

FOIA MARKER

**This is not a textual record. This is used as an
administrative marker by the William J. Clinton
Presidential Library Staff.**

Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: Policy Development

Series/Staff Member: Eric Biel

Subseries:

OA/ID Number: 10601

FolderID:

Folder Title:

Hill Letters/Responses [Fast Track] [2]

Stack:

S

Row:

100

Section:

1

Shelf:

5

Position:

3

Call Ben F. 7:30 PM
 follow up with
 pre-no.

Revised - sent
 out this PM

Dear Colleague:

A recent letter from the United Autoworkers Union suggests that legislation pending in the House (H.R. 2621) to renew fast track trade authority is contrary to the interests of working people in this country. That is plainly wrong.

America needs fast track if we are going to sustain job creation and economic prosperity over the years to come. Exports have provided one-third of America's economic growth since 1994 and now support more than eleven million U.S. jobs. But we will need to do better.

Today, our workers and firms lead the world. The United States is once again world's greatest exporting nation. We have the most competitive workers, companies, and economy of any nation on earth.

Our market is open. U.S. tariffs now average just three percent.

By contrast, many of the dynamic, booming emerging markets around the world have not kept pace with us and other industrialized countries in lowering their trade barriers. American products are often highly prized in these markets. But they often face steep import duties that put them at a huge price disadvantage -- or keep them out of the market altogether.

Our most promising future markets increasingly lie in just such fast-growing regions, particularly in the booming Latin American and Asian economies. If we want to continue to grow and prosper at home -- and create more high-wage and high-productivity jobs -- we must work with the President to open those lucrative markets. That is what fast track is about.

Indeed, if we truly want to help our working people and companies succeed, we must redouble -- not abandon -- our efforts to level the trade playing field. We cannot afford to leave jobs and sales opportunities on the trade negotiating table for our commercial rivals to pick up. And they are in the process of doing just that.

Opponents of fast track want to distract attention away from the fact that fast track is about opening new markets and creating more high-wage jobs for American workers. Instead, they complain that the House fast track bill (H.R.2621) -- which the Administration crafted with the Ways and Means Committee -- would not do enough about how other governments treat their workers and the environment.

~~These issues are important. But our first duty is to ensure the~~

plenty
 of opps.
 to say
 this!

Shopper
 here

Would
 cut or
 react
 fully

It's really
 a matter
 of time on
 ARhat <
 1988
 (SPT
 with
 that
 p2)

~~continued prosperity and security of American workers and firms. We cannot let our decision about seizing trade opportunities for our workers turn solely on how other governments treat theirs.~~

(letter is)
~~Furthermore, the opponents are wrong when they say the House fast track bill will limit the President's ability to address foreign government labor and environmental policies. They fail to mention that the bill -- for the very first time -- places trade-distorting foreign environmental, safety, and health practices -- among the principal trade U.S. fast-track negotiating objectives. In addition, the bill sets out the most detailed, focused, and concrete set of negotiating objectives on foreign government labor practices ever included in fast track legislation.~~

Indeed, the bill takes direct aim at whether foreign governments actually apply the labor laws they have on the books -- or whether they manipulate them to achieve an unfair commercial advantage for their products and companies. Around the world, many countries have enacted good labor laws. But some governments choose to ignore them so that they can keep or create a commercial advantage over ~~foreign workers and firms.~~ The House bill targets just that kind of practice.

By contrast, the labor-related language included in past fast track bills was far vaguer. For example, the 1988 fast track legislation committed the United States only to "promote respect" for worker rights and seek the adoption of "a principle" in the GATT regarding how foreign governments "should not" use the denial of worker rights to gain a commercial advantage.

The House bill is much more direct and hard-hitting. It says the President can negotiate rules to stop other countries from ignoring or manipulating their labor (or environmental, health, or safety) laws to create a competitive advantage for themselves. And those rules could be backed up with trade sanctions. The House bill gives real meaning to the vague admonitions contained in earlier fast track legislation.

letter says
~~The bill's opponents point to language in the bill that says foreign governments should not be precluded from making changes in their laws for sound macroeconomic reasons. In fact, the United States has long urged governments to put in place economic policies that make good development sense over the long term. This language signals that in pursuing labor, environmental, health, and safety issues through fast track, the United States is not departing from this important economic message.~~

Moreover, strong labor, environmental, and other protections on the one hand, and sound macroeconomic policies on the other, are complementary. We can expect countries to raise their

more
on this --
* drop some
first page

* KLB - report to second
charge of nation
"access" lang?

could
- had re
Clinton
efforts?

* all that
bill wants
Re. to
take
other steps
outside
fast track?

start
here

okay

environmental and labor standards over time as they develop economically, just as we have done.

In summary, the House bill represents a major step forward in addressing real-world foreign government labor practices through our future trade agreements. It makes foreign environmental, health, and safety policies a negotiating priority for the United States for the first time. Most importantly, it provides a basis for seizing new trade opportunities, and creating more and better jobs, for America's working families.

I urge you to support H.R. 2621.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

600 17th Street NW
Washington, DC 20506
tel (202) 395-3417
fax (202) 395-3911

F A X T R A N S M I T T A L

To: Eric Biel

From: Ken Freiberg 395-7305

Date: Wednesday, Oct 22, 1997 6:03 p.m.

Pages: 4 (including cover page)

MESSAGE

ROBERT T. MATSUI
FIFTH DISTRICT, CALIFORNIA

COMMITTEE ON
WAYS AND MEANS

SUBCOMMITTEE ON TRADE
MARKING DEMONSTRATION
SUBCOMMITTEE ON
HUMAN RESOURCES

WHIP AT LARGE

Congress of the United States
House of Representatives
Washington, DC 20515-0505

WASHINGTON OFFICE:
2308 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515 0505
(202) 225 7163

DISTRICT OFFICE:
8058 FEDERAL BUILDING
850 CAPITOL MALL
SACRAMENTO, CA 95814
(916) 498-5600

FAX COVER SHEET

(Sent from fax# 202-225-0566)

Please Deliver To: ERIC

Fax #: 456-2223 Date: 10/21

From: The Office of Congressman Robert T. Matsui

Tom Keaney _____
Shirley Queja _____
Jim Bonham _____
Cynthia Johnson ☒

Karen Goldmeier _____
Steve Mastorakos _____
Howard Moon _____
Dustin Painter _____

Number of Pages (including cover sheet): _____
(If you do not receive all pages, or if they are not clear, please call 202-225-7163)

Comments:

*Do you have any on
'88 US 95?*

*Call Net
Note Fatty
to be better
on response*

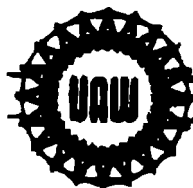
The information contained in this facsimile is intended for the official and confidential use of the designated recipient named above. It may contain information that is privileged or confidential or exempt from disclosure under applicable law. If the reader of this disclosure is not the intended recipient or agent, you are hereby notified that you have received this document in error and that any further review, dissemination, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify Congressman Matsui's D.C. office immediately at (202) 225-7163.

10-21-1997 10:23

2022933457

UAW WASHINGTON OFC

P.01



INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA—UAW

STEPHEN P. YOKICH, President

ROY O. WYSE, Secretary-Treasurer

VICE PRESIDENTS

CAROLYN FORRETT • JACK LASKOWSKI • ERNEST LOFTON • RICHARD SHOEMAKER

IN REPLY REFER TO
1757 N STREET, N.W.
WASHINGTON, D.C. 20008
TELEPHONE: (202) 885-8800
FAX (202) 885-8457
TELEX 710-823-1841

October 21, 1997

Dear Representative:

Proponents of the fast track trade legislation have tried to argue that the Clinton Administration is only asking for the same negotiating authority that previous presidents have enjoyed. This is simply not true. **THE ARCHER FAST TRACK BILL (H.R. 2621) IS SIGNIFICANTLY MORE RESTRICTIVE ON THE ISSUE OF WORKER RIGHTS COMPARED TO THE FAST TRACK AUTHORITY GRANTED TO PRIOR ADMINISTRATIONS.**

First, the Archer bill drastically limits the extent to which worker rights are addressed in the principal negotiating objectives. It is these objectives that describe the subject matter of trade agreements which are covered by fast track procedures. Specifically, the Archer bill states that the principal negotiating objectives with respect to labor issues only include foreign government policies and practices that are directly related to trade. Fast track trade negotiations may examine these policies and practices only to ensure that they do not discriminate or serve as disguised trade barriers, or to ensure that foreign governments do not derogate from or waive existing measures to gain competitive advantage in international trade or investment. But the Archer bill creates an enormous loophole by adding that provisions addressing changes in a country's laws cannot be considered in fast track trade negotiations if those changes are "consistent with sound macro-economic development". Even more importantly, it is apparent that the Archer bill would not allow for fast track consideration of proposals to improve national labor standards or to ensure that countries adequately enforce their existing standards.

In contrast, the last grant of fast track authority to President Bush, which was set forth in the Omnibus Trade and Competitiveness Act (OTCA) of 1988, did not contain any of these limitations on workers rights in its negotiating objectives. Instead, OTCA clearly stated that one of the principle negotiating objectives was "to promote respect for worker rights". There was no requirement that these issues be "directly related to trade". And discussion of these issues was not limited to policies and practices that discriminate, serve as trade barriers, or constitute a derogation or waiver of existing standards. In short, under the 1988 fast track authority it was perfectly permissible for our negotiators to seek measures to improve worker rights and labor standards and their enforcement in other countries.

10-21-1997 10:24

2022933457

UAW WASHINGTON OFC

P.02

Second, the Archer fast track bill also severely limits what provisions can be included in implementing legislation that is subject to fast track procedures. In particular, the Archer bill gives fast track treatment only to provisions that are directly related to the very narrow negotiating objectives and necessary for the operation or implementation of the agreement. This clearly leaves no room for provisions that are outside the scope of the narrow negotiating objectives and not strictly needed to implement the trade agreement.

In contrast, the 1988 grant of fast track authority stated that the provisions in the implementing legislation merely had to achieve progress in meeting the negotiating objectives, serve the interests of U.S. commerce, and be necessary or appropriate to carry out the agreement. There was no definition of "appropriate", thereby leaving room for the implementing legislation to address a variety of important trade issues, including labor and environmental measures.

Thus, it is abundantly clear that, in both substance and procedure, the Archer fast track bill is substantially more restrictive than the 1988 grant of fast track authority in the way it deals with worker rights. Instead of making it easier to address these critically important issues in fast track trade negotiations, the Archer bill slams the door and precludes these issues from being effectively included in trade agreements that are considered under fast track procedures.

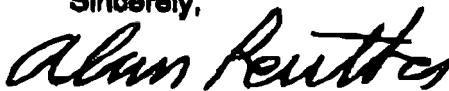
Despite the repeated protestations that the Clinton Administration is simply seeking the same negotiating authority that previous presidents have enjoyed, it is apparent that this is just not true. The Archer fast track legislation represents a huge step backwards on labor issues. It is significantly more restrictive in its treatment of worker rights than past fast track authority granted to President Bush.

Attached for your information is a comparison of the relevant provisions of the Archer fast track bill (H.R. 2621) and the Omnibus Trade and Competitiveness Act of 1988 (OTCA) dealing with the inclusion of labor issues in the principal negotiating objectives and specifying what can be included in implementing legislation that is subject to the fast track procedures.

The UAW submits that Congress should reject this reactionary effort to slam the door on efforts to improve worker rights and labor standards in other countries. The Archer fast track bill would tie the hands of President Clinton and future presidents, and make it impossible for them to address labor issues in fast track trade deals. This would take us in precisely the wrong direction, and should be decisively rejected by Congress.

Thank you for considering our views on this vital issue.

Sincerely,



Alan Reuther
Legislative Director

AR:car/opelu484/C3047

10-21-1997 10:25

2022933457

UAW WASHINGTON OFC

P.03

I. Legislative language on worker rights negotiating objectives:

Omnibus Trade and Competitiveness Act of 1988:

WORKER RIGHTS. -- The principal negotiating objectives of the United States regarding worker rights are --

- (A) to promote respect for worker rights;
- (B) to secure a review of the relationship of worker rights to GATT available to all workers; and articles, objectives, and related instruments with a view to ensuring that the benefits of the trading system are
- (C) to adopt, as a principle of the GATT, that the denial of worker rights should not be a means for a country or its industries to gain competitive advantage in international trade.

Archer Fast Track Bill (H.R. 2621)

LABOR, THE ENVIRONMENT, AND OTHER MATTERS. -- The principal negotiating objective of the United States regarding labor, the environment, and other matters is to address the following aspects of foreign government policies and practices regarding labor, the environment, and other matters that are directly related to trade:

- (A) To ensure that foreign labor, environmental, health, or safety policies and practices do not arbitrarily or unjustifiably discriminate or serve as disguised barriers to trade.
- (B) To ensure that foreign governments do not derogate from or waive existing domestic environmental, health, safety, or labor measures, including measures that deter exploitative child labor, as an encouragement to gain competitive advantage in international trade or investment. Nothing in this subparagraph is intended to address changes to a country's laws that are consistent with sound macroeconomic development.

II. Provisions regarding coverage under fast track procedures:

Omnibus Trade and Competitiveness Act of 1988

Included by reference, Section 151(b)(1)(C) of the Trade Act of 1974, describing what is to be included in implementing legislation that qualifies for fast track:

"(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."

Also, Section 1103(a)(2)(B)(II)(III), describing the statement accompanying implementing legislation and the statement of administrative action:

"(III) why the implementing bill and proposed administrative action is required or appropriate to carry out the agreement;"

Another Fast Track Bill (H.R. 2621)

Section 103(b)(3)(B)-(C) describing what can be included in implementing legislation that qualifies for fast track consideration:

"(B) provisions directly related to the principal trade negotiating objectives set forth in section 102(b) achieved in such trade agreement, if those provisions are necessary for the operation or implementation of United States rights or obligations under such trade agreement; (C) provisions that define and clarify, or provisions that are related to, the operation or effect of the provisions of the trade agreement; (D) provisions to provide adjustment assistance to workers and firms adversely affected by trade"

ROBERT T. MATSUI
FIFTH DISTRICT, CALIFORNIA

COMMITTEE ON
WAYS AND MEANS

SUBCOMMITTEE ON TRADE
RANKING DEMOCRAT
SUBCOMMITTEE ON
HUMAN RESOURCES

WHIP AT LARGE

Congress of the United States
House of Representatives
Washington, DC 20515-0505

WASHINGTON OFFICE
2308 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-0505
(202) 225-7163

DISTRICT OFFICE:
8068 FEDERAL BUILDING
650 CAPITOL MALL
SACRAMENTO, CA 95814
(916) 498-5800

FAX COVER SHEET

(Sent from fax# 202-225-0566)

Please Deliver To: Eric

Fax #: 456-2223 Date: 10/12

From: The Office of Congressman Robert T. Matsui

Tom Keaney _____

Shirley Queja _____

Jim Bonham _____

Cynthia Johnson _____

Karen Goldmeier _____

Steve Mastorakos _____

Howard Moon _____

Dustin Painter _____

Number of Pages (including cover sheet): 2
(If you do not receive all pages, or if they are not clear, please call 202-225-7163)

Comments:

Thanks for your help -
- Responded here?
- Get back response filed?

The information contained in this facsimile is intended for the official and confidential use of the designated recipient named above. It may contain information that is privileged or confidential or exempt from disclosure under applicable law. If the reader of this disclosure is not the intended recipient or agent, you are hereby notified that you have received this document in error and that any further review, dissemination, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify Congressman Matsui's D.C. office immediately at (202) 225-7163.

October, 1997

Fast Track '97 looks like Archer '95

Dear Colleague:

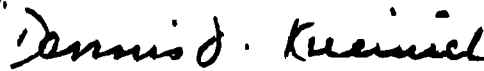
In 1995, Rep. Bill Archer introduced a fast track bill, H.R. 2371. The Archer bill protected corporate interests while prohibiting the protection of worker rights and the environment. Congressional Research Service explained the goal of Archer's language as follows, "The language in the bill [H.R. 2371] contrasts with the previous fast-track authorization. . . The purpose of the proposed changes was to limit the President's discretion to negotiate trade agreements that include areas that are not specified in the fast-track authorization [including worker rights standards and environmental protections]. Thus, by defining narrowly the negotiating objectives in the fast-track authorization and the kinds of provisions that could be included in the implementing legislation, Congress could discourage agreements on matters that the majority considered not directly related to trade."

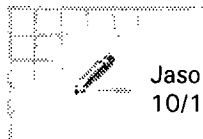
In 1997, Congress was given a Fast Track bill that strongly resembles the Archer bill. According to the Wall Street Journal, the Fast Track bill "largely sidesteps issues of labor and the environment. The administration's proposal hews closely to congressional Republicans' wishes that trade negotiations deal strictly with commercial issues, such as reducing trade barriers and protecting intellectual-property rights." (September 17, 1997)

ARCHER BILL: HR 2371	FAST TRACK BILL
Archer bill requires protections for corporate interests: 1) financial services; 2) factories and equipment, and 3) intellectual property	Same as Archer
Archer bill enforces protections for corporate interests with penalties and sanctions	Same as Archer
Archer bill prohibits future trade agreements from protecting worker rights and the environment	Same as Archer, no improvement
Archer bill prohibits Congress from amending trade bills to protect worker rights and the environment	Same as Archer, no improvement

Is that the lead Democrats should follow?

Sincerely,





Jason Berman
10/16/97 07:33:15 PM

Record Type: Record

To: Eric R. Biel/WHO/EOP

CC:

Subject: Re: Commerce update, and a couple of other things 

Gerhardt/Response

Eric, talk to Dan and Bob about the possibility of sending an additional but subsequent piece of paper to Matsui that specifically addresses the staff analysis and to be very specific the totally misleading notion that this is worse than 1988. That would be very useful in advance of the California Democratic Caucus meeting on Wednesday.

see 10/23 response to UAW

I also believe it would be useful to have some historical info on how the Principal Negotiating Objective #14 got into the '88 Act and what the debate was like.

Response to Representative Gephardt

Assertion: **The House bill will limit progress on labor and environment issues because fast track agreements must be “directly related to trade”.**

Answer: To the contrary, the House bill includes the most detailed and concrete labor and environmental objectives ever included in fast track legislation. In fact, no previous version of fast track even mentioned environmental issues.

The House bill says that a principal negotiating objective for the United States is to ensure through fast-track agreements that foreign governments do not derogate from or waive their labor, health, safety, or environmental laws to give their products or firms an unfair competitive advantage.

Thus, the bill says that fast track agreements can include provisions that will prevent foreign governments from manipulating their environmental and labor laws to gain an advantage in international trade and investment.

Moreover, the Ways and Means approach envisions that the President may negotiate additional environmental and labor understandings through non-fast-track agreements, something the President has said he will do when appropriate.

In sum, the House bill provides the basis for making meaningful progress on trade, labor, and the environment.

Assertion: **A country would be free to lower its labor and environment protections to assist its “macroeconomic development”.**

Answer: That is a misreading. The bill clearly states that a principal negotiating objective for the United States is to ensure that foreign governments do not manipulate their labor and environmental laws to gain an unfair trade advantage.

The language on “sound macroeconomic development” does not change the instructions to the President in these areas. Rather, it recognizes that the United States has long urged governments to put in place economic policies that make good development sense over the long term, and that in pursuing environmental and labor issues the United States is not departing from this important message.

-- In fact, the two concepts are complementary. It is unlikely that a government’s attempt to distort competitive conditions in favor of

local goods or firms by departing from the country's own environmental or core labor standards would be consistent with the country's long-term development interests.

Moreover, the concept of "sound macroeconomic development" embodies the notion that countries will raise their environmental and labor standards over time as they develop, just as we have done.

Assertion: Efforts to promote labor and environment would have to be addressed outside fast track -- at the ILO.

Response: Untrue. As noted, the bill specifically targets those foreign environmental and labor policies and practices that governments can use to give their products and companies an unfair trade advantage.

The bill does not limit the President's authority to address broader labor, environmental, or other issues that have a less specific trade nexus through all other means at his disposal.

-- In fact, the bill encourages the President to ensure that trade, environment, and labor policies complement and reinforce each other.

-- The President can use his constitutional authority to implement broader agreements along these lines, and if necessary can bring them back to Congress under normal approval procedures.

Assertion: In future trade negotiations, the Administration will consult about labor issues only with industry advisory groups, not with the official Labor Advisory Committee.

Response: Wrong. The bill calls for consultations with all of the trade advisory committees, including the official labor and environmental advisory groups (LAC and TEPAC).

That was the intent behind the bill when it was first introduced and any doubt on that score was eliminated through a clarifying amendment prior to committee action on the bill. The bill thus places all of the advisory committees -- industry, labor, and environment -- on an equal footing.

Assertion: The bill calls for criminal penalties on the infringement of intellectual property rights, but could allow child labor to continue.

Response: False. For the first time in fast track legislation, the bill specifically singles out child labor as a subject for future trade negotiations.

In particular, the bill specifies that the President should negotiate, through fast track, agreements that ensure that foreign governments do not derogate from or waive their laws against exploitative child labor to gain a competitive trade advantage.

- Most governments have laws against child labor. Some governments, however, do not apply those laws, knowing that their manufacturers profit from that failure.
- The bill directs the President to go after that kind of behavior.

RICHARD A. GEPHARDT
MISSOURI
DEMOCRATIC LEADER

H-204 U.S. CAPITOL
202-225-0100

Congress of the United States
House of Representatives
Office of the Democratic Leader
Washington, DC 20515-6337

October 8, 1997

The Honorable Robert T. Matsui
2308 Rayburn House Office Building
Washington, D.C. 20515

Dear Bob:

Today the Ways and Means Committee is scheduled to mark up legislation to grant the President fast track trade negotiating authority. I am writing to urge you to vote against Chairman Archer's proposal.

The question isn't whether we trade. The question is what are the terms and who benefits. The Archer plan would continue to limit the ability to deal effectively with workers rights and environmental issues as part of trade agreements. Rather than being a force for progress, the Archer plan would validate the status quo.

Fast track is an extraordinary grant of Congressional power. Without the ability to fully debate and amend an agreement when brought back to Congress, we must be very specific about how we define "success." What's at stake are two very different competing ideological approaches to globalization.

The debate over fast track boils down to this: A majority of Democrats want proper treatment and enforcement of environmental and labor laws to be as integral to the negotiations as issues like intellectual property and protections for capital. We are demanding that people and the environment be given the same protections and enforcement in trade treaties as copyrights. Why is that considered an insurmountable hurdle? Because Republicans argue that the environment and workers rights rate less consideration than protecting intellectual property and therefore should not be part of an agreement.

Including and enforcing worker and environmental protections in the core treaty would help to begin to build a consuming class in the countries we're doing business with. It's the right thing to do — and it's economically smart. More people would be able to buy more of our

10/09/97 14:20 ☎2024569170

NSC LEGISLATIVE

003/008

10/09/97 11:12 ☎202 395 4656

USTR CONG AFFRS

003/008

and old middle class. Environmental enforcement would reduce global pollution. And

companies wouldn't continue to chase low wages and lax environmental enforcement, exporting jobs overseas simply to reduce their costs.

The Honorable Robert T. Matsui
October 8, 1997
Page 2

Trade policy has to focus on more than short-term profits, no matter what the costs in terms of pollution, income distribution and social concerns. This is a decisive choice — and the alternative we're fighting for is truly freer trade and long-term prosperity in a world that respects human rights, workers rights and the environment. To achieve that, we have to expand the debate, not limit it to an unconditional fast track which is the wrong road to freer trade.

So far, the benefits of more open trade have not trickled-down to middle class citizens and workers struggling to get into the middle class. The profits of trade will not simply "trickle-down" to everyone. The experience with NAFTA, bears this out. The income gap in Mexico is increasing, not decreasing. A United Nations report describes the same phenomenon on a wider stage: "As trade and foreign investment have expanded, the developing world has seen a widening gap between winners and losers...The greatest benefits of globalization have been garnered by a fortunate few."

Bill Archer has argued that I will never support fast track. He's wrong. I will never support *his* fast track and I doubt that a majority of Democrats would. I've supported fast track in the past and am prepared to do so again. But the Archer plan is fatally flawed. It's bad for America.

I have attached a staff analysis of the specific flaws in the Archer plan. Let me, however, summarize them here:

- It specifically limits progress on labor and environmental issues. Action on these issues must be "directly related" to trade -- a term that the Congressional Research Service has said is *designed to "limit the President's discretion."* To quell any doubt, the Archer plan adds additional language requiring that action on labor and the environment must also be "necessary" to the operation of the trade agreement.
- A country could actually lower its labor and environmental protections if they benefit domestic and foreign companies and assist that country's "macroeconomic development."
- Efforts to promote labor and the environment would have to be dealt with outside of free trade agreements -- at the ILO -- and fast track would not be available for action on these issues.
- Consultations with the business community are now required as to whether labor and the environment should be dealt with in new trade agreements. Consultations with the Labor Sector Advisory Committee -- created under the law -- are excluded from this process under the Archer plan.
- It calls for new criminal penalties on intellectual property -- sound recordings, movies and the like -- but could allow child labor to continue.

The Honorable Robert T. Matsui
October 8, 1997
Page 3

These are just a few of the flaws in the Archer plan. I urge you to vote against it. We must not rush to pass fast track. Let's do what's in the best interests of our farmers, workers, consumers and businesses.

Yours very truly,



Richard A. Gephardt

enclosure

RAG:mrw

Staff Analysis
Republican Fast Track Proposal
"Reciprocal Trade Agreement Authorities Act of 1997"
H.R. 2621
October 8, 1997

The greatest flaw is the limitation on the ability to enforce labor and environmental laws if they are viewed as fairly and equally applied or simply ignored. In essence, if a country refuses to enforce its labor and environmental laws against both domestic as well as foreign-owned firms, nothing is required under this proposal and, indeed, action would be prohibited under Archer's plan.¹

And, the Archer plan indicates that if a country's policies can be excused simply because of their stage of economic development, that's fine. If they're a poor country, anything in the area of labor and the environment could be justified under the Archer plan as being acceptable.²

In terms of labor and the environment, the Archer plan limits the discretion of the negotiators to achieve results only on matters that are "directly related" to trade³. In analyzing similar language, the Congressional Research Service stated:

*"The language in the bill contrasts with the previous fast-track authorization, which provided for fast-track consideration of provisions that are 'necessary and appropriate' to the President's discretion to negotiate trade agreements that include areas that are not specified in the fast-track authorization. The purpose of the proposed changes was to limit the President's discretion to negotiate trade agreements that include areas that are not specified in the fast-track authorization."*⁴

The Archer plan includes additional limiting language: Not only must the language be directly-related, but it also must now be necessary for the operation or implementation of the trade agreement. The President would be precluded from achieving more than allowed for under the Archer plan and having those provisions being considered under the fast track.⁵

but only
one of
these

¹ Section 102(b)(7).

² Section 102(b)(7).

³ Section 102(b)(7).

⁴ "Fast track authority: Objectives for Future Trade Negotiations," Library of Congress, Congressional Research Service, Updated May 27, 1997 (CRS-97-229-E). Page 6.

⁵ Section 103(b)(3)(B).

Staff Analysis
October 8, 1997
Page 2

The Archer plan would only allow for actions relating to governmental practices. Private sector actions to limit labor rights or environmental protections would not be addressed.⁶

Also, the Archer plan adds a new requirement that specifically gives the business community the ability to participate in determining how labor and environmental provisions are to be treated by the negotiators in each trade agreement. Labor and environment are put in a separate category where consultations are required with the private sector and the Ways and Means and Senate Finance Committees. These Committees -- on their own -- can preclude or limit negotiations on these matters. The legislation requires the President to consult with the business community. But the legislation eliminates the Presidentially-appointed Labor Advisory Committee, established under the law, from this consultation requirement.⁷

The Archer plan tries to artfully address the issue of child labor -- an issue that Democrats have demanded be addressed. Yet the Archer plan allows exploitative child labor to continue if it is continued on a "nondiscriminatory" basis and is "consistent with sound macroeconomic development." Thus, if a country wants to attract investment to stimulate its economy and allows child labor to continue for domestic and foreign firms, that would be allowed under the plan. And, progress on "exploitative child labor" is shuttled off to be dealt with at the International Labor Organization rather than being a subject of our trade negotiations under the fast track. It's specifically excluded from being eligible for fast track treatment.⁸

The Archer plan also goes farther than any previous fast track authority by requiring that intellectual property rights be aggressively enforced with the possibility of criminal sanctions being imposed.⁹ And the Archer plan requires that any future trade agreement partner adopt standards at least as strong as those in the NAFTA for intellectual property.¹⁰ Yet, in other areas, the proposal does not call for any standards.

⁶ Section 102(b)(7).

⁷ Section 104(a)(2)(A). The principal trade negotiating objective referred to as section 102(b)(7) is the negotiating objective relating to "labor, the environment, and other matters."

⁸ Section 102(b)(7)(B) and 102(c)(1)(C) as limited by Section 103(b)(3)(B).

⁹ Section 102(b)(4)(A)(iv).

¹⁰ Section 102(b)(4)(A)(i)(III).

Staff Analysis
October 8, 1997
Page 3

The Archer plan could jeopardize our food safety by changing the standard by which we protect public health possibly requiring additional scientific justification for the measures food safety experts here in the U.S. have adopted to protect our citizens.¹¹

No
including
some
in URAA

The Archer plan accelerates a number of negotiations -- eliminating the historical Congressional evaluation of negotiating objectives and targets for each separate agreement. So, Congress' ability to address Chile's prohibition on the importation of U.S. wheat and enforcement of the Wine Equity Act, the current dumping of Chilean Salmon into the U.S. market, and other important sectoral issues, could be dramatically limited.¹²

The Archer plan limits the public's participation in the review of trade agreements. His plan allows the President to classify trade reports at his discretion. Previous language allowed the President to classify information only when necessary to protect national security or trade secrets.¹³

95
date

¹¹ Section 102(b)(6)(C)(iii).

¹² Section 106 and, with reference to Chile, Section 106(s)(4).

¹³ Section 103(c)(4).

Response to Gephardt Letter

Assertion: The House bill will limit progress on labor and environment issues because fast track agreements must be "directly related to trade".

Answer: The House bill specifically calls on the President to negotiate, through fast track agreements, provisions that ensure that foreign governments do not derogate from or waive their labor, health, safety, or environmental laws to give their products or firms an unfair competitive advantage.

-- The language included in the bill on labor and the environment is much more detailed and concrete than anything in prior law.

-- Indeed, this is the first time the environment has ever been addressed in fast track legislation.

The bill recognizes that the main trade problem we face in these areas is not the failure of countries to adopt good laws, but their failure to apply them consistently.

-- The bill tells the President to try to negotiate deals that will prevent that. The inclusion of this language is very important in both trade and labor/environment terms.

Assertion: A country would be free to lower its labor and environment protections to assist its "macroeconomic development".

Answer: That is a misreading. The language in question does not mean that countries should be free to lower their standards for economic reasons. Rather, the text means that countries should be free to change the mechanisms they use to protect the environment and promote core labor standards based on rational economic decision-making. For example, here in the United States we are considering whether it makes economic sense to lower pollution levels through a market-based approach rather than through direct government regulation.

still qs
here

The bill language does not say that governments

can lower their labor or environment standards. Rather it says that in achieving a particular level of protection for its workers and the environment governments can look at the overall economic cost and benefits of the various approaches available to them.

[The critics do not mention that the bill says countries should not be prevented from pursuing "sound macroeconomic development". Economic policy is sound only if it takes fully into account important environment and labor rights concerns. We expect countries to raise their environmental and labor standards as they progress economically -- as a matter of sound economic development. On the other hand, derogating from or waiving existing levels of labor or environmental protection is not wise economic policy.] [IMF has also embraced.]

Simply that
something we have always supported
OK long here
** focus on priority*
manipulating at
advantage
- part of
now in to
present but

Assertion:

Efforts to promote labor and environment would have to be addressed outside fast track -- at the ILO.

Response:

Untrue. As noted, the bill specifically targets those foreign environmental and labor policies and practices that governments are most likely to use to give their products and companies an unfair trade advantage.

These are precisely the kinds of issues that it makes sense to address in our trade agreements.

The bill does not limit the President's authority to address broader labor, environmental, or other issues that have a less specific trade nexus through all other means at his disposal.

-- In fact the bill encourages the President to ensure that trade, environment, and labor policies complement and reinforce each other.

-- The President can use his constitutional authority to implement broader agreements along these lines, and if necessary can bring them back to Congress under normal approval procedures.

Assertion:

In future trade negotiations, the Administration will consult about labor issues only with industry

advisory groups, not with the official Labor Sector Advisory Committee (LAC).

Response: The bill calls for consultations with all of the official advisory committees, including the LAC and the environmental advisory group.

That was the intent behind the bill when it was first introduced and any doubt on that score was eliminated through a clarifying amendment prior to committee action on the bill. *(Methuense?)*

Assertion: The bill calls for criminal penalties on the infringement of intellectual property rights, but could allow child labor to continue.

Response: For the first time in fast track legislation, the bill specifically singles out child labor as a subject for future trade negotiations.

In particular, the bill specifies that the President should negotiate, through fast track, agreements that ensure that foreign governments do not derogate from or waive their laws against exploitative child labor to gain a competitive trade advantage. *caus specifically on this?*

-- Almost all governments have laws against child labor. The problem is that a few governments do not apply those laws, knowing that their manufacturers profit from that failure.

-- The bill directs the President to go after that kind of behavior.

As for the protection of intellectual property rights, the bill calls for the President to ensure that foreign governments have strong enforcement procedures on the books (many still do not). These can be a combination of administrative, civil, or criminal remedies.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

600 17th Street NW
Washington, DC 20506
tel (202) 395-3417
fax (202) 395-3911

FAX TRANSMITTAL

To: Bob Kyle

cc: Linda
Erica

From: Ken Freiberg 395-7305

Date: Thursday, Oct 9, 1997 3:13 p.m.

Pages: 4 (including cover page)

MESSAGE

Bob:

For your review.

Call FEA F
rat's and
status? -
Vic Ki -
USTR draft
response to
Gephardt.
EB

been revised/
still being
revised
by Sue E
+ Bob
at USTR
sending
revised

COMMITTEE ON COMMERCE
SUBCOMMITTEE ON OVERSIGHT
AND INVESTIGATIONS
RANKING MEMBER
SUBCOMMITTEE ON TELECOMMUNICATIONS,
TRADE AND CONSUMER PROTECTION



RON KLINK
Congress of the United States
House of Representatives
1st District, Pennsylvania

November 3, 1997

Let's NOT Make a Deal! On Fast Track

WASHINGTON OFFICE:
125 CANNON BUILDING
WASHINGTON, DC 20515
(202) 225-2565

DISTRICT OFFICES:
NORTH HUNTINGTON TOWNSHIP
(412) 864-8681
(800) 453-6078

BEAVER COUNTY
(412) 728-3005

CRANBERRY TOWNSHIP
(412) 772-6080

NEW CASTLE
(412) 654-9038

LOWER BURRELL
(412) 335-4518

Dear Colleague:

If you are offered a deal by the Clinton Administration in exchange for your vote on fast track, you better think twice! Many of the promises made by the Administration to obtain votes for the North American Free Trade Agreement (NAFTA) in 1993 were never fulfilled.

For example, the Administration made several promises to the Florida Fruit and Vegetable Association and Members of the Florida delegation, including adjusting inspections of increased produce imports from Mexico, protection against and relief from import surges for vegetables, no restrictions on the use or manufacture of the fumigant methyl bromide until the year 2000, and a 10-year phase out of the tariff on winter vegetables. All of these promises are unfulfilled, and Florida is 10,000 jobs poorer because of NAFTA.

In addition, the California delegation was promised accelerated reductions in tariffs on wine. However, the Wine Institute, a wine industry group, is opposed to fast track because Mexican tariffs on California wine were not reduced. For wheat producing states, the Clinton administration agreed to investigate Canadian wheat subsidies. But the investigation led only to a one year agreement to limit Canadian wheat imports (which expired in 1995) and the mechanism for that investigation was eliminated in a subsequent trade agreement. Canadian wheat imports are now increasing rapidly. For American truckers, the Administration said it had obtained Mexico's agreement to allow 53 foot trailers on Mexican roads. As of October 16, these trailers are still not allowed in Mexico.

These deals, and many others, on things like appliances, cut flowers, highways, extraditions and prisoner exchanges, are described in a report by Public Citizen. I urge you to read that report carefully before the vote on fast track. And, if anyone offers you a deal for your vote on fast track, consider that many of the NAFTA deals were reneged upon.

If you have questions about deals for fast track or want a copy of the Public Citizen report, please call me or Peter Madaus of my staff at 2565.

Sincerely,

RON KLINK

OFFICE OF THE CHAIRMAN
1115 HILL BUILDING
WASHINGTON, DC 20515

PHILIP M. CANINE, ILLINOIS
BILL THOMAS, CALIFORNIA
F. CLAY SHAW, JR., FLORIDA
ROBERT L. JENKINS, CONNECTICUT
JIM BURNETT, KENTUCKY
JACK WELCH, NEW YORK
WILLIAM F. WYLLIE, ALABAMA
ANDREW J. LEVIN, MICHIGAN
DAVID CAMP, MISSOURI
JIM BARNETT, MINNESOTA
JIM TUCKER, TEXAS
MARK J. CHAMBERLAIN, VIRGINIA
JIM HOPPE, DISTRICT OF COLUMBIA
MAC COTY, OHIO
JERRY MONTGOMERY, OHIO
PHILIP S. BOND, PENNSYLVANIA
JOHN BROWN, RHODE ISLAND
JERRY COOPER, SOUTH CAROLINA
WILLIAM WATERS, OKLAHOMA
J.D. MANNING, ARIZONA
JERRY WELLS, ALABAMA
LARRY HANCOCK, MISSOURI

CHARLES B. RABOFF, NEW YORK
LINDSEY M. STARR, CALIFORNIA
ROBERT F. MATTHEW, CALIFORNIA
BARBARA B. SPANGLER, CONNECTICUT
WILLIAM J. LUTHE, PENNSYLVANIA
SAMUEL H. LUTHE, MICHIGAN
BENJAMIN J. CANTON, MASSACHUSETTS
JIM BAIRD, WASHINGTON
WILLIAM H. HANCOCK, WISCONSIN
JOHN LUTHE, GEORGIA
ROBERT M. ALBANESE, FLORIDA
WILLIAM F. WYLLIE, NEW YORK
WILLIAM J. JENNISON, LOUISIANA
JOHN S. TANNER, TENNESSEE
DAVID H. CHASE, CALIFORNIA
LARRY H. TUCKER, FLORIDA

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6348

October 22, 1997

AL VINCE KEL, CHIEF OF STAFF

JAMES MATH, MINORITY CHIEF COUNSEL

The Honorable William J. Clinton
President
The White House
Washington DC 20500

Dear Mr. President:

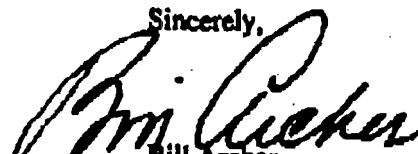
An important foundation for the future of free trade is in jeopardy. Since 1993 your administration has been without fast-track authority and as a result, the United States is at risk of losing an advantage we hold in the world economic marketplace. Our trading partners are signing lucrative trade deals with neighboring countries, but U.S. business and workers are losing out because of a lack of reciprocal free trade agreements and the resultant high tariffs.

Mr. President, I support enactment of fast-track legislation, but much work is required. The Ways and Means Committee passed a fast-track proposal that received almost unanimous support from Republicans but scant support from Democrats. It's unfortunate that so many Democrats refused to give you the tools you need to keep this nation on a prosperous track.

In spite of the poor showing by the Committee's Democrats, I would like to proceed with a vote on the floor of the House of Representatives this fall. However, we are in a precarious position. If we proceed with a floor vote without sufficient support, the cause of free trade could be seriously harmed by an embarrassing defeat on the floor of the House. If we do not proceed, American workers and businesses will suffer.

To secure passage of fast track, I call on you to provide Congress with a list of seventy Democrats who will vote for fast track. Without such support from Democrats, fast-track will remain in deep trouble. As dedicated I am to passage of this important legislation this fall, it may not be possible without a stronger showing of bi-partisan support. To increase the likelihood of victory on the floor this fall, I hope I can count on you to secure the seventy votes we need.

Sincerely,


Bill Archer
Chairman

RICHARD A. GEPHARDT
MISSOURI
DEMOCRATIC LEADER

NOV 04 1997

H-204 U.S. CAPITOL
202-225-0100

Congress of the United States
House of Representatives
Office of the Democratic Leader
Washington, DC 20515-6537

November 3, 1997

Dear Colleague:

This Friday, Speaker Gingrich has scheduled consideration of the Clinton/Archer fast track proposal. I am writing to urge you to vote against this ill-advised proposal.

Yesterday, Speaker Gingrich on "Meet the Press" argued that failing to pass fast track could have serious implications for the world economy. He seems to be ignoring the fact that our *current* trade policy has helped fuel the instability in the global markets. Instability that resulted in Secretary Rubin committing another \$3 billion of U.S. taxpayer funds to a potential bailout of the Indonesian economy.

The Clinton/Archer plan ignores the currency issue and those who support the proposal will bear responsibility for this failure.

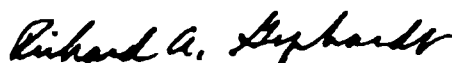
Speaker Gingrich ignores the fact that the fast track bill he is pushing actually **eliminates** the negotiating objective in the previous fast track that calls for trade and monetary coordination. The result is that the Administration isn't directed to address this important issue to forestall another peso bailout like President Clinton offered to Mexico or the bailout plan the Administration offered to Indonesia. And, if the President did try to address this issue, the provision might be precluded from receiving fast track under the Clinton/Archer proposal.

Entering into a free trade agreement is similar to an economic marriage. We become responsible, in part, for the economic performance of another country – that's why President Clinton stepped in to bail out Mexico. If we fail to address this issue in future trade agreements because fast track doesn't address all the issues important to achieve success, those who support the Clinton/Archer fast track bear responsibility for the results. I and many others argued during the NAFTA that currency issues had to be dealt with during the negotiations or we were at risk of a major devaluation of the peso. Let's not make the same mistake again.

I supported President Bush's request for fast track and I'm willing to support a fast track that will lead to agreements that are in everyone's best interests. But leaving currency issues out of the equation – among other issues – is a recipe for failure.

The House should reject the Clinton/Archer plan so that we can ensure that future trade agreements address all of the issues that are important to a trade agreement's success.

Yours very truly,



Richard A. Gephardt
House Democratic Leader

UNCLASSIFIED FAX
FROM THE NATIONAL SECURITY COUNCIL
AND THE NATIONAL ECONOMIC COUNCIL
OF THE WHITE HOUSE

SENDER: Linda Eddleman, INTERNATIONAL GROUP

WH PHONE: 202-456-9281 2 PAGES INCLUDING COVER SHEET
WH FAX: 202-456-9280

SUBJECT: Gephardt Letter/Draft Rebuttal

TO:

FAX:

PHONE:

Michael B.G. Froman

622-0073

622-1906

Meg Lundsager

622-5304

622-1068

Carol Atkinson

622-0658

Speaker Gingrich's office has asked for a draft rebuttal to the
attached letter from Gephardt.

UNCLASSIFIED FAX



Russell W. Horwitz

09/25/97 02:26:12 PM



Record Type: Record

To: Susan A. Brophy/WHO/EOP, Raymond E. Donnelly III/WHO/EOP

cc: Eric R. Biel/WHO/EOP

Subject: response to Gephardt

-also to Bob/Elaine



geph1et1et.do

Claim #1: This request for fast track authority is a “step backwards” from previous grants of fast track authority and is actually worse than the authority President Bush received.

Response: Wrong. This proposed legislation permits President Clinton to do everything that past Presidents have done with fast track authority.

At the same time, this proposal does contain new provisions never before included in any fast track legislation. These include:

- A principal negotiating objective on worker rights to ensure that we continue to press this cause aggressively with other countries.
- An explicit reference, for the first time in any fast track bill, to the importance of addressing child labor abuses.
- Also for the first time in any fast track bill, a principal negotiating objective to promote greater environmental protection in other countries.

The critics wrongly claim that an earlier Congressional Research Service analysis somehow addresses this legislation. That is simply untrue. The CRS statement was not based on the language of this bill, and it is not appropriate to cite it as a relevant analysis here.

The Administration’s legislation is a step forward, not backward. It helps us to compete effectively in the global economy, to advance confidently into the 21st Century. We face a critical choice. We can either shape the global economy to America’s advantage or turn back and fail to compete for new business, new contracts, new jobs. This legislation moves us in the right direction.

Claim #2: The proposal moves the consideration of labor and environmental issues to the World Trade Organization.

Response: Wrong. The United States remains free to address these issues in every way we want -- whether through bilateral, regional, or multilateral talks -- and we will continue to do so.

The legislation does contain a principal negotiating objective urging continued and expanded efforts on labor and environmental issues in the World Trade Organization -- while also pressing for stronger International Labor Organization action on core labor standards.

For years, those advocating more attention to labor and the environment have demanded that these issues *should* be addressed in the WTO. And this Administration has fought hard, in the face of strong opposition, to try to accomplish just that. So it is surprising that the proposed legislation now is being criticized for advocating a stronger WTO role.

Claim #3: This request would preclude the NAFTA side agreements from being included in future trade agreements and from receiving fast track consideration.

Response: The President retains full authority to negotiate tough labor and environmental side agreements. The critics' charge reflects a fundamental misunderstanding of fast track. Fast track authority is needed only where a trade agreement requires changes to U.S. law. Neither the NAFTA side agreements, nor any such agreements envisioned with other countries, require any changes to our own labor or environmental laws.

The President already has stated his intent to negotiate strong labor and environmental agreements with Chile, which has agreed to enter into such agreements with us. We will consult closely with the Congress as these negotiations proceed. But these agreements will not need fast track approval -- because our laws will not change.

Claim #4: The request fails to deal with certain important trade issues; food safety, drugs, and worker retraining are not mentioned as principal negotiating objectives.

Response: The proposed legislation explicitly instructs U.S. negotiators to address the protection of our own health and safety measures as they pursue the listed negotiating objectives. We are committed to continue applying our own strong standards to protect the health and safety of our citizens.

This Administration is committed to a strong, well-funded program to combat the flow of drugs and improve interdiction and enforcement. Expanded trade has not meant any relaxation of our commitment here; just the opposite, as border inspections have increased. Engaging other countries on trade enhances our ability to work closely with them on other important issues as well, including through joint efforts to counter narcotics trafficking.

Worker retraining and assistance has been and remains a top priority of this Administration. We have doubled funding for dislocated workers, helping an additional 300,000 workers per year get training or job search assistance. But these are initiatives we can take on our own. We do not -- and should not -- negotiate our domestic assistance programs with other countries, and therefore no negotiating objective is necessary.

The list of negotiating objectives is not intended to be exhaustive; it simply reflects some of the key issues we need to address in future trade negotiations.

Claim #5: The request no longer includes the objective of addressing unfair trade practices.

Response: Nothing could be further from the truth. In fact, the very first principal negotiating objective describes at length the plan to address “trade barriers and other trade distortions” and a wide range of unfair foreign government policies and practices. This is echoed in nearly every other negotiating objective -- from agriculture to services -- spelled out in the proposal.

Moreover, to ensure this is clearly understood, the legislation also requires our negotiators to make certain that the United States retains the ability to “enforce rigorously” our own laws addressing unfair foreign trade practices.

This charge appears to refer to the fact that this proposed legislation does not repeat a 1988 Trade Act provision on GATT rules covering unfair foreign trade practices, such as dumping and subsidies. This Administration already has made good on that front by successfully concluding tough agreements on dumping and subsidies in the Uruguay Round. Our clear commitment to address unfair trade practices does not depend on our reiterating language from a statute enacted nine years ago.

Third draft--9/17/97 6:30 p.m.

September 18, 1997

Dear [House Member]:

On Tuesday, the Clinton Administration transmitted to the Congress the Export Expansion and Reciprocal Trade Agreements Act of 1997. This proposed legislation renews the partnership between the Executive Branch and the Congress, first enshrined in law more than 60 years ago, under which the United States has led in the development of a fairer and more open world trading system. It grants the same negotiating authority made available to President Ford and every President since, while ensuring that the Congress is actively involved at all stages of the process -- before, during, and after any trade negotiations. This renewal of the President's traditional negotiating authority is critical to our efforts to expand economic opportunities for American workers, farmers, and companies.

Notwithstanding the significant benefits that will result from this proposed legislation, critics have made a number of assertions that are not accurate. To set the record straight, I have attached responses to these charges. I believe that a clear discussion of the facts will help enable us to work together in the coming weeks in support of the critically important trade, labor, and environmental objectives we share.

Sincerely,

Charlene Barshefsky

[name and address]

Attachment

Claim #1: This request for fast track authority is a “step backwards” from previous grants of fast track authority and is actually worse than the authority President Bush received.

Response: Wrong. This proposed legislation permits President Clinton to do everything that past Presidents have done with fast track authority.

At the same time, this proposal does contain new provisions never before included in any fast track legislation. These include:

- A principal negotiating objective on worker rights to ensure that we continue to press this cause aggressively with other countries.
- An explicit reference, for the first time in any fast track bill, to the importance of addressing child labor abuses.
- Also for the first time in any fast track bill, a principal negotiating objective to promote greater environmental protection in other countries.

The critics wrongly claim that an earlier Congressional Research Service analysis somehow addresses this legislation. That is simply untrue. The CRS statement was not based on the language of this bill, and it is not appropriate to cite it as a relevant analysis here.

The Administration’s legislation is a step forward, not backward. It helps us to compete effectively in the global economy, to advance confidently into the 21st Century. We face a critical choice. We can either shape the global economy to America’s advantage or turn back and fail to compete for new business, new contracts, new jobs. This legislation moves us in the right direction.

Claim #2: The proposal moves the consideration of labor and environmental issues to the World Trade Organization.

Response: Wrong. The United States remains free to address these issues in every way we want -- whether through bilateral, regional, or multilateral talks -- and we will continue to do so.

The legislation does contain a principal negotiating objective urging continued and expanded efforts on labor and environmental issues in the World Trade Organization -- while also pressing for stronger International Labor Organization action on core labor standards.

For years, those advocating more attention to labor and the environment have demanded that these issues *should* be addressed in the WTO. And this Administration has fought hard, in the face of strong opposition, to try to accomplish just that. So it is surprising that the proposed legislation now is being criticized for advocating a stronger WTO role.

Claim #3: This request would preclude the NAFTA side agreements from being included in future trade agreements and from receiving fast track consideration.

Response: The President retains full authority to negotiate tough labor and environmental side agreements. The critics' charge reflects a fundamental misunderstanding of fast track. Fast track authority is needed only where a trade agreement requires changes to U.S. law. Neither the NAFTA side agreements, nor any such agreements envisioned with other countries, require any changes to our own labor or environmental laws.

The President already has stated his intent to negotiate strong labor and environmental agreements with Chile, which has agreed to enter into such agreements with us. We will consult closely with the Congress as these negotiations proceed. But these agreements will not need fast track approval -- because our laws will not change.

Claim #4: The request fails to deal with certain important trade issues; food safety, drugs, and worker retraining are not mentioned as principal negotiating objectives.

Response: The proposed legislation explicitly instructs U.S. negotiators to address the protection of our own health and safety measures as they pursue the listed negotiating objectives. We are committed to continue applying our own strong standards to protect the health and safety of our citizens.

This Administration is committed to a strong, well-funded program to combat the flow of drugs and improve interdiction and enforcement. Expanded trade has not meant any relaxation of our commitment here; just the opposite, as border inspections have increased. Engaging other countries on trade enhances our ability to work closely with them on other important issues as well, including through joint efforts to counter narcotics trafficking.

Worker retraining and assistance has been and remains a top priority of this Administration. We have doubled funding for dislocated workers, helping an additional 300,000 workers per year get training or job search assistance. But these are initiatives we can take on our own. We do not -- and should not -- negotiate our domestic assistance programs with other countries, and therefore no negotiating objective is necessary.

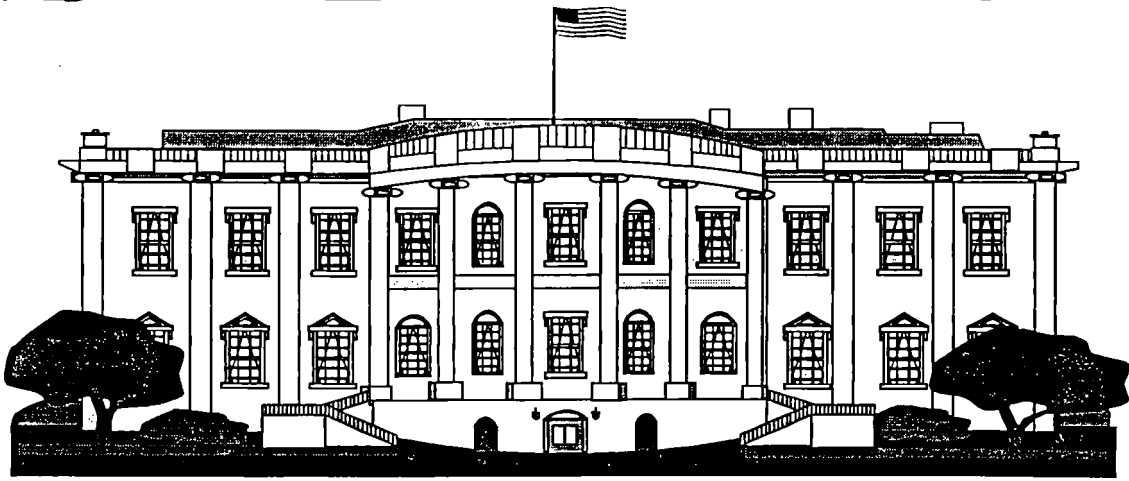
The list of negotiating objectives is not intended to be exhaustive; it simply reflects some of the key issues we need to address in future trade negotiations.

Claim #5: The request no longer includes the objective of addressing unfair trade practices.

Response: Nothing could be further from the truth. In fact, the very first principal negotiating objective describes at length the plan to address “trade barriers and other trade distortions” and a wide range of unfair foreign government policies and practices. This is echoed in nearly every other negotiating objective -- from agriculture to services -- spelled out in the proposal.

Moreover, to ensure this is clearly understood, the legislation also requires our negotiators to make certain that the United States retains the ability to “enforce rigorously” our own laws addressing unfair foreign trade practices.

This charge appears to refer to the fact that this proposed legislation does not repeat a 1988 Trade Act provision on GATT rules covering unfair foreign trade practices, such as dumping and subsidies. This Administration already has made good on that front by successfully concluding tough agreements on dumping and subsidies in the Uruguay Round. Our clear commitment to address unfair trade practices does not depend on our reiterating language from a statute enacted nine years ago.



The White House

National Economic Council

To: Bob Novick

Phone: 59494 + Ken F. call 5 PM Fax: 54549

From: Eric Biel

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

Pages including cover sheet: 5

Comments: Also to Eric, Gene, Dan T.
+ Vicki Pade.

(Has been reviewed by Bob Fyle)

+ Take 5



of the United States
House of Representatives
Office of the Democratic Leader
Washington, DC 20515-6537

September 16, 1997

Dear Colleague:

This afternoon President Clinton transmitted his fast-track proposal to Congress. I believe that the proposal is deficient — it fails to build a bridge to the future. It sends the wrong signal to the world trading community about what our goals and objectives in international trade should be.

My staff prepared a preliminary analysis of the President's proposal, a copy of which I have attached.

I would welcome the opportunity to discuss this important issue with you.

Sincerely,



Richard A. Gephardt
Democratic Leader

President Clinton's request for fast track authority is a step backwards. It's actually worse than the fast track authority President Bush received. In analyzing similar language, the Congressional Research Service stated:

"The language in the bill contrasts with the previous fast-track authorization, which provided for fast-track consideration of provisions that are 'necessary and appropriate' to the President's discretion to negotiate trade agreements that include areas that are not specified in the fast-track authorization. The purpose of the proposed changes was to limit the President's discretion to negotiate trade agreements that include areas that are not specified in the fast-track authorization."

The President's request does not include an objective requiring that labor and environmental provisions be included in the core of future trade agreements with the ability to enforce these provisions as any other trade issue.

▶ **The President's proposal moves the consideration of labor and environmental issues, as part of the trade debate, to the World Trade Organization.** No fast track authority is included, under the President's proposal, to deal with these issues in bilateral, regional or other trade agreements. And, it's important to note, no real action has occurred on these issues at the WTO despite preexisting legal authority for the U.S. to proceed.

▶ **President Clinton's request would preclude NAFTA's side agreements from being included in future trade agreements and from receiving fast track consideration.** The President's request precludes improving upon NAFTA's ineffective labor and environmental side agreements and does not allow these improvements considered under the fast track.

▶ **President Clinton's request fails to deal with important trade issues.** Food safety, drugs, and worker retraining are not mentioned in the principal negotiating objectives. And, the principal negotiating objectives in prior law for "trade and monetary coordination" was in fact eliminated.

▶ **President's Clinton's request no longer includes the objective of addressing unfair trade practices.** Prior fast track authority has included this important objective. It was eliminated as a specific principal negotiating objective in the authority President Clinton has requested.

Second draft--9/17/97 a.m.

September 18, 1997

Dear [House Member]:

On Tuesday, the Clinton Administration transmitted to the Congress the Export Expansion and Reciprocal Trade Agreements Act of 1997. This legislation renews the partnership between the Executive Branch and the Congress, first enshrined in law more than 60 years ago, under which the United States has led in the development of a fairer and more open world trading system. It grants the same negotiating authority made available to President Ford and every President since, while ensuring that the Congress is actively involved at all stages of the process -- before, during, and after any trade negotiations. This renewal of the President's traditional negotiating authority is critical to our efforts to expand economic opportunities for American workers, farmers, and companies.

Notwithstanding the significant benefits that will result from this legislation, critics have made a number of assertions that are not accurate. To set the record straight, I have attached responses to these charges. I believe that a clear discussion of the facts will help enable us to work together in the coming weeks in support of the critically important trade, labor, and environmental objectives we share.

Sincerely,

Charlene Barshefsky

[name and address]

Attachment

→ 1/3 BR
12:30 PM
Jaya Saffrey
Parker yada
see draft 3 PM
work of ok
Take S.
CPT
(2:45)
will wait
also 1/3
-Tie
-Natick
(5-4549)

Claim #1: This request for fast track authority is a “step backwards” from previous grants of fast track authority and is actually worse than the authority President Bush received.

Response: Wrong. This bill permits President Clinton to do everything that past Presidents have done with fast track authority.

At the same time, this bill does contain new provisions never before included in any fast track legislation. These include:

- A principal negotiating objective on worker rights to ensure that we continue to press this cause aggressively with other countries.
- An explicit reference, for the first time in any fast track bill, to the importance of addressing child labor abuses.
- Also for the first time in any fast track bill, a principal negotiating objective to promote greater environmental protection in other countries.
- A special instruction to negotiators to promote improved health and safety conditions and to ensure that trade agreements do not lower our own strong environmental standards.

The critique wrongly claims that an earlier Congressional Research Service analysis addresses language “similar” to this legislation. That is simply untrue. The CRS statement concerns an unrelated effort to restrict the discretion to include provisions deemed “necessary or appropriate” in a fast track bill. In sharp contrast, the President’s proposal expressly preserves the “necessary or appropriate” language and the flexibility that it grants to both the President and the Congress.

This legislation is a step forward, not backward. It helps us to compete effectively in the global economy, to move confidently into the 21st Century. We face a critical choice. We can either shape the global economy to America’s advantage or turn back and fail to compete for new business, new contracts, new jobs. This legislation embraces the first of those options and helps move us forward.

Claim #2: The proposal moves the consideration of labor and environmental issues to the World Trade Organization.

Response: Wrong. The United States remains free to address these issues in every way we want -- whether through bilateral, regional, or multilateral talks -- and we will continue to do so. We intend to use every available forum -- including the WTO, ILO, and international financial institutions -- to advance the labor and environmental agenda and try to improve conditions in all countries.

The legislation does contain a principal negotiating objective urging continued and expanded efforts on several labor and environmental issues in the World Trade Organization -- while also pressing for stronger International Labor Organization action on core labor standards.

For years, those advocating more attention to labor and the environment have demanded that these issues *should* be addressed in the WTO. And this Administration has fought hard, in the face of strong opposition, to try to accomplish just that. So it is surprising that the proposed legislation now is being criticized for advocating a stronger WTO role.

Claim #3: This request would preclude the NAFTA side agreements from being included in future trade agreements and from receiving fast track consideration.

Response: This charge reflects a fundamental misunderstanding of fast track. Fast track authority is needed only where a trade agreement requires changes to U.S. law. Neither the NAFTA labor and environmental agreements, nor any such agreements envisioned with other countries, require any changes to our laws.

In fact, the last thing we would want is to lower our own labor or environmental standards as a result of negotiations with foreign countries.

The President already has stated his intent to negotiate strong labor and environmental agreements with Chile, which has agreed to enter into such agreements with us. We will consult closely with the Congress as these negotiations proceed. But these agreements will not need fast track approval -- because our laws will not change.

Claim #4: The request fails to deal with certain important trade issues; food safety, drugs, and worker retraining are not mentioned as principal negotiating objectives.

Response: The list of negotiating objectives is not intended to be exhaustive; it simply reflects some of the key issues we need to address in future trade negotiations.

The proposed legislation explicitly instructs U.S. negotiators to address the protection of our own health and safety measures as they pursue the listed negotiating objectives.

This Administration is committed to a strong, well-funded program to combat the flow of drugs and improve interdiction and enforcement -- including by working closely with other governments to help them counter narcotics trafficking. But trade negotiations are not where we should address this priority; we would be ill-advised to try to do so. [USTR to add to this response?]

← First that does not mean open border - we have increased staffing on SW border

Worker retraining and assistance has been and remains a top priority of this Administration. We have doubled funding for dislocated workers, helping an additional 300,000 workers get training and job search assistance. But it would make no sense to include this among our principal negotiating objectives, which address only what we want to achieve with our trading partners -- not those initiatives that we can take on our own at home.

Claim #5: The request no longer includes the objective of addressing unfair trade practices.

Response: Nothing could be further from the truth. In fact, the very first principal negotiating objective describes at length the plan to address "trade barriers and other trade distortions" and a wide range of unfair foreign government policies and practices. This is echoed in nearly every other negotiating objective -- from agriculture to services -- spelled out in the proposal.

Moreover, to ensure this is clearly understood, the legislation also requires our negotiators to make certain that the United States retains the ability to "enforce rigorously" our own laws addressing unfair foreign trade practices.

This charge appears to refer to a 1988 Trade Act provision on GATT rules covering unfair foreign trade practices, such as dumping and subsidies. This Administration already has made good on that front by successfully concluding tough agreements on dumping and subsidies in the Uruguay Round. Our clear commitment to address unfair trade practices does not depend on our merely reiterating language from a statute enacted nine years ago.

Congress of the United States
House of Representatives
Office of the Democratic Leader
Washington, DC 20515-6537

September 16, 1997

Dear Colleague:

This afternoon President Clinton transmitted his fast-track proposal to Congress. I believe that the proposal is deficient — it fails to build a bridge to the future. It sends the wrong signal to the world trading community about what our goals and objectives in international trade should be.

My staff prepared a preliminary analysis of the President's proposal, a copy of which I have attached.

I would welcome the opportunity to discuss this important issue with you.

Sincerely,

Dick

Richard A. Gephardt
Democratic Leader

BK 9-16 PM - Clinton to Spaulding that need quick response!!

Barstow, ITR here? (to House Members) - coordinate w/ USTR Wed am

Nancy
beamed
X54549
→ all am

Not Clinton
Yesterday, ADMIN & what... asked to... (Clinton good point)

Leary/Blaker
input

critics have made charges - unpollled
Respond to accurately assess 'set the record straight'

Claim:
Response:

short the attached
claims + response?

President Clinton's request for fast track authority is a step backwards.

It's actually worse than the fast track authority President Bush received. In analyzing similar language, the Congressional Research Service stated:

"The language in the bill contrasts with the previous fast-track authorization, which provided for fast-track consideration of provisions that are 'necessary and appropriate' to the President's discretion to negotiate trade agreements that include areas that are not specified in the fast-track authorization. The purpose of the proposed changes was to limit the President's discretion to negotiate trade agreements that include areas that are not specified in the fast-track authorization."

ON
Anchor?

- what ever
not the law
- add provisions
child labor, env
etc.
- moves Fed. Goals

The President's request does not include an objective requiring that labor and environmental provisions be included in the core of future trade agreements with the ability to enforce these provisions as any other trade issue.

Just agree
here

The President's proposal moves the consideration of labor and environmental issues, as part of the trade debate, to the World Trade Organization.

No fast track authority is included, under the President's proposal, to deal with these issues in bilateral, regional or other trade agreements. And, it's important to note, no real action has occurred on these issues at the WTO despite preexisting legal authority for the U.S. to proceed.

- wrong
- still can
passage in
bilateral
multilateral
etc.
- less progress
on this track

President Clinton's request would preclude NAFTA's side agreements from being included in future trade agreements and from receiving fast track consideration.

The President's request precludes improving upon NAFTA's ineffective labor and environmental side agreements and does not allow these improvements considered under the fast track.

- all NAFTA
side agts
- not repeat/escape
the fast track
no AS to our laws

President Clinton's request fails to deal with important trade issues. Food safety, drugs, and worker retraining are not mentioned in the principal negotiating objectives. And, the principal negotiating objectives in prior law for "trade and monetary coordination" was in fact eliminated.

True-1988 Act vs. NOW

President's Clinton's request no longer includes the objective of addressing unfair trade practices.

Prior fast track authority has included this important objective. It was eliminated as a specific principal negotiating objective in the authority President Clinton has requested.

1989-
fast track
Kess/Act

to make sure
spec. direction
to negoty. ...

"trade-
distorting"
+ ag. obje.

Congress of the United States
House of Representatives
Office of the Democratic Leader
Washington, DC 20515-6537

September 16, 1997

Dear Colleague:

This afternoon President Clinton transmitted his fast-track proposal to Congress. I believe that the proposal is deficient — it fails to build a bridge to the future. It sends the wrong signal to the world trading community about what our goals and objectives in international trade should be.

My staff prepared a preliminary analysis of the President's proposal, a copy of which I have attached.

I would welcome the opportunity to discuss this important issue with you.

Sincerely,

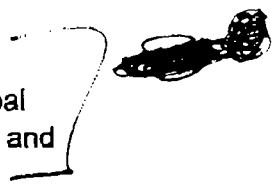
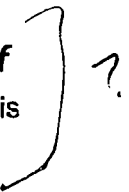


Richard A. Gephardt
Democratic Leader

- ▶ **President Clinton's request for fast track authority is a step backwards.** It's actually worse than the fast track authority President Bush received. In analyzing similar language, the Congressional Research Service stated:

"The language in the bill contrasts with the previous fast-track authorization, which provided for fast-track consideration of provisions that are 'necessary and appropriate' to the President's discretion to negotiate trade agreements that include areas that are not specified in the fast-track authorization. The purpose of the proposed changes was to limit the President's discretion to negotiate trade agreements that include areas that are not specified in the fast-track authorization."

The President's request does not include an objective requiring that labor and environmental provisions be included in the core of future trade agreements with the ability to enforce these provisions as any other trade issue.

- ▶ **The President's proposal moves the consideration of labor and environmental issues, as part of the trade debate, to the World Trade Organization.** No fast track authority is included, under the President's proposal, to deal with these issues in bilateral, regional or other trade agreements. And, it's important to note, no real action has occurred on these issues at the WTO despite preexisting legal authority for the U.S. to proceed.
- ▶ **President Clinton's request would preclude NAFTA's side agreements from being included in future trade agreements and from receiving fast track consideration.** The President's request precludes improving upon NAFTA's ineffective labor and environmental side agreements and does not allow these improvements considered under the fast track.
- ▶ **President Clinton's request fails to deal with important trade issues.** Food safety, drugs, and worker retraining are not mentioned in the principal negotiating objectives. And, the principal negotiating objectives in prior law for "trade and monetary coordination" was in fact eliminated. 
- ▶ **President's Clinton's request no longer includes the objective of addressing unfair trade practices.** Prior fast track authority has included this important objective. It was eliminated as a specific principal negotiating objective in the authority President Clinton has requested. 

DRAFT LETTER FROM REP. MATSUI TO COLLEAGUES ON
THE MULTILATERAL AGREEMENT ON INVESTMENT (MAI) AND FAST TRACK

September 30, 1997

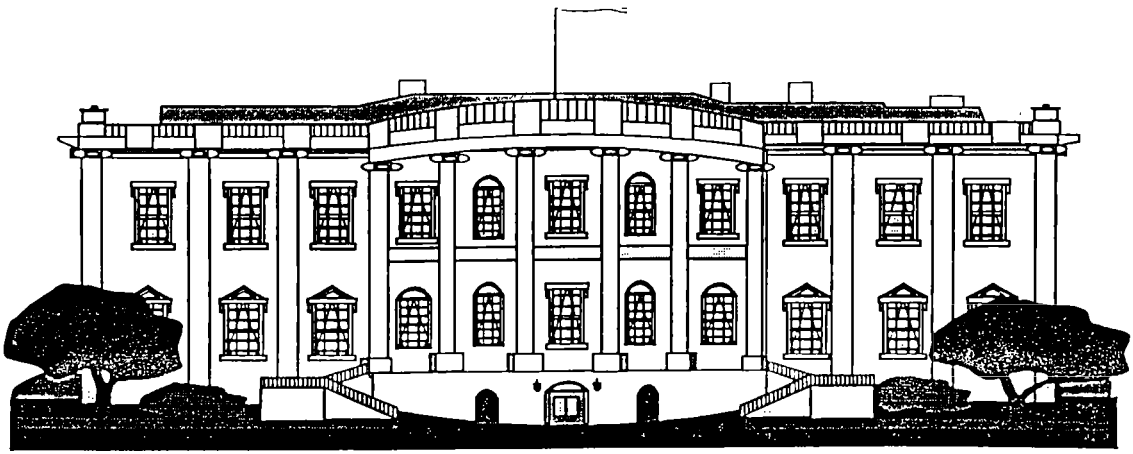
Dear _____,

You may have recently received materials critical of the Multilateral Agreement on Investment (MAI), the international agreement now being negotiated to establish international rules for investment. I write to set the record straight and to urge that the MAI, which is not even scheduled to be completed until next year, not affect your decision on approving the renewal of fast track authority.

The Administration has made clear that it does not intend to submit the MAI (if and when the negotiations are completed) to the Congress under fast track procedures. This means that the President's request for fast track negotiating authority is simply not related in any way to this agreement. When it is completed, the MAI can be considered on its merits without fast track procedures. In the meantime, we should not allow unsubstantiated allegations to cloud our consideration of the President's request for renewed trade negotiating authority.

I recognize there are disagreements in Congress about the MAI. But whatever differences there may be, they have absolutely no relevance to the fast track debate, because this agreement will not be submitted under fast track procedures. I hope this answers any questions you may have on this issue. If you would like to discuss it further, please contact [name] in my office.

Sincerely,
Robert T. Matsui



The White House

National Economic Council

To: May Ryzman

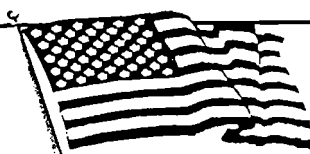
Phone: 395-9585 Fax: 395-3891

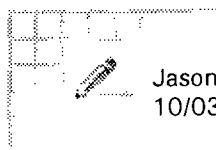
From: Eric Biel

Phone: (202) 456-⁵⁷⁰6630 Fax: (202) 456-2223

Pages including cover sheet: 2

Comments: Final MAC (as to Makai)





Jason Berman
10/03/97 01:59:25 PM

Record Type: Record

To: Eric R. Biel/WHO/EOP

cc:

Subject: MAI

Can I get a copy? I promised Nancy Pelosi.

10/07/97 14:38 2024562223

WHITE HOUSE/NEC

001

*** ACTIVITY REPORT ***

TRANSMISSION OK

TX/RX NO.	7122
CONNECTION TEL	53891
CONNECTION ID	GATT AFFAIRS
START TIME	10/07 14:37
USAGE TIME	00'43
PAGES	2
RESULT	OK



Victoria Radd
10/03/97 01:53:42 PM

Record Type: Record

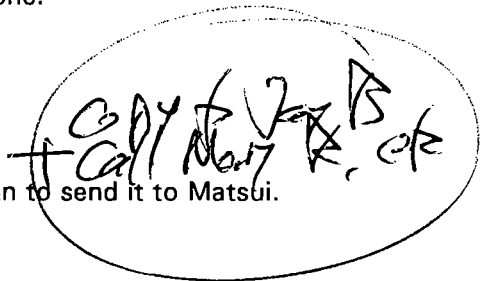
To: Eric R. Biel/WHO/EOP
cc: Jason Berman/WHO/EOP
Subject: Re: Staying informed from principals only briefings

Yes. Paul called me, and I'll just give him a call when we're done.

Thanks --

V.

PS. The short form MAI letter looks good. I've sent it to Susan to send it to Matsui.



Matsui Ref. Dec

Revised--10/1/97

DRAFT LETTER FROM REP. MATSUI TO COLLEAGUES ON
THE MULTILATERAL AGREEMENT ON INVESTMENT (MAI) AND FAST TRACK

September 30, 1997

Dear :

You may have recently received materials critical of the Multilateral Agreement on Investment (MAI). I write to set the record straight and to urge that the MAI, which is not even scheduled to be completed until next year, not affect your decision on approving the renewal of fast track authority.

The Administration has made clear that it does not intend to submit the MAI (if and when the negotiations are completed) to the Congress under fast track procedures. We will have the opportunity to consult closely on the merits of the MAI as the negotiations proceed. In the meantime, we should not allow broad, unsubstantiated allegations about this still-unfinished agreement to cloud our consideration of a much more pressing matter: the President's request for renewed trade negotiating authority.

The MAI has been under negotiation in the Organization for Economic Cooperation and Development (OECD) since May 1995. The negotiations involve all 29 OECD members plus the European Union -- all of the advanced industrial economies of the world. The talks have proceeded at a sensible pace, with opportunity for careful consideration and review. Indeed, over the past two years, the Administration has consulted with a wide range of interested parties, including congressional committees, state government officials (including the National Governors' Association and National Conference of State Legislators), and representatives of business and non-governmental organizations, including environmental and labor groups.

Through these consultations, the Administration has sought to dispel concerns that the MAI could undermine the ability of the U.S. Government or states to protect the health and welfare of our citizens. It has provided assurances that an agreement will not override our environmental, health, safety, consumer, or labor standards. The United States will remain free to regulate foreign investors in the same way we regulate domestic investors to advance these goals. Government procurement practices will not be affected; the Administration has made clear that we will not be taking on any new obligations in this area. Finally, the MAI will not give foreign investors any right to compel changes to our laws or practices at the Federal, state, or local level.

In short, contrary to some of the assertions you may have heard, the MAI does not provide a basis for opposing the President's request for renewed authority to negotiate trade agreements.

Sincerely,

Robert T. Matsui

*These negotiations have
this agreement is receiving less
proceeded at a prudent pace, with
opportunity for extensive
consideration & review.*
Revised--9/30/97

DRAFT LETTER FROM REP. MATSUI TO COLLEAGUES ON
THE MULTILATERAL AGREEMENT ON INVESTMENT (MAI) AND FAST TRACK

September 30, 1997

Dear

*The MAI
can be of
great benefit
to America.*

I understand that you recently may have received materials critical of the Multilateral Agreement on Investment (MAI). I write to set the record straight and to urge that the MAI not affect your decision on approving the renewal of fast track authority to negotiate trade agreements.

*The Administration has made
great progress*

First, and most importantly, the Administration has made clear that it does not intend to submit the MAI (if and when the negotiations are completed) to the Congress under fast track procedures. We will have the opportunity to consult closely with the Administration on the merits of the MAI as those negotiations proceed. In the meantime, we should not allow broad, unsubstantiated allegations about this still-unfinished agreement to cloud our consideration of a much more pressing matter: the President's request for renewed trade negotiating authority.

lt

~~Moreover, far from being what some have termed a "stealth treaty,"~~ the MAI has been under negotiation in the Organization for Economic Cooperation and Development (OECD) since May 1995. The negotiations involve all 29 OECD members plus the European Union -- in short, all of the advanced industrial economies of the world -- and the parties hope to complete the negotiations next year. The primary objective is to establish high standards for the treatment and protection of investments, including the core principle of non-discriminatory treatment. Given the links between investment protections and trade opportunities, a strong agreement should benefit not only those Americans investing in other OECD countries, but also firms and workers producing in the United States for export to those countries.

Over the past two years, the Administration has consulted with a wide range of interested parties, including the congressional committees with responsibility for investment matters, state government officials (including the National Governors' Association and National Conference of State Legislators), and representatives of the business community and non-governmental organizations, including environmental and labor groups. Through these consultations, the Administration has sought to dispel concerns that the MAI somehow could undermine the ability of the Federal Government or state governments to protect the health and welfare of our citizens. The Administration has provided assurances that an agreement will not override our environmental, health, safety, consumer, or labor standards.

As noted, the MAI's main purpose is to eliminate discrimination based on an investor's identity. Consistent with this, the United States and other governments will remain fully free to regulate foreign investors in the same way they regulate domestic investors to advance the above-noted policy goals. Nor will government procurement practices be affected; the Administration has

Fin
made clear that we will not be taking on any new obligations in this area under the MAI. In addition, contrary to the assertions that some have made, the MAI will not give foreign investors any right to compel a change to our laws or practices at either the Federal or sub-Federal level.

In short, contrary to some of the assertions you may have heard, the MAI does not provide a basis for opposing the President's request for renewed authority to negotiate trade agreements.

Sincerely,

Robert T. Matsui

If this is our
pt, shld we carry
water on the other
issues.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

600 17th Street NW
Washington, DC 20506
tel (202) 395-3417
fax (202) 395-3911

F A X T R A N S M I T T A L

To: Eric Biel

From: Mary Ryckman FAX:395-3891/PH: 395-7271

Date: Monday, Sep 29, 1997 9:43 a.m.

Pages: 9 (including cover page)

MESSAGE

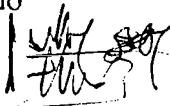
These are the q's and a's we did for CB. I will fax
seperately the MAI factsheet -- it is not in my system so I
can't send it with this.

Hope this helps.

MULTILATERAL AGREEMENT ON INVESTMENT
Fast Track

Q: *How will the Administration implement the agreement? Will the Administration seek Fast Track authority for the MAI?*

A: The Administration is in the process of deciding the specific uses of Fast Track. We do not presently intend to use Fast Track to implement the MAI. We can use the treaty procedures to implement the MAI.



- This is a complicated and difficult negotiation both at home and at the OECD. We welcome the interest in the agreement and will continue to work closely with interested parties on the agreement.
- (If appropriate) There is a great deal of misunderstanding among the general public about the MAI. I am sure you have heard some of this. We continue to reach out to interested groups so that they understand the agreement better and appreciate the overall merits of it. Of course, we continue to work with Congress to ensure that the agreement meets our mutual objectives for U.S. industries and their workers.

MULTILATERAL AGREEMENT ON INVESTMENT
General Problem Questions and Answers (Non-Environment/Labor)

Q: *We have heard complaints about the secret negotiations of the MAI. Some of our colleagues believe that there is no Congressional oversight of these negotiations. Why haven't we heard more about these negotiations?*

- A:** The negotiations are not secret. Since the launch of the negotiations in 1995, the Administration has worked closely with advisory committees, state representatives, business representatives and NGOs. We also brief key Congressional Committees on a regular basis (see attached list).
- Several congressional members visited the OECD to meet with other delegations earlier this year. One of the items discussed was the MAI negotiations. The CODEL included: Congressmen Solomon, Bliley, Bateman, Goss, Gillmor, McInnis, and Pickett, and Senator Roth.
 - USTR and State lead a broad interagency team (including Commerce, EPA, Treasury, Energy, Transportation, OSTP, OMB, NEC, CEQ, SEC, the FED, and Justice) working on the policy issues involved in such a complicated negotiation. We are fortunate that we are able to build upon existing agreements such as the NAFTA and the U.S. bilateral investment treaties.

As of 9/01/97

PRELIMINARY LIST
USTR/STATE/TREASURY Briefings on MAI

	<u>Date</u>	<u>Audience</u>
Hill:	February 8, 1996	Senate Finance Committee
	February 19, 1996	House Banking Committee
	February 19, 1996	House Ways and Means Committee
	February 20, 1996	Senate Banking Committee
	February 21, 1996	Senate Foreign Relations Committee
	February 21, 1996	Senate Finance Committee
	October 8, 1996	Senate Finance Committee
	October 10, 1996	House Ways and Means Committee
	October 10, 1996	Senate Foreign Relations Committee
	March 11, 1997	House International Relations Committee
	July 21, 1997	House Ways and Means Committee (conference call)

* All Briefings with Majority and Minority Committee Staff and Committee LA's.

States:

February 29, 1996	National Governors Association/Western Governors Assoc.
May 2, 1996	National Governors Association/Western Governors Assoc.
October 9, 1996	National Governors Association/Western Governors Assoc.
December 2, 1996	National Governors Association/Western Governors Assoc.
1st and 2nd quarter 1997	Two meetings with NGA

Private Sector/NGO:

June 4, 1995	INSPAC staff
June 13, 1995	INSPAC
July 13, 1995	USCIB
July 14, 1995	INSPAC
September 8, 1995	USCIB
September 11, 1995	ISAC - Energy
October 18, 1995	USCIB
December 12, 1995	USCIB
February 8, 1996	OFII
February 28, 1996	USCIB
March 28, 1996	USCIB
April 2, 1996	ACTPN staff
May 8, 1996	USCIB
July 25, 1996	ACTPN staff
August 21, 1996	USCIB
August 22, 1996	ACTPN/INPAC staff

September 24, 1996 TEPAC
October 9, 1996 TEPAC
October 30, 1996 ACTPN
November 12, 1996 TEPAC
December 5, 1996 Various NGOs

1997 (Still gathering specific dates)

Two meetings hosted by the Preamble Collaborative: Boston and New Brunswick, NJ
focusing primarily on labor issues

Four meetings with Environmental NGOs

Various meetings with USCIB and other business groups

We have also briefed the ACTPN, INSPAC and the Labor Advisory Committee

Q: I understand that the MAI will eliminate a state's ability to require companies that do business with the State to be responsible actors in society (e.g., the Massachusetts Burma procurement sanctions). The agreement will limit U.S. lawmakers' ability to regulate the safety, health and welfare of U.S. citizens. That is unacceptable.

A: The MAI will not overrule individual countries' environmental, health, safety, consumer or labor standards. The aim of the MAI is to eliminate discrimination based on an investor's nationality. Thus, the MAI will not prevent governments from regulating foreign investors in the same way that they regulate domestic investors in order to protect consumers, workers or the environment.

- The United States is not taking on any obligations in the area of government procurement under the MAI. We believe all such obligations have been or will be negotiated under the auspices of the WTO Government Procurement Code.
- Most of our regulations address specific actions by companies (e.g., zoning requirements) or are aimed to influence behavior of economic actors (e.g., recycling laws). The actions or behavior that U.S. regulations or laws seek to change or modify is disciplined (or encouraged) regardless of the nationality of the company. These laws will not be eliminated because the MAI primarily would obligate the U.S. to treat foreign investors as we treat domestic investors.
- Nor will the MAI prohibit community reinvestment laws or public pension fund corporate governance policies.

Q: Why are you willing to give companies so much leverage over governments and circumvent our domestic courts by agreeing to investor-to-state dispute settlement provisions in the MAI? Why create "new" rights for corporations that are already too powerful?

A: The dispute settlement procedures are very similar to those in the investment chapter in the NAFTA, which contains both an overall state-to-state dispute settlement procedure and an investor-State regime for the pursuit of specific damage claims. I believe the provisions under consideration will mitigate the likelihood of unfounded cases.

- While foreign claimants may, theoretically, obtain damages from the federal government under a MAI investor-State proceeding challenging U.S. federal or State law, the MAI **will not enable** the investor to use either MAI procedures or U.S. courts **to compel a change in domestic law or practice**.
- It is worth noting that over the past three and one-half years, not a single investment claim has been filed against the United States under the NAFTA, which contains largely the same type of obligations as are likely to appear in the MAI. Canada, in particular, is a major source of foreign direct investment in the United States.

- We expect that the MAI obligations will largely restate U.S. law and practice in investment matters, as our BITs and the NAFTA have done. It is worth noting that over the past three and one-half years, not a single investment claim has been filed against the United States under the NAFTA, which contains largely the same type of obligations as are likely to appear in the MAI. Canada, in particular, is a major source of foreign direct investment in the United States.

MULTILATERAL AGREEMENT ON INVESTMENT**Environment and Labor**

Q: *We have heard that the United States is planning on including rules on labor and the environment in the MAI. Please tell us about your plans in these areas?*

A: Proposals relating to environment and core labor standards are already under consideration. For example, it has been proposed -- and we support the idea -- to associate the OECD Guidelines for Multinational Corporations with the MAI. These guidelines are voluntary and include both labor and environmental elements. The other two proposals include language for the Preamble to the agreement and a provision (modeled on NAFTA 1114) that calls on countries not to lower environmental and core labor standards in order to attract investment.

Q: *We understand that some groups are alleging that the MAI will allow foreign investors to overrule individual countries' health, safety and environmental standards. Is this true?*

A: Absolutely not. What the MAI will do is seek to eliminate discrimination based on an investor's nationality. Thus, the MAI will not prohibit governments from regulating foreign investors as they do domestic investors in order to protect consumers of the environment. The only circumstance in which a foreign investor could challenge such a regulation is if it believed that a government is providing preferential treatment to a local investor in similar circumstances.

- In fact, the United States has been a strong supporter of the principle of the sovereign right of each nation to set its own health, safety and environmental standards, not only in the MAI negotiations, but also in the negotiations on the WTO and the NAFTA.

Q: *We have heard that the MAI will contain a "global regulatory takings" clause that undermines U.S. practice in the area of expropriation.*

A: With regard to expropriation, our efforts from the start have been to craft language that falls well within current practice in the United States. The language presently in the draft text is very close to that in our bilateral investment treaties and the NAFTA investment chapter, both of which are modeled on our domestic approach to expropriation issues. We are continuing to examine the text on this point, as on other points, and will certainly wish to take your views into account as we proceed.

(See related Q& A on the Ethyl Corp dispute under NAFTA.)

MULTILATERAL AGREEMENT ON INVESTMENT

Benefits of the Agreement and Status of Negotiations

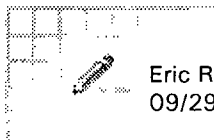
Q: Why negotiate this agreement? What are the benefits to the United States?

A: U.S. companies that have a presence overseas are the primary exporters. U.S. multinational companies (U.S. parent) accounted for 66% of total U.S. exports in 1994 (latest year available). This was up from 59% in 1993. 25% of total U.S. exports were between U.S. parents and their affiliates (the same as in 1993).

- We see the MAI, among OECD countries, the best opportunity to secure the necessary protections and to create new opportunities for these companies, and we believe new opportunities and setting a world standard in the area of investment will complement our trade efforts and improve our export performance.
- In addition, we believe these negotiations present an opportunity for the United States to further its objectives on core labor standards and the environment. We have received encouraging signs from our MAI negotiating partners (like-minded OECD countries) that the agreement should address these issues in some manner.
- WTO vs. OECD: Industrialized countries absorbed 65 percent of all FDI in 1995, and were the source of 85 percent of all FDI worldwide. Given this, we should get the rules right for those countries that provide and receive the majority of investment around the world. We have seen in APEC and the WTO the difficulties we face on investment issues with developing countries.
- Furthermore, 93% of FDI stock in the U.S. is from industrialized countries. 72% of U.S. FDI stock abroad is in industrialized countries. 80% U.S. manufacturing FDI is in industrialized countries. That's why it make sense to negotiate this agreement among the OECD countries.

Q: We understand that the negotiations have been extended. What progress has been made recently and do you think the MAI will be completed in time for the 1998 OECD Ministerial Meeting?

- A:
- Yes, we agreed at the May OECD Ministerial that given the complexity of the issues and the amount of work still to be done that the negotiations needed more time. We have agreed to conclude the negotiations in time for the 1998 Ministerial.
 - There are difficult issues (i.e., proposed exception for culture, the essential security exception, and the negotiation of country specific lists of reservations) that need to be addressed. This is in addition to all the more technical work to be done to ensure the agreement meets our goals.
 - We are scheduled to meet approximately every six weeks beginning in mid-September. If we intensify the negotiation of the lists of reservations and we press hard to develop solutions to the outstanding issues, I believe it is possible to meet that deadline.



Eric R. Biel
09/29/97 05:48:17 PM

Record Type: Record

must call

To: Victoria Radd/WHO/EOP, Jason Berman/WHO/EOP

cc:

Subject: Draft on MAI

"great ph", etc

Attached is a draft Mastui letter on the MAI. I am faxing it to Mary Ryckman at USTR for review there. Please advise on others who should see--either now or after you've had a chance to review



it first. Thanks, EB matsulet.do

*might add NGA
+ NCSL re: re.*



Jason Berman
09/29/97 06:49:30 PM

Record Type: Record

To: Eric R. Biel/WHO/EOB
CC:
Subject: Re: Draft on MAI

I have a few comments. Please call me.

Tamara - never
strong support...

Charlotte - wait
enter fact track II
fear of sep.

discussed with Bob - ASR
at sent levels

Bill Fyle -
need clarity
on why set have
NUC/NEC process

* State Dept
created
10/1 PM
not yet white
2 Mary R.

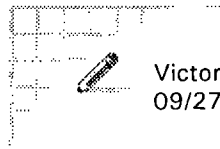
Eric R. Biel
long time
level - state in terms of US Trade

Still - video/other
other information
fact track
other info

Made up
on not on
fact track

Bill Fyle -
at National
- undertake that
have been errors
My view ...
But asked point that
not fact track...

Impact to
consistency of track



Victoria Radd
09/27/97 10:46:22 AM

Record Type: Record

To: Eric R. Biel/WHO/EOP

cc:

Subject: MAI document/information -Reply

Options:
-bullet points
-with red lines:
four a Matsui

Attached is Bob Novick's recommendation on who to speak with about the MAI at USTR -- I'm afraid, based on your report, that only Jay Berman has a copy of the original charge.

Thanks,
V.

----- Forwarded by Victoria Radd/WHO/EOP on 09/27/97 10:43 AM -----



rnovick @ ustr.gov
09/27/97 11:30:00 AM

Record Type: Record

To: victoria radd

cc:

Subject: MAI document/information -Reply

I'm not sure to which attack on the MAI you are referring, but we have plenty on the MAI. Eric should get in touch with Mary Ryckman, who can give him materials to prepare a response.

59585

DEPARTMENT OF STATE
TRADE POLICY AND PROGRAMS

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

Date: 9/30/97

To: Eric Biel	Fax: 456-2223	Phone:
Peter Bass	047-9763	

Pages including cover sheet: 3

From: David Marchick

Subject:

Comments:

/24/97 WED 11:14 FAX

004

ORIGINAL DC 20613

**SUPPORT THE SANDERS-DEFAZIO-ROHRBACHER-STEARNS-NEY-
BROWN-DELLUMS-WATERS-KUCINICH-MCGOVERN-TRAFICANT-
AMENDMENT TO THE FY98 COMMERCE-STATE-JUSTICE
APPROPRIATIONS BILL (H.R.2267)**

**DON'T GIVE FOREIGN COMPANIES THE POWER TO CURTAIL U.S.
FEDERAL AND STATE LAWS**

September 19, 1997

Dear Colleague:

Nestled inside the Fast Track agreement is a little discussed agreement, the Multilateral Agreement on Investment (MAI), which threatens the very foundations of democratic processes in our country. If and when the MAI is approved it will directly impact our ability, and that of our colleagues at the state and local level, to write laws that respond to the needs and wishes of our constituents over those of international investors here and abroad.

Any national or state initiative which encourages recycling, economic sanctions, farm subsidies, household hazardous waste labeling laws, pesticide residue laws, or preferential treatment for local, state or American companies ("Buy American" or "Buy Local") may be subject to challenge. This is only a partial listing. If you want a list of laws in your home state that are likely to be challenged by the MAI, contact Antonia Juhasz, MAI project coordinator for The Preamble Center for Public Policy, at (202)256-2363.

We believe that the time has come for members of Congress to take a stand and stop this abridgement of our nation's democratic traditions.

Designed to remove barriers to international investment, the MAI will effectively limit the power of any national government to restrict and regulate foreign investment. Foreign companies will have the right and power to sue and seek damages when a legislative body passes a law that is considered by the company to be in violation. The mere threat of potentially costly lawsuits will be used to intimidate legislative bodies that are considering passage of new regulatory laws.

Many free market advocates are eager to wield this power abroad, but in the process they are making a pact with the Devil. Under the new MAI, the World Trade Organization (WTO) will be continuously used to threaten important U.S. laws that protect public health, environmental protection, economic development and human rights. A foreign company could easily declare that untested products, conservation of natural resources, community investment programs, or bidding preferences for domestic firms, are discriminatory against foreign investors and therefore constitute trade barriers. Under these new international trade agreements, we would be forced to conform to the regulations set up in secret by a few international trade bureaucrats.

Whether you are for state's rights, for using economic sanctions to help enforce human rights laws or favor protecting our environmental laws, the time has come to take a stand and begin to put a stop to the loss of our national sovereignty and this erosion of the democratic process. We have to send a message to the USTR that we don't want any more hurried international trade and investment deals that transfer even more power from the elected representatives of the American people to unelected trade bureaucrats at the WTO and other international bodies. A start can be made in this appropriations bill by re-allocating resources to the USTR for the sole, expressed purpose of better identification and defense of our existing laws at all levels of government that have been challenged or are threatened by foreign trading nations pursuant to existing or new trade and investment agreements.

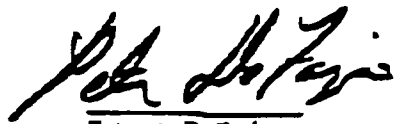
Our amendment will allow Congress to debate this disturbing trend in U.S. trade policy-making and to reaffirm our constitutional oaths (Article I, Section 8: "Congress shall have the power to . . . regulate commerce with foreign nations and among the several states and with the

9/24/97 WED 11:14 FAX

003

the U.S. Commerce Department and correspondingly increases by \$1 million the operating budget of the USTR for the sole, expressed purpose of better equipping USTR to identify and inform us of threatened laws and to defend existing U.S. laws (national, state, local, tribal, territorial, or D.C. laws) adversely affected or threatened by international trade and investment agreements, just as they are now defending a Massachusetts law before the WTO.

Please support our amendment to the FY 98 Commerce-State-Justice Appropriations Bill and begin to take a stand against further erosion of our national, state, and local laws through the negotiation and implementation of international trade and investment agreements. If you want to co-sponsor and/or speak on behalf of this amendment, please call Bill Gould or Brenden Smith (Sanders) at 5-4115 or Carrie Lynch (DeFazio) at 5-6416 or Maria Robinson (Ney) at 5-6265 or Peter Krug (Stearns) at 5-5744.



Peter A. DeFazio
Member of Congress



Bernard Sanders
Member of Congress



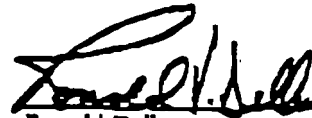
Cliff Stearns
Member of Congress



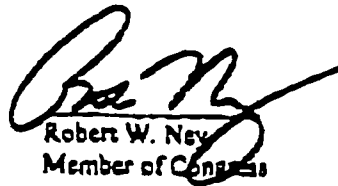
Sherrod Brown
Member of Congress



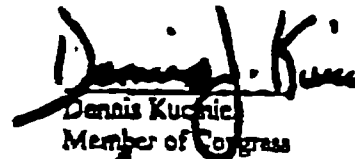
Maxine Waters
Member of Congress



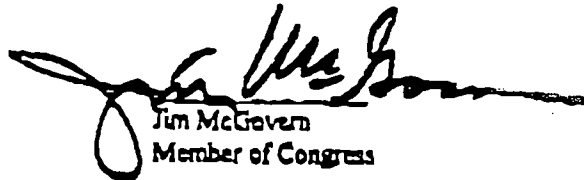
Ronald Dellums
Member of Congress



Robert W. Ney
Member of Congress



Dennis Kucinich
Member of Congress



Jim McGovern
Member of Congress



James A. Traficant, Jr.
Member of Congress

Washington, DC 20515

August 28, 1997

MAI: the STEALTH TREATY
(What you don't know could hurt you.)

Dear Colleague:

Have you ever heard of the Multilateral Agreement on Investment (MAI)? Probably not. But you should know that MAI is one of the "trade" treaties on which the Administration could use the fast track trade pact approval authority it will ask Congress to approve in the fall. Join us in a letter (reverse) to the President asking how a major international commercial agreement could have been negotiated without Congressional oversight.

If you have never heard of this agreement, you are in good company. Most Members of Congress haven't either. In the last two years (without fast track authority) the Administration has nearly completed negotiating the MAI, a massive investment treaty that covers 29 countries. A 147 page draft was leaked in May; that is the only reason the MAI has been made public.

The MAI draft forbids countries from regulating investment or capital flows. If adopted, it would establish new rights for foreign investors and corporations and new obligations for the U.S. The MAI requires governments to pay investors for any action that directly or indirectly has an "equivalent effect" of expropriation. The draft text cites "lost opportunity to profit from a planned investment" as the "type of loss sufficient to give an investor standing." This vaguely-worded global takings clause extends far beyond our domestic law notion of takings.

Further, the MAI would be enforced through international tribunals similar to those of the World Trade Organization, without any of the due process protections of the U.S. judicial system. U.S. sovereign immunity would also be waived.

IN FACT, THE MAI PROVIDES LEGAL STANDING AT SUCH TRIBUNALS FOR FOREIGN CORPORATIONS AND INVESTORS TO DIRECTLY SUE GOVERNMENTS FOR DAMAGES IF THEY THINK THEIR RIGHTS UNDER THE TREATY HAVE NOT BEEN FULFILLED! Governments currently have some protection from such private suits under sovereign immunity laws.

The encroachment of the MAI on our ability to make and enforce the laws of this land goes significantly beyond the NAFTA and WTO. The Administration has indicated that it wants to use fast track for this dangerous treaty. Help us get more information before we are run over by the MAI/fast track train. Sign the letter on the reverse by calling Peter Madaus at x52565 or Peter Krug at x55744.

Ron Klink

RON KLINK, M.C.

Cliff Stearns

CLIFF STEARNS, M.C.

FAX COVER SHEET



Transmit # _____

Time Sent: _____

Initials: _____

Date: 9/29/97Total Pages Sent: 5

Office of Services, Investment and Intellectual Property

To: NAME

AGENCY

PHONE

FAX

Eric Biel6-2223

From:

Mary Ryckman

(Section 19)

Phone: _____

Return Fax: _____

(202) 395-3891

If you have any problems receiving this fax call (202) 395-4510

Subject: _____

THE MULTILATERAL AGREEMENT ON INVESTMENT (MAI)

Background

Over the last several years, the United States has been active in an effort in the OECD to develop a binding and comprehensive agreement guaranteeing the freedom to invest and the protection of investments. In May of 1995, the OECD Ministers launched the negotiation of a Multilateral Agreement on Investment (MAI) and have agreed to conclude the agreement by the 1998 Ministerial. The MAI negotiations involve all 29 OECD countries and the European Union. While negotiated within the OECD, this freestanding agreement also will be open to accession by non-OECD countries able and willing to accept the MAI obligations.

The United States is striving for an agreement that sets high standards for protection and treatment of investments. We intend for the MAI to be based on the standards in our existing investment agreements—Bilateral Investment Treaties (BITs) and the North American Free Trade Agreement (NAFTA) investment chapter. Key elements of the MAI are expected to include:

- Non-discrimination (the better of national or most-favored nation treatment) for our investors abroad and the application of these principles not only after an investment is established but also in its efforts to establish investments;
- Disciplines on performance requirements;
- Freedom to make any investment-related transfer, e.g. profits, capital, royalties and fees, whether into or out of the country where the investment takes place;
- International law standards for expropriation and compensation, consistent with U.S. legal principles and practice; and
- Access to international arbitration for disputes between Parties and also for individual investors when they suffer specific harm from alleged breaches of the agreement.

We anticipate that the MAI will lock in existing rights of investment access and will increase this access in certain key areas, such as privatization. We also expect the MAI to result in additional liberalization as countries outside the OECD eventually join the MAI and as the MAI establishes a high standard for future agreements and a benchmark for emerging economies wishing to continue to attract foreign investment.

1 Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, the UK, and the United States.

What the U.S. stands to gain from the MAI

The United States is both the largest source for outward foreign investment and the largest host to inward foreign investment. Over 25% of U.S. merchandise exports now go to U.S. firms' foreign affiliates. Exports to those affiliates alone account for two million jobs in the U.S. Academic research has found that international investment boosts and even creates trade. Merchandise trade between a parent company and its foreign affiliates is only the most obvious evidence of that relationship between investment and trade. Service firms often must have a physical presence in a market in order to provide delivery of the service. In fact, firms increasingly need a presence in foreign markets to ensure quicker responses to customers and to provide competitive servicing of goods and contracts. A strong MAI will reduce and eliminate barriers to investment and will create new opportunities for U.S. companies to establish a foreign market presence, which in turn will generate more demand for U.S. products.

Of particular importance is U.S. firms' access to foreign governments' privatization and demonopolization programs. Access to such economic reform programs would represent enormous investment and eventual export opportunities for U.S. firms. Some reports indicate that privatizations in OECD countries could involve as much as \$200 billion in asset sales over the next several years.

Existing International Investment Agreements

The MAI will represent a crucial step in globalizing high standards of access to markets and treatment of international investment. It will provide a strong precedent as the WTO begins to study and discuss the relationship between trade and investment. The United States and our key trading partners, however, are not content to postpone action on investment until the WTO concludes its own preparatory work, which could take considerable time. The United States and our MAI partners recognize the time it takes to develop a broad consensus on many investment issues; it took several years of work in the OECD before even launching the MAI negotiations.

The United States has 30 Bilateral Investment Treaties (BITs) in force and another ten have been signed and are in various stages of processing. NAFTA also includes an investment chapter, with provisions similar to the U.S. BITs. There are approximately 1000 other bilateral investment treaties, primarily between industrialized and developing countries, in force around the world. The terms of those agreements vary greatly.

Other agreements with some investment aspects include the WTO Agreement on Trade Related Investment Measures (TRIMS), and the WTO General Agreement on Trade in Services (GATS), but these contain markedly different levels of obligations than would the MAI. Investment obligations also are included in several regional agreements (e.g., Mercosur, the European Energy Charter Treaty, and the ASEAN Investment Cooperation Agreement) to which the United States is not a party. In addition, there are at least two non-binding investment agreements involving a significant number of countries: the World Bank Guidelines for the Treatment of Foreign Direct Investment and the APEC

Non-Binding Investment Principles. The MAI, however, will be the first comprehensive high standards agreement to cover the vast majority of global investment flows.

Who Invests and Where Does Investment Go?

Both stock and flow figures are used to describe countries' investment positions. The stock figure provides an estimate of the cumulative value of investment in a country. Investment stocks are generally calculated using the "historic cost" or "book value" of the original investment.) The flow figure represents the amount of new capital entering or leaving a country over a particular time period.

- In 1995, 92% of the world's total stock of outward direct investment had originated in OECD countries.
- For the same year, OECD countries were hosts to about three fourths of the world's total stock of inward direct investment.
- About 85% of all outward direct investment flows in 1995 originated in OECD countries.
- About 60 % of all inward direct investment flows in 1995 were intra-OECD countries.

As these figures indicate, the MAI would cover most international investment, and, of course, would cover even more as other countries join the agreement.

Status of the Negotiations

After two years of negotiations, substantial progress has been made on a text on most major obligations of the MAI. For example, provisions on key definitions, expropriation and compensation, transfers, and dispute settlement are close to completion. We continue working to finalize other key issues. A number of important issues are still outstanding that will require substantial work, as outlined below.

In addition, an important task remaining for negotiators is to agree on each country's exceptions to the MAI obligations. That process, which will be a focus of the fall negotiating sessions, will involve extensive bilateral talks in addition to the formal negotiating sessions involving all OECD members. We are looking for an acceptable balance of commitments.

Binding State and Local Governments: Many of the laws governing the establishment and day-to-day operations of companies in the U.S. are enacted at the state and local level. Other OECD countries, including Germany, Switzerland, Belgium, Australia and Canada, have subfederal governments. Many OECD countries want to bind state and local jurisdictions to the same obligations as those undertaken at the federal level. If we succeed in negotiating a strong and balanced agreement that provides the U.S. with access to substantial new markets, we are prepared to bind the states and their subdivisions, subject to Congressional approval. We have been working closely with state

officials on these provisions. As with the NAFTA, however, the U.S. intends to "grandfather" all existing state and local measures that do not conform to specific MAI provisions. The U.S. also will follow the NAFTA precedent and take specific exceptions for other measures that do not conform to such obligations.

Taxation: Other delegations have agreed with us that taxation should be excluded from the MAI in deference to the network of bilateral tax treaties that can better address these issues. There will be specific tax-related issues, however, which the MAI will address. For example, the MAI will include disciplines on taxes that amount to expropriation. However, the MAI should avoid granting foreign investors the right to "forum shop" tax disputes by choosing to contest U.S. tax liability in an international forum rather than through our constitutional processes, including our administrative appeals process, court review and the competent authority procedures of our bilateral tax treaties.

Investment Incentives: Discussions continue as to whether and to what extent to discipline the use of investment incentives. While we recognize the potential of some incentives to distort investment flows, the U.S. and most other OECD countries believe this issue requires much more analysis before we could agree to binding obligations. Some delegations have argued that the MAI at the very least should include a "built-in agenda" requiring future consideration and possibly negotiation of rules on investment incentives. The U.S. continues to oppose such a "built-in agenda" on investment incentives.

Culture: Several countries seek to exclude a wide range of industries from MAI coverage, arguing the need to protect linguistic and cultural interests. The U.S. and many other delegations object to a broad cultural exception from the obligations of the MAI, preferring instead that countries propose specific exceptions if they wish to protect such industries as film, publishing, TV and radio broadcasting.

Regional Economic Integration Organization exception: The European Commission has proposed that members of a Regional Economic Integration Organization (REIO) be granted an exception from the obligations of the MAI in order to allow its member states to give each other better treatment without being obligated to give such treatment to non-parties to the REIO. An example of a REIO is the European Union. Many countries, including the U.S., are skeptical about any REIO exception, which could substantially reduce the benefits of the MAI to the U.S. and other non-EU member countries.

Secondary Boycotts: Some delegations have proposed that the MAI should discipline the extraterritorial reach of recent U.S. sanctions legislation. These delegations have called for provisions restricting laws that subject investors to "conflicting requirements" in the regulations of those investors' home and host states. There have also been calls for outright prohibitions on secondary boycotts. We are presently consulting with the European Union on alternative means for addressing the need for closer cooperation to meet the challenges posed by these threats.

Labor and the Environment: The U.S. has introduced proposals to ensure that the MAI complements the important goals of protecting the environment and upholding core labor standards. While there is general agreement in the OECD that no country should lower labor or environmental standards in a misguided attempt to attract investment, delegations differ on how to address labor and environment issues in the MAI text.

September 1997

DEPARTMENT OF STATE

TRADE POLICY AND PROGRAMS

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

Date: 9/29/97

To: Eric Biel Fax: 456-2223 Phone: _____

Pages including cover sheet: _____

From: David Marchick

Subject: First Track

Comments: _____

MULTILATERAL AGREEMENT ON INVESTMENT Fast Track

Q: How will the Administration implement the agreement? Will the Administration seek Fast Track authority for the MAI?

- A: The Administration is in the process of deciding the specific uses of Fast Track. We do not presently intend to use Fast Track to implement the MAI. We can use the treaty procedures to implement the MAI.
- This is a complicated and difficult negotiation both at home and at the OECD. We welcome the interest in the agreement and will continue to work closely with interested parties on the agreement.
 - (If appropriate) There is a great deal of misunderstanding among the general public about the MAI. I am sure you have heard some of this. We continue to reach out to interested groups so that they understand the agreement better and appreciate the overall merits of it. Of course, we continue to work with Congress to ensure that the agreement meets our mutual objectives for U.S. industries and their workers.

MULTILATERAL AGREEMENT ON INVESTMENT

Environment and Labor

Q: We have heard that the United States is planning on including rules on labor and the environment in the MAI. Please tell us about your plans in these areas?

A: Proposals relating to environment and core labor standards are already under consideration. For example, it has been proposed -- and we support the idea -- to associate the OECD Guidelines for Multinational Corporations with the MAI. These guidelines are voluntary and include both labor and environmental elements. The other two proposals include language for the Preamble to the agreement and a provision (modeled on NAFTA 1114) that calls on countries not to lower environmental and core labor standards in order to attract investment.

Q: We understand that some groups are alleging that the MAI will allow foreign investors to overrule individual countries' health, safety and environmental standards. Is this true?

A: Absolutely not. What the MAI will do is seek to eliminate discrimination based on an investor's nationality. Thus, the MAI will not prohibit governments from regulating foreign investors as they do domestic investors in order to protect consumers of the environment. The only circumstance in which a foreign investor could challenge such a regulation is if it believed that a government is providing preferential treatment to a local investor in similar circumstances.

- In fact, the United States has been a strong supporter of the principle of the sovereign right of each nation to set its own health, safety and environmental standards, not only in the MAI negotiations, but also in the negotiations on the WTO and the NAFTA.

Q: We have heard that the MAI will contain a "global regulatory takings" clause that undermines U.S. practice in the area of expropriation.

A: With regard to expropriation, our efforts from the start have been to craft language that falls well within current practice in the United States. The language presently in the draft text is very close to that in our bilateral investment treaties and the NAFTA investment chapter, both of which are modeled on our domestic approach to expropriation issues. We are continuing to examine the text on this point, as on other points, and will certainly wish to take your views into account as we proceed.

(See related Q& A on the Ethyl Corp dispute under NAFTA.)

MULTILATERAL AGREEMENT ON INVESTMENT

Benefits of the Agreement and Status of Negotiations

Q: Why negotiate this agreement? What are the benefits to the United States?

A: U.S. companies that have a presence overseas are the primary exporters. U.S. multinational companies (U.S. parent) accounted for 66% of total U.S. exports in 1994 (latest year available). This was up from 59% in 1993. 25% of total U.S. exports were between U.S. parents and their affiliates (the same as in 1993).

- We see the MAI, among OECD countries, the best opportunity to secure the necessary protections and to create new opportunities for these companies, and we believe new opportunities and setting a world standard in the area of investment will complement our trade efforts and improve our export performance.
- In addition, we believe these negotiations present an opportunity for the United States to further its objectives on core labor standards and the environment. We have received encouraging signs from our MAI negotiating partners (like-minded OECD countries) that the agreement should address these issues in some manner.
- WTO vs. OECD: Industrialized countries absorbed 65 percent of all FDI in 1995, and were the source of 85 percent of all FDI worldwide. Given this, we should get the rules right for those countries that provide and receive the majority of investment around the world. We have seen in APEC and the WTO the difficulties we face on investment issues with developing countries.
- Furthermore, 93% of FDI stock in the U.S. is from industrialized countries. 72% of U.S. FDI stock abroad is in industrialized countries. 80% U.S. manufacturing FDI is in industrialized countries. That's why it make sense to negotiate this agreement among the OECD countries.

Q: We understand that the negotiations have been extended. What progress has been made recently and do you think the MAI will be completed in time for the 1998 OECD Ministerial Meeting?

- A: • Yes, we agreed at the May OECD Ministerial that given the complexity of the issues and the amount of work still to be done that the negotiations needed more time. We have agreed to conclude the negotiations in time for the 1998 Ministerial.
- There are difficult issues (i.e., proposed exception for culture, the essential security exception, and the negotiation of country specific lists of reservations) that need to be addressed. This is in addition to all the more technical work to be done to ensure the agreement meets our goals.
 - We are scheduled to meet approximately every six weeks beginning in mid-September. If we intensify the negotiation of the lists of reservations and we press hard to develop solutions to the outstanding issues, I believe it is possible to meet that deadline.

MULTILATERAL AGREEMENT ON INVESTMENT
General Problem Questions and Answers (Non-Environment/Labor)

Q: We have heard complaints about the secret negotiations of the MAI. Some of our colleagues believe that there is no Congressional oversight of these negotiations. Why haven't we heard more about these negotiations?

- A: The negotiations are not secret. Since the launch of the negotiations in 1995, the Administration has worked closely with advisory committees, state representatives, business representatives and NGOs. We also brief key Congressional Committees on a regular basis (see attached list).
- Several congressional members visited the OECD to meet with other delegations earlier this year. One of the items discussed was the MAI negotiations. The CODEL included: Congressmen Solomon, Bliley, Bateman, Goss, Gillmor, McInnis, and Pickett, and Senator Roth.
 - USTR and State lead a broad interagency team (including Commerce, EPA, Treasury, Energy, Transportation, OSTP, OMB, NEC, CEQ, SEC, the FED, and Justice) working on the policy issues involved in such a complicated negotiation. We are fortunate that we are able to build upon existing agreements such as the NAFTA and the U.S. bilateral investment treaties.

As of 9/01/97

PRELIMINARY LIST
USTR/STATE/TREASURY Briefings on MAI

	<u>Date</u>	<u>Audience</u>
Hill:	February 8, 1996	Senate Finance Committee
	February 19, 1996	House Banking Committee
	February 19, 1996	House Ways and Means Committee
	February 20, 1996	Senate Banking Committee
	February 21, 1996	Senate Foreign Relations Committee
	February 21, 1996	Senate Finance Committee
	October 8, 1996	Senate Finance Committee
	October 10, 1996	House Ways and Means Committee
	October 10, 1996	Senate Foreign Relations Committee
	March 11, 1997	House International Relations Committee
	July 21, 1997	House Ways and Means Committee (conference call)

* All Briefings with Majority and Minority Committee Staff and Committee LA's.

States:

February 29, 1996	National Governors Association/Western Governors Assoc.
May 2, 1996	National Governors Association/Western Governors Assoc.
October 9, 1996	National Governors Association/Western Governors Assoc.
December 2, 1996	National Governors Association/Western Governors Assoc.
1st and 2nd quarter 1997	Two meetings with NGA

Private Sector/NGO:

June 4, 1995	INSPAC staff
June 13, 1995	INSPAC
July 13, 1995	USCIB
July 14, 1995	INSPAC
September 8, 1995	USCIB
September 11, 1995	ISAC - Energy
October 18, 1995	USCIB
December 12, 1995	USCIB
February 8, 1996	OFII
February 28, 1996	USCIB
March 28, 1996	USCIB
April 2, 1996	ACTPN staff
May 8, 1996	USCIB
July 25, 1996	ACTPN staff
August 21, 1996	USCIB
August 22, 1996	ACTPN/INPAC staff

September 24, 1996 TEPAC
October 9, 1996 TEPAC
October 30, 1996 ACTPN
November 12, 1996 TEPAC
December 5, 1996 Various NGOs

1997 (Still gathering specific dates)

Two meetings hosted by the Preamble Collaborative: Boston and New Brunswick, NJ
focusing primarily on labor issues

Four meetings with Environmental NGOs

Various meetings with USCIB and other business groups

We have also briefed the ACTPN, INSPAC and the Labor Advisory Committee

Q: I understand that the MAI will eliminate a state's ability to require companies that do business with the State to be responsible actors in society (e.g., the Massachusetts Burma procurement sanctions). The agreement will limit U.S. lawmakers' ability to regulate the safety, health and welfare of U.S. citizens. That is unacceptable.

- A: The MAI will not overrule individual countries' environmental, health, safety, consumer or labor standards. The aim of the MAI is to eliminate discrimination based on an investor's nationality. Thus, the MAI will not prevent governments from regulating foreign investors in the same way that they regulate domestic investors in order to protect consumers, workers or the environment.
- The United States is not taking on any obligations in the area of government procurement under the MAI. We believe all such obligations have been or will be negotiated under the auspices of the WTO Government Procurement Code.
 - Most of our regulations address specific actions by companies (e.g., zoning requirements) or are aimed to influence behavior of economic actors (e.g., recycling laws). The actions or behavior that U.S. regulations or laws seek to change or modify is disciplined (or encouraged) regardless of the nationality of the company. These laws will not be eliminated because the MAI primarily would obligate the U.S. to treat foreign investors as we treat domestic investors.
 - Nor will the MAI prohibit community reinvestment laws or public pension fund' corporate governance policies.

Q: Why are you willing to give companies so much leverage over governments and circumvent our domestic courts by agreeing to investor-to-state dispute settlement provisions in the MAI? Why create "new" rights for corporations that are already too powerful?

A: The dispute settlement procedures are very similar to those in the investment chapter in the NAFTA, which contains both an overall state-to-state dispute settlement procedure and an investor-State regime for the pursuit of specific damage claims. I believe the provisions under consideration will mitigate the likelihood of unfounded cases.

- While foreign claimants may, theoretically, obtain damages from the federal government under a MAI investor-State proceeding challenging U.S. federal or State law, the MAI **will not enable** the investor to use either MAI procedures or U.S. courts to **compel a change in domestic law or practice**.
- It is worth noting that over the past three and one-half years, not a single investment claim has been filed against the United States under the NAFTA, which contains largely the same type of obligations as are likely to appear in the MAI. Canada, in particular, is a major source of foreign direct investment in the United States.

- We expect that the MAI obligations will largely restate U.S. law and practice in investment matters, as our BITs and the NAFTA have done. It is worth noting that over the past three and one-half years, not a single investment claim has been filed against the United States under the NAFTA, which contains largely the same type of obligations as are likely to appear in the MAI. Canada, in particular, is a major source of foreign direct investment in the United States.

October 28, 1997

ACTION

MEMORANDUM FOR SAMUEL R. BERGER

THROUGH: JAMES F. DOBBINS

FROM: THEODORE J. PICCONE

SUBJECT: Letter to Congressman Skelton re Fast Track

Rep. Skelton wrote to the President on October 22 requesting clarification on three issues prompted by the President's trip to South America. The attached response describes our efforts to conclude a bilateral investment treaty with Venezuela as quickly as possible, assures him we are giving no consideration of a trade off between agricultural product concessions to Brazil in return for intellectual property protections, and explains that major non-NATO ally status in Latin America is designed to recognize contributions to international peacekeeping.

Concurrence by: ✓ Bob Kyle Will Davis

RECOMMENDATION

That you forward the attached memorandum to the President.

Attachment

Tab I Memorandum to the President

Tab A Outgoing Correspondence

Tab B Incoming Correspondence

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK

FROM: SAMUEL BERGER
JOHN HILLEY

SUBJECT: Letter to Congressman Skelton re Fast Track

Purpose

To respond to specific issues raised by Congressman Skelton about your trip to South America and their relationship to our efforts to obtain fast track authority.

Background

Congressman Skelton wrote you on October 22 with three questions prompted by your trip to South America. Your response describes our efforts to conclude a bilateral investment treaty with Venezuela as quickly as possible, assures him we are giving no consideration of a trade off between agricultural product concessions to Brazil in return for intellectual property protections, and explains that major non-NATO ally status in Latin America is designed to recognize contributions to international peacekeeping.

RECOMMENDATION

That you sign the attached letter.

Attachment

Tab A Outgoing Correspondence
Tab B Incoming Correspondence

cc: Vice President
Chief of Staff
Mr. McLarty

Dear Congressman Skelton:

In your October 22 letter, you raised three questions to which I would like to respond.

Venezuela, as part of its ambitious economic reform program, has opened its petroleum sector to foreign investment for the first time in many years, and is now the United States' number one export market for energy-related goods and services. To further promote and protect U.S. investments in Venezuela, our negotiators and their Venezuelan counterparts have met several times in recent months for the purpose of negotiating a bilateral investment treaty (BIT). At the October meeting, it became clear that more work was needed in order to ensure U.S. investors the same level of protection provided in our BITs with other countries. It is important to recognize that there is a substantial difference in the scope of the obligations and level of commitment asked by the United States, compared with most other countries (including the United Kingdom and Spain). In short, we ask for more.

As I'm sure you are aware, President Caldera and I pledged during my trip to aim to conclude a bilateral investment treaty as quickly as possible. We already have set aside additional time this year for negotiations. We also committed to reinstitute talks on a basis that will lead to signature of a bilateral treaty to avoid double taxation.

You also asked whether we are considering trading off agricultural product concessions in return for ensuring Brazil meets its WTO intellectual property rights obligations in the context of the negotiations to create the Free Trade Area of the Americas (FTAA). First, the FTAA negotiations have not yet begun. It is our objective to begin them next year immediately following the second Summit of the Americas next April and to conclude such an agreement by 2005. Second, we expect, and will insist, that Brazil fulfill its WTO intellectual property rights

obligations regardless of the FTAA effort. Therefore, I can assure you that we have given no consideration to offering Brazil concessions on important agricultural products in return for Brazil meeting its WTO obligations.

As to your question regarding major non-NATO ally status for other countries in Latin America, I granted this designation to Argentina on the basis of its impressive contributions to international peacekeeping operations and to facilitate further such contributions. This status is open to other countries in the region based on the same criteria.

1
NSC

Fast track authority is a crucial tool to ensure our leadership in the global economy, and specifically our ability to continue to open foreign markets. There has never been a more important time to open foreign markets to our goods and services. To succeed, we must have the tools. I hope I can count on your support.

Sincerely,

The Honorable Ike Skelton
U.S. House of Representatives
Washington, D.C. 20515



Christopher F. Walker

10/27/97 02:33:37 PM

Record Type: Record

To: Eric R. Biel/WHO/EOP

cc:

Subject: Re: Response to Rep. Skelton

I asked Heinemen at USTR to draft a response to those elements relevant to his expertise and then asked NSC to address the outstanding NATO issue. I have asked that it be turned around ASAP. I will review it and move it quickly.



Christopher F. Walker
10/27/97 05:41:53 PM

Record Type: Record

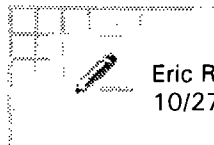
To: Eric R. Biel/WHO/EOP

CC:

Subject: Re: Response to Rep. Skelton 

All letters received on fast-track with the exception of an Allen Boyd note that the P. requested a response for. The language that I received was approved by Brophy and Scher. This letter will likely go into the P. tomorrow.

Chris



Eric R. Biel
10/27/97 02:21:33 PM

Record Type: Record

To: Christopher F. Walker/WHO/EOP
cc: Michael W. Williams/WHO/EOP
Subject: Response to Rep. Skelton

I understand from USTR that they have sent over a response to the issues raised in Rep. Ike Skelton's letter of last week. Just wanted to check on status of that -- has it gone up to the Hill, still awaiting other input, etc.? No particular concerns -- just trying to ensure we are coordinating on various Hill responses. Thanks.

IKE SKELTON

4TH DISTRICT, MISSOURI

2227 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-2504
TELEPHONE: (202) 225-2876

Congress of the United States
House of Representatives
Washington, DC 20515-2504

514-B N.W. SEVEN HIGHWAY
BLUE SPRINGS, MO 64014-2733
(816) 228-4242

1401 SOUTHWEST BLVD., SUITE 101
JEFFERSON CITY, MO 65108-2429
(573) 626-2488

218 NORTH ADAMS STREET
LEBANON, MO 65536-3000
(417) 532-7884

318 SOUTH LAMME
FEDERAL BUILDING
SEDALIA, MO 65201-4593
(816) 828-2876

October 22, 1997

The President
The White House
Washington, D.C. 20501

Dear Mr. President:

Three questions arise from your recent South American trip which need clarification in terms of the Fast Track legislation for me. They are as follows:

1. Why were bilateral treaties on double taxation and investment protection not signed in Venezuela, when that country has already signed such treaties with other nations, including Britain, Spain, and even Cuba? How come you did not press hard to overcome the Venezuelan political opposition to U.S. investment there?
2. Is your Administration considering trading off agricultural products for intellectual property products in Brazil, whereby more citrus, sugar and other agri-products will come into the U.S. market in return for WTO intellectual property standards being recognized for U.S. exports to Brazil? If that's the case, can you explain the trade volumes and dollars which would result and who would benefit? I think it is clearly not in the U.S. interest.
3. How many Latin American nations do you plan to offer non-NATO ally status to, as you offered to Argentina, and what trade benefits does the U.S. gain by making such an offer?

Very truly yours,



IKE SKELTON
Member of Congress

Need Lat. Amer. ship. \$ to draft

[Introductory opening....]

You raised three questions that I would like to respond to.

Our negotiators and their Venezuelan counterparts have met several times in recent months, most recently in early October, for the purpose of negotiating a bilateral investment treaty (BIT). At the October meeting, it became clear that more work was needed in order to assure U.S. investors the same level of protection we afford them in our other BITs. It is important to recognize that there is a substantial difference in the scope of the obligations and level of commitment asked by the United States, compared with most other countries (including the United Kingdom and Spain). In short, we ask for more.

Notwithstanding that, we and the Venezuelan government remain actively engaged. As I'm sure you are aware, I pledged during my trip to aim to conclude a BIT as soon as possible. We already have set aside additional time this year for negotiations.

You also asked whether we are considering trading off agricultural product concessions in return for ensuring Brazil meets its WTO intellectual property rights obligations in the context of the negotiations to create the Free Trade Area of the Americas (FTAA). First, the FTAA negotiations have not yet begun. It is our objective to begin them next year immediately following the second Summit of the Americas scheduled for April. However, I can assure you that we have no intention of offering Brazil concessions on important agricultural products in return for Brazil meeting its WTO obligations as these negotiations progress. We expect Brazil to fulfill its WTO intellectual property rights obligations regardless of the FTAA effort.

As to your question regarding our plan with respect to Latin America non-NATO ally status,.....

(NSC)

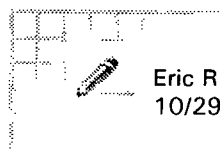
In concluding, I want you to know that fast track authority is a crucial tool to ensure our leadership in the global economy, and specifically our ability to continue to open foreign markets. There has never been a more important time to open foreign markets to our goods and services. To succeed we must have the tools. I hope I can count on your support.

Sincerely,

FAX COVER SHEET**OFFICE OF THE U. S. TRADE REPRESENTATIVE
Office of Monitoring and Enforcement****PHONE # 202-395-3582****FAX # 202-395-3640****# Pages including cover sheet**

2

FROM: Hal S. Shapiro, Assistant General Counsel**TO:** Eric Biel**Phone #** 65370**Fax #** 62223**SUBJECT:****COMMENTS:**



Eric R. Biel
10/29/97 06:54:37 PM

Record Type: Record

To: Kristen E. Panerali/OPD/EOP

cc:

Subject: Re: kennedy mtg 

Thanks for your info. here. Attached are the TPs as given to Dan and Bob for their review by



tomorrow a.m. potusted.do

*Jeff says 1030 am --
Potusted mtg prob. won't happen
(if gone "?)*

*Mtg
cancelled*

*BE calls →
back to DON'T 6-30 am*

TALKING POINTS FOR FAST TRACK MEETING WITH SENATOR KENNEDY

Introduction

- I am still hopeful that the Senate will take up fast track before adjournment -- and I hope to have your support. You know the basic argument for fast track. One-third of our growth since I became President has come from exports. About 96% of the world's consumers live outside our borders. If we are to continue to grow, we must continue to increase our exports. Fast track gives us that opportunity.

Fast Track and American Leadership

- You also know that this is about much more than trade alone: it is about American leadership in the world today. I can tell you from my trip to Latin America that it is being viewed there as nothing less than a test of whether we intend to maintain our leadership role -- or to default on that role, retreat and turn inward.
- We cannot afford to take our leadership for granted. Throughout the world, especially in Latin America, others are moving to reach trade deals opening their markets. And they are not waiting for us -- with some 20 preferential trade deals already that exclude the United States. The EU is seeking such an agreement with MERCOSUR -- a market of over 200 million people with a GDP exceeding \$1 trillion. And President Chirac has stated that "the future of the region rests with Europe, not the United States."
- Let's face it: American leadership is not divisible. If we do not lead on trade, our influence is bound to suffer in other areas as well -- particularly in this hemisphere, where we need to build stronger relationships on everything from drug interdiction to immigration to environmental protection to fighting corruption.
- Rejecting fast track would send precisely the wrong signal to Latin America and other developing countries. We have seen a shift from decades of failed experiments and anti-Americanism to the embracing of free markets, democracy, and other American values. But this progress will be sustained only if we continue to work closely with them in support of those efforts. Having preached the benefits of open trade for so long, we must not turn in precisely the opposite direction at this critical time.

Labor and Environmental Concerns

- I know that fast track critics have argued that the bills pending in both the Senate and the House would greatly restrict my ability to address other governments' labor and environmental practices. That is not true, and I can assure you that I would not be supporting the fast track legislation if it were the case.

- The truth is that these bills contain labor provisions that are more focused and detailed than any previous fast track legislation. They make protection of the environment and health and safety a specific negotiating objective for the first time ever. They expressly direct us to negotiate agreements to prevent other countries from manipulating or ignoring their labor, environmental, health, or safety laws to gain an unfair competitive advantage. If we find they are doing so, we will be able to negotiate to stop that practice. That goes to the heart of our concern that other countries not use their labor or environmental laws to the detriment of American workers and companies.
- Beyond this, I can use my executive authority to negotiate additional labor and environmental agreements where they are needed. As you know, we are also pursuing a long list of other worker rights initiatives -- including strengthening the international rules against child labor, building on the "Sweatshop Initiative" we put together last year, and pressing our case in every international forum available, including the International Labor Organization, World Trade Organization, and the multilateral development banks.
- We also are putting together a strong program designed to improve on the trade adjustment assistance for U.S. workers and firms and take other steps to help those who aren't sharing in the benefits of expanded trade. I look forward to working with you on those issues.

Conclusion

- I understand the deep concerns about labor and the environment. I want to see Chile and other countries improve their policies and practices. But I am convinced we can break down foreign trade barriers and advance worker rights and environmental protection at the same time.
- And look at it this way. If we have fast track, Chile will conclude labor and environmental agreements with us -- in fact, they already have agreed to do so. If we don't, they won't. Rejecting fast track won't help a single Chilean worker or clean up a single toxic waste site. All it will do is give foreign companies, including Canadian firms, a continued advantage in selling their goods in Chile. That's not a recipe for addressing the issues we both care so deeply about.

KRISTEN E. PANERALI

10/29/97 05:16:08 PM

Record Type: Record

To: Eric R. Biel/WHO/EOP

cc:

Subject: kennedy mtg

mike williams will do the memo. you can just email him the talking points when cleared and he will pull the package together.

JK → EB
Small edits.

TALKING POINTS FOR FAST TRACK MEETING WITH SENATOR KENNEDY

Introduction

- I am still hopeful that the Senate will take up fast track before adjournment -- and I hope to have your support. You know the basic argument for fast track. One-third of our growth since I became President has come from exports. About 96% of the world's consumers live outside our borders. If we are to continue to grow, we must continue to increase our exports. Fast track gives us that opportunity.

Fast Track and American Leadership

- You also know that this is about much more than trade alone: it is about American leadership in the world today. I can tell you from my trip to Latin America that it is being viewed there as nothing less than a test of whether we intend to maintain our leadership role -- or to default on that role, retreat and turn inward.
- We cannot afford to take our leadership for granted. Throughout the world, especially in Latin America, others are moving to reach trade deals opening their markets. And they are not waiting for us -- with some 20 preferential trade deals already that exclude the United States. The EU is seeking such an agreement with MERCOSUR -- a market of over 200 million people with a GDP exceeding \$1 trillion. And President Chirac has stated that "the future of the region rests with Europe, not the United States."
- Let's face it: American leadership is not divisible. If we do not lead on trade, our influence is bound to suffer in other areas as well -- particularly in this hemisphere, where we need to build stronger relationships on everything from drug interdiction to immigration to environmental protection to fighting corruption.
- Rejecting fast track would send precisely the wrong signal to Latin America and other developing countries. We have seen a shift from decades of failed experiments and anti-Americanism to the embracing of free markets, democracy, and other American values. But this progress will be sustained only if we continue to work closely with them in support of those efforts. Having preached the benefits of open trade for so long, we must not turn in precisely the opposite direction at this critical time.

Labor and Environmental Concerns

- I know that fast track critics have argued that the bills pending in both the Senate and the House would greatly restrict my ability to address other governments' labor and environmental practices. That is not true, and I can assure you that I would not be supporting the fast track legislation if it were the case.
- The truth is that these bills contain labor provisions that are more focused and detailed than any previous fast track legislation, ~~including the 1988 Trade Act.~~ They make

protection of the environment and health and safety a specific negotiating objective for the first time ever. They expressly direct us to negotiate agreements to prevent other countries from manipulating or ignoring their labor, environmental, health, or safety laws to gain an unfair competitive advantage.

- ~~What that means in practical terms is that I will be able to determine whether other governments are actually applying their labor and environmental laws -- or instead are manipulating them to gain an unfair advantage for their goods and companies.~~ If we find they are doing so, we will be able to negotiate to stop that practice. That goes to the heart of our concern that other countries not use their labor or environmental laws to the detriment of American workers and companies.

- And these bills still grant me the full authority to use a variety of other means to promote greater respect for environmental protection and worker rights. As you know, I am committed to addressing these issues vigorously in a variety of ways. Alexis Herman is working on a long list of worker rights initiatives -- including strengthening the international rules against child labor, building on the Apparel Industry Partnership that we put together last year, convening a series of joint programs with other labor ministers, and so on.

- We also are putting together a strong program designed to improve on the trade adjustment assistance for U.S. workers and firms and take other steps to help those who aren't sharing in the benefits of expanded trade. I look forward to working with you on those issues.

Conclusion

- I understand the deep concerns about labor and the environment. I want to see Chile and other countries improve their policies and practices. But I am convinced we can break down foreign trade barriers and advance worker rights and environmental protection at the same time.
- And look at it this way. If we have fast track, Chile will conclude labor and environmental agreements with us -- in fact, they already have agreed to do so. If we don't, they won't. Rejecting fast track won't help a single Chilean worker or clean up a single toxic waste site. All it will do is give foreign companies, including Canadian firms, a continued advantage in selling their goods in Chile. That's not a recipe for addressing the issues we both care so deeply about.

Rider A

- Beyond this, I can use my executive authority to negotiate additional labor and environmental agreements if they are needed. As you know, we are also pursuing a long list of other worker rights initiatives – including strengthening the international rules against child labor, building on the Sweatshop Initiative that we put together last year and pressing our case international in every forum available.

KRISTEN E. PANERALI

10/29/97 05:04:10 PM

Record Type: Record

To: Eric R. Biel/WHO/EOP, KYLE_R @ A1 @ CD @ LNGTWY

cc: MITSLER_E @ A1 @ CD @ LNGTWY

Subject: kennedy mtg

= posted. doc
to Dan T + Bob K

no time yet, but it should be tomorrow. leg reluctantly agreed to do the memo part, and you guys are the substantive part. sounds like we need talking points sometime tonite. call me w/questions.

KRISTEN E. PANERALI

10/29/97 04:08:23 PM

Record Type: Record

To: Eric R. Biel/WHO/EOP, KYLE_R @ A1 @ CD @ LNGTWY

cc: MITSLER_E @ A1 @ CD @ LNGTWY

Subject: Re: Chilean labor information/Kennedy meeting 

i heard the kennedy mtg is happening tomorrow , time tbd. they asked about the memo to the potus. what is the status?



Eric R. Biel
10/29/97 10:52:08 AM

Record Type: Record

To: Susan A. Brophy/WHO/EOP, Michael W. Williams/WHO/EOP, Victoria Radd/WHO/EOP

cc: Kristen E. Panerali/OPD/EOP

Subject: Chilean labor information/Kennedy meeting

FYI--Linda Eddleman has taken a cut at 3-4 Q&A addressing charges about Chile's labor laws and practices. Sen. Kennedy in particular has raised the recent WSJ story as a matter of concern. Linda will be checking with Dan Tarullo on how best to use these responses (if at all). Obviously if the POTUS meeting with Kennedy is rescheduled, I will find a way to incorporate a couple of the key points into the overall talking points for that meeting. Any indication such a meeting is planned for anytime soon?



Eric R. Biel
10/26/97 11:50:55 AM

Record Type: Record

To: Eric R. Biel/WHO/EOP

cc:

Subject: Issues for POTUS meeting with Ted Kennedy

Not on 10/27--to be rescheduled for time TBD; probably 1-on-1 meeting so tailor for that
Input from Dan Tarullo, Susan Brophy, etc. on this--will want to include information on scope of
what pending bills do permit on labor and environment (see general TPs on this); response to his
concerns on Chilean labor system (if asked); general on TAA expansion and other initiatives being
finalized; recognition that still not enough for Gephardt/opponents but focus on what CAN do under
bill and outside fast track legislation itself

BOB GRAHAM
FLORIDA

United States Senate

WASHINGTON, DC 20510-0903
October 23, 1997

COMMITTEES:
FINANCE
ENVIRONMENT AND
PUBLIC WORKS
VETERANS AFFAIRS
SELECT COMMITTEE ON
INTELLIGENCE
ENERGY AND NATURAL
RESOURCES

Mr. Erskine Bowles
Chief of Staff
Executive Office of the President
White House
Washington, D.C. 20500

Dear Erskine:

I am pleased that President Clinton has recently elevated the food safety issue to the national agenda. This is a welcomed development.

I am writing to bring to your attention legislation Senator Craig and I have introduced which goes hand-in-hand with the Administration's overall goal of increasing the safety of food Americans purchase. Our bill, S. 1042, would require agricultural commodities imported into the United States to be labeled as to country of origin at the time of sale to the final consumer.

Giving American consumers the ability to make informed, educated decisions on the food they serve their families is a simple first step in assuring food safety. To illustrate, last year when the Centers for Disease Control (CDC) announced that Americans should avoid raspberries from Guatemala, there was no way for the residents of 49 states to comply with the CDC's directive.

Fortunately, the residents of Florida have had the ability to make informed decisions relative to the produce they buy since 1979. The Florida Statute is a simple, straight-forward model for what S. 1042 would provide all Americans no matter where they live.

I urge you to include our country of origin labeling bill in the food safety initiative the Administration is assembling. Should you or your staff have any questions or need more information please do not hesitate to contact me or Tom Greene or my staff at 224-0734.

Thank you in advance for your consideration of this important consumer information, food safety issue.

With warm regards,

Sincerely,



United States Senator

BG/tag
Enclosure

Eric Bