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Fast Track - Second Term Prospects

16 November 1996

Proposal

A bid for fast-track authority -- no matter what its scope -- will require the political leadership of the White House, considerable committee time and debate, and opportunity-costs. With the possible exception of Chile, the practical need for fast-track in the short term is neither readily apparent nor of immediate commercial benefit. Some argue that (absent Chile) we should wait until the end of the Administration to tackle the problem: time might be ripe for initiating the market access stage of FTAA negotiations and perhaps a new round.

However, the Administration's lack of fast-track authority does affect our general foreign policy and trade interests. Trading partners, reluctant to begin negotiations with us, have pursued regional or bilateral trade initiatives of their own. These arrangements often work to our disadvantage (Europe) or at the least complicate our ability to negotiate high-quality agreements in the future (Latin America). Furthermore, because of their potential for trade-offs, negotiations, or even the credible promise of negotiations, offer an alternative to contentious dispute settlement proceedings and a ready forum to push our "larger" goals of acceptable ipr and investment regimes.

Ideally the Administration should build on examples of fast-track authority in pre-existing law and seek fast-track authority to negotiate both multilateral and bilateral agreements for a multi-year period (8-yrs, or 5-yrs with provision for a 3-yr renewal). The Administration should refuse to "Christmas tree" the bill. As an extreme, the Administration could seek "simply" to revive and amend the 1988 fast-track legislation as a rider to an unrelated bill. The authority would be subject to notification and consultation provisions, and perhaps interim disapproval votes for particular negotiations. The Administration might even have to consider subjecting objectives for specific negotiations to some sort of Congressional review.

Though the bill itself need not be specific, the Administration should outline an aggressive bilateral agenda which envisions fast-track authority for Chile and interim arrangements to "make concrete progress toward the attainment" of hemispheric free trade by 2000. The FTAA deadline for completion remains eight years out. The Administration can pledge to use the trade report mechanism of NAFTA Act §108 (due no later than July 1) to lay out more specifics, including prospective FTAA partners in Central America or the Caribbean, "foreign policy" candidates such as South Africa or Egypt/Jordan, or Asian/Oceanic candidates. We should consider a menu that generates sufficient Congressional appeal. Russia? Asia?

The Administration should similarly outline an aggressive multilateral agenda to handle the unfinished business of the Uruguay Round and address its built-in agenda. The Administration can hint that the re-start of agriculture (1999) and services (2000) negotiations could be the occasion for a new round.

Factors for consideration

Omnibus Trade bill

Since 1974, with the exception of the final one-year extension for the WTO, fast-track authority or its extension have only come with omnibus trade bills. Not all of these take four years to write, but the last one did. If the Administration determines that our languishing trade policy needs an immediate fast-track pick-me-up, we might best consider how to do that with a "simple" amendment of the 1988 act. Though we might be able to shame the Hill into a Chile-only amendment, such a bill is unlikely to gather the support necessary to carry it through the Senate. We can attempt to build support in the business and foreign affairs communities through a concrete and detailed enunciation of our trade agenda.

> Christmas-tree-ing the bill could address a lot of wonderful hobbyhorses: GSP reform, Trade Adjustment Assistance, §201 relief action, AD/CVD, NAFTA parity. But it would be a signal to special interests that we are open to business. Passage will become that much more difficult and time-consuming, and the bill will open new problems such as a requirement for pay-go off-sets.

In the end, our ability to get fast-track could be contingent on our placing it as a rider to another bill (tax, budget or social program) and working out the Congressional calculus for its passage based largely on that initiative. This strategy requires active inter-agency coordination, perhaps from the White House.

Congressional attitudes

Trade legislation requires a coalition of moderates from both parties. Unfortunately, the new Congress looks to have fewer trade moderates of any stripe.

The biggest obstacle to fast-track in the Senate will be the fast-track procedure itself: Senators are reluctant to forgo the chance to offer amendments once trade legislation is in play. Some have even raised Constitutional doubts, though these have been largely discredited. The concern that fast-track procedures are somehow antidemocratic feeds the sovereigntists' antipathy toward trade agreements in general. The Administration is not likely to find strong allies, let alone leaders, for a free trade agenda in the SFC, and unfortunately, SFR members are unlikely to fill the void. The game may come down to the extent the Administration guarantees consultation and review procedures during the course of negotiations and bill-writing.

In the House, Republican leadership will no doubt require the President's strong intervention if HWM devotes limited committee time to fast-track instead of, say, medicare reform. The House debate still promises to revolve around labor standards and environment, with positions well-known and entrenched. We should not discount the possibility that, given our Latin American focus, Congress floats notions of trade and counter-narcotics. Bill language describing negotiating objectives could prove a lively forum of debate, but some have suggested a creative reference to the NAFTA side agreements as an "already bought on to" compromise.

Business attitudes

In contrast to the legislative effort for the Uruguay Round, a number of coalitions are beginning to come together to gin up support for an Administration bid for fast-track. So far, because our objectives are so vaguely defined, businesses are willing to enlist "in principle," though industries will quickly sort themselves out pro and con once they have a better picture of what's on the table. The NAM has come out supportive; other organizations like the Chamber say they will withdraw support if fast-track is used for labor standards and environment goals. They may have no choice, but it will sour their attitude.

Public support

This requires education. The NAFTA Act also requires us to review NAFTA by July 1. NAFTA has been a success, but the arguments in its favor are complicated. Despite record exports, opponents can note that the trade deficit with Mexico is headed toward $16 billion this year. Our trade deficit with Canada is running 50% above last year's. This requires a lot of education.

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Chinese Menu

Chile Since Miami we have approached our trade overture to Chile as *"NAFTA accession"* because NAFTA is a high-quality agreement and because NAFTA accession would provide a signal to the FTAA process that NAFTA is a viable platform on which to proceed. Mexico mouths the right words but impeded pre-negotiation talks out of a (justifiable) concern that we would use the negotiations as a leverage point for further trade concessions from Mexico . NAFTA is structured for three members; a new member would require changes to the agreement's institutional provisions, and Chile has put us on notice that it will insist on changes in NAFTA's rules of origin.

Some contacts are beginning to wonder if we are not better off looking at a bilateral deal with Chile rather than NAFTA accession. Authority for a bilateral deal might be easier to tack on to another piece of legislation. In any event, many consider a *Chile-only fast-track stratagem* inadequate to attract the support necessary to beat back fast-track opponents or to mollify those who might otherwise opposed labor and/or environmental linkages.

A Frei state visit is scheduled for February.

South Africa and Botswana Bi-partisan support in the House already exists for some sort of African trade initiative. Fast track authority would be necessary, perhaps modeled on authorities we used for the Israeli and Canadian FTAs. Linked to Chile, such an initiative could provide weightier support (or neutralize some opposition) to a fast-track bill. A similar calculation might be made for Egypt and/or Jordan.

Chile-plus Similarly, a down-payment on an FTAA of Chile plus, say, Argentina and Brazil might allow us to build a head of steam of support in the business community. There is considerable paranoia around town over what Brazil is about on Mercosur. In fact, some have suggested that we can cautiously capitalize on that paranoia to argue that the U.S. needs an active trade policy now.

FTAA A fast-track bill could boldly encompass one of our long-term trade goals. However, if we're really not talking free trade until 2005, we wouldn't need to move a bill until sometime before then, and it would be extraordinary but not unprecedented for the Hill to give us fast-track authority eight years early on. However, we might not be able to kick off an effective negotiation without fast-track in hand, because our partners won't bring the tough things to the table. Alternatively, depending on how we structure the FTAA negotiations, we might arguably need fast-track for some "early harvest" deals.

APEC/TAFTA There's little need for fast-track in our Asian initiatives for now, though the farther out fast-track extends, the more useful it might be for APEC dealings. Every once in a while, the old issue of NAFTA accession for Singapore or talk of an AFTA/NAFTA agreement pops up. With the exception of Kinkel and Prestowitz, supporters for a TAFTA seem to have calmed down.

New Round In advance of the Singapore Ministerial, this idea is finding little interest around town. Again, depending on the length of fast-track, it might come into play in the out-years. We have a Uruguay Round commitment to re-visit agriculture in 1999 -- only two years out. Agriculture, like Brazil, is a tough call. Ending European subsidies is a winner, but the U.S. farm community is still trying to digest some significant changes to domestic programs made over the last few years. Now might not be the time to enunciate a plan for more changes.

Sectoral Agreements We do have some tariff-cutting authority left from the Uruguay Round (witness the ITA), but years of negotiating suggest they are hard-nut cases. We might creatively package existing authority with some new authority to fashion attractive sectoral agreements. Apart from goods, we might look to additional service sectors or investment.

Mix-and-Match ...

Side-by-Side Analysis of the 1988 Fast-Track Law, and the Pending House and Senate Bills

I. Title.

1988	Senate	House
Omnibus Trade and Competitiveness Act of 1988.	Reciprocal Trade Agreements Act of 1997.	Reciprocal Trade Agreements Authorities Act of 1997.

II. Overall Objectives.[1]

1988	Senate	House
More open, equitable and reciprocal market access.	Same as 1988 act, but makes the objective explicitly related to goods, services and investment.	Same as 1988 act.
Reducing or eliminating barriers and other trade-distorting policies and practices.	Same as 1988 act.	Same as 1988 act, but limits the objective to barriers and distortions that are directly related to trade and that decrease market opportunities for U.S. exports or otherwise distort U.S. trade.
A more effective system of international trading disciplines and procedures.	Same as 1988 act.	Similar but slightly different language as 1988 act; adds specific reference to improved dispute settlement.
N/A	Economic growth, higher living standards, and full employment in the U.S., and economic growth and development among U.S. trading partners.	Same as Senate bill, but instead of economic growth and development among U.S. trading partners, aim is to enhance the global economy.

[1]While the 1988 act and the House bill refer to overall negotiating objectives, the Senate bill uses the term "Statement of Purposes."

III. Principal Objectives.

1988	Senate[2]	House
Dispute Settlement (DS) -- more effective and expeditious DS mechanisms; ensuring such mechanisms within GATT and GATT agreements provide for more effective/ expeditious resolution of disputes and better enforcement of U.S. rights.	Same as 1988 act, but GATT replaced by WTO; clarifies that more effective DS mechanisms are to be provided for in "any trade agreement entered into under this authority."	N/A
Improvement of GATT/Multilateral Agreements -- enhance status of GATT; improve/extend operation of GATT and such agreements; expand country participation in multilateral agreements.	Improvement of WTO/Multilateral Agreements -- similar to 1988 act, but updated by replacing GATT with WTO; no reference to enhancing status of WTO.	N/A
Transparency -- obtain broader application of transparency and clarification of costs/benefits of trade policy actions through observance of open and equitable procedures by GATT contracting parties.	Transparency -- obtain broader application of transparency through increased public access to information regarding trade issues, clarification of costs/benefits of trade policy actions and observance of open and equitable procedures by U.S. trading partners and within the WTO.	Transparency -- obtain broader application of transparency through increased and more timely public access to information regarding trade issues and the activities of international trade institutions, and increased openness of DS proceedings, including under the WTO.

[2]The principal objectives contained in the Senate bill explicitly apply to "agreements subject to provisions of section 3," which includes both fast-track agreements and presidential tariff proclamation agreements.

Developing Countries -- ensure developing countries promote economic development by assuming fullest possible measure of responsibility for an open trading system by providing reciprocal benefits, restoring account equilibrium and expediting implementation of agreements.	Same as 1988 act.	N/A
Current Account Surpluses -- develop rules to address large, persistent surpluses, which will encourage countries to change policies so as to address surpluses.	Same as 1988 act, but calls for promotion of policies to achieve stated goals, not development of rules.	N/A
Trade and Monetary Coordination -- develop mechanisms to assure greater coordination, consistency and cooperation between international trade and monetary systems and institutions.	N/A (but see section IV below).	N/A

Agriculture (Ag) -- achieve, on an expedited basis to the maximum extent feasible, more open/fairer trade by developing rules for trade in Ag commodities, including on restrictive or distorting practices; increasing U.S. Ag exports by eliminating barriers and subsidies consistent w/U.S. policy of Ag stabilization in cyclical/unpredictable markets; creating free/more open Ag trading system by resolving questions pertaining to export and other distorting subsidies, market pricing and market access and eliminating/reducing substantially other specific constraints, such as tariffs, quotas and other nontariff practices, including unjustified sanitary/phyto-sanitary restrictions; seeking agreements by which major Ag export nations agree to reduce excessive production of Ag commodities during periods of oversupply, with due regard for fact that U.S. already undertakes such policies and w/o recourse to arbitrary schemes to divide markets among major export countries.	Agriculture (Ag) -- in addition to objectives in section 1123(b) of the Food Security Act of 1985, achieve -- on an expedited basis to the maximum extent feasible -- more open/fairer trade in Ag commodities by: developing rules for Ag trade, including on restrictive or distorting practices such as those affecting perishable/cyclical products; increasing U.S. exports by eliminating barriers/subsidies consistent w/U.S. policy of Ag stabilization in cyclical/ unpredictable markets; creating free/more open Ag trading system by resolving questions pertaining to export and other distorting subsidies, market pricing and market access and eliminating/ reducing other constraints, such as tariffs, quotas and other nontariff practices; developing rules on practices decreasing U.S. market opportunities (including activities of state-trading enterprises and other administrative mechanisms), including lack of price transparency; unjustified restrictions or requirements affecting new technology, including biotechnology; unjustified sanitary/phyto-sanitary restrictions, other unjustified technical barriers to trade; and restrictive rules in administering TRQs.	Agriculture (Ag) -- obtain opportunities for U.S. exports equivalent to those afforded in the U.S. and more open trade in bulk and value-added commodities by: reducing/ eliminating tariffs and charges decreasing market access (giving priority to products subject to higher tariffs or subsidies by major producing countries and providing adjustment periods for import-sensitive products, in consultation with Congress in reducing tariffs); reducing/ eliminating foreign subsidies; developing rules against and DS mechanisms to prevent practices decreasing U.S. market access or distorting trade (particularly for import-sensitive products), including state-trading enterprises (with emphasis on requiring price transparency), unjustified restrictions affecting new technology (including bio-technology), unjustified sanitary/phytosanitary restrictions; other technical barriers to trade; and restrictive rules in administering TRQs; improving import relief (especially for perishables); recognizing whether a party met prior obligations; ensure countries acceding to WTO make meaningful liberalization commitments.

Unfair Trade Practices -- improve agreements to deter persistent use of unfair practices having adverse effect on trade, including dumping, subsidies and other practices (such as resource input subsidies, diversionary dumping, dumped or subsidized inputs and export targeting practices); obtain application of similar rules to the treatment of primary/non-primary products in Agreement on Application of GATT Articles VI, XVI, and XXIII (on subsidies and CVD); and obtain enforcement of GATT rules against distorting practices of state-trading enterprises and unreasonable requirements for substantial direct investment in foreign countries, intellectual property to be licensed to a foreign country or firm therein, or other collateral concessions to be made.	Unfair Trade Practices -- enhance operation/ effectiveness of Uruguay Round Agreements and other agreements designed to deter persistent use of unfair practices having adverse effect on trade, including dumping, subsidies and other practices (such as resource input subsidies, diversionary dumping, dumped or subsidized inputs and export targeting practices); obtain enforcement of WTO rules against distorting practices of state-trading enterprises, and unreasonable requirements for substantial direct investment in foreign countries, intellectual property to be licensed to a foreign country or firm therein, or other collateral concessions to be made.	N/A

Services -- reduce/eliminate barriers/distortions including violation of national treatment and restrictions on establishing or operating services; and develop rules and DS procedures that are consistent w/U.S. commercial practices and that will reduce barriers/open markets. U.S. negotiators shall take into account U.S. domestic objectives, including health, safety, the environment and employment opportunities.	Same as 1988 act.	Similar to 1988 act, but deletes reference to distortions; clarifies that restrictions on establishing or operating services must be "unreasonable"; and strikes provision referring to U.S. domestic objectives.

Intellectual Property (IP) -- seek foreign laws protecting IP, including copyright, trademark, patents, semi-conductor chip layout designs, trade secrets, and unfair competition; establish GATT obligations based on existing agreements providing adequate protection or national laws if agreements are not effective; establish effective enforcement procedures; implement effective DS procedures; recognize that inclusion in GATT of IP provisions does not prejudice efforts in other international organizations; strengthen standards in other international organizations, including coverage of new/ emerging technology and preventing unreasonable exceptions to protection.	Intellectual Property (IP) -- further promote adequate and effective protection of IP rights by: seeking enactment and effective enforcement of laws protecting IP (including copyright, trademark, patents, semi-conductor chip layout designs, and trade secrets) and protecting against unfair competition; accelerating and ensuring full implementation of TRIPs Agreement and achieving improvement of standards in that agreement; providing strong protection for new/emerging technology and methods of transmitting/ distributing IP products; preventing/eliminating discrimination in IP protection; providing strong enforcement of IP rights (civil, administrative, criminal enforcement mechanisms). Also, secure fair market access opportunities for U.S. persons relying on IP protection; and recognize inclusion in WTO of adequate/effective norms and standards for IP protection and DS for IP (w/o prejudice to initiatives undertaken in other international organizations).	Intellectual Property (IP) -- - further promote adequate and effective protection of IP rights by: accelerating and ensuring full implementation of TRIPs Agreement, particularly with respect to lengthiest transition periods for developing countries; ensuring that agreements entered into by the U.S. provide protection at least as strong as that afforded by NAFTA Chapter 17; providing strong protection for new/emerging technology and methods of transmitting/ distributing IP products; preventing/eliminating discrimination in IP protection; providing strong enforcement of IP rights (civil, administrative, criminal enforcement mechanisms). Also, secure fair market access opportunities for U.S. persons relying on IP protection.

Foreign Direct Investment (FDI) -- reduce/eliminate artificial or distorting barriers to FDI; expand national treatment; develop rules (including DS) which will ensure free flow of FDI and reduce/eliminate distorting effects of certain trade-related investment measures. U.S. negotiators shall take into account U.S. domestic objectives, including health, safety, the environment and employment opportunities.	Foreign Investment -- same as 1988 act, except refers to foreign investment instead of foreign direct investment.[3]	Foreign Investment -- reduce/ eliminate artificial or distorting barriers to foreign investment by reducing/ eliminating exceptions to national treatment; freeing transfer of funds relating to investments; reducing/ eliminating performance requirements and other unreasonable barriers to the establishment and operation of investments; seeking to establish standards for expropriation and compensation for expropriation consistent w/U.S. law and practice; and providing meaningful DS procedures.
Safeguards -- improve and expand rules/procedures; ensure safeguards are transparent, temporary, degressive, and subject to review and termination when no longer necessary; require notification of, and monitoring of, safeguards by GATT contracting parties.	Same as in 1988 act, but updated to refer to WTO instead of GATT.	N/A

[3]"Foreign direct investment" is a narrower term than "foreign investment." The main difference is that foreign direct investment would not include "portfolio" investment, which in some instances is defined as investment resulting in less than 10 percent ownership of a foreign entity.

Specific Barriers -- obtain competitive opportunities for U.S. exports in foreign markets substantially equivalent to opportunities afforded here; in particular, removal of barriers identified in annual report prepared under section 181 of the 1974 Trade Act and foreign tariff and nontariff barriers blocking U.S. exports when like products enter U.S. w/o such restrictions.	Reduction of Barriers to Trade in Goods -- obtain competitive opportunities for U.S. exports in foreign markets substantially equivalent to the opportunities afforded foreign exports to the U.S., including reduction/elimination of the following: tariff and nontariff disparities remaining from previous rounds of multilateral negotiations that put U.S. at a disadvantage; measures identified in the annual report prepared under section 181 of the Trade Act of 1974; tariff elimination for products identified in section 111(b) of the Uruguay Round Agreements Act and the accompanying Statement of Administrative Action.	Trade Barriers and Distortions -- expand competitive opportunities for U.S. exports and obtain fairer/more open conditions of trade by reducing/ eliminating tariff/nontariff barriers and policies/practices of foreign governments directly related to trade that decrease market opportunities for U.S. exports and otherwise distort U.S. trade; obtain reciprocal barrier elimination agreements, w/ particular attention to tariff categories covered in section 111(b) of the Uruguay Round Agreement Act.
Worker Rights --promote respect for worker rights; secure a review of relationship between worker rights to GATT articles and related instruments w/a view to ensuring that the benefits of the trading system are available to all workers; adopt as a GATT principle that the denial of worker rights should not be means of a country gaining a competitive advantage.	N/A (but see section IV below).	N/A

Access to High Technology -- eliminate/reduce barriers to and policies or laws limiting equitable access by U.S. persons to foreign-developed technology; such barriers include restricting participation of U.S. persons in government-supported research, denying access by U.S. persons to government-held patents, requiring government approval or intervention as a condition for the granting of licenses to U.S. persons by foreign persons (except where national security/military involved), and otherwise denying U.S. persons access. U.S. negotiators shall take into account U.S. policies in licensing or otherwise making available to foreign persons technology and other information developed by U.S. laboratories.	Same as 1988 act.	N/A
Border Taxes -- obtain revision of GATT with respect to treatment of border adjustment for internal taxes to redress disadvantages to countries relying primarily on direct taxes rather than indirect taxes.	Same as 1988 act, but GATT has been replaced by WTO.	N/A

N/A	Regulatory Competition -- with respect to regulation or other practices by foreign governments to provide a competitive advantage to domestic producers, ensure such regulation and practices do not unfairly discriminate against U.S. goods, services and investment; prevent use of regulations or practices (including lowering of or derogation from existing labor [including child labor], health and safety, or environmental standards) for purpose of attracting investment or inhibiting U.S. exports. Nothing in this objective shall be construed to authorize in an implementing bill or an agreement inclusion of provisions restricting autonomy of the U.S. in these areas.	Labor, the Environment and Other Matters (LEOM) -- address the following aspects of foreign government practices regarding LEOM that are directly related to trade: ensure foreign labor, environmental, health or safety practices do not discriminate or serve as a disguised barrier; ensure that foreign governments do not derogate from or waive existing domestic environmental, health, safety or labor measures (including child labor) as an encouragement to gain competitive advantage in trade. Nothing in this objective is intended to address changes to a country's laws that are consistent with sound macroeconomic development.
N/A	N/A	WTO Extended Negotiations -- adopting objectives set forth in the Uruguay Round Agreements Act for financial services, civil aircraft and rules of origin.

IV. International Economic Policy Objectives.

1988	Senate	House
N/A	In General -- foster stability in international currency and develop mechanisms to assure greater coordination, consistency and cooperation between international trade and monetary systems and institutions to protect against unanticipated currency movements. Supplement standards for protecting IP under conventions administered by organizations other than the WTO; expand conventions to cover new/ emerging technologies; eliminate discrimination/ unreasonable exceptions. Promote respect for workers' rights (WR) by reviewing relationship of WR and the trading system; seek to establish ILO review mechanism of the extent to which ILO members promote/ enforce freedom of association, right to organize and bargain collectively, as well as prohibit forced labor, child labor and employment discrimination. Optimize use of world's resources while preserving environment and international means to do so. Doesn't authorize fast-track to change U.S. law.	In General -- take into account relationship between trade agreements and important U.S. priorities. U.S. priorities are: ensuring trade and environment are mutually supportive; optimize use of world's resources while preserving environment and international means to do so; promote respect for WR and rights of children by working with ILO to encourage observance of core labor standards (including child labor); supplement standards for protecting IP under conventions administered by organizations other than the WTO; expand conventions to cover new/ emerging technologies; eliminate discrimination/ unreasonable exceptions. Doesn't authorize fast-track to change U.S. law.

V. Guidance for Negotiators.

1988	Senate	House
N/A	N/A	Domestic Objectives -- U.S. negotiators shall take into account U.S. domestic objectives, including health, safety, the environment and employment opportunities.
N/A, but see discussion in section VIII below.	N/A, but see discussion in section VIII below.	Consultation with Congressional Advisers -- U.S. negotiators shall consult closely and on a timely basis with, and keep fully apprised, the congressional advisers established under section 161 of the 1974 Trade Act; negotiators shall take into account need for U.S. to rigorously enforce its trade laws.
N/A	N/A	Adherence to Uruguay Round Obligations -- in entering into agreements, President shall take into account whether trading partners have met or accelerated their Uruguay Round obligations.

VI. Presidential Tariff Proclamation Authority.

1988	Senate	House
Tariff Proclamation Agreements -- whenever the President determines that one or more duties or other restrictions are unduly burdening U.S. trade, he may enter into agreements and proclaim the modification or continuance of any duty, the continuance of existing duty-free or excise treatment, or additional duties as he determines to be required/ appropriate to carry out such agreements.	Same as 1988 act.	Same as 1988 act.
Limitations -- President can reduce a tariff above 5 percent *ad valorem* up to 50 percent; duties 5 percent or less may be eliminated. President can increase duties up to the amount that applied on effective date of the act.	Same as 1988 act.	Same as 1988 act, but President cannot raise duties above the level that applied on January 1, 1996.
Aggregate Reduction/Staging -- President can reduce duties up to 3 percent *ad valorem* or 1/10, whichever is greater. No reduction may take effect more than 10 years after effective date of first reduction. No such staging is required for goods not produced in the U.S.. President may round-off tariffs to compute the reduction.	Same as in 1988 act, but clarifies that staging calculation to be done in 1-year intervals.	Same as Senate bill.

Additional Modifications -- Tariff modifications beyond the delegated authority must be submitted to Congress for approval under fast-track procedures.	Same as in 1988 act.	Same as in 1988 act.
N/A	Expanded Tariff Proclamation Authority -- Subject to the consultation and layover requirements of section 115 of the Uruguay Round Agreements Act and pre-negotiation congressional notice and consultation, President may proclaim the modification of any duty if the U.S. agrees to such modification in a negotiation for reciprocal elimination or harmonization, within the same tariff categories, under the auspices of the WTO, or as part of an interim agreement leading to formation of a regional free trade area. This authority does not affect section 111(b) of the Uruguay Round Agreements Act.	Other Tariff Modifications -- Same as Senate bill, but does not have pre-negotiation congressional notice and consultation and does not refer to tariff categories.

VII. Fast-Track Agreements.

1988	Senate	House
Agreements on Nontariff Barriers -- Whenever the President determines that any barrier or distortion burdens or is likely to burden trade and the purposes, policies and objectives of the fast-track law are served, the President may enter into an agreement to reduce or eliminate such barrier or distortions. The agreement may be entered into only if it meets the objectives of the fast-track law.	Agreements on Tariff and Nontariff Barriers -- Whenever the President determines that any duty, barrier or distortion burdens or is likely to burden trade and the purposes, policies and objectives of the fast-track law are served, the President may enter into an agreement to reduce or eliminate such duty, barrier or distortion. An agreement may be entered into only if it makes progress in meeting applicable objectives of the fast-track law and the President meets the consultation requirements of the law.	Agreements on Tariff and Nontariff Barriers -- Essentially the same as Senate bill.
Bilateral Agreements on Tariff and Nontariff Barriers -- President may enter into agreements with foreign countries providing for the elimination or reduction of any U.S. duty; agreement also may address any barrier or distortion. No benefit of such agreement shall apply to any non-party. The agreement may be entered into only if it makes progress with respect to the objectives of the fast-track law and was requested by another country. This provision does not affect free trade agreements previously entered into.	N/A	N/A

Bills Qualifying for Fast-Track -- provisions may include: approval of an agreement; approval of the statement of administrative action, if any; and if changes in existing laws or new statutory authority is required to implement such agreements, provisions necessary or appropriate to implement such agreements.	Bills Qualifying for Fast-Track -- provisions may include: approval of a fast-track agreement that achieves one or more of the principal negotiating objectives and the statement of administrative action, if any. Also, implementing bills may include: provisions necessary to implement such agreements; or provisions otherwise related to the implementation, enforcement and adjustment to the effects of such agreement and are directly related to trade; and provisions necessary to meet PAY-GO.	Bills Qualifying for Fast-Track -- provisions may include: approval of a fast-track agreement and the statement of administrative action, if any. Implementing bills may also include: provisions directly related to the principal negotiating objectives achieved in such agreement, if those provisions are necessary for the operation/implementa-tion of U.S. rights/obligations under the agreement; provisions defining/clarifying or that are related to the operation or effect of the provisions of the agreement; provisions to provide adjustment assistance to workers and firms adversely affected by the agreement; and provisions necessary to meet PAY-GO.

VIII. Duration and Extension Disapproval Resolutions.

1988	**Senate**	**House**
Duration -- Proclamation authority and fast-track procedures originally were to last until June 1, 1991. They were extended until June 1, 1993. With respect to the Uruguay Round, they were extended until April 16, 1994.	Duration -- Proclamation authority and fast-track procedures last until October 1, 2001. Possible extension until October 1, 2005.	Same as Senate bill.

Extension Disapproval Procedures -- As long as Congress did not disapprove, extension was automatic to June 1, 1993, if President submitted request by March 1, 1991, along with report on progress made in meeting objectives of fast-track law, on status of ongoing negotiations and explaining why an extension was needed; and the ACTPN submitted its views by March 1, 1991. These reports may be classified. A disapproval resolution need only be passed by one House before June 1, 1991. It may be introduced by any Member. In the House, it must be referred to and reported out of the Ways and Means Committee as well as the Rules Committee. In the Senate, it must be reported out of the Finance Committee. It is subject to expedited treatment, no amendments and limited debate.	Extension Disapproval Procedures -- As long as Congress does not disapprove, extension is automatic if President submits request by July 1, 2001, along with report on progress made in meeting objectives of fast-track law and on status of ongoing negotiations; and the ACTPN submits its views by August 1, 2001. These reports may be classified. A disapproval resolution need only be passed by one House before October 1, 2001. It may be introduced by any Member. In the House, it must be reported out by the Ways and Means Committee as well as the Rules Committee. In the Senate, it shall be referred to the Finance Committee. It is subject to expedited treatment, no amendments and limited debate.	Extension Disapproval Procedures -- Same as Senate bill, though the House version does not explicitly state that resolutions must be referred in the Senate to the Finance Committee (it does state that the resolution must be reported out of the Finance Committee).

VIII. Notice and Consultation Requirements.

1988	**Senate**	**House**
The President must provide 60 day advance notice of intent to enter into bilateral FT agreement and consult with Congress.	N/A	N/A

Before entering into FT agreement, President shall consult with Finance, W&M, and other committees with jurisdiction.	Similar provision.	Similar provision.
90 day advance notice of intent to enter into FT agreement.	Similar provision.	Similar provision.
ISAC report due 30 days after President gives notice of intent to enter into FT agreement. [Limited to Uruguay Round negotiations.]	Similar provision. [Not limited to any kind of negotiations.]	Similar provision. [Not limited to any kind of negotiations.]
Congress may withdraw FT for failure to consult under the act generally.	Similar provision [limited to consultations under section 4.]	Similar provision.
Congress may withdraw FT within 60 days of President's notice that he intends to enter into bilateral negotiations.	Congress may withdraw FT within 90 days of President's notice that he intends to enter into negotiations. [Not limited to bilateral agreements.].	N/A
President must hold a public hearing for any negotiations before making a formal offer.	Similar provision.	Similar provision.
President must get advice from ITC for tariff negotiations before making a formal offer.	Similar provision.	Similar provision.

The President must consult with congressional advisers.	In the course of negotiations, the President shall consult closely and on a timely basis (including immediately before initialing an agreement) with, and keep fully apprised of the negotiations, the congressional advisers appointed under section 161 of the 1974 Trade Act.	Same as Senate bill.
N/A	90 day advance notice of intent to enter into negotiations for a FT agreement. Within 60 days of entering into agreement, President must submit to Congress a description of changes in U.S. law necessary to bring U.S. into compliance with the agreement.	Similar provision.
N/A	N/A	For traditional proclamation authority, President must notify Congress of intention to enter into agreement.
N/A	For sectoral and interim free trade area agreements, President must meet notice and consultation requirements of section 115 of the Uruguay Round Agreements Act and pre-negotiation notice and consultation requirements described above.	Only the requirements of section 115 of the Uruguay Round Agreements Act applies.

IX. Disapproval Resolutions.

1988	**Senate**	**House**
For Lack of Consultations -- fast-track procedures will not apply if both Houses pass a resolution within a 60-day period. In the House, the resolution must be introduced by the Chair or ranking Member of Ways and Means Committee or Rules Committee. It shall be referred to and reported out of both of those committees. In the Senate, the original resolution shall be from the Finance Committee. It is subject to expedited treatment, no amendments and limited debate. Fast-track is a rule of each House and may be amended as any other rule of each House.	For Lack of Consultations -- Essentially the same as the 1988 act. Adds the requirement that the resolution must be reported out of the Finance Committee.	For Lack of Consultations -- Essentially the same as the 1988 act.

Disapproval of Negotiations -- Within the 60 days following the President's notice of his intention to enter into negotiations, either Ways and Means or Finance may disapprove of bilateral negotiations if procedural requirements not met (60-day advance notice and consultation with Congress; negotiations would make progress in meeting applicable objectives; negotiations requested by foreign country).	Disapproval of Negotiations -- Similar provision as in the 1988 act, but: applies to all fast-track agreements, not just bilaterals; applies time period of 90 day pre-negotiation notice, not 60 days as in the 1988 act; and requires both Committees to disapprove, not just 1.	N/A

IX. Grandfathered Agreements.

1988	**Senate**	**House**
N/A	Pre-negotiation notice and consultation does not apply to negotiations regarding: an agreement on information technology products under the WTO; work programs initiated under the Uruguay Round Agreement; and an agreement with Chile.	Same as Senate bill, but instead of Uruguay Round work programs, refers to negotiations on financial services and rules of origin.

Lael

THE WHITE HOUSE

WASHINGTON

November 21, 1997

MEMORANDUM FOR SANDY BERGER
GENE SPERLING
DAN TARULLO

FROM: BOB KYLE RK

SUBJECT: Fast Track

Before too much time elapses, I wanted to set forth a few thoughts on how we might proceed on fast track. Erskine's meeting last Friday correctly focused on what I think is the major strategic choice we face: whether to reach a compromise with Gephardt or to seek to make up this year's vote deficit without him. Addressing this issue and others soon can help put us in a better position next spring.

1. To the extent possible, we should seek an early decision whether we are willing to mount a fast track effort that does not involve a Gephardt compromise. If so, it will affect the nature of our effort over the next few months. The Gephardt approach would put an emphasis on quiet discussions with Gephardt/labor and others and exploring substantive options, leading to a less controversial, consensus bill that passes with a strong majority. The non-Gephardt approach would require us to focus on additional things: preventing vote attrition during the recess, retooling our message and laying the foundation for a renewed public effort next spring. In all likelihood, we will not be certain which approach we will pursue, so we may need to do all these things. But Erskine is right to focus on whether there is any appetite at all for the non-Gephardt approach.

2. In any case, we need a process to consider policy options. We could continue to refine the fall-back approach considered this fall: fast track for WTO negotiations only. Others have suggested a fast track listing specific countries or sectors only (e.g., Chile, Australia, medical equipment), a renewed Europe effort, global tariff elimination or a fast track that excludes investment negotiations. I think amendments to the labor/environment provisions are dangerous, but we could explore options (e.g., child labor provisions). Options obviously need to be considered in the broader context of our FTAA, APEC and other initiatives. Gephardt reportedly is preparing a bill, which would give him the initiative in defining next year's debate. That may be good if he seeks a workable compromise, bad if not. But we should form our own views about which approaches we favor. We may want a quiet, informal process.

3. Some interim Congressional work would help. Some good work has already been done: Podesta held a meeting at which Hilley, Brophy and others downloaded the vote count and commitments. That is particularly important with John, Susan and others leaving. Given that the non-Gephardt approach is still possible, we need a strategy to stop vote attrition during the recess

and cultivate potential converts. Our vote count knowledge from this fall's effort should enable us to target key Members effectively.

4. We can begin now to lay the foundation for a renewed Congressional effort. A successful effort next spring ought to have four qualities, particulary if we must go forward without Gephardt's help. First, there needs to be a sense of newness (as to our proposal, our themes, our approach) that gives Members a basis for changing their votes. Second, we need to dramatize the creation of a new fast track consensus. In 1990, Bush's reply to a Bentsen-Rostenkowski letter demanding that Bush spell out his NAFTA labor/environment agenda helped secure wholesale Democratic votes for NAFTA negotiating authority. Could an analogous letter by Murtha or other potential converts help this time? I am not sure, but there needs to be a greater sense that the interaction between Congress and the Administration has created a genuine consensus on how fast track should proceed, not simply a process marked by retail dealmaking. Third, we need to demonstrate we have learned our lesson regarding key areas of vulnerability (e.g., fulfillment of commitments). Fourth, we need to use changed circumstances since the fall (e.g., Asian financial crisis, press reports America is becoming more isolationist) to help make our case. Below are a few specific suggestions, all of which require work during the recess.

5. Retool our message. I think our main message is sound, but some new themes would add vibrancy, press appeal and help give Members a basis for shifting their votes. I like Gene's idea of arguing fast track ensures Americans get their fair share of future export opportunities, with supporting quantification if possible. Changed circumstances since this fall also can help. We can make the case there has been rising protectionism in the absence of American leadership (e.g., MERCOSUR 25% tariff hike) and that Asian financial woes show the necessity of liberalizing emerging economies. Recent articles suggest the press may be mounting a predictable criticism of rising American isolationism, with fast track as the lead example. That may help us make the case for engagement, with benefits for fast track and other foreign policy initiatives in 1998.

6. Develop an organized effort to fulfill Administration commitments. The charge that we failed to fulfill our NAFTA commitments stuck – and we ought to reverse our reputation. This is particularly important in light of additional commitments made this fall. One idea is to announce formation of a special interagency swat team to implement policy commitments. Substantively, it would respond to a clear vulnerability this year, and it would highlight our resolve to do better. This group could continue after any fast track vote, demonstrating our ongoing commitment.

7. Continue casting NAFTA in a new light. NAFTA was another vulnerability this year – and will continue to be. But we can make a credible case that Mexico's predicted turnaround – and thus bilateral trade improvement – is occurring. Mexican GDP is projected to grow 5.8% in 1997 and 6.4% in 1998. Our bilateral trade deficit is likely to drop 15% this year, with further improvement expected as the Mexican economy recovers. Over the last two years, U.S. exports to Mexico rose almost 50% versus 17% to the rest of the world. A good communications effort could encourage academic writings and newsstories laying the foundation for NAFTA's re-examination.

8. Repackage and strengthen our labor/environment efforts. Fast track opponents gained credibility this year arguing that a modern trade policy requires an enhanced commitment to labor/environment. It may be difficult to change the bill's labor/environment terms but we could present our parallel initiatives better. By adjournment, we had announced a good package of initiatives (e.g., TAA, NADBank, Daschle initiatives), but these were released piecemeal, giving us a chance next spring to articulate a comprehensive Administration policy (with enhancements), if desirable. Republican opposition will still be a concern, but my sense is that Republican leaders and the business community grew more accepting of these efforts as necessary to secure votes. In any case, we ought to explore options now to give us flexibility next spring.

9. Develop a strategy for key constituencies. Erskine has already engaged the business community and labor. Both resisted compromise. The business community said it would not support a fast track actively if FTAA authority is not included; Sweeney was cool to a workout. If we are forced to mount an effort without Gephardt, we might reconsider whether it is worth courting some of the more moderate environmental groups. They do not sway many Members, but their conversion could help atmospherics and some groups quietly understand that thwarting fast track dooms parallel environmental efforts.

10. We need to think about how to organize next year's effort. Erskine did an excellent job leading this year's effort, but I suspect even he would have preferred to have a mid-senior level group to frame options and handle more routine decisions before he became involved. We should discuss how to organize ourselves better.

Some of these suggestions may seem a bit ambitious. Perhaps we will not need a large public effort or an enhanced labor/environment package, but we may not be sure for some time and we will lose flexibility if we fail to prepare during the recess. High-profile preparation could excite opposition, but most of this could be done quietly, if we choose. Good preparation will help us finish earlier in 1998, which all parties probably favor. I would be glad to get together soon to discuss these ideas and others.

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NSC/RMO PROFILE

RECORD ID: 9705052
RECEIVED: 22 JUL 97 13

TO: STEINBERG, DAVID

FROM: BERGER

DOC DATE: 10 NOV 97
SOURCE REF:

KEYWORDS: INTL TRADE MP
NAFTA

PERSONS:

SUBJECT: LTR RE FREE TRADE

ACTION: BERGER SGD LTR DUE DATE: 28 JUL 97 STATUS: C

STAFF OFFICER: BRAINARD, L LOGREF:

FILES: WH NSCP: CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION	FOR CONCURRENCE	FOR INFO
		BRAINARD, L
		KYLE
		NSC CHRON

COMMENTS:

DISPATCHED BY Kr DATE 11 10 BY HAND W/ATTCH

OPENED BY: NSDRS CLOSED BY: NSTSM DOC 3 OF 3

UNCLASSIFIED

ACTION DATA SUMMARY REPORT

DOC	ACTION OFFICER	CAO	ASSIGNED	ACTION REQUIRED
001	BRAINARD, L	Z	97072213	APPROPRIATE ACTION
002	BERGER	Z	97092419	FOR SIGNATURE
002	BRAINARD	Z	97092609	FOR FURTHER ACTION
002	BERGER	Z	97102823	FOR SIGNATURE
003		X	97111017	BERGER SGD LTR

DISPATCH DATA SUMMARY REPORT

DOC	DATE	DISPATCH FOR ACTION	DISPATCH FOR INFO
003	971110	STEINBERG, DAVID	

UNCLASSIFIED
NSC/RMO PROFILE

RECORD ID: 9705052
RECEIVED: 22 JUL 97 13

TO: BERGER

FROM: STEINBERG, DAVID J

DOC DATE: 14 JUL 97
SOURCE REF:

KEYWORDS: INTL TRADE
NAFTA

MP

PERSONS:

SUBJECT: RECOMS ON US TRADE POLICY FM FORMER GOVT OFFICIAL

ACTION: APPROPRIATE ACTION DUE DATE: 28 JUL 97 STATUS: S

STAFF OFFICER: BRAINARD, L LOGREF:

FILES: WH NSCP: CODES:

D O C U M E N T   D I S T R I B U T I O N

FOR ACTION	FOR CONCURRENCE	FOR INFO
BRAINARD, L	DOBBINS	JONES, K
	HOFMANN	KYLE
	LEE	SCHWARTZ
	SANDALOW	

COMMENTS: ______________________

DISPATCHED BY ______________ DATE ________ BY HAND W/ATTCH

OPENED BY: NSDRS CLOSED BY: DOC 1 OF 1

UNCLASSIFIED

THE WHITE HOUSE

WASHINGTON

November 10, 1997

Dear Mr. Steinberg:

Thank you for your thoughtful letter concerning the importance of an effective domestic strategy to maximize the benefits of free trade and build broad domestic support. As you know from your own experience, the public debate on trade is too often one-sided.

I agree that we must make sure the benefits of open markets are spread as evenly as possible to strengthen domestic support for our trade policies. As you recommend, the National Economic Council is working with the various federal agencies to ensure our trade policies are accompanied by appropriate education, worker training and community adjustment programs to help equip all Americans to prosper in the international economy.

Your proposal that we should reach out to Governors is a good one. The Governors see tangible evidence of the benefits foreign trade brings to their states every day in terms of expanded job opportunities, business investment, and economic prosperity. Indeed, President Clinton's unwavering commitment to strengthening American competitiveness dates back to his own days as Governor of Arkansas. The White House Office of Intergovernmental Affairs has been working actively to involve individual Governors and the National Governors Association in our public outreach efforts on trade.

I appreciate your input on this important matter.

Sincerely,

Samuel R Berger

Samuel R. Berger
Assistant to the President
for National Security Affairs

Mr. David J. Steinberg
7216 Stafford Road
Alexandria, Virginia 22307

5052

THE WHITE HOUSE

WASHINGTON

September 24, 1997

→ Don / Glyn / Ed

~~edits~~ ~~note~~

JULY 14 → NOV. 10 !

ACTION

MEMORANDUM FOR SAMUEL R. BERGER

FROM: LAEL BRAINARD LB

SUBJECT: Response to David Steinberg Regarding Domestic Support for Free Trade

Purpose

To answer a letter from Mr. Steinberg urging you to develop a strategy to build domestic support for free trade.

Background

Mr. Steinberg notes the need for a domestic strategy to build broad support for free trade. He suggests working closely with the Governors to develop trade policy advantageous to every state in the country as well as the nation as a whole.

The proposed response thanks Steinberg for his thoughtful suggestions and informs him that Jay Berman, the White House coordinator for fast track, is working closely with Governors around the country.

Concurrence by: Robert Kyle RK

RECOMMENDATION

That you sign the letter at Tab A.

Attachments

Tab A	Response to David Steinberg
Tab B	Incoming Correspondence

5052

DAVID J. STEINBERG

7216 Stafford Road
Alexandria, Virginia 22307
Tel: (703) 765-2472

July 14, 1997

Hon. Samuel R. Berger
Assistant to the President
for National Security Affairs
Executive Office of the President
Washington, D.C. 20500

Dear Mr. Berger:

This letter concerns the need for a new dimension in U.S. trade policy -- the need for a domestic strategy not only to maximize the benefits of "free trade" but to ensure the political viability of such a trade policy. I know that your official priorities are elsewhere these days, but I know you recognize (a) the importance of trade policy to foreign policy, indeed to national security, and (b) that you understand the importance of strong public support for the President's foreign-policy and national-security objectives. I am therefore confident you will be interested in my proposal, which thus far has been unproductive in other sectors of this Administration to which it has been communicated.

> (My concern with both the foreign-economic and domestic-economic aspects of trade policy goes back many decades, involving experience both in and out of government (see the enclosed autobiographical sketch). Now in my 80th year, I am freelancing on a wide range of issues that greatly concern me. On none of them am I involved with any organization, corporation, or other entity. Long an outspoken advocate of a definitive, fully multilateral, free-and-fair-trade strategy (the total national interest my only standard), I consider myself more a free-trader than most so-called "free traders".)

This letter addresses what I consider a major deficiency in the marshalling of public support for free trade -- even for a free-trade initiative as limited as NAFTA, and now as limited as the quest for fast-track negotiating authority to extend NAFTA to Chile (later to other Latin American countries). Insufficient attention to strengthening the political viability of "free trade" has been a shortcoming of every U.S. administration from the very beginning of U.S. liberal-trade initiatives some 60 years ago. The present Administration's highly successful domestic economic policy does not meet the need I have in mind. Nor does the trade-adjustment-assistance program, which President Kennedy initiated in 1962 on the strong insistence of organized

JUL 16 15:22

labor.

What is needed is a coherent, credible, indeed dramatic pledge by the President of the United States that he and his Administration will exert every effort to help ensure that the free-trade policy advantageous to the nation as a whole (the "national interest") is also advantageous to every state in the Union. This pledge should include an explicit commitment to the fifty Governors to work closely with them to ensure this policy objective.

Coordinating the efforts of the various Federal departments in such a domestic strategy should be assigned to an appropriate section of the Executive Office of the President, probably the National Economic Council as a new venture in more effective federalism. The commitment to the fifty Governors, and the favorable response it would probably get from all of them, would do more for the political viability of free-trade initiatives than the White House's dramatic orchestration of support (as in the NAFTA ratification battle) from former presidents of the United States, former secretaries of State and Treasury, and American recipients of the Nobel prize in economics.

I hope you feel that this proposal (here suggested in the most general terms) deserves the President's earliest attention. There is no time to lose.

Best wishes.

Sincerely,

David J. Steinberg

Encl

Highlights of
David J. Steinberg's Personal History

Native New Englander

B.Ph. University of Vermont 1939
M.A. Harvard Graduate School of Arts and Sciences 1941

Military service: Army Air Forces - World War II

U.S. Government service (executive agencies)

Board of Economic Warfare in early 1940's prior to military service
U.S. Department of Commerce in late 1940's
Marshall Plan - including 3 years with the Special U.S. Economic Mission to the United Kingdom 1950-1953

Senior international economist for private research organizations 1955-1960

Instructor in American government and constitutional law in University of Virginia Extension Division 1956-1959

Contributing writer, the Voice of America 1959-1960

Consultant on trade policy, U.S. Senate Committee on Commerce 1960-1961
Chief consultant to the Committee on Trade of the White House Conference on International Cooperation 1965

Chief Economist and later also Executive Director of the Committee for a National Trade Policy 1961-1974

Principal author of the petition of 5,000 economists (organized by CNTP in association with former Senator Paul H. Douglas of Illinois) in opposition to the import quota bills of 1970 and urging a free-trade initiative.

President of the U.S. Council for an Open World Economy since 1974 (the year the Council was organized under his leadership). Also Executive Director, since 1968, of the National Council for a Responsible Firearms Policy, which he helped organize in 1967 in association with James V. Bennett, former Director of the Bureau of Prisons in the U.S. Department of Justice. Both organizations were dissolved at the end of 1989.

Extensive output of Congressional testimony and other published material includes the following books: The Sterling Area (coauthor), The USA in the World Economy (author), and Cambodia - Its People, Its Society, Its Culture (senior author).

DAVID J. STEINBERG
7216 STAFFORD RD.
ALEXANDRIA, VA. 22307

5052

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

WH

Dear Mr. Steinberg:

Thank you for your letter concerning the importance of an effective domestic strategy to maximize the benefits of free trade and build broad domestic support.

Under President Clinton, we have opened more foreign markets through more trade agreements than any other administration in history. In a world where 96% of the world's consumers live outside ~~of~~ the United States, we must export our goods and services to keep America the strongest and most competitive economy in the world. That is why the President is now seeking "fast track" authority to give us the ability to negotiate strong trade agreements and exercise international leadership.

I agree with you that we must strengthen the political viability of our open trade policy. Your proposal that we should reach out to Governors is a good one. The Governors see tangible evidence of the benefits foreign trade brings to their states every day in terms of expanded job opportunities, business investment, and economic prosperity. Indeed, President Clinton's unwavering commitment to strengthening American competitiveness in the global economy dates back to his own days as Governor of Arkansas.

I appreciate your input on this important matter.

Sincerely,

Sig Block

Mr. David J. Steinberg
7216 Stafford Road #
Alexandria, Virginia 22307

THE WHITE HOUSE

WASHINGTON

Dear Mr. Steinberg:

Thank you for your letter concerning the importance of an effective domestic strategy to maximize the benefits of free trade and build broad domestic support.

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I agree with you that we must ~~strengthen the political viability~~ ~~of~~ our open trade policy. Your proposal that we should reach out to Governors is a good one. The Governors see tangible evidence of the benefits foreign trade brings to their states every day in terms of expanded job opportunities, business investment, and economic prosperity. Indeed, President Clinton's unwavering commitment to strengthening American competitiveness in the global economy dates back to his own days as Governor of Arkansas.

I appreciate your input on this important matter. Make sure that the

Sincerely, benefits if we open markets

~~are spread building possible to strong support~~ domestic

Samuel R. Berger
Assistant to the President
for National Security Affairs

[What is integrated doing?]

What is

are spread as evenly as possible to strengthen domestic support.

Mr. David J. Steinberg
7216 Stafford Road
Alexandria, Virginia 22307

New Democrat Coalition Membership List (33 total):

Representative Cal Dooley (CA), Co-chairman
Representative Jim Moran (VA), Co-chairman
Representative Tim Roemer (IN) , Co-chairman
Representative James Barcia (MI)
Representative Ken Bentsen (TX)
Representative Leonard Boswell (IA)*
Representative Bob Clement (TN)
Representative Jim Davis (FL)*
Representative Peter Deutsch (FL)
Representative Norm Dicks (WA)
Representative Ron Kind (WI)*
Representative John LaFalce (NY)
Representative Nick Lampson (TX)*
Representative Bill Luther (MN)
Representative Bob Matsui (CA)
Representative Karen McCarthy (MO)
Representative Mike McIntyre (NC)*
Representative Bill Pascrell (NJ)*
Representative Earl Pomeroy (SD)
Representative David Price (NC)
Representative Steve Rothman (NJ)*
Representative Max Sandlin (TX) *
Representative Tom Sawyer (TX)
Representative Adam Smith (WA)*
Representative Vic Snyder (AR)*
Representative Debbie Stabenow (MI)*
Representative Charlie Stenholm (TX)
Representative Bart Stupak (MI)
Representative John Tanner (TN)
Representative Ellen Tauscher (CA)*
Representative Jim Turner (TX)*
Representative Pete Visclosky (IN)
Representative Robert Wexler (FL)*

* denotes Freshman Member

THE BLUE DOG COALITION
105th Congress

Rep. Scott Baesler
Rep. Marion Berry
Rep. Sanford Bishop
Rep. Allen Boyd
Rep. Gary Condit
Rep. Bud Cramer
Rep. Pat Danner
Rep. Virgil Goode
Rep. Ralph Hall
Rep. Tim Holden
Rep. Chris John
Rep. William Lipinski
Rep. Mike McIntyre
Rep. David Minge
Rep. Collin Peterson
Rep. Owen Pickett
Rep. Norman Sisisky
Rep. Charlie Stenholm
Rep. John Tanner
Rep. Gene Taylor
Rep. Jim Turner

10/07/97 TUE 17:13 FAX 2024567929 ☒002

Chris Walker
Leg affairs

Congress of the United States

Washington, DC 20515
September 24, 1997

Tom –
Could you please draft a response for this? Emphasize our initiatives, of course.
Thanks.
Elena

The Honorable William Jefferson Clinton
1600 Pennsylvania Ave., N.W.
Washington, DC 20500

SEP 25 PM 5:56

Dear Mr. President:

We urge you to give serious consideration to remedying the inadequate food safety provisions in the North American Free Trade Agreement (NAFTA). Because of your commitment to ensuring the safety of our nation's food supply, we expect that you will not agree to fast track authority that does not contain adequate food safety protections. Current fast track proposals do not address these concerns.

In an effort to increase trade with Mexico, NAFTA limited border inspections of food and allowed Mexican trucks to enter the U.S. with limited inspection.

These lax inspection practices contributed to a sharp increase in food imports from Mexico: imports of Mexican fruit have increased 45%, and vegetable imports have risen 31%. More than 70% of these imports are carried into the U.S. on trucks. The General Accounting Office (GAO) recently found that 99% of Mexican trucks enter the U.S. without any inspection.

These provisions in NAFTA have resulted in imports of fruits and vegetables contaminated with diseases and unhealthy pesticides. We were alarmed earlier this year when 179 Michigan school children contracted hepatitis after eating tainted Mexican strawberries. In order to prevent similar incidents in the future, we urge you to take the following action:

o Renegotiate the provisions in NAFTA that relate to border inspections and food safety, and ensure that any fast track authority include strong food safety protections.

o Increase the funding for border inspections or, alternatively, limit the increasing rate of food imports to ensure the safety of our food supply.

o Begin an aggressive program to label all food stuffs -- including fresh and frozen fruits, vegetables and meats -- with their country of origin.

We look forward to working with you on these vital public health issues.

Sincerely,

Bart Stupak

Sherrod Brown

PRINTED ON RECYCLED PAPER

Dear Representative Stupak:

Thank you for your letter dated September 24, 1997, expressing concern about the effects of increased trade on food safety. I share your concern about the safety of food for all Americans, and I will not permit any trade policy to impair the health and safety of the American people.

I have committed this Administration to ensuring that the food that Americans eat is the safest in the world. We have put in place improved safety standards for meat, poultry, and seafood products, and have begun the process of developing enhanced safety standards for fruit and vegetable juices. Together, we have enacted legislation in this area, including the Safe Drinking Water Act of 1996 and the Food Quality Protection Act of 1996.

This month, I announced an initiative to upgrade domestic food safety standards and to ensure that fruits and vegetables coming from overseas are as safe as those produced in the United States. I asked Congress to enact legislation that will require the Food and Drug Administration to halt imports of fruits, vegetables, and other food products from any foreign country with food safety systems and standards that are not on par with those of the United States. I also directed the Department of Health and Human Services and the Department of Agriculture to work cooperatively with the agricultural community to develop guidance on agricultural and manufacturing practices for fruits and vegetables within one year. Finally, I committed to providing the necessary funds in my Fiscal Year 1999 budget to enable the FDA to dramatically expand its international food inspection force so that it can make effective use of this new legislative authority. I am attaching a fact sheet on my new proposal, as well as the directive I sent to Secretaries Glickman and Shalala.

This new initiative will help guarantee the safety of food in the United States. It provides the improved inspection capacity we need and increased regulatory power to combat imports that could be contaminated. I am committed to continuing to improve the safety of food that Americans eat, and I look forward to working with you on this vital project. Thank you again for your letter.

Sincerely,

NEWS

11 Dupont Circle, NW
Washington, DC 20036-1207
FAX: (202) 328-5432
Telephone: (202) 328-9000
1-800-229-ECON

INSTITUTE FOR INTERNATIONAL ECONOMICS

NEWS RELEASE September 8, 1997

NEWS CONFERENCE: Monday, September 8, 9:15 am, 11 Dupont Circle, NW, sixth floor

Contact: I. M. Destler
(202) 328-9000

FAST-TRACK TRADE AUTHORITY SHOULD BE PERMANENT BUT CONGRESS SHOULD EXPLICITLY ENDORSE NEW NEGOTIATIONS

Washington, September 8---Congress should promptly approve President Clinton's upcoming request for new "fast-track" trade negotiating authority. Based on a comprehensive review of experience under fast track, beginning with the establishment of the procedure in the Trade Act of 1974, a new study by the Institute for International Economics concludes that "fast-track procedures have served the nation well. They have made it possible for the executive branch to negotiate credibly on complex nontariff trade measures that require congressional action to implement. They need renewal now so that the Clinton administration can continue to do so."

But I. M. Destler, author of *Renewing Fast-Track Legislation*, also concludes that the law should be modified in substantial ways from its prior format:

-- It should provide *permanent authority* to use the procedure for market-expanding trade negotiations, without any time limit; and

-- *Congress should explicitly authorize future trade negotiations* in advance, starting with some in the upcoming fast-track bill itself.

In addition, there should be a constructive compromise on the contentious question of whether and how to address trade-related labor and environmental issues. Negotiations on these issues should be authorized, but Congress should call for particularly close consultation on them and the accompanying reports should recognize the need for such consultation and bipartisan political support for any agreements that are subsequently reached.

Destler is the author of the award-winning *American Trade Politics*, the most widely used book on that topic. In today's world, he argues that the United States is both heavily dependent on the world economy and exceptionally well positioned to take advantage of it. Exports have tripled as a share of US production over the past generation. Export growth has accounted for one-third of overall GDP growth for a decade. Export jobs pay 10-15% better than the average wage and productivity in export firms is commensurately higher. The 1990s have revealed the US economy as the most entrepreneurial and flexible of the major industrial nations and hence particularly capable of exploiting the opening of markets around the world.

Fast-track authority, by which Congress authorizes negotiations of trade agreements and promises a prompt up-or-down vote on the results without amendment, has been the indispensable means by which presidents from Gerald Ford through Bill Clinton have pursued international trade agreements with foreign nations. Fast track provides credibility for US negotiators by guaranteeing that legislators will not rewrite agreements once reached. It helps Congress resolve its own internal problems by weakening the impact of special interests while retaining ultimate policy control. Fast track makes it possible for the president, US trade representative (USTR), and Congress to work together to promote US prosperity through enhanced participation in the global economy.

But the president has lacked this authority since the conclusion of the Uruguay Round in 1994. During this period, US trade policy has lost momentum while other countries have concluded new agreements that exclude, and often discriminate against, the United States. The administration now needs fast track to move ahead on:

-- its pledges to work out a Free Trade Area of the Americas (FTAA) by 2000 or 2005, starting with a long-promised free-trade agreement with Chile;

-- its pledges to achieve free trade with East Asia, the world's most rapidly growing region, through the Asia Pacific Economic Cooperation (APEC) forum by 2010 or 2020; and

-- scheduled negotiations within the World Trade Organization (WTO) to reduce barriers in agriculture, services, and other key sectors beginning in 1999.

Congress should enable the president to pursue these negotiating opportunities aggressively. However, recent experience with fast track has underscored three problems:

-- Under the current formula, it has been possible for the executive branch to launch a major negotiation neither anticipated nor authorized by Congress as a whole; the North American Free Trade Agreement (NAFTA) in fact began in this manner and its contentious approval was complicated by this history.

-- During the Clinton administration, deep divisions have developed within the trade policy community over the substantive scope of future trade negotiations—above all the coverage of trade-related labor and environmental issues.

-- Implementing legislation for past agreements concluded under fast track has included many matters that were not necessary for adherence to these agreements, leading to congressional charges of process abuse by the administration.

The legislation enacted by Congress should address these problems directly. To confirm trade liberalization as long-term US policy, Destler argues that *Congress should abandon the concept of a general termination date for fast-track authority*. Instead, fast-track procedures should be ongoing and available for any agreement whose negotiation Congress has approved.

This long-term general commitment would be made operational by advance congressional approval of specific new negotiations. Democratic process and congressional influence would be protected through a requirement for up-or-down votes at their takeoffs. Future fast-track law should thus become two-tiered.

On labor and environmental issues, there is need for a constructive compromise. Expanding trade and globalization clearly affect US workers and the environment, sometimes adversely. The nation and the world need to confront these connections if workers are to win a more equitable share of the gains from trade, and if trade is to reinforce rather than undermine steps toward a better global environment. Hence it is desirable to explore internationally the extent to which some labor and environmental issues that are clearly trade-related can be handled within the trade negotiating process.

Trade-related labor and environmental issues cannot be among the top US negotiating priorities, however, as proposed in the administration in 1994. But neither should these topics be ruled out of trade agreements as proposed in several Republican alternatives. Due to complexity of the issues and the lack of consensus at home and abroad, the reality is that the short-term yield from addressing these issues is likely to be sparse and mainly symbolic. The circumstances, therefore, demand a compromise, and there should be no specific prohibitions of changes in domestic labor or environmental law, or of the use of trade sanctions to enforce agreements on these issues, as a result of fast-track negotiations. *Negotiations on these issues should be authorized* but Congress should call for particularly close consultation on them. And the accompanying reports should *recognize the need for such consultation and bipartisan political support for any agreements reached.*

Destler argues that better education and training programs are far more likely to help workers respond to the challenges of globalization than even the most ambitious achievements with respect to international labor standards. The president should therefore complement the enormous emphasis he has put on expanding higher education with a broad new effort to give workers the wherewithal to engage in the marketplace even when forced to change jobs. Apprenticeship and retraining assistance should be available to all in need, *specifically including* those disadvantaged or displaced by trade and globalization.

To protect fast-track legislation from being abused by the inclusion of provisions well beyond those required to implement trade agreements, the study suggests:

-- replacement of the phrase "necessary and appropriate," concerning what provisions can be included in implementing legislation, with significantly more restrictive terminology, like "necessary or clearly contributing to" implementation of the agreement;

-- a requirement that the president submit, with the implementing bill, a statement listing all provisions not strictly "necessary" together with an argument (for each) as to why it is appropriate for action via fast-track rather than ordinary legislation; and

-- permitting amendments to the bill, though still within its strict time limits, on the money provisions required under congressional rules to offset the budgetary impact of any losses of tariff revenue.

About the Author

I. M. Destler, *Visiting Fellow* at the Institute, is Professor at the School of Public Affairs and Director of the Center for International and Security Studies at the University of Maryland. He was formerly a Senior Fellow at the Institute (1983-87), the Carnegie Endowment for International Peace (1977-83), and the Brookings Institution (1972-77). He is author or coauthor of 12 books on American foreign and trade policymaking including *The National Economic Council: A Work in Progress* (1996), *American Trade Politics* (third edition, 1995), *Beyond the Beltway: Engaging the Public in U.S. Foreign Policy* (1994), *Our Own Worst Enemy: The Unmaking of American Foreign Policy* (1984), and *Coping with U.S.-Japanese Economic Conflicts* (1982).

About the Institute

The Institute for International Economics is a private nonprofit research institution for the study and discussion of international economic policy. The Institute, directed by C. Fred Bergsten, provides fresh analyses of key economic, monetary, trade, and investment issues and recommends practical approaches for strengthening public policy toward these important topics. The Institute receives funding from a large number of private foundations and corporations.

RENEWING FAST-TRACK LEGISLATION

I. M. Destler

September 1997, 72 pages, $11.95

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FAST TRACK LANGUAGE:

Principal Objectives:

Workers rights	Like 88	Except limited to WTO, added ILO core stds
Environmental protections	Not in 88	Within the WTO
Overall Objectives:		
"Directly related to trade"	New	Implies NAFTA as baseline
Guidance to negotiators:		
Protect domestic health, safety, etc	New	
Implementing Legislation:		
Necessary or appropriate...	Same as 88	
... and related to trade...	New	Reps: necessary & directly related to principal neg obj; covers TAA
Notice & consults:		
Notify objectives up front other agreements with particular country (side..., tax)		
Brings forward public notice & comment		
Guidance to negotiators to use Congl. Advisors	Same as 74 Not in 88	
Notify domestic legislation that might have to be introduced (eg telcomms)	New	

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

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

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

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

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

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

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

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

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

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

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

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

Specific Provisions of the Bill Include:

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

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

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

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

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

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Breaux
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Baucus
Lieberman
whip
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Separate supportive House Dems Press Leadership Caucus
Matsui Dooley
Gephardt will blast afterward
Q: Does vote for fast track hurt Dems in retaking House?

Section-by-Section Analysis

Section 1. Short Title.

Section 2. Negotiating Objectives.

Section 2 of the proposal sets out the "overall" and "principal" objectives that will guide the President in negotiating future trade agreements covered by the proposal. This format parallels that of section 1101 of the Omnibus Trade and Competitiveness Act of 1988, which in turn was based on a similar structure in the Trade Act of 1974.

In order for a trade agreement to qualify for fast-track treatment, it must make progress toward one or more of the principal objectives set out in section 2(b). These objectives address, among other subjects, agricultural exports, intellectual property, the protection of worker rights and the environment under the World Trade Organization, trade in services, U.S. foreign investment, and specific barriers to trade, including foreign government policies and practices directly related to trade.

Section 2(c) calls on U.S. negotiators to take important domestic policy objectives, such as the protection of human health and the environment and national security, into account when negotiating fast track trade agreements. Negotiators are also instructed to ensure that the United States will retain the ability to vigorously enforce U.S. trade laws and that official Congressional advisors are kept fully informed during the course of trade negotiations.

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

Section 3(a) provides the President with authority to reduce U.S. tariff rates -- without seeking further approval from the Congress -- in return for concessions from U.S. trading partners. Much of the language on this subject is derived from earlier versions of tariff proclamation authority, with antecedents dating back to the mid-1930s. The proposal adds a provision that will allow the President to implement new sectoral tariff harmonization or elimination agreements under the World Trade Organization, subject to a Congressional notice and layover requirement. The proposal also permits the President to carry out tariff elimination and harmonization agreements, subject to notice and layover, concluded as an interim step towards a regional free-trade arrangement.

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

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

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

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

A number of the notice and consultation requirements included in sections 4 and 5 are drawn from equivalent provisions in the Omnibus Trade and Competitiveness Act of 1988. For example, the President must provide advance notice to the Congress before initiating a negotiation and must consult with the Congress before an agreement is concluded. The President must also describe in detail at the time he submits implementing legislation to the Congress how he intends to use existing regulatory and administrative authority to carry out the agreement.

The proposal also provides for Congress and the President to receive advice from the relevant private sector advisory committees concerning any agreement that the President has negotiated -- before it is signed. The advisory committees cover a broad range of sectors and policy matters, including manufactured goods, agricultural commodities, services, intellectual property, labor, and the environment. Under existing law, the President must also consult with these committees regarding his objectives and bargaining positions in the negotiations. In addition, in advance of the negotiations, the President must solicit advice from the United States International Trade Commission, as well as views from the public, concerning any U.S. tariff reductions contemplated in the negotiations.

The proposal adds new consultation requirements to further enhance Congressional oversight of the negotiation process. For example, the President must spell out for the Congress before negotiations begin his principal negotiating objectives and is required to consult with the Congress over the course of the negotiations. In addition, the President must inform the Congress of any other agreements he intends to conclude and must state whether the trade agreement will require implementing legislation in addition to that subject to fast-track procedures.

Section 6. On-going Negotiations.

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

Section 7. Conforming Amendments.

The proposal makes changes to other statutes necessary to ensure that provisions of law applicable to fast track trade agreements continue to apply. For example, these amendments ensure that the public and private sector views are solicited regarding any trade negotiations initiated under the proposal.

CLINTON FAST-TRACK BILL LIMITS SCOPE OF LABOR, ENVIRONMENT RULES

Date: September 17, 1997 - Inside U.S. Trade - Special Report -

The Clinton Administration's proposal on renewing fast-track negotiating authority unveiled yesterday (Sept. 16) includes language mirroring demands by congressional Republicans that only labor and environment measures "directly related to trade" be included in trade agreements subject to an up-or-down congressional vote. But in a nod to Democrats, the bill also includes a strong mandate that the U.S. seek to address labor and environment issues in the World Trade Organization.

Assistant to the President for International Economic Policy Dan Tarullo yesterday refused to define the term "trade-related," but admitted that this language would unquestionably restrict what can be included in agreements covered by fast track.

"I think it's fair to say that there would be a reasonably discreet set of provisions that would be encompassed by it, but what exactly [this formulation] means in a particular trade agreement would presumably need to await [that particular trade] negotiation," Tarullo said in a Sept. 16 briefing.

Tarullo said the language largely mirrors that proposed by House Ways & Means Committee Chairman Bill Archer (R-TX). Archer said earlier this month that the "trade-related" language would allow trade agreements to address "arbitrary labor standards" or "environmental regulations" of U.S. trading partners, which impede market access for U.S. products (*Inside U.S. Trade*, Aug. 29, p. 1).

In the opening section of the bill on "overall trade negotiating objectives," the Administration proposal would require the President "to address those aspects of foreign government policies and practices regarding labor, the environment, and other matters that are directly related to trade and decrease market opportunities for United States exports or distort United States trade."

The bill would make it a "principal negotiating objective" to work through the WTO to "promote respect for internationally recognized worker rights, including with regard to child labor" and to secure a review of the relationship between labor rights to WTO rules. The U.S. shall also seek "as a principle" of the WTO that the denial of labor rights should not be a means for a country or its industries of gaining a competitive advantage, according to the bill.

In the International Labor Organization, the Administration would be required to establish "a mechanism for the systematic examination of, reporting on, and accountability for the extend to which member governments promote and enforce core labor standards," according to the bill.

On environment, the bill wants the U.S. to ensure through the WTO that trade and the protection of the environment are "mutually supportive." It calls for the "further clarification of the relationship" between environmental protection and international trade rules, an apparent reference to the work of the WTO's Committee on Trade and Environment.

Under a separate section entitled "guidance for negotiators," the Administration proposal also directs officials to take into account "domestic objectives including, but not limited to, the protection of health or safety, essential security, environmental, consumer or employment opportunity interests and the laws and regulations related thereto," according to the bill.

The Administration proposal also highlights the importance of agriculture by making it a principal negotiating objective to "achieve fairer and more open conditions of trade in agricultural commodities." It cites as goals the reduction or elimination of tariffs and subsidies, the development of stricter rules on state-trading enterprises, "unjustified restrictions or commercial requirements affecting new technologies, including biotechnology," unjustified sanitary and phytosanitary restrictions, technical barriers to trade and the administration of tariff- rate quotas.

The proposal also includes a mandate to reduce or eliminate trade-distorting barriers to U.S. foreign investment through adherence to the national treatment principle, freedom to transfer funds, elimination of performance requirements and the establishment standards for the expropriation of investments and the creation of procedures for settling investment disputes.

The proposal significantly expands the range of consultations with Congress required in order to qualify an agreement for treatment under fast-track rules. Negotiators are required to consult during negotiations with the congressional advisors on trade policy appointed under Section 161 of the Trade Act of 1974. This provision requires the Speaker of the House and the President of the Senate at the beginning of each Congress to appoint from their respective bodies five members from the Ways & Means and Finance committees.

Regarding specific negotiations, the President must provide to Congress written notice of his intent to enter into talks 90 calendar days before they commence. This notification must include the intended date of initiation, specific negotiating objectives and whether the President is seeking a new agreement or changes to an existing one, according to the bill.

The President must also consult "before and after" the submission of this notification with Ways & Means and Finance, as well as "such other committees of the House and Senate as the President deems appropriate," according to the bill.

Before formally entering into a trade agreement, the President would have to consult with Ways & Means and Finance, as well as other committees which have jurisdiction over issues addressed in implementing legislation. These consultations would cover "the nature of the agreement," and how the agreement achieves goals outlined by the fast-track legislation. The President would have to report on plans for implementation, including "subject matter for which supplemental implementing legislation may be required which is not subject to fast track procedures."

Ninety days prior to entering into the agreement, the President would have to notify the entire House and Senate and publish a similar notice in the *Federal Register*. Sixty days following the conclusion of the agreement, the President would be required to submit to Congress a description of the changes necessary in U.S. laws to bring the U.S. into compliance with the agreement. Then, the President would have to submit to Congress a draft implementing bill, a "statement of any administrative action proposed to implement the trade agreement," and a broad array of supporting information.

Under the bill, Congress would have the right to deny fast-track treatment to individual trade agreements if it passed a "procedural disapproval resolution" because it had been consulted insufficiently. The resolution must be introduced by the chairmen and ranking member of Ways & Means and Rules in the House and Finance in the Senate.

The bill also appears to move in the direction of Republicans to limit the scope of provisions which may be included in legislation implementing trade agreements covered by fast track. Previous fast-track authority has allowed for changes which are "necessary and appropriate" to implement the deal. Republicans have criticized this language as allowing the Administration to put provisions in the implementing legislation that go well beyond what is required by the trade agreement.

Under the Administration proposal, the President could include in implementing bills subject to fast track those provisions that are "necessary or appropriate...and which are related to trade, either repealing or amending existing laws or providing new statutory authority," according to the bill.

It also applies to implementing legislation rules originally established in 1985 and extended in the Budget Act of 1990 which require bills to be revenue neutral. These so-called "paygo" rules require bills which lose revenue to contain specific offsets. Since trade agreements generally include tariff cuts, their implementing legislation must raise an equivalent amount of revenue.

The bill calls for a four-year extension of fast-track authority, with a provision to extend it by presidential request for an additional four years beyond Oct. 1, 2001. The President would have to notify Congress of his intention to extend fast track no later than July 1, 2001. Congress could then override this decision by passing a resolution of disapproval, but the resolution would have to be reported out of the Ways & Means and Rules Committees in the House and the Finance Committee in the Senate before coming up for floor votes.

The bill grandfathers into fast-track treatment two specific negotiations which would otherwise not be covered because they have already begun and were not the subject of specific consultations with Congress. It cites negotiations in the WTO on "trade in information technology products," an apparent reference to a second phase of the Information Technology Agreement. The first phase of the ITA was concluded in 1997.

The bill would also grandfather into fast-track work programs required under the Uruguay Round agreement. For example, this could cover on-going negotiations on the harmonization of rules of origin.

The proposal would also ensure that negotiations on a free-trade agreement with Chile would be covered under fast-track procedures, a point which has always been supported by both the Administration officials and Republicans.

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HOUSE, SENATE COMMITTEES PREPARE FOR QUICK ACTION ON FAST-TRACK BILLS

Date: September 26, 1997 - Inside US Trade -

The House and Senate this week moved toward legislative action on bills renewing fast-track negotiating authority that are likely to give U.S. negotiators less flexibility than a bill proposed by the Administration earlier this month. Republicans in both chambers seem united in their goal of limiting the scope of labor and environmental issues that can be covered by fast-track rules.

U.S. Trade Representative Charlene Barshefsky told reporters yesterday (Sept. 25) that the Senate Finance Committee has tentatively scheduled a markup for Oct. 1. A committee source said this date was "likely." On the House side, Ways & Means Committee Chairman Bill Archer (R-TX) this week announced that the full committee will mark up fast-track legislation on Oct. 8 based on a chairman's mark now being prepared by staff.

Barshefsky told reporters yesterday (Sept. 25) that the Administration is "in discussion" with members on the fast-track issue but has not discussed "specific language" yet.

Archer decided on the markup date after a Sept. 24 meeting with Barshefsky, also attended by Reps. Phil Crane (R-IL) and David Dreier (R-CA). Archer emphasized to Barshefsky that the House Republican leadership has told him that the votes to pass fast track are not there, a congressional source said. He also told her that President Clinton must become personally engaged in the fast-track debate.

The Ways & Means trade subcommittee will hold a hearing on Sept. 30 on the general topic of fast track, but a congressional source predicted that it would focus on the Administration's own proposal.

Finance Committee Chairman William Roth (R-DE) said on Sept. 23 that he would seek to mark up both a fast-track bill and a bill to extend the benefits of the North American Free Trade Agreement to Caribbean basin countries. But he said he had not decided whether the two bills would be packaged together.

Senate Majority Leader Trent Lott (R-MS) said this week that fast track will be the last matter which the Senate takes up before it recesses this year, congressional sources said.

Senate Republican criticism of the Administration bill has centered on the extent to which labor and environmental provisions which change U.S. law could be included in legislation covered by fast track, congressional sources said. Republicans want to draft a bill which more firmly links the negotiating objectives to what can be included in implementing legislation and by narrowing labor- and environment-related objectives, especially those related to the International Labor Organization.

In particular, Republicans have "real concerns" about including references to the ILO in fast-track legislation, one source said. The provision in the Administration bill on the ILO was included as a result of discussions with Finance Committee Ranking Member Pat Moynihan (D-NY).

The criticism of Sen. Phil Gramm (R-TX) last week that the Administration's bill could allow ILO agreements to be covered under fast track is shared by other members, congressional sources said. One agreements to be covered under fast track is shared by other members, congressional sources said. One source said that "not a single Republican" supports mentioning the ILO in the fast track bill.

On environmental issues, Senate Republicans object to a provision in the Administration bill which requires U.S. negotiators to "take into account United States domestic objectives including, but not limited to" health and safety, environmental, consumer and employment opportunities issues. They think this language could compel the President to seek trade agreements which require countries to adopt U.S. standards, one source said.

Related to the labor issue in particular is Senate Republican concern over what provisions can be included in agreements covered by fast track, congressional sources said. Many Republicans believe the negotiating objectives must be tied directly in the bill to what can be including in implementing legislation.

Most Senate Republicans also support language which would restrict the contents of implementing bills more than the "necessary or appropriate" language of the 1998 trade act, congressional sources said. The Administration proposal adopted the "necessary or appropriate" language of the 1988 fast-track authority, though it did add language to qualify this apparently broad provision.

One source said that most Republicans would prefer using simply the term "necessary." But another source cautioned that, regardless of the specific phrase in the bill, the key issue would be how Congress defines the phrase.

The source added that there is also a recognition among senators of the need for "some elements of flexibility" in this respect in order to get trade legislation passed.

The Administration request for fast-track authority through 2005 has attracted little opposition in the Senate, congressional sources said. One source said senators would be "happy" to deal with the issue definitively for the next eight years. Another added that the request for a three-year extension followed by an additional four if Congress does not object is "a well-known and familiar formula" for legislators.

Senate Minority Leader Tom Daschle (D-SD) said on Sept. 23 that his negotiations with the Administration for a Statement of Administrative Action (SAA) are proceeding "productively." Daschle said he is seeking both better implementation of North American Free Trade Agreement rules on labor and environment and new steps that the President could take in those areas.

"We want to make sure that the priorities expressed with regard to labor, the environment and agriculture [in the proposed bill] are not just rhetoric but true intentions of this government with regard to making substantive change," Daschle said. "But we have not seen that yet."

An SAA constitutes a stronger political commitment than report language that accompanies regular bills because Congress votes on it along with the legislation, according to private-sector lawyers.

Daschle and Moynihan last week outlined initiatives on labor and environment which Senate Democrats want from the Administration in order to support fast track (*Inside U.S. Trade*, Special Report, Sept. 17, p. S-15).

Late last week, House Democrats met with senior Administration officials and briefly discussed the idea of having House Democrats introduce their own fast-track bill, congressional sources said. The Administration offered to work with them on such a bill during the Sept. 18 meeting when Democrats raised the possibility of developing alternative legislation, these sources said.

But congressional sources said a "more Democratic bill" than the Administration proposal would do little to push the content of legislation in a Democratic direction. The Administration bill has effectively placed a "ceiling" on how much the eventual bill can reflect Democratic priorities, one source said.

In a related development, the America Leads on Trade coalition this week distributed to its members another round of target lists of House members to lobby on fast track. The list, which is reprinted below, includes 86 Democrats and 66 Republicans.

Industry sources said this week that as lobbying has geared up following the introduction of the Administration's fast-track proposal, many companies have found that labor groups have already contacted many members.

President Clinton this week took the case for fast track before the annual convention of the AFL-CIO, a group which has launched a media campaign to defeat fast track. In a Sept. 24 speech, he emphasized the need for fast-track authority to sustain economic expansion and the creation of high-paying jobs.

White House Spokesman Mike McCurry said the same day that Clinton's speech served to remind labor of "what the potential consequences" are of targeting Democrats that cast a vote for fast track. Such a strategy may open the door to more Republican members in the House, he said.

Vice-President Gore, Daschle and House Minority Leader Richard Gephardt (D-MO) also spoke to the convention. Gore did not mention fast track, while Daschle said he would fight to ensure that labor and environmental issues can be a part of trade negotiations. Gephardt reiterated his argument that fast track should include core labor and environmental provisions.

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DASCHLE, MOYNIHAN OUTLINE SENATE DEMOCRATIC DEMANDS ON FAST TRACK

Date: September 17, 1997 - Inside U.S. Trade - Special Report -

Two senior Senate Democrats as late as this week pressed the Administration to address labor and environmental issues in its fast-track proposal in ways that would improve global standards in these areas and would not threaten to erode U.S. rules. Senate Minority Leader Tom Daschle (D-SD) and ranking Finance Committee member Pat Moynihan (D-NY) told President Clinton that these issues must be addressed for a fast-track bill to garner sufficient support among Senate Democrats.

"At the outset, there is widespread recognition that export expansion will be key to continued economic growth, and broad support for the aggressive market-opening initiatives that you and your economic team have undertaken," they said in a Sept. 15 letter. "At the same time, our colleagues share the conviction that we must address ourselves to the very real human costs of globalization, as American workers compete with low-wage labor in countries with weak labor laws, minimally enforced."

Daschle and Moynihan said the Administration must take specific steps in the areas of labor, environment, agriculture, worker education and retraining and consultations with Congress. They also said that environmental, health and safety standards must move towards U.S. standards.

"If a fast track proposal is to gain the support of Senate Democrats, it must address [these] objectives," the two senators said.

A congressional source said that the fast-track proposal floated by the Administration yesterday (Sept. 16) responds to "some" of the concerns raised by Senate Democrats during consultations last week. Provisions which establish liberalization in the agricultural sector as a main negotiating objective and demand broader consultations with Congress reflect these demands, the source said (see related story).

In addition, the Administration proposal establishes labor and environment as a "principal trade negotiating objective," which was not the case before the Administration consulted with Senate Democrats last week, the source said.

Daschle and Moynihan wrote that the Administration should base a decision to enter into free trade agreements on other countries' enforcement of their labor and environment laws. It should also seek to improve the functioning of mechanisms set up in the North American Free Trade Agreement side accords on labor and environment, they said.

They also emphasized that agriculture should be a "top priority" of U.S. trade policy in upcoming negotiations in the World Trade Organization. And they called for beefed-up trade adjustment assistance and effective education and training opportunities so that U.S. workers can benefit from increased trade.

Daschle and Moynihan also emphasized the need to more directly involve Congress in the process of negotiating trade agreements. "Many of our colleagues believe that the past fast track procedural requirements have fallen short, making Congress less than a true partner in the negotiations," they wrote.

Beyond these specific demands, the senators also called for a mechanism to avoid the adverse effect of exchange rate fluctuations on tariff cuts. They also expressed the need for "a real determination, backed by sufficient resources, to enforce the agreements we reach and remedy any deficiencies that may emerge as they are implemented."

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Jim Christy
TRW
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hill consultations:

1-ARCHER/DRIER	ebb, jh, cb, jb
2- ROTH	ebb, jh, cb, jb
3- GINGRICH	ebb, jh
4- LOTT	ebb, jh
5- DASCHLE	ebb, jh
6- GEPHARDT	jh

other house:

RANGEL	cb, jb
MOYNIHAN	jb
FAZIO	jb
HOYER	jb
MATSUI	jb
BERMAN	jb
STENHOLM	jb
BECERRA	jb

other senate:

BREAUX	jb
ROCKEFELLER	jb

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

The Export Expansion and Reciprocal Trade Agreements Act of 1997

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

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

"Fast track," first put in place under the Ford Administration, is further expression of partnership between the President and the Congress in bringing down barriers to U.S. exports. Fast track is a procedure under which the Congress and the President work together to ensure that the United States can effectively negotiate away non-tariff barriers -- such as quotas, protectionist product standards, and subsidies -- that foreign governments have increasingly substituted for tariffs to exclude U.S. products.

Fast track has been used to negotiate five major trade agreements, beginning with the Tokyo Round of GATT negotiations, signed in 1979. Fast track lapsed along with most of the President's tariff reduction authority three years ago.

The President's proposed legislation serves to reunite the Congress and the President in trade negotiations. The President's proposal, ensures that the Congress is fully integrated into the formulation of U.S. goals, strategies, and decision-making for each trade negotiation subject to fast track procedures. Because the Congress and the President are united under the proposal, it tells U.S. trading partners that they can trust the United States not to reopen trade deals after they are struck.

The proposal also renews the President's long-standing tariff authority. The proposal adds provisions specifically directed at eliminating tariffs in sectors of greatest economic interest to U.S. exporters. It also provides the President authority to carry out reciprocal tariff elimination agreements on a regional basis as a first step towards a regional free-trade arrangement.

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

Key provisions of the proposal are as follows:

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

  -- to reduce foreign government barriers that discriminate or impose unreasonable regulatory barriers on services providers.

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

  -- To secure fairer and more open conditions of trade for U.S. food products.

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

  -- To promote through the World Trade Organization internationally recognized worker rights and sustainable development so that trade reinforces and complements labor rights and environmental protection.

  -- To reduce specific foreign trade barriers that reduce market opportunities for U.S. exports or that distort U.S. trade.

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

  -- Thus, fast track could be used to carry out agreements concluded as part of the trade negotiating agenda set out in the Congressionally-approved agreements administered by the World Trade Organization -- for example, further reductions in tariff and non-tariff barriers to agricultural trade.

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

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

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

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

- Among the requirements that the President must carry out in connection with fast-track negotiations are the following:

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

-- The President must solicit views from the public, and the United States International Trade Commission, before making an offer in a trade negotiation to reduce U.S. tariffs. Under the proposal, the President must in addition issue a public notice of any agreement in advance of signing it.

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

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

-- Any fast-track agreement that the President concludes must make progress towards one or more of the principal trade negotiating objectives set out in the proposal.

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

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

-- Under well-established practice, the President collaborates with the Congress in drafting the implementing legislation and the legislation is subject to informal public hearings and "mark-ups" by all

Congressional committees of jurisdiction before its introduction.

- Agreements for which the President has observed each of the proposal's notice, consultation, and other procedures are subject to fast-track consideration in the Congress. Fast track rules call for the Congress to vote on qualifying trade agreements and implementing legislation without amendment within 60 "legislative days" -- typically a period in excess of several months.

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

- Under the renewed "proclamation authority" the President would be authorized to carry out agreements that reduce by up to 50 percent U.S. tariffs that currently exceed 5 percent *ad valorem*. The President could eliminate duties of 5 percent or less. The proposal also allows the President to eliminate tariffs in connection with new multilateral reciprocal tariff agreements in particular sectors, as well as to carry out reciprocal tariff elimination agreements as a step towards regional free-trade areas.

# # #

TO THE CONGRESS OF THE UNITED STATES:

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

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

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

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

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

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

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

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

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

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

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

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FOLDER TITLE:

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2017-0401-F
db4726

RESTRICTION CODES

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P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
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P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
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RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

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b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

FAST TRACK INTERAGENCY CLEARANCE INFO

[001]

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JIM DOBBINS/PAT DeSOUZA	RM 361 OEOB	x69131
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SANDY KRISTOFF	RM 493 OEOB	x69251
BOB KYLE	RM 227 OEOB	x69281
MALCOLM LEE	RM 389 OEOB	x69299
JOHN NORRIS	RM 293 OEOB	x69518
VICKI RADD	RM 115 OEOB	x67176
STEVE RONNELL	RM 176 OEOB	x61956
DAVID SANDALOW	RM 361A OEOB	x66543
DAN TARULLO	RM 231 OEOB	x65355

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

August 30, 1997

TO: Erskine Bowles
Dan Tarullo
John Hilley
Susan Brophy
Jay Berman
Vicki Radd

FROM: USTR

As per our discussion on Thursday, enclosed please find the following:

(1) **A draft of the proposed fast track bill;**

(2) **A copy of Section 151 of the 1974 Trade Act**, which pertains to the permissible scope legislation to implement future trade agreements;

(3) **A section-by-section analysis of the proposed bill;**

(4) **Talking points to be used by the Administration's negotiating team in a pre-introduction meeting with the Republican negotiating team** (identified as "Fast Track Talking Points -- Archer, Dreier);

(5) **Talking points to be used by the Administration's negotiating team in a pre-introduction meeting with Democrats** (identified as "Fast Track Talking Points -- Matsui, Rangel, and Whip Group); and

(6) **Talking points for Cabinet Members and other Administration officials to use in Hill consultations next week.**

SEC. 1. SHORT TITLE.

This act may be cited as the "Reciprocal Trade Agreements Authority Act of 1997."

SEC. 2. TRADE NEGOTIATING OBJECTIVES.

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

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

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

(3) to further strengthen the system of international trading disciplines and procedures;

(4) to foster economic growth and full employment in the United States and the global economy;

(5) to develop, strengthen, and clarify rules and disciplines on restrictive or trade-distorting policies and practices;

(6) to address trade-related foreign government

policies and practices regarding labor, the environment, and other matters which decrease market opportunities for United States exports or distort or impede United States trade.

(b) PRINCIPAL TRADE NEGOTIATING OBJECTIVES.-

(1) SPECIFIC BARRIERS. - The principal negotiating objectives of the United States regarding specific trade barriers and other trade distortions are to expand competitive market opportunities for United States exports and to obtain more open and fair conditions of trade by reducing or eliminating specific tariff and nontariff trade barriers and trade-related policies and practices of foreign governments ~~directly related to trade~~ ~~that~~ which distort or impede United States trade.

(2) TRADE IN SERVICES. - The principal negotiating objective of the United States regarding trade in services is to reduce or eliminate barriers to international trade in services, including regulatory and other barriers that deny national treatment and restrict the establishment and operations of service suppliers.

(3) FOREIGN DIRECT INVESTMENT. -

The principal negotiating objective of the United States regarding foreign direct investment is to reduce or eliminate artificial or trade-distorting barriers to U.S. foreign direct investment by -

(i) reducing or eliminating exceptions to the principle of national treatment;

(ii) freeing the transfer of funds relating to investments;

(iii) reducing or eliminating performance requirements and other barriers to the establishment and operation of investments;

(iv) affirming international legal standards for expropriation and compensation for expropriation; and

(v) providing meaningful procedures for resolving investment disputes.

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

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

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

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

(iii) preventing or eliminating discrimination with respect to matters affecting the availability, acquisition, scope, maintenance, use, and enforcement of intellectual property rights; and

(iv) providing strong enforcement of intellectual property rights, including through accessible, expeditious, and effective civil and criminal enforcement mechanisms; and

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

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

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

(B) clarity in the costs and benefits of trade policy actions; and

(C) the observance of open and equitable procedures in trade policy matters by parties to international trade agreements.

(6) AGRICULTURE. - The principal negotiating objectives of the United States with respect to agriculture are to achieve, on an expedited basis, more open and fair conditions of trade in agricultural commodities by -

(A) reducing or eliminating tariffs which decrease market opportunities for United States exports;

(B) reducing or eliminating subsidies which decrease market opportunities for United States exports or distort or impede United States trade;

(C) developing, strengthening, and clarifying rules and disciplines on practices which decrease United States market access opportunities or distort or impede United States trade, including -

(i) activities of state trading enterprises and other administrative mechanisms,

(ii) unnecessary restrictions or commercial requirements affecting new technologies,

(iii) unnecessary, arbitrary, or unjustifiable sanitary and phytosanitary measures.

SEC. 3. TRADE AGREEMENTS AUTHORITY.

(a) AGREEMENTS REGARDING TARIFF BARRIERS.

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

(A) on or before October 1, 2005 may enter into trade agreements with foreign countries; and

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

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

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

(iii) such additional duties;

as the President determines to be required or appropriate to carry out any such trade agreement.

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

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

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

(C) increases any rate of duty above the rate that applied on the date of the enactment of the Uruguay Round Agreements Act.

(3) AGGREGATE REDUCTION; EXEMPTION FROM STAGING. -

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

(B) EXEMPTION FROM STAGING. - No staging is required under subparagraph (A) with respect to a duty reduction that is proclaimed under paragraph (1) for an article of a kind that is not produced in the United States. The United States International Trade Commission shall advise the President of the identity of articles that may be exempted from staging under this paragraph.

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

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

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

(5) OTHER LIMITATIONS. - A rate of duty reduction or increase that may not be proclaimed by

reason of paragraph (2) may take effect only if a provision authorizing such reduction or increase is included within an implementing bill provided for under section 5 and that bill is enacted into law.

(6) OTHER TARIFF MODIFICATIONS. -

(A) Subject to the consultation and layover requirements of section 115 of the Uruguay Round Agreements Act, the President may proclaim the modification of any duty or staged rate reduction of any duty set forth in Schedule XX, as defined in section 2(5) of that Act, if the United States agrees to such modification or staged rate reduction in a negotiation for the reciprocal elimination or harmonization of duties under the auspices of the World Trade Organization.

(B) The authority provided in paragraph (A) is in addition to the authority conferred on the President pursuant to Section 111(b) of the Uruguay Round Agreements Act and the other provisions of this subsection.

(b) AGREEMENTS REGARDING TARIFF AND NON-

TARIFF BARRIERS. -

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

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

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

and that the purposes and policies of this act will be promoted thereby, the President may, during the period beginning on January 1, 1998, and ending on October 1, 2005, enter into a trade agreement with foreign countries providing for -

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

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

(2) CONDITIONS. - A trade agreement may be entered into under this subsection only if the President satisfies the conditions set forth in section 5.

(3) BILLS QUALIFYING FOR TRADE AUTHORITIES PROCEDURES. - The provisions of section 151 of the Trade Act of 1974 (in this act referred to as "trade authorities procedures") apply to implementing bills (as defined in subsection (b)(1) of such section) submitted with respect to trade agreements entered into under section (3)(b) of this act.

SEC. 4. NOTICE AND CONSULTATIONS.

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

(1) provide written notice to the Congress of the President's intent to enter into the negotiations and set forth therein the date the President intends to initiate such negotiations; and

(2) before and after submission of the notice, consult regarding the negotiations with the Committee on Finance

of the Senate and the Committee on Ways and Means of the House of Representatives and such other committees of the House and Senate as the President deems appropriate.

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

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

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

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

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

(A) the nature of the agreement;

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

(C) all matters relating to the implementation of the agreement under section 5.

(c) ADVISORY COMMITTEE REPORTS. - The report required under section 135(e)(1) of the Trade Act of 1974 regarding any trade agreement entered into under section 3~~(a)~~ ~~or~~ (b) of this act shall be provided to the President, the Congress, and the United States Trade Representative not later than 30 days after the date on which the President notifies the Congress under section 5(a)(1)(A) of the President's intention to enter into the agreement.

SEC. 5. IMPLEMENTATION OF TRADE AGREEMENTS.

(a) IN GENERAL. -

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

(A) the President, at least 90 calendar days before the day on which the President enters into the trade agreement, notifies the House of

Representatives and the Senate of the President's intention to enter into the agreement, and promptly thereafter publishes notice of such intention in the Federal Register;

(B) after entering into the agreement, the President submits a copy of the final legal text of the agreement, together with -

(i) a draft of an implementing bill;

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

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

(C) the implementing bill is enacted into law.

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

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

(B) a statement -

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

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

(I) how and to what extent the agreement makes progress in achieving the applicable purposes and policies referred to in clause (i), and why and to what extent the agreement does not achieve other applicable purposes and policies;

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

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

(IV) why the implementing bill and proposed administrative action is required or appropriate to carry out the agreement.

(3) RECIPROCAL BENEFITS. - To ensure that a

foreign country which receives benefits under a trade agreement entered into under section 3(b) is subject to the obligations imposed by such agreement, the President shall recommend to Congress in the implementing bill and statement of administrative action submitted with respect to such agreement that the benefits and obligations of such agreement apply solely to the parties to such agreement, if such application is consistent with the terms of such agreement. The President may also recommend with respect to any such agreement that the benefits and obligations of such agreement not apply uniformly to all parties to such agreement, if such application is consistent with the terms of such agreement.

(b) LIMITATIONS ON TRADE AUTHORITIES PROCEDURES. -

(1) FOR LACK OF CONSULTATIONS. -

(A) The trade authorities procedures shall not apply to any implementing bill submitted with respect to a trade agreement entered into under section 3(b) if both Houses of Congress separately agree to a procedural disapproval resolution within any 60-day period.

(B) For purposes of this paragraph, the term "procedural disapproval resolution" means a resolution of either House of the Congress, the sole matter after the resolving clause of which is as follows: "That the President has failed or refused to consult with the Congress on trade negotiations and trade agreements in accordance with section 4(b) of the Reciprocal Trade Agreements Authority Act of 1997 and, therefore, the provisions of section 151 of the Trade Act of 1974 shall not apply to any implementing bill submitted with respect to any trade agreement entered into under section 3(b) of the Trade Agreements Authority Act 1997.".

(2) PROCEDURES FOR CONSIDERING RESOLUTIONS. -

(A) PROCEDURAL DISAPPROVAL RESOLUTIONS -

(i) in the House of Representatives -

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

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

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

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

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

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

(c) RULES OF HOUSE REPRESENTATIVES AND

SENATE. - Subsection (b) of this section and section 3(c) are enacted by the Congress -

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and such are deemed a part of the rules of each House, respectively, and such procedures supersede other rules only to the extent that they are inconsistent with such other rules; and

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

SEC. 6. TREATMENT OF CERTAIN TRADE AGREEMENTS.

(a) EXTENDED NEGOTIATIONS IN THE URUGUAY ROUND. - Notwithstanding section 3(b)(3) and section 5(b), the provisions of section 4(a) shall not apply to an agreement that results from negotiations identified in section 135 of the Uruguay Round Implementation Act (19 U.S.C. 3555) that were commenced before the date of the enactment of this Act.

(b) AGREEMENT WITH CHILE. - If an agreement to which section 3(b) applies is entered into with Chile after the date of the enactment of this Act and results from negotiations that were commenced before such date of enactment -

(1) the applicability of the trade authorities procedures to such agreement shall be determined without regard to the requirements of section 4(a); and

(2) if such agreement is entered into before June 15, 1998, section 5(a)(1)(A) shall be applied by substituting "30" for "90".

SEC. 7. CONFORMING AMENDMENTS.

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

(1) Section 151(b)(1) (19 U.S.C. 2191(b)(1)) is amended by striking "or section 282 of the Uruguay Round Agreements Act" and inserting "section 282 of the Uruguay Round Agreements Act, or section 5 of the Trade Agreements Authority Act of 1997".

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

(A) in subsection (a) -

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

123 of this Act or section 1102 (a) or (c) of the Omnibus Trade and Competitiveness Act of 1988," and inserting "section 123 of this Act, section 1102 (a) or (c) of the Omnibus Trade and Competitiveness Act of 1988, or section 3 (a) or (b) of the Reciprocal Trade Agreements Authority Act of 1997,"

(ii) in paragraph (2), by inserting "or section 3 (a) or (b) of the Reciprocal Trade Agreements Authority Act of 1997" after "1988";

(B) in subsection (b), by inserting "of the Omnibus Trade and Competitiveness Act of 1988 or section 3(a)(3)(A) of the Reciprocal Trade Agreements Authority Act of 1997" before the end period; and

(C) in subsection (c), by striking "of this Act or section 1102 of the Omnibus Trade and Competitiveness Act of 1988," and inserting "of this Act, section 1102 of the Omnibus Trade and Competitiveness Act of 1988, or section 3 of the

Reciprocal Trade Agreements Authority Act of 1997."

(3) Sections 132, 133(a), and 134(a) (19 U.S.C. 2152, 2153(a), and 2154(a)) are each amended by striking "or section 1102 of the Omnibus Trade and Competitiveness Act of 1988," each place it appears and inserting ", section 1102 of the Omnibus Trade and Competitiveness Act of 1988, or section 3 of the Reciprocal Trade Agreements Authority Act of 1997,".

(4) Section 134(b) (19 U.S.C. 2154(b) is amended by inserting "or section 3 of the Reciprocal Trade Agreements Authority Act of 1997" after "1988".

(5) Section 135(a)(1)(A) (19 U.S.C. 2155(a)(1)(A)) is amended by inserting "or section 3 of the Reciprocal Trade Agreements Authority Act of 1997" after "1988".

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

(A) in paragraph (1), by inserting "or section 3 of the Reciprocal Trade Agreements Authority Act of 1997" after "1988" the first two places it appears, and by inserting "or section 5(a)(1)(A) of the Reciprocal Trade Agreements Authority Act of 1997" after "1988" the third place it appears; and

(B) in paragraph (2), by inserting "or section 3 of the Reciprocal Trade Agreements Authority Act of 1997" after "1988".

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

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

(2) any proclamation or Executive order issued pursuant to a trade agreement entered into under section 3 shall be treated as a proclamation or Executive order issued pursuant to a trade agreement entered into under section 102 of the Trade Act of 1974.

Section 2202 of the Omnibus Trade and Competitiveness Act of 1988

[15 U.S.C. 4711; P.L. 100–418]

SEC. 2202. COUNTRY REPORTS ON ECONOMIC POLICY AND TRADE PRACTICES.

The Secretary of State shall, not later than January 31 of each year, prepare and transmit to the Committee on Foreign Affairs and the Committee on Ways and Means of the House of Representatives, to the Committee on Foreign Relations and the Committee on Finance of the Senate, and to other appropriate committees of the Congress, a detailed report regarding the economic policy and trade practices of each country with which the United States has an economic or trade relationship. The Secretary may direct the appropriate officers of the Department of State who are serving overseas, in consultation with appropriate officers or employees of other departments and agencies of the United States, including the Department of Agriculture and the Department of Commerce, to coordinate the preparation of such information in a country as is necessary to prepare the report under this section. The report shall identify and describe, with respect to each country—

(1) the macroeconomic policies of the country and their impact on the overall growth in demand for United States exports;

(2) the impact of macroeconomic and other policies on the exchange rate of the country and the resulting impact on price competitiveness of United States exports;

(3) any change in structural policies (including tax incentives, regulations governing financial institutions, production standards, and patterns of industrial ownership) that may affect the country's growth rate and its demand for United States exports;

(4) the management of the country's external debt and its implications for trade with the United States;

(5) acts, policies, and practices that constitute significant barriers to United States exports or foreign direct investment in that country by United States persons, as identified under section 181(a)(1) of the Trade Act of 1974 (19 U.S.C. 2241(a)(1));

(6) acts, policies, and practices that provide direct or indirect government support for exports from that country, including exports by small businesses;

(7) the extent to which the country's laws and enforcement of those laws afford adequate protection to United States intellectual property, including patents, trademarks, copyrights, and mask works; and

(8) the country's laws, enforcement of those laws, and practices with respect to internationally recognized worker rights (as defined in section 502(a)(4) of the Trade Act of 1974), the conditions of worker rights in any sector which produces goods in which United States capital is invested, and the extent of such investment.

3. Congressional Fast Track Procedures With Respect to Presidential Actions

Sections 151–154 of the Trade Act of 1974, as amended

[19 U.S.C. 2191–2194; P.L. 93–618, as amended by P.L. 96–39, P.L. 98–573, P.L. 100–418, P.L. 101–382, P.L. 103–465, and P.L. 104–295]

SEC. 151. BILLS IMPLEMENTING TRADE AGREEMENTS ON NONTARIFF BARRIERS AND RESOLUTIONS APPROVING COMMERCIAL AGREEMENTS WITH COMMUNIST COUNTRIES.

(a) RULES OF HOUSE OF REPRESENTATIVES AND SENATE.—This section and sections 152 and 153 are enacted by the Congress—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of implementing bills described in subsection (b)(1), implementing revenues bills described in subsection (b)(2), approval resolutions described in subsection (b)(3), and resolutions described in subsections 152(a) and 153(a); and they supersede other rules only to the extent that they are inconsistent therewith; and

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

(b) DEFINITIONS.—For purposes of this section—

(1) The term "implementing bill" means only a bill of either House of Congress which is introduced as provided in subsection (c) with respect to one or more trade agreements, or with respect to an extension described in section 282(c)(3) of the Uruguay Round Agreements Act, submitted to the House of Representatives and the Senate under section 102 of this Act, section 1103(a)(1) of the Omnibus Trade and Competitiveness Act of 1988, or section 282 of the Uruguay Round Agreements Act and which contains—

(A) a provision approving such trade agreement or agreements or such extension,

(B) a provision approving the statement of administrative action (if any) proposed to implement such trade agreement or agreements, and

(C) if changes in existing laws or new statutory authority is required to implement such trade agreement or agreements or such extension, provisions, necessary or appropriate to implement such trade agreement or agreements or such extension, either repealing or amending existing laws or providing new statutory authority.

(2) The term "implementing revenue bill" or resolution means an implementing bill or approval resolution which contains one or more revenue measures by reason of which it must originate in the House of Representatives.

(3) The term "approval resolution" means only a joint resolution of the two Houses of the Congress, the matter after the resolving clause of which is as follows: "That the Congress approves the extension of nondiscriminatory treatment with re-

spect to the products of ———— transmitted by the President to the Congress on ————.", the first blank space being filled with the name of the country involved and the second blank space being filled with the appropriate date.

(c) INTRODUCTION AND REFERRAL.—

(1) On the day on which a trade agreement or extension is submitted to the House of Representatives and the Senate under section 102 or section 282 of the Uruguay Round Agreements Act, the implementing bill submitted by the President with respect to such trade agreement or extension shall be introduced (by request) in the House by the majority leader of the House, for himself and the minority leader of the House, or by Members of the House designated by the majority leader and minority leader of the House; and shall be introduced (by request) in the Senate by the majority leader of the Senate, for himself the minority leader of the Senate, or by Members of the Senate designated by the majority leader and minority leader of the Senate. If either House is not in session on the day on which such a trade agreement or extension is submitted, the implementing bill shall be introduced in that House as provided in the preceding sentence, on the first day thereafter on which the House is in session. Such bills shall be referred by the Presiding Officers of the respective Houses to the appropriate committee, or, in the case of a bill containing provisions within the jurisdiction of two or more committees, jointly to such committees for consideration of those provisions within their respective jurisdictions.

(2) On the day on which a bilateral commerical agreement, entered into under title IV of this Act after the date of the enactment of this Act, is transmitted to the House of Representatives and the Senate, an approval resolution with respect to such agreement shall be introduced (by request) in the House by the majority leader of the House, for himself and the minority leader of the House, or by Members of the House designated by the majority leader and minority leader of the House; and shall be introduced (by request) in the Senate by the majority leader of the Senate, for himself and the minority leader of the Senate, or by Members of the Senate designated by the majority leader and minority leader of the Senate. If either House is not in session on the day on which such an agreement is transmitted, the approval resolution with respect to such agreement shall be introduced in that House, as provided in the preceding sentence, on the first day thereafter on which that House is in session. The approval resolution introduced in the House shall be referred to the Committee on Ways and Means and the approval resolution introduced in the Senate shall be referred to the Committee on Finance.

(d) AMENDMENTS PROHIBITED.—No amendment to an implementing bill or approval resolution shall be in order in either the House of Representatives or the Senate; and no motion to suspend the application of this subsection shall be in order in either House, nor shall it be in order in either House for the Presiding Officer to entertain a request to suspend the application of this subsection by unanimous consent.

(e) PERIOD FOR COMMITTEE AND FLOOR CONSIDERATION.—

(1) Except as provided in paragraph (2), if the committee or committees of either House to which an implementing bill or approval resolution has been referred have not reported it at the close of the 45th day after its introduction, such committee or committees shall be automatically discharged from further consideration of the bill or resolution and it shall be placed on the appropriate calendar. A vote on final passage of the bill or resolution shall be taken in each House on or before the close of the 15th day after the bill or resolution is reported by the committee or committees of that House to which it was referred, or after such committee or committees have been discharged from further consideration of the bill or resolution. If prior to the passage by one House of an implementing bill or approval resolution of that House, that House receives the same implementing bill or approval resolution from the other House, then—

(A) the procedure in that House shall be the same as if no implementing bill or approval resolution had been received from the other House; but

(B) the vote on final passage shall be on the implementing bill or approval resolution of the other House.

(2) The provisions of paragraph (1) shall not apply in the Senate to an implementing revenue bill or resolution. An implementing revenue bill or resolution received from the House shall be referred to the appropriate committee or committees of the Senate. If such committee or committees have not reported such bill at the close of the 15th day after its receipt by the Senate (or, if later, before the close of the 45th day after the corresponding implementing revenue bill or resolution was introduced in the Senate), such committee or committees shall be automatically discharged from further consideration of such bill or resolution and it shall be placed on the calendar. A vote on final passage of such bill or resolution shall be taken in the Senate on or before the close of the 15th day after such bill or resolution is reported by the committee or committees of the Senate to which it was referred, or after such committee or committees have been discharged from further consideration of such bill or resolution.

(3) For purposes of paragraphs (1) and (2), in computing a number of days in either House, there shall be excluded any day on which that House was not in session.

(f) FLOOR CONSIDERATION IN THE HOUSE.—

(1) A motion in the House of Representatives to proceed to the consideration of an implementing bill or approval resolution shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate in the House of Representatives on an implementing bill or approval resolution shall be limited to not more than 20 hours, which shall be divided equally between those favoring and those opposing the bill or resolution. A motion further to limit debate shall not be debatable. It shall not be in order

to move to recommit an implementing bill or approval resolution or to move to reconsider the vote by which an implementing bill or approval resolution is agreed to or disagreed to.

(3) Motions to postpone, made in the House of Representatives with respect to the consideration of an implementing bill or approval resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

(4) All appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to an implementing bill or approval resolution shall be decided without debate.

(5) Except to the extent specifically provided in the preceding provisions of this subsection, consideration of an implementing bill or approval resolution shall be governed by the Rules of the House of Representatives applicable to other bills and resolutions in similar circumstances.

(g) FLOOR CONSIDERATION IN THE SENATE.—

(1) A motion in the Senate to proceed to the consideration of an implementing bill or approval resolution shall be privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate in the Senate on an implementing, and all debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(3) Debate in the Senate on any debatable motion or appeal in connection with an implementing bill or approval resolution shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the bill or resolution, except that in the event the manager of the bill or resolution is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control on the passage of an implementing bill or approval resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal.

(4) A motion in the Senate to further limit debate is not debatable. A motion to recommit an implementing bill or approval resolution is not in order.

SEC. 152. RESOLUTIONS DISAPPROVING CERTAIN ACTIONS.

(a) CONTENTS OF RESOLUTION.—

(1) For purposes of this section, the term "resolution" means only—

(A) a joint resolution of the two Houses of the Congress, the matter after the resolving clause of which is as follows: "That the Congress does not approve the action taken by, or the determination of the President under section 203 of the Trade Act of 1974 transmitted to the Congress on ———.", the blank space being filled with the appropriate date; and

(B) a joint resolution of the two Houses of Congress, the matter after the resolving clause of which is as follows: "That the Congress does not approve ——— transmitted to the Congress on ———.", with the first blank space being filled in accordance with paragraph (2), and the second blank space being filled with the appropriate date.

(2) The first blank space referred to in paragraph (1)(B) shall be filled, in the case of a resolution referred to in section 407(c)(2), with the phrase "the report of the President submitted under section ——— of the Trade Act of 1974 with respect to ———" (with the first blank space being filled with "402(b)" or "409(b)", as appropriate, and the second blank space being filled with the name of the country involved).

(b) REFERENCE TO COMMITTEES.—All resolutions introduced in the House of Representatives shall be referred to the Committee on Ways and Means and all resolutions introduced in the Senate shall be referred to the Committee on Finance.

(c) DISCHARGE OF COMMITTEES.—

(1) If the committee of either House to which a resolution has been referred has not reported it at the end of 30 days after its introduction, not counting any day which is excluded under section 154(b), it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution introduced with respect to the same matter, except that a motion to discharge—

(A) may only be made on the second legislative day after the calendar day on which the Member making the motion announces to the House his intention to do so; and

(B) is not in order after the Committee has reported a resolution with respect to the same matter.

(2) A motion to discharge under paragraph (1) may be made only by an individual favoring the resolution, and is highly privileged in the House and privileged in the Senate; and debate thereon shall be limited to not more than 1 hour, the time to be divided in the House equally between those favoring and those opposing the resolution, and to be divided in the Senate equally between, and controlled by, the majority leader and the minority leader or their designees. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(d) FLOOR CONSIDERATION IN THE HOUSE.—

(1) A motion in the House of Representatives to proceed to the consideration of a resolution shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate in the House of Representatives on a resolution shall be limited to not more than 20 hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate shall not be debatable. No amendment to, or motion to recommit, the resolution shall be in order. It shall not be in order to move to reconsider the vote by which a resolution is agreed to or disagreed to.