This group would provide planning grants and expertise to help communities develop comprehensive economic adjustment strategies. They also would bring the appropriate state, local and federal groups to the table to provide adequate

resources for implementing plans. The expert staff at OEA could be detailed to this body to help trade-impacted regions and workers. Moreover, to ensure there is proper funding for regions adversely impacted by trade, the Administration will expand the Economic Development Administration (EDA)'s Title IX budget. In 1997, Title IX had \$27 million in funding to help areas with sudden and severe economic dislocation, such as major plant closings. The Administration will propose \$50 million per year -- or \$250 million over five years -- in community adjustment funding, more than doubling EDA's Title IX budget each year, while creating an Office of Community and Economic Adjustment. This will allow for comprehensive economic development assistance to regions adversely impacted by trade, or other severe economic dislocations.

- Improve and expand NADBank. The Administration proposes a three-point plan to improve and expand the North American Development Bank (NADBank):
 - Expand financing for the NADBank CAIP. The Administration proposes expanding paid-in capital for the North American Development Bank (NADBank) Community Adjustment and Investment Program (CAIP) by \$37 million -- a full 160 percent increase over existing funds. These new funds will allow the Bank to leverage private capital markets to provide over \$150 million in additional financing to trade-affected communities. The additional resources could finance new activities, such as permitting the CAIP to provide matching grants, permitting more affordable financing for business development in trade-impacted communities, and to develop a micro-lending program to address the specialized needs of dislocated workers by encouraging small start-ups. The CAIP could also use the additional funding to expand its direct lending program by providing direct loans or innovative credit enhancements through intermediaries to assist a wide range of commercial and nonprofit borrowers who would otherwise lack access to commercial lending institutions.
 - Expand outreach and technical assistance. The CAIP will work to increase awareness about its programs and improve accessibility for trade-impacted communities. To that end, the CAIP will work to refine the criteria of the direct lending program to better address community needs and disseminate them widely through a variety of media, including by developing a bilingual Web Site with detailed explanations of the direct lending criteria and application forms. In addition, CAIP would work with trade-impacted communities to provide technical assistance in the development of strategic plans to help identify opportunities and attract investment.
 - Puerto Rico eligibility. Efforts must be made to permit communities within the Commonwealth of Puerto Rico that have been adversely impacted by trade and production shifts associated with NAFTA to access CAIP resources. To that end,

the CAIP Finance Committee will develop a marketing plan identifying the appropriate authorities and community development organizations in Puerto Rico that should be provided with extensive information about CAIP eligibility requirements and programs. CAIP staff will work directly with Department of Labor (DOL) and Economic Development Administration (EDA) staff to identify communities in Puerto Rico that may be eligible for assistance through CAIP as well as EDA and workers who may be helped through NAFTA-TAA. In these eligible communities, CAIP will hold round tables with community groups, bankers, elected officials, and community leaders to market the program.

- Improve environmental protection along the border. The Administration will improve environmental protection along the border by making infrastructure financing more affordable for poor communities, strengthening community environmental capabilities and accelerating project approvals.
- Making environmental infrastructure more affordable. The North American Development Bank (NADBank) and the Border Environment Cooperation Commission (BECC) will take steps to address the needs of poor communities: NADBank is establishing co-financing arrangements with U.S. and Mexican grant programs to provide affordable financing for border environmental infrastructure. We will seek appropriations of \$250 million for this program over the next three years. NADBank is working on a proposal to help smaller U.S. communities access the tax-exempt bond market by establishing reserve funds for debt servicing in cooperation with the State Revolving Funds. This would leverage \$4 million per year in NADBank financing to make available an additional \$16 million per year for smaller border communities. Finally, BECC and NADBank will establish a program to assist residents in poor communities to 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.
- Strengthening community capabilities. NADBank and BECC are developing new programs to provide technical assistance to border communities for environmental infrastructure development and management. In cooperation with the EPA, BECC is establishing a Project Development Assistance Program (PDAP) to help border communities develop environmental infrastructure project proposals. This Program will commit and disburse up to \$10 million to communities by the end of the year. 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, and we will seek to double total IDP resources to \$4 million.

