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Chile's Nafta hopes face as ^{we} ^{2/25/97} trade pacts lose US favour

Nancy Dunne finds growing hostility as Frei visits Washington

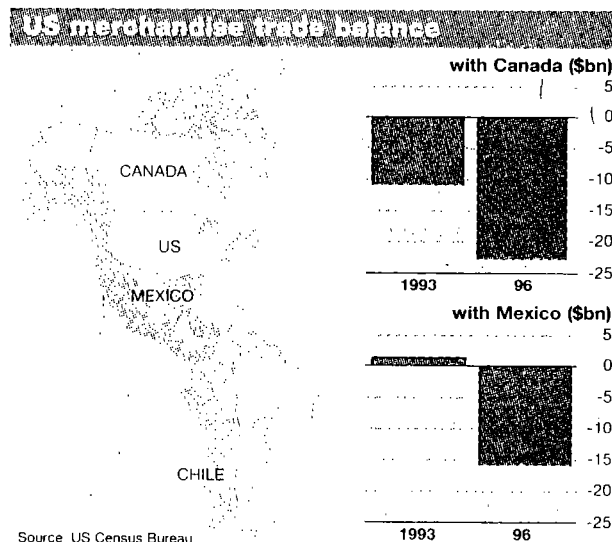
The North American Free Trade Agreement will be the silent, brooding partner at the table when President Bill Clinton meets President Eduardo Frei of Chile in Washington today.

Nafta has become deeply unpopular in the US. Radio and television call-in programmes reflect a widespread belief that free trade policies and pacts such as Nafta are to blame for lost jobs, a view that appears to have gained the upper hand in Congress as well.

Mr Clinton needs to win "fast-track" negotiating authority from Congress if he is to succeed in expanding Nafta beyond Canada and Mexico to include Chile - as he has been promising to do for the past four years. It is also seen as vital to give credibility to his push for an Americas-wide free trade agreement.

Well aware of anti-Nafta sentiment, officials in Santiago have been playing down Nafta expansion and insisting that Mr Frei's agenda is "more political and institutional than just trade". But desperate for any sign that trade liberalisation in the US is not as dead as it looks, Chile and members of the Washington trade community have been considering a proposal for a straight bilateral trade pact between the US and Chile, without the Nafta baggage.

Chile has already negotiated two-way free trade agreements with Canada and Mexico, seen as "bridging" arrangements until Nafta accession is possible. Because a similar bilateral with the US would be less complicated than Nafta, Congress would not necessarily



have to approve a fast-track.

Nafta proponents argue that the US has gained from Nafta because in its first three years - from 1993 to 1996 - US exports and total trade rose. However, the US merchandise trade deficit with Canada jumped from \$11bn during the period to \$23bn, and the \$1.7bn surplus with Mexico in 1993 melted into a \$16bn deficit last year.

A new report from Public Citizen, a research and lobby group that generally opposes free trade, concludes that Nafta has cost the US more than 600,000 jobs. The Economic Policy Institute, a liberal think tank, in another paper warned: "The same false urgency and imbalance of political power that yielded a lopsided Nafta - with strong protections for the property rights of transnational corporations and unenforceable protection for labour and environmental standards - is likely to produce a similarly unbalanced agreement with Chile, and

with future Latin American partners."

Views such as these have gained increasing currency in Congress, which has seen the departure in the last election of many senior pro-free trade members from both parties.

Ms Charlene Barshefsky, US trade representative designate, has vowed to ask Congress for broad negotiating authority to expand Nafta to Chile and the rest of the Americas, but the administration has yet to devise a strategy which could command majority support in the House.

"It is more difficult than ever to find a majority of people to agree on a specific approach to fast-track," said Ms Lori Wallach of Public Citizen. "The next time anyone touches Nafta, there will be a majority which wants to fix the original deal. Some want a mechanism to adjust for currency fluctuations. Some want to fix the investment agreement. The Democrats want strong environ-

ment, labour and human rights provisions."

There are also Republicans who want the fast-track to forbid the inclusion of environmental and labour provisions and moderates in both parties who favour a fast-track which glosses over those issues by not mentioning them.

Nafta also has lost the support of important environmental groups. Even those that supported Nafta after the administration negotiated an environmental "side pact" now want the environment to become a priority "on par with other negotiating objectives" in trade talks.

The AFL-CIO, the umbrella labour group, last week declared its opposition to a fast-track without enforceable provisions on worker protection and environmental standards.

Faced with this opposition in their own party, the administration has been paralysed, according to a House aide, who said it was vital that Mr Clinton act on two levels: defending Nafta and inspiring support for new trade initiatives.

One such is the so-called region-wide Free Trade Area of the Americas, a summit for which was being prepared yesterday by junior ministers from across the Americas. Mr Clinton, in his first presidential trip to Latin America, is scheduled to visit Mexico, Costa Rica, Barbados and Argentina in the next two months before attending the FTAA summit in Brazil in May. The rhetoric will flow freely. But without any sign of congressional backing, his credibility and negotiating position will be severely weakened.

PHOTOCOPY
PRESERVATION

I. Fast Track: President Clinton is committed to seeking fast track negotiating authority this year. Every President since Ford has had fast track authority for key periods -- with bipartisan support.

- **Seize the Moment:** America is back as the strongest economy in the world. We have the best workers and the best products. We should move ahead now, to take advantage of our strong economic position.
 - Our budget deficit is now the smallest as a share of income of any major economy.
 - Over the last four years, we have created 12 million new jobs. The rest of the G-7 combined has created less than 1 million.
 - We have been ranked number one on competitiveness now for 3 years in a row. We are back leading the world on automobile production. From semiconductors to biotech to Hollywood to aircraft, American firms lead the cutting edge industries that are remaking the world.
- **We Have Nothing to Lose -- We Already Have the Most Open Market in the World.** These agreements offer virtually one-way benefits.
 - America is already bringing tariffs down below 3 percent on average.
 - Other countries will have to cut a lot deeper: India has average tariffs of nearly 31 percent, Turkey and Thailand 26 percent, Chile and Indonesia 11 percent.
- **If We Sit by the Sidelines, We Will Get Left Behind.** In every region of the world, particularly Asia & Latin America, governments are moving aggressively to expand trade.
 - Take Chile -- they have already negotiated a free trade agreement with countries such as Canada and Brazil. If we do not move forward with a free trade agreement, our exporters will face a cost disadvantage of over 10 percent in Chile's fast-growing market.
- **We Need Fast Track to Tear Down Foreign Barriers in Sectors where American Competitiveness is Strong:**
 - Without Congressional authority, we could not have secured the Information Technology Agreement -- eliminating tariffs around the world on \$500 billion of trade in industries that are at the core of American competitiveness. This agreement will benefit the 1.8 million American manufacturing workers.
- *Must make sure benefit all Americans. To get that we can all support on labor and environment.*
- **We Are Pushing Ahead Full Steam:**
 - President is sounding this theme every opportunity he gets: State of the Union, visit of Chilean President Frei, recent ASNE speech, foreign policy retreat with Congress.
 - Cooperative interagency team engaging all of the relevant Cabinet Secretaries, already talking up on the Hill and in public: Daley, Barshefsky, Rubin, Albright, Glickman
 - Barshefsky has already met personally with ~~over 50~~ members, especially new members
 - Consulting closely with Congress to develop a bill that commands broad bipartisan support

close to 100

FAST Mock —



White House Press Release

Remarks By The President To The Annual Meeting The American Society Of Newspaper Editors

The White House

Office of the Press Secretary

For Immediate Release

April 11, 1997

Remarks By The President To The Annual Meeting
The American Society Of Newspaper Editors

J.W. Marriott Hotel
Washington, D.C.

12:17 P.M. Edt

The President: Thank you very much. And, thank you, Bob, for reminding me of my best line from the **speech** last night. (Laughter.) George Bush got the last laugh. (Laughter.) Twelve thousand feet, not a scratch. I fell six inches, I'm hobbled for six months. (Laughter.)

I'm delighted to be here. I want to thank you for having me and congratulate this year's writing award winners. I missed last year and I'm sorry I couldn't come, but the Vice President told me all about it. And because he came here, I had to listen one more time and look one more time at all those pictures from his days as a long-haired reporter for the National Tennessean. (Laughter.)

This is what it's really like. I don't mind learning about global warming and high technology and everything, but I had to learn all about the newspaper business all over again. I hear that **speech** about once every three months from him. (Laughter.)

