

FOIA MARKER

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Subgroup/Office of Origin: Policy Development
Series/Staff Member: Eric Biel
Subseries:

OA/ID Number: 10601
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Folder Title:
Costs of Inaction, etc. [Fast Track]

Stack:	Row:	Section:	Shelf:	Position:
S	100	1	5	3

Delivered 9/29 AM

WHY AMERICA WON'T GET ITS FAIR SHARE OF JOBS WITHOUT FAST TRACK

The U.S. needs to maintain its leadership role in opening markets through tough, fair trade agreements.

- **Since 1992, 49 states have experienced an increase in overall goods exports and 45 states have experienced an increase in jobs supported by trade.**
- **46 states have higher exports to Mexico and 47 states have higher exports to Japan.**

America needs fast track to continue to create higher-paying jobs for more Americans. Without it, America's role as the largest exporter in the world will be put in jeopardy. And with more markets opening in the world, it is now more important than ever to give the President traditional trade authority to break down trade barriers for American goods and services.

In the upcoming WTO negotiations, President Clinton needs fast track to have the flexibility to negotiate agreements in **agriculture, commercial services and government procurement**. In each of these areas, the U.S. is the most competitive nation in the world and stands to benefit the most from writing the rules of trade.

AGRICULTURE

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- **U.S. agricultural exports support nearly a million jobs and this number is rising.** Since 1990, the value of U.S. agricultural exports has increased by \$20 billion, or nearly 50%. Each week last year, on average, American producers and processors shipped out more than \$1.1 billion in farm and food products to foreign markets.
- **Last year, our agricultural exports were twice the level of our agricultural imports -- a claim no other industry sector can make.** Dollar for dollar, we export more corn than coal, more wheat than steel, more meat than aluminum and more fruits and vegetables than CD's, records, and tapes. U.S. exports are growing more than three times as fast as domestic demand for foods.
- **U.S. agriculture will pay a price if fast track is not granted.**
 - ☞ More than 30 bilateral and regional trade agreements are already operating here in the Western Hemisphere, and the U.S. is party to only one -- NAFTA. While these preferential trade agreements multiply, the U.S. share of the region's total agricultural imports is declining.
 - ☞ Chile has already signed trade agreements with Bolivia, Colombia, Ecuador, Mexico, Venezuela, MERCOSUR and most recently Canada. The U.S. has already lost an estimated \$500 million in exports to other countries that have duty preferences already in place.
 - ☞ Chilean fresh fruit pays a 2% duty when entering Venezuela (due to the Chile-Venezuela FTA) whereas American producers pay a 15% tariff. The U.S. Embassy estimates that the U.S. market share would grow from its current 39% to 67% if U.S. producers had equivalent access to the Venezuelan market.

(WE NEED MORE HERE)

- **Without fast track, the U.S. will lack credibility to push for a fast start on WTO agricultural negotiations scheduled to start at the end of 1999.** Agriculture remains one of the most protected and subsidized sectors in the world economy. American exports still continue to face trade barriers through high tariffs and preferential trade deals that exclude the U.S. **Already, since 1992, in Latin America and Asia alone, our competitors have negotiated 20 trade agreements that do not include the United States.**

Country:	Pre-Uruguay:	Post-Uruguay
Colombia	14.5%	10.9%
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Argentina	14.5%	10.4%
Uruguay	24%	14.6%

The best way we can continue to increase our agricultural exports and create more higher-paying jobs is through broad negotiations where the U.S. has the ability to seek additional commitments from other countries.

COMMERCIAL SERVICES

Exports of services by U.S. firms supported an estimated 3.9 million U.S. jobs in 1996. U.S. service exports have more than doubled over the last ten years, increasing \$135 billion since 1987 and \$84 billion since 1990 to \$250 billion in 1996. In 1995, U.S. service exports accounted for 16% of global service exports; our closest competitors that year were France (8%) and Germany, Italy, Japan and the U.K. (between 5% and 6%).