- Enhance and build on tax provisions for equity investors in SSBICs. The Administration is committed to ensuring the success of the initiatives contained in the President's 1993 Economic Plan to encourage investments in specialized small business companies (SSBICs). The Administration would work with Congressman Jefferson and Congressional tax-writing staffs to enhance the effectiveness of these provisions through proposed modifications. These proposed modifications would cost on the order of \$50 million over five years.

- Accelerating project development. NADBank and BECC have developed a work plan for accelerating project development. Their 1997-99 work plan has identified more than 30 projects and potential projects with a total cost of more than \$500 million. They will also take steps to expedite project approvals, especially for smaller border communities: Small projects (typically 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 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.

- Improve export assistance centers so that they do more to help small businesses. There are over a hundred Export Assistance Centers located across the United States helping businesses export American goods abroad. Small businesses are an essential part of America's export strategy, accounting for almost 96% of all exporters, but only 30% of the value of exports. As part of our National Export Strategy, we will:
 - Increase both the number of rural businesses and share of small and medium-sized businesses receiving export assistance. By the end of 1999, the Export Assistance Center Network will increase by 20 percent the number of small and medium-sized firms receiving export assistance in the United States. To ensure this increase, the Export Assistance Center Network will do more to fully engage the programs of all its strategic partners to reach out to those businesses which have not ventured into foreign markets. Many small businesses in poorer rural communities have not realized their full export potential. To ensure more is done for rural small businesses, the Export Assistance Center Network will increase its focus on manufacturers and service companies located in rural areas -- with the goal of increasing by 20 percent the number of rural businesses who report exporting successes through the Export Assistance Network.

 - Enhance and regularize training for export assistance center staff. The Department of Commerce will enhance and regularize the training of all Export Assistance Center staff, improving customer service. Part of this training will be increasing the familiarity of the Export Assistance Centers field staff with all Trade Promotion Coordinating Committee (TPCC) agency programs, particularly in the trade finance area.

C. Helping Tap the Potential of Poor Urban and Rural Areas

- Expand initiatives that have proven records of helping to create jobs and opportunity for disadvantaged Americans. In order to create jobs and opportunity for disadvantaged Americans, the Administration proposes to:
 - Make flexible funding available for second-round urban empowerment zones. The Administration would request \$100 million per year in flexible grant funds for second-round urban EZs. This funding could be used for a wide range of activities, including economic development and housing projects, project-based rental assistance, and job training. Providing flexible grant funding for the second-round of urban Empowerment Zones would cost \$500 million over the next five years.
 - Expand the YouthBuild program. YouthBuild provides high school dropouts 16-24 with general academic and job skills training, as well as apprenticeships constructing and rehabilitating affordable housing. The FY 1998 appropriation for YouthBuild is \$35 million. This proposal would provide, beginning in FY 1999, an increase of \$10 million per year -- or \$50 million over five years -- for YouthBuild (above the FY 98 level).
 - Create opportunity areas for out-of-school youth. The Administration requested and continues to advocate strongly for \$250 million in competitive grants to selected high-poverty urban and rural areas, including designated EZs and ECs, to increase out-of-school youth employment. The House Labor-HHS-Education Appropriations bill includes \$100 million in funding for FY 1999; the Senate bill \$250 million (also advance funded). The Administration will work to ensure that the out-of-school youth program receive \$250 million per year, or \$1.25 billion over five years.
 - \$500 million in Welfare-to-Work transportation funds. The Administration requested \$100 million for an unspecified number of projects. The initial House bill provided \$42 million for 10 projects. The Senate transit legislation reported by the Banking Committee fully funds the President's request. To help move people from welfare-to-work, the Administration will continue working to secure full funding for welfare-to-work transportation funds. The Administration will work to ensure that welfare-to-work transportation funds receive \$500 million over the next five years.
 - \$225 million for CDFIs to expand the availability of credit in distressed urban and rural areas. The Community Development Financial Institution (CDFI) fund is designed to expand the availability of credit, investment capital, financial services, and other development services in distressed urban and rural communities. The Administration requested \$125 million for CDFIs, but the Treasury-Postal conference report provided \$80 million for FY98. The Administration will propose a \$45 million increase over the conference report in our next budget: \$225 million over five years.

'97 NOV 5 PM 12:07

THE WHITE HOUSE
WASHINGTON

November 5, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: SUSAN BROPHY *SB*
SUBJECT: CONGRESSIONAL CORRESPONDENCE

Attached for your signature is a letter in response to Rep. Nancy Pelosi's (D-CA) concerns regarding fast track trading authority.

THE WHITE HOUSE

WASHINGTON

November 5, 1997

Dear Nancy:

Thank you for writing concerning my Administration's request for fast track authority and the legislation, H.R. 2621, currently under consideration in the House of Representatives. I share your view that the trade agreements we negotiate should help promote greater respect for worker rights and environmental protection abroad. At the same time, I am confident that the pending fast track legislation gives me the authority I need to address these important objectives, including in future trade negotiations.

H.R. 2621 includes provisions on labor matters that are more focused and detailed than any previous fast track bill, and it includes protection of the environment as a specific negotiating objective for the first time ever. It directs us to negotiate agreements to prevent other countries from manipulating or ignoring their labor, environmental, health, or safety laws to gain an unfair competitive advantage. It also requires our negotiators to take into account our domestic health and safety, environmental, consumer, and labor objectives as they pursue trade liberalization abroad. In so doing, it enables me to work for trade agreements that provide the maximum benefit for American workers and firms and for the environment.

Under the legislation, I also retain my full authority to utilize additional means to promote greater respect for environmental protection and worker rights in other countries. I am committed to doing so vigorously, both through direct negotiations with these countries, whenever appropriate, and in a variety of international fora.

Toward this end, my Administration will be pursuing a variety of measures that address several of the specific issues raised in your letter. For example, as the attached document reflects, this week we announced a series of new initiatives on labor and environmental issues. Among these are measures to promote greater openness and transparency in the World Trade Organization (WTO), including through greater public access to documents and an enhanced ability of non-governmental organizations to participate in the WTO dispute settlement

The Honorable Nancy Pelosi
Page Two

process. We also will propose that the WTO Director General establish an "eminent persons group" to examine and report on the relationship between trade and environmental policies and practices.

With respect to your concern that the House bill may restrict what can be included in trade legislation under fast track, the bill ensures that we can include provisions that address the needs of American workers and companies. For example, it provides explicitly that we will be able to include trade adjustment assistance for U.S. workers and firms in future fast track implementing legislation. By permitting both those provisions that are "necessary" and those that are "related to" the operation or effects of the underlying trade agreement, the House legislation protects the ability of Members of Congress to include a broad range of relevant provisions in a fast track bill. At the same time, this language is narrow enough to prevent the kind of abuse that would occur if items wholly unrelated to the principal negotiating objectives were to be included in implementing legislation subject to fast track procedures.

You also express concern about the language in the House bill that foreign governments not be precluded from changing their laws for "sound macroeconomic reasons." We have long urged other governments to implement economic policies that make good development sense over the long term -- consistent with labor, environmental, and health and safety concerns. Sound macroeconomic policies and strong labor and environmental protections are complementary goals, and it is hard to envision how the relaxing of environmental or labor standards by other countries, in an effort to gain competitive advantage, could be consistent with sound policies.

I agree with you about the importance of ensuring that the trade agreements we negotiate are consistent with U.S. environmental objectives, as well as the need to consult to obtain input on environmental concerns and to keep Congress and the American public informed on these issues. The pending fast track legislation satisfies all of these requirements. In addition, among the new initiatives we announced this week is a requirement that the Administration report on the environmental laws and enforcement practices of future free trade agreement partners.

The Honorable Nancy Pelosi
Page Three

Let me also assure you that we fully intend to continue relying on the Labor Advisory Committee (LAC) to play a full role in our consultations with the private sector. The role of the LAC will remain on par with that of all other private sector advisory committees on trade. Any uncertainty that may have existed in this regard was eliminated as a result of a clarifying amendment offered by Representative McDermott and adopted during the Ways and Means markup of the House legislation last month.

Finally, I understand that Ambassador Charlene Barshefsky already has communicated to you our assurance that the Multilateral Agreement on Investment (MAI), which is still under negotiation, will not be brought back to the Congress under fast track procedures.

The renewal of fast track authority will give us the chance to break down foreign trade barriers and to advance worker rights and environmental protection at the same time. After decades of failed experiments and anti-Americanism, many of the world's developing countries today are embracing free markets, democracy, and other American values. But this progress will be sustained only if we continue to work closely with them in support of these efforts. Rejecting fast track, in contrast, would signal that we are not serious about the very reforms we have championed for so long. It would deny us the chance to pursue new export opportunities that create good jobs for our own workers. And it would do nothing to help us address our legitimate labor and environmental concerns with other countries: failing to pass fast track will not clean up a single toxic waste site or prevent a single case of exploitative child labor abroad.

As always, I welcome your views, and I look forward to working closely with you on this and other issues of mutual concern.

Sincerely,

A handwritten signature in dark ink, appearing to read "Nancy", written in a cursive, flowing style.

The Honorable Nancy Pelosi
House of Representatives
Washington, D.C. 20515

NANCY PELOSI
8TH DISTRICT, CALIFORNIA

2487 RAYBURN BUILDING
WASHINGTON, DC 20515-0508
(202) 225-4965

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FEDERAL BUILDING
450 GOLDEN GATE AVENUE
SAN FRANCISCO, CA 94102-3480
(415) 538-4862
n.pelosi@mail.house.gov
<http://www.house.gov/pelosi>

Congress of the United States
House of Representatives
Washington, DC 20515-0508

October 30, 1997

COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEES:
LABOR-HEALTH AND
HUMAN SERVICES-EDUCATION
RANKING MEMBER
FOREIGN OPERATIONS, EXPORT FINANCING
AND RELATED PROGRAMS
PERMANENT SELECT COMMITTEE
ON INTELLIGENCE
HUMAN INTELLIGENCE, ANALYSIS, AND
COUNTERINTELLIGENCE
CONGRESSIONAL WORKING
GROUP ON CHINA, CHAIR
AT-LARGE WHIP

The Honorable William J. Clinton
President of the United States
The White House
Washington, D.C. 20500

NOV 3 PM 6:25

Dear Mr. President:

Thank you for the opportunity to discuss the Administration's request for fast track authority. I am writing to relay some of my concerns about the fast track legislation.

Mr. President, you have characterized the decision on fast track as a defining one for the United States in the global economy. This fast track authority will establish the framework of our trade relations for the next ten years. As such, it is a defining moment for the importance we accord the environment and workers' rights. I am concerned that relegating these important issues to secondary status in trade agreements now will only ensure that they remain of secondary status as we move into the next century.

My constituents are specifically concerned that the fast track bill limits the Administration's ability to address concerns regarding workers' rights and protection of the environment in bilateral, regional, and other trade agreements. To the extent that labor and the environment are mentioned in the pending legislation, it is in a restrictive way. It is troubling that while the proposal strengthens international standards and enforcement on intellectual property, it ignores where it does not forbid strengthening enforceable environment or labor standards.

On November 1, 1993, in response to some of my concerns regarding the North American Free Trade Agreement, you wrote to me that you "will not hesitate to use the authority that the Congress has given to me to enforce workers' rights through Section 301 with respect to Mexico or any other country, where called for in those provisions." I based my support for NAFTA, in part, on this assurance. It is my understanding that the fast track legislation eliminates the specific reference to unfair trade practices but instead talks more generally about trade distortions, a term not defined in law. There is some question as to whether the strong assurance you gave on NAFTA could be adhered to under this new language.

Mr. President, because I believe the environment and the economy are inextricably linked, I believe that the environment should be central to any fast track legislation.

Under previous fast track authority, the President had the discretion both to negotiate and to include in trade bills that were brought to Congress under fast track environmental, labor or human rights terms that President deemed "appropriate." The Ways and Means legislation removes the "appropriate" standard and the Administration's discretion is limited to making the language necessary only for the operation or implementation of the trade agreement. The

President Clinton
10/30/97

page two

Administration would now be precluded from achieving more than allowed under the legislation and prevented from having those provisions considered under fast track. It is my understanding that this change means that even the language funding and approving the labor and environmental side pacts in the 1993 NAFTA implementation bill would not be included.

The legislation passed by the House Ways and Means Committee limits the discretion of the negotiators to achieve results only on matters that are "directly related to trade." Serious questions are already being raised about how "directly related to trade" will be defined. It is my understanding that there is no legislative history to define this phrase. How does the Administration intend to define "directly related to trade?"

One important aspect of addressing global environmental degradation is through attention to production process methods. If we are to slow environmental damage, we must deal with the way items are produced, as well as with consumption. Will production process methods be included under the Administration's interpretation of "directly related to trade?"

Serious questions have also been raised about the implications of language in the Ways and Means bill purportedly designed to ensure that foreign governments do not waive their existing domestic environmental, health, safety or labor measures (Section 102(b)(7)(B)) in order to give themselves a competitive edge. The language in the bill unfortunately precludes action to encourage strengthening such standards. Perhaps of even more immediate harm, however, is that it does not address a government's failure to enforce existing standards. In addition, the Ways and Means bill only addresses foreign governmental policies and practices. Private sector actions to limit environmental protection and labor rights are not addressed. Finally, countries with no existing labor or environmental standards fall completely outside this provision.

My constituents and I are also concerned with the consequences of a provision in the Ways and Means bill which would essentially allow derogation or waiver of existing domestic laws if such actions are "consistent with sound macroeconomic development." Under this provision, it appears that countries could indeed lower their environmental or labor standards to gain a competitive edge, as long as this action is consistent with their macroeconomic development.

It has also been brought to my attention that under the bill, the Administration's consultation with the Ways and Means Committee prior to negotiations now reserves a seat at the table for industry private sector groups, while the Ways and Means Committee Chairman's mark eliminated the statutorily-established Presidentially-appointed Labor Advisory Committee. It is unfortunate that those individuals whose role it is to ensure that workers rights are considered are removed from the process.

Specifically regarding the environment and fast track, I would like to bring to your attention some suggestions made by people in the environmental community. First, regarding "transparency," which is appropriately one of the negotiating objectives outlined in the legislation, it is essential that procedural transparency be expanded to the WTO. Benchmarks

President Clinton
10/30/97

page three

must be established by which transparency can be gauged. There must be expanded access to documents by those who are interested in the dispute settlement process. And, we must insist on ensuring the ability for non-governmental groups to participate in the dispute settlement process. I would also note my concern that while we are promoting transparency in other countries, the fast track legislation takes a step back from transparency in this country by granting the President new authority to allow for the classification of trade reports when deemed appropriate, rather than employing previous language allowing classification only when necessary to protect national security or trade secrets.

Second, many in the environmental community believe that the "general exceptions approach" is doing damage to legitimate environmental laws. They believe that the Administration could and should clarify this problem by establishing an Eminent Persons Group to examine the issue.

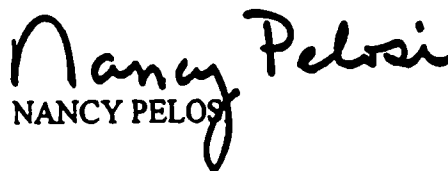
Third, the community believes and I strongly agree with them, that an environmental impact assessment should be done before negotiations are started and after negotiations are concluded to determine, among other things, the potential impact of the agreement on laws and on the environment. This process would also bring the Environmental Protection Agency (EPA) back into the trade dialogue.