You know, times have changed remarkably since Will Rogers said, "All I know is what I see in the papers." Today, we live in a world with 500 channels, literally hundreds of thousands of web sites exploding all the time. We're trying to develop the Internet, too. But, still, the role that you play in informing and educating Americans and in helping them to make the right kind of choices is terribly important.

I want to talk today about one of those choices that will have a profound effect on all of our lives and the lives of our children in the next century, and that is the choices we must make to sustain America's leadership in the world.

Four years ago I came into office determined to renew our strength and prosperity here at home. But I also believe that in the global society of the 21st century, the dividing line between foreign and domestic policy was increasingly an artificial distinction. After all, our national security depends on strong families, safe streets, and world-class education. And our success at home clearly depends on our strength and willingness and our ability to lead abroad.

The conviction that America must be strong and involved in the world has really been the bedrock of our foreign policy for the last 50 years. After World War II, a generation of farsighted leaders forged Nato, which has given us a half century of security and played a strong role in ending the Cold War. They built the United Nations so that a hard-won peace would not be lost. They launched the Marshall Plan to rebuild a Europe ravaged by war. They created the World Bank and other international financial institutions

to pave the way for unprecedented prosperity for American people and others around the world. They did this throughout a half century, Republicans and Democrats together, united in bipartisan support for the American leadership that has been essential to the strength and security of the American people for half a century now.

Now we stand at the dawn of a new century and a new millennium -- another moment to be farsighted, another moment to guarantee America another 50 years of security and prosperity. We've largely swept away the blocks and barriers that once divided whole continents. But as borders become more open and the flow of information, technology, money, trade, and people across the borders are larger and more rapid, the line between domestic and foreign policy continues to blur.

And we can only preserve our security and our well-being at home by being strongly involved in the world beyond our borders. From fighting terrorism and drug trafficking, to limiting the proliferation of weapons of mass destruction, to protecting the global environment, we stand to gain from working with other nations, and we will surely lose if we fail to do so.

Just as American leaders of both political parties did 50 years ago, we have to come together to take new initiatives and revitalize and reform old structures so that we can prepare our country to succeed and win and make the world a better place in this new era.

You know, it is commonplace to say that since the end of the Cold War, America stands alone as the world's only superpower. That is clearly true, but it can be dangerously misleading because our power can only be used if we are willing to become even more involved with others all around the world in an increasingly interdependent world.

We must be willing to shape this interdependent world and to embrace its interdependence, including our interdependence on others. There is no illusory Olympus on which the world's only superpower can sit and expect to preserve its position, much less enhance it.

In my State of the Union address, I set out six key strategic objectives for America's prosperity, security, and democratic values in the 21st century. First, a Europe that is undivided, democratic, and at peace for the first time in its history. Second, strong and stable relations between the United States and Asia. Third, our willing continuation of America's leadership as the world's most important force for peace. Fourth, the creation of more jobs and opportunity for our people through a more open and competitive trading system that also helps others all around the world. Fifth, increasing cooperation in confronting new security threats that defy borders and unilateral solutions. And, sixth, the provision of the tools necessary to meet these challenges, from maintaining the world's strongest, most modern and most adaptable military, to maintaining a strong, fully funded, and comprehensive diplomacy.

On that last point, let me just point out that Secretary Albright often says that our whole diplomatic budget is only about one percent of the budget. We devote less of our resources to that than any other major country in the world and, yet, about half of America's legacy will be determined by whether we have the adequate resources to do that.

That's a very important thing, because I think most of your readers don't know that. They think we spend more and get less out of our foreign policy investments when, in fact, we spend less and get more than almost any other area of public endeavor.

Each of these six goals is vital to realizing the promise of our time and to guarding against its perils. Together, they provide a blueprint for our future, not just for the next four years but for the next half-century.

In the next three months we'll face critical choices that will determine whether we have the vision and will to pursue these objectives. We have to seize the opportunity to complete the mission America set out on 50 years ago and to push forward on the mission of the next 50 years.

We will begin by strengthening the foundation for security and prosperity in our own hemisphere. In the first of my three trips to the Americas over the next year, I will meet with our closest neighbors in Mexico, Central America, and the Caribbean to help our democracies and economies grow together and to intensify our shared fight against crime, drugs, illegal immigration, and pollution.

Just before the 50th anniversary of the Marshall Plan, I will hold a summit with the European Union to affirm our transatlantic ties even as we expand our global partnership.

I will host the world's leading industrial democracies at what we used to call the G-7 but now call the Summit of the Eight in Denver, which will give us an opportunity to deepen our cooperation with Russia for peace and freedom and prosperity.

At the Nato summit in Madrid this July, we will continue to adapt Nato to the demands of a new era and invite the first, but not the last new members to join history's most successful alliance.

And I will continue America's efforts to bring the parties together at this very difficult moment for peace in the

Middle East.

Like the larger agenda they support, each of these initiatives calls for American leadership that is strong and steadfast. The powerful trend toward democracy and free markets is neither inevitable nor irreversible. Sustaining it will take relentless effort. But leadership brings its rewards. The more America leads, the more willing others will be to share the risks and the responsibilities of forging the future we want.

In the last four years, we have seen that over and over again. We've seen it in Bosnia. We've seen it in Haiti. We've seen it in the Summit of the Americas and in the Apec Leaders Forum, where we have agreed with our partners to build a free and open trading system early in the next century.

Our leadership also faces two other pressing tests now and in the coming months: first, immediately ratifying the Chemical Weapons Convention; and then, giving the United States the means we need to continue our growth by making trade more open and fair in the global economy.

Let me deal with the first issue. For the last 50 years, Americans have lived under the hair-trigger threat of mass destruction. Our leadership has been essential to lifting that global peril, thanks in large measure to the efforts of my predecessors, and during the last four years also when we have remarkable progress.

The collapse of the Soviet Union left 3,400 nuclear warheads in Ukraine, Kazakhstan and Belarus. Today, there are none. North Korea was accumulating material for nuclear weapons when I became President. Now its nuclear program is frozen, under international supervision, and eventually will be dismantled.

We helped to win the indefinite extension of the Nuclear Nonproliferation Treaty, a powerful global barrier to the spread of nuclear weapons and their technology. We led in concluding the Comprehensive Test Ban Treaty, which will bring to life a decades-old dream of ending nuclear weapons testing.

President Yeltsin and I agreed in Helsinki to a roadmap through the Start treaties to cut our nuclear arsenals over the next decade by 80 percent from their Cold War peaks, and actually to destroy the warheads so they can never be used for destructive ends.

Now America must rise to the challenge of ratifying the Chemical Weapons Convention, and doing it before it takes effect on April 29th, less than three weeks from today.

This century opened with the horror of chemical warfare in the trenches of World War I. Today, at the dawn of a new century, we have the opportunity to forge a widening international commitment to begin banishing poison gas from the earth, even as we know it remains a grave, grave threat in the hands of rogue states or terrorist groups.

The Chemical Weapons Convention requires other nations to do what we decided to do more than a decade ago -- get rid of all chemical weapons. In other words, the treaty is about other nations destroying their chemical weapons. As they do so and renounce the development, production, acquisition, or use of chemical arms, and pledge not to help others acquire them or produce them, our troops will be less likely to face one of the battlefields most lethal threats. As stockpiles are eliminated and the transfer of dangerous

chemicals is controlled, rogue states and terrorists will have a harder time getting the ingredients for weapons. And that will protect not only military forces, but also innocent civilians.

By giving us new tools for verification, enabling us to tap a global network for intelligence and information, and strengthening our own law enforcement, the treaty will make it easier for us to prevent and to punish those who seek to violate its rules.

The Chemical Weapons Convention reflects the best of American bipartisanship -- negotiated under President Reagan and President Bush, supported by a broad and growing number of Americans, including every chairman of the Joint Chiefs of Staff since the Carter administration. Last week at the White House, I was proud to welcome a remarkable cross-section of these supporters, including former Secretary of State James Baker, General Colin Powell, other military leaders, legislators, arms control experts and representatives from small and large businesses, religious groups, and scientists.

I urge the Senate to do what is right and ratify this convention. If we fail to do it, we won't be there to enforce a treaty that we helped to write, leaving our military and our people more vulnerable to a silent and sudden killer. We will put ourselves in the same column with rogue nations like Libya and Iraq that reject this treaty, instead of in the company of those that set the norms for civilized behavior in this world. We will subject our chemical companies, among our leading exporters, to severe trade restrictions that could cost them hundreds of millions of dollars in sales, and cost many Americans good jobs. And perhaps most important, we will send a clear signal of retreat to the rest of the world at the very time when we ought to be sending the opposite signal.

America has led the effort to establish an international ban against chemical weapons. Now we have to ratify it and remain on the right side of history. If we do, there will be new momentum and moral authority to our leadership in reducing even more the dangers of weapons of mass destruction.

Within my lifetime we've made enormous strides. Stepping back from the nuclear precipice, from the bleak time of fallout shelters and air raid drills. But we have so much more to do. We have to strengthen the world's ability to stop the use of deadly diseases as biological weapons of war. We have to freeze the production of raw materials used for nuclear bombs. We must give greater bite to the global watchdogs responsible for detecting hidden weapons systems and programs. Continuing this progress demands constant work, nonstop vigilance, and American leadership.

There is a second matter that demands bipartisan cooperation in the coming months. For 50 years, our nation has led the world not only in building security but in promoting global prosperity. Now we have to choose whether to continue to shape the international economy so that it works for all our people, or to shrink from its challenges. The rapidly growing and ever-changing global economy is an inescapable fact of our time. In the last 50 years, global trade has increased ninety-fold. Over the next decade, it is expected to grow at three times the rate of the American economy. Nations once divided by great gulfs of geography and military rivalry are now linked by surging currents of commerce.

Now, the world marketplace does pose stiff challenges. But it offers us great opportunity. In each of the last three years, the United States has been ranked the world's most competitive economy. Our exports have surged to record levels, our budget

deficit is now the smallest as a share of national income of any major economy in the world, basic industries have revived, our auto industry is number one in the world again for the first time since the 1970s. From semiconductors to biotech, to Hollywood, American firms lead the industries that are remaking the world. Our economy produced 11.5 million jobs in the last four years for the first time ever. Our unemployment today is 5.2 percent; that's 1.5 percent lower than the 25-year average before I took office.

We can make the most of this new economic era. We do not need to be afraid of global trade. But in a world where we have only 4 percent of the population and where the fastest-growing markets for our products and services are Asia and Latin America, where export-related jobs pay 13 percent to 16 percent more than other American jobs, we don't have a choice; we have to export.

To do that, we have to have higher skills, stronger productivity, deeper investment. That's why we have to balance the budget -- to keep our interest rates down, our investment up, and to keep the economy going.

We have to give our people the best education in the world. That's why we need the new national school standards. We must open the doors of college to all. We ought to pass the G.I. Bill for America's workers I've proposed that would give every unemployed and underemployed person a skills grant to use and get into training that he or she needs.

We must continue to expand research and development in both the public and private sectors. And in every opportunity, we have to press forward for more open international trade.

Our administration has concluded more than 200 separate trade agreements, each of which opens someone else's markets wider to American business. We fought for Nafta, which created the free market with our neighbors, and today, in spite of its economic crisis, our exports to Mexico are up 37 percent over pre-Nafta levels. We broke seven years of global gridlock and successfully negotiated the new round of Gatt, which has lowered average tariffs on Americans goods around the world by one-third. We have broken down barriers and boosted exports to Japan -- up 41 percent since 1993 and 85 percent in the areas where we have negotiated specific trade agreements.

This is a record to build on, not to rest on. When the momentum for open market falters, the world can easily slide backward. And when America falters, our relative position will certainly slide backward. It is unacceptable for us to sit on the sidelines while other nations forge bonds of trade. Only American leadership can create the prosperity for our people and for the world in the next 50 years. And America cannot lead if we don't act.

And here's what the issue is: Every American President since 1974 -- Democrat and Republican alike -- has had the authority to negotiate new trade agreements, called **fast-track** negotiating authority, which permits the agreement to be presented in a package to the Congress to be approved up or down. Every time this has been extended with the support of members of Congress of both parties. That is how we have exercised our most fundamental economic leadership. That authority has expired, and today, I renew my call to Congress to give me the authority to negotiate new trade agreements that will create opportunities for our workers and our businesses in the global economy and will maintain our leadership in creating the kind of world we want the young people who are here in this audience to live in.

We have seen in the past six months what a strong trade agreement can do for our people and our businesses. The information technology agreement that we reached with 37 other nations in December will eliminate tariffs and unshackle trade on \$500 billion of trade in computers, semiconductors, and telecommunications. This amounts to a \$5 billion cut in tariffs on American products exported to other nations. It can lead to hundreds of thousands of high-wage jobs for Americans.

Now if Congress grants **fast track** authority, I can use it to open trade in areas where American firms are leading and where our future lies. We lead the world in high technology. In years to come, we must press to tear down barriers that keep that technology -- products like computer software, medical equipment, environmental technology out of other markets.

We lead the world in agricultural exports. We have to negotiate trade agreements to open even more markets. We will negotiate a comprehensive free trade agreement with Chile and follow through on our leadership to determine the future of trade in our own hemisphere with our own neighbors, all of whom but one are democracies. And we have to keep them that way and keep them strong.

We will press aggressively to open markets in Asia as well. We must also continue to open opportunities in the world's newest market economies. In particular, I urge Congress to support my new partnership for freedom, to expand trade and investment, entrench free markets in democracy, and promote stability in Russia and the new independent states.

If we don't seize these opportunities, our competitors surely will. Let me just give you one example. Last year, for the first time ever, Latin American nations had more trade with Europe than the United States. There is no reason to think that others will wait while we sit idle.

These nations in Latin America especially are our friends; they're our partners. They have done an enormously important thing in moving to freedom and democracy in the last few years -- all over Central and South America. We dare not let this opportunity pass us by.

I am determined that the new trade agreements we seek will be good for our working people. After all, we've got 11.5 million more jobs and 5.2 percent unemployment. We know we can make it good for the American people. And I am determined that they will be good for the environment. More and more, in the future, we will see nations negotiating environmental partnerships for the sake of their economies and the stability of their society and the future of their children.

I have asked the United States Trade Representative, Charlene Barshefsky, to work with members of Congress of both parties, with labor and business and environmental groups to try to reach consensus on these issues. But let me be clear: There is one consensus we cannot avoid. We cannot shrink from the challenges of leadership in the global economy.

Trade and communications are remaking our world. They're bringing it closer together, they're bringing a revolution in global trade -- because in the long run, we know that it's going to happen, we ought to lead it. We have to lead it. And if we do, it will increase our buying power and expand our exports. American

workers and businesses, given the chance, can outcompete anyone, and I hope Congress will help me let them do just that.

The larger question we face is as old as America -- whether to turn inward or reach outward, whether to fear change embrace it. Over the past 50 years, over the past four years, I believe we've made the choices that have served America well.

Now we face another moment of choice. While we no longer face a single implacable foe, the enemy of our time is inaction. It is so easy to be inactive when things seem to be going well and so easy to believe a new choice will cause more trouble than it will do good. But we did not get where we are today by being inactive or by sitting on the sidelines. The decisions we make in the next few months will set America's course in the world for the next 50 years. We have to make them together, and they must be the right ones.

Thank you very much. (Applause.)

Q Mr. President, the Commission on Protection and Reduction of Government Secrecy -- the Moynihan Commission -- said last month that 3 million people have the authority to classify government secrets at a cost of more than \$5.5 billion a year. The commission called this a form of government regulation not controlled by statute as is all regulatory power. And it said it should be subject to the same guidelines and oversight as other regulation. To provide a check on unrestrained discretion in creating secrets, the commission recommended a law to codify the principles as to what can be classified and what should not be classified and for how long it should be classified, and to create a national declassification center to provide annual reports on the progress in declassifying government records, and to require the President to set procedures and provide the resources for declassifying information.

Will you support enactment of such a law? If not, why not? If so, how hard will you push for it?

The President: Well, first of all, let me say, the short answer to your question is: I think there has to be -- we have to do something about it to respond to the commission's report and to respond to the fact that there are too many people who can make too many things classified in the government. And we are reviewing the report. We have also started conversations with members of Congress about it. And I'm -- we're attempting to fashion what we think is the appropriate response. But let me remind you that I believe that we ought to unearth more documents and not keep so many secrets for so long.

I've worked very hard to open up documents since I've been President. We did it with the human radiation experiments. We have conducted a relentless effort to find out what really happened in the Gulf War, in terms of whether our people were or were not and to what extent exposed to dangerous chemicals. And in any number of other ways, I support the general thrust of the commission's report.

I have asked my staff to study it. I have not received a specific recommendation on the specific points in the report, but generally I think there is too much secrecy in the government and I think too many people have too much unfettered discretion just to declare documents secret, and I think that you will see some significant progress coming out of this.

Q Mr. President, my county of 70,000 people is at risk from 7 percent of the nation's stockpile of aging chemical