- **U.S. exports to emerging markets have grown at impressive rates:** nearly 30% to China, Taiwan and Korea; and over 20% to Hong Kong and Argentina. The U.S. also exported over \$1 billion in 1995 to the emerging markets of Argentina, Brazil, China, Hong Kong, the Philippines, India, Indonesia, Korea, Malaysia, Singapore and Thailand.
- **Service exports are estimated to reach \$300 billion by 2005 and \$350 billion by 2010.** With the expanding electronic commerce market, the growth trend in the service sector may easily surpass these estimates. For example, look at the health care services industry. In 1994, exports reached \$812 million. The industry is estimated to grow to \$1.03 billion by 1998 and continue its growth to \$1.4 billion by 2002.
- **Unless negotiated away, barriers will inhibit increased U.S. service exports.** In Korea, a number of service sectors remain restrictive for foreign investment, including audio-visual services, insurance, telecommunications and advertising. Brazil has restrictive investment laws, lack of transparency in administrative procedures and limits on foreign capital participation. Distribution in the domestic market is restricted in Indonesia.
- **Fast track will strengthen U.S. efforts to reduce trade barriers and expand international markets, which will be key to maintain U.S. competitiveness and innovation.**

GOVERNMENT PROCUREMENT

- \$200 billion in U.S. exports in 1996, \$600 billion total world market.

Korea: \$20 billion civil aviation purchase planned

Thailand: \$22 billion power plan purchase planned

Brazil: \$10 billion in environment technologies purchase planned

Venezuela: \$1.3 billion civil aviation purchase planned

ADDITIONAL SECTORS

Sector	Estimated US exports to World	Est. US exports to APEC
Chemicals:	\$69.4 billion	\$41.3 billion
Medical equipment:	\$11.7 billion	\$4.8 billion
Automotives	\$98.4 billion	\$71.2 billion
Telecomm equip	\$11.4 billion	\$7 billion
Environmental goods	\$5.3 billion	\$3.1 billion
Fish and fish products	\$3 billion	\$2.6 billion
Non-ferrous metals	\$8.2 billion	\$6.3 billion
Cival aircraft and parts	\$29.4 billion	\$14.8 billion
Energy Equipment	US exports to the world \$15.5 billion in 1996	
Environmental technologies and services	US exports to the world \$14.5 billion in 1996, global market estimated at \$440 billion and growing	

Russell W. Horwitz

09/28/97 07:07:48 PM

Record Type: Record

To: Eric R. Biel/WHO/EOP, mryckman@ustr.gov @ INET @ LNGTWY

cc:

Subject: a first attempt at what Gene etc. want



fastrk.928, think the agricultural piece is pretty strong. Gene wanted more specifics on what the U.S. will lose out on in the future or currently. We need a lot more on services in that context as well and I couldn't find anything on government procurement.

Let me know what you think and what you have. thanks.



Russell W. Horwitz


09/28/97 03:21:07 PM



Record Type: Record

To: mryckman @ ustr.gov @ INET @ LNGTWY

cc: Eric R. Biel/WHO/EOP

Subject: Re: I have left messages with both Novick and Esserman to call 

This is great! Gene will use these numbers for his Wall Street Journal lunch tomorrow. I'll start to put these numbers in a one-pager. thanks for your help.



mryckman @ ustr.gov
09/28/97 12:57:00 PM

Record Type: Record

To: Eric R. Biel, Russell W. Horwitz

cc:

Subject: Re: I have left messages with both Novick and Esserman to call

I have a few more numbers, but still need to work with David Walters early on Monday to get the world market figures. Hope these help.

From our APEC office on sectorals all are 1996 numbers.

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Automotives	\$98.4 billion	\$71.2 billion
Telecomm equip	\$11.4 billion	\$7 billion
Forest products	\$25.4 billion	\$3.1 billion
environmental goods	\$5.3 billion	\$3.1 billion
environmental services	will get	will get
fish and fish products	\$3 billion	\$2.6 billion
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From the sectoral fact sheets in the Blue Book from the President's 9/10 event

energy equipment US exports to the world \$15.5 billion in 1996

environmental technologies and services US exports to the world \$14.5 billion in 1996, global market estimated at \$440 billion and growing

>>> <Eric_R_Biel@oa.eop.gov> 09/26/97 05:27pm >>>

Message Creation Date was at 26-SEP-1997 18:27:00

Here is what we have so far, I think, based on Linda Eddleman's conversations with USTR and a few other things we dug up over here of possible relevance:

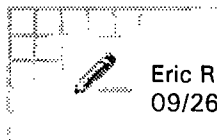
Upcoming WTO negotiations:

Agriculture: \$60 billion in U.S. exports, \$600 billion total world market

Commercial services: \$250 billion in U.S. exports, \$1.2 trillion world market

Government procurement: \$200 billion in U.S. exports, \$1 trillion world market

(All numbers to be checked again; fourth area of future WTO negotiations -- intellectual property rights -- is not subject to quantification in the same way.)




Eric R. Biel
09/26/97 06:27:01 PM

Record Type: Record

To: Russell W. Horwitz/OPD/EOP

cc: mryckman @ ustr.gov @ INET @ LNGTWY

Subject: Re: I have left messages with both Novick and Esserman to call me 

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Costs of inaction: getting beyond the specific examples/anecdotes, in Chile alone we have already lost an estimated \$500 million in exports to other countries that have duty preferences already in place (source: AmCham of Chile).

MERCOSUR (Brazil, Argentina, Paraguay, and Uruguay) has total GDP exceeding \$1 trillion-- though I realize that figure alone doesn't help much with "cost of inaction" analysis. Maybe we could calculate, for example, how much the tariffs of 8-20% imposed on our key ag. exports to MERCOSUR will cost us over a set number of years. More data needed first, however.

10/01/97

11:26

☎2024562223

WHITE HOUSE/NEC

001

*** ACTIVITY REPORT ***

TRANSMISSION OK

TX/RX NO. 6975

CONNECTION TEL 62878

CONNECTION ID

START TIME 10/01 11:25

USAGE TIME 00'45

PAGES 2

RESULT OK

URGENT

Oct. 1, 1997

David/Mary Jo:

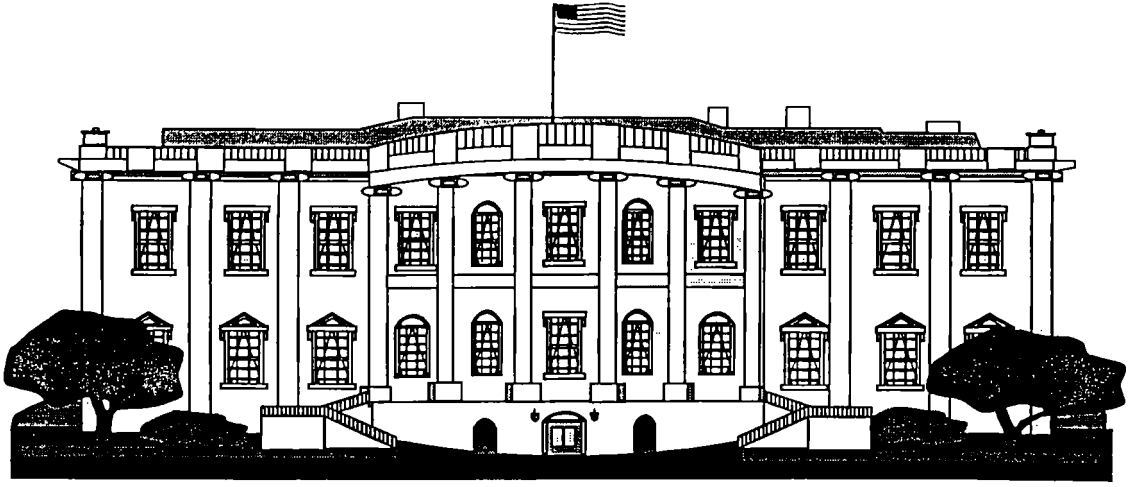
SUBJECT: Additional procurement points for the White House on Fast Track

Rebecca Reese, Mark Linscott and I believe that it is safe to draw on the following points to add to the draft fact sheet. Please note that the \$600 billion world market number at the top of the GP section is conservative; we believe that the total procurement markets in the US and the EU alone is around \$600 billion per year. CB's Sept 17 testimony (page 5) estimates that the world's government procurement market will be a 1 trillion dollar market.

- o Improving and expanding the coverage of WTO rules on government procurement will facilitate U.S. efforts to improve our access to the lucrative infrastructure project now planned or underway in the rapidly growing regions of the world.
- o The WTO's Agreement on Government Procurement (GPA) already covers over \$400 billion in annual procurements among the 25 members of the GPA. Under the WTO's built-in-agenda, negotiations are set to begin in 1998 which should increase the number of GPA members and to increase the amount of covered procurements in GPA countries, so that the amount of WTO-covered procurement could approach \$1 trillion per year.
- o Fast Track is needed to negotiate government procurement agreements as part of the FTAA and APEC, which will open the rapidly growing procurement markets of Latin America and Asia to U.S. firms. We estimate that Asia alone will provide opportunities for up to \$1 trillion in business for infrastructure projects over the next decade. (from CD's 3/18/97 testimony before Ways and Means, page 6)

Charlene's

Dill Craft
10/1/97 GPfasttrk.doc



The White House

National Economic Council

To: Russ

Phone: 65715 Fax: 62878

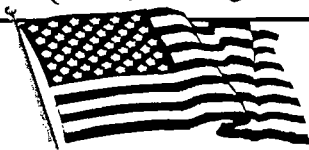
From: ERIC

Phone: (202) 456-6630 Fax: (202) 456-2223

Pages including cover sheet: 2

Comments: _____

State info. on procurement -
not much additional but
some clarification on \$ amounts



EB

DEPARTMENT OF STATE

TRADE POLICY AND PROGRAMS

ROOM 3831A
Washington, DC
(202) 647-2532
Fax: (202) 647-1537
FAX TRANSMISSION

Date: 10/1/97

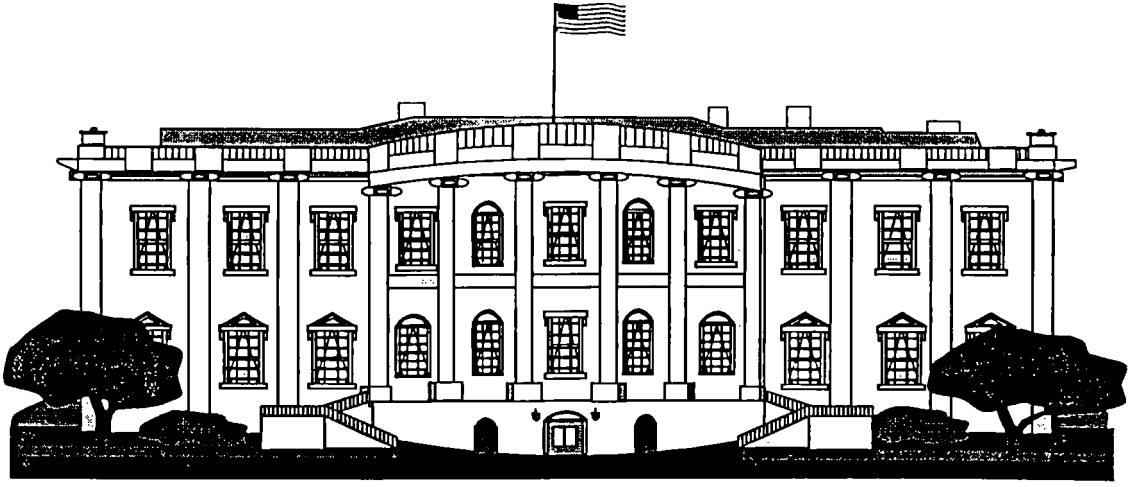
To: ERIC Biel Fax: 456-2003 Phone: 456-5370

Pages including cover sheet: _____

From: David Marchick

Subject: Points on Government Procurement

Comments: as discussed



The White House

National Economic Council

To: Dave Marluck - Staff

Phone: 647-2532 Fax: 647-1537

From: ERIC B. O'

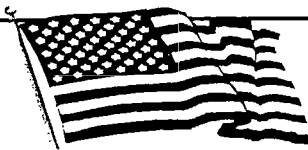
 Call Russ H
X65715

Phone: (202) 456-6630 ⁵³⁷⁰ Fax: (202) 456-2223

Pages including cover sheet: 1

Comments: As discussed
 Russ HANWITZ draft
 for Gene S.

 EB



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