Another issue of importance to my constituents is food safety. While you are to be commended for your recently announced initiative to improve food safety, there is concern about Congressional approval of and funding for your proposals. And, unfortunately, the Ways and Means fast track proposal changes the standard by which we protect public health, reinstating the "sound science" standard which has been so controversial in the past.

Finally, my constituents have raised concerns about the possibility that the Multilateral Agreement on Investment (MAI) could be brought up on fast track, as the MAI has serious consequences for a number of laws in the United States including environmental laws and the Community Reinvestment Act. My constituents question why the legislation does not specifically exclude the MAI from fast track consideration.

Thank you for your attention to my concerns and those of my constituents regarding the fast track legislation. I will give your response every serious consideration as I determine my vote on the fast track bill.

best regards,


NANCY PELOSI

NP:cb

THE WHITE HOUSE

WASHINGTON

Dear Leonard:

Thank you for writing regarding fast track legislation, H.R. 2621, pending in the House of Representatives. Like you, I believe that the trade agreements we negotiate should help promote greater respect for worker rights and environmental protection, and can contribute to the growth of a strong middle class in the countries with which we trade. I am confident that the pending legislation meets these objectives.

H.R. 2621, as well as its Senate counterpart, addresses the central concern you raise in your letter by making clear that other countries must "enforce their own current laws." This legislation contains provisions on labor matters that are more focused and detailed than any previous fast track bill. It includes protection of the environment as a specific negotiating objective for the first time ever. It expressly directs us to negotiate agreements to prevent other countries from manipulating or ignoring their labor, environmental, health, or safety laws to gain an unfair competitive advantage for their goods and companies. At the same time, I retain my full authority to utilize additional means to promote greater respect in other countries for environmental protection and worker rights. Please know that I fully intend to vigorously exercise this authority if and when needed, both through direct negotiations with other countries and in a variety of international fora.

The renewal of fast track authority will give us the chance to break down foreign trade barriers and to advance worker rights and environmental protection at the same time. It will allow us to develop stronger economic relationships with the emerging market economies of Latin America, Asia, Africa, and Central and Eastern Europe -- which will help enhance our partnership with these countries and promote American values. After decades of failed experiments and anti-Americanism, many of the world's developing countries today are embracing free markets, democracy, and other American values. But this progress will be sustained only if we continue to work closely with them in support of these efforts.

Rejecting fast track, in contrast, would signal that we are not serious about the very reforms we have championed for so

The Honorable Leonard L. Boswell
Page Two

long. It would deny us the chance to pursue new export opportunities that create good jobs for our own workers. And it would do nothing to help us address our legitimate labor and environmental concerns with other countries: failing to pass fast track will not clean up a single toxic waste site or prevent a single case of exploitative child labor abroad.

As always, I welcome your views, and I look forward to working with you on this and other issues of mutual concern.

Sincerely,

A handwritten signature in black ink, reading "Bill Clinton" with a stylized flourish at the end.

The Honorable Leonard L. Boswell
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

Dear Karen:

Thank you for writing regarding fast track legislation, H.R. 2621, pending in the House of Representatives. Like you, I believe that the trade agreements we negotiate should help promote greater respect for worker rights and environmental protection, and can contribute to the growth of a strong middle class in the countries with which we trade. I am confident that the pending legislation meets these objectives.

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The Honorable Karen McCarthy
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Sincerely,

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The Honorable Karen McCarthy
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

Dear Loretta:

Thank you for writing regarding fast track legislation, H.R. 2621, pending in the House of Representatives. Like you, I believe that the trade agreements we negotiate should help promote greater respect for worker rights and environmental protection, and can contribute to the growth of a strong middle class in the countries with which we trade. I am confident that the pending legislation meets these objectives.

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The Honorable Loretta Sanchez
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As always, I welcome your views, and I look forward to working with you on this and other issues of mutual concern.

Sincerely,

A handwritten signature in black ink, reading "Bill Clinton". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

The Honorable Loretta Sanchez
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

Dear Bill:

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The Honorable Bill Luther
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As always, I welcome your views, and I look forward to working with you on this and other issues of mutual concern.

Sincerely,

A handwritten signature in black ink, reading "Bill Clinton" with a stylized flourish at the end.

The Honorable Bill Luther
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE
WASHINGTON

Dear Ron:

Thank you for writing regarding fast track legislation, H.R. 2621, pending in the House of Representatives. Like you, I believe that the trade agreements we negotiate should help promote greater respect for worker rights and environmental protection, and can contribute to the growth of a strong middle class in the countries with which we trade. I am confident that the pending legislation meets these objectives.

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The Honorable Loretta Sanchez
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As always, I welcome your views, and I look forward to working with you on this and other issues of mutual concern.

Sincerely,

Ron Clinton

Ron Kind
The Honorable ~~XXXXXXXXXX~~
House of Representatives
Washington, D.C. 20515

**Congress of the United States
House of Representatives
Washington, D.C.**

OCT 27 12:24

October 21, 1997

William Jefferson Clinton
President of the United States
The White House
1600 Pennsylvania Avenue N.W.
Washington, D.C. 20500

Dear Mr. President,

We are writing with regard to your Fast Track proposal currently before Congress. We agree that trade is of the utmost importance to the future of our country, and that America's strong economy leaves the U.S. poised to lead the current global trade expansion into the 21st century. While we likewise concede that Fast Track authority may be helpful in this effort, we do not feel we can support the Fast Track language under consideration in Congress.

Our concern is that we do not believe we can allow our desire for expanded trade to subvert our values as a nation. Just as trade is vital to America's interests, we believe our country's leadership in advocating our principles and values in trade agreements is equally vital. As the sole superpower, we must continue to lead the free world's economic growth toward the realization of these shared principles and values.

One of these principles upon which the American experiment was founded, is the notion that human capital is equal to other types of capital such as intellectual property and financial investment. Our trade agreements must hold true to this conviction.

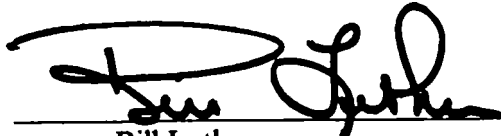
We must also ensure that nations with whom we trade uphold the fundamental value of the rule of law by, at a minimum, enforcing their own current laws. If Fast Track legislation does not require this, we endorse through silence, such un-American practices as child labor, sub-minimum wages and toxic waste dumping.

Spreading the benefits of economic growth is also fundamental to our way of life. America is the prime example of a society built by a strong middle class, having only four percent of the world's population, yet one quarter of the world's market. The growth of a middle class can be nurtured in the countries with whom we trade by encouraging them to embrace the approaches that have been successful in our democracy. We fear that if these approaches are not facilitated by our trade agreements, the result will be increased disparity between the incomes of the rich and the poor throughout the world.

We believe American principles and values must be included in American trade agreements, and we ask that you work with Congress to achieve trade agreements that meet this objective.

Thank you for your outstanding leadership as the President of our country. We deeply appreciate it, and look forward to continuing to work with you.

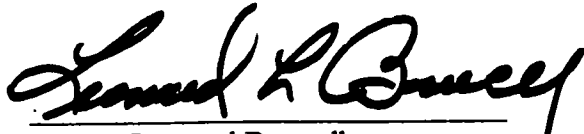
Sincerely,


Bill Luther


Ron Kind


Karen McCarthy


Loretta Sanchez


Leonard Boswell

THE WHITE HOUSE

WASHINGTON

September 21, 1997

Dear Xavier:

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

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,

A handwritten signature in black ink, appearing to read "Brian". The letters are cursive and fluid, with a large 'B' and a long, sweeping tail on the 'n'.

The Honorable Xavier Becerra
House of Representatives
Washington, D.C. 20515-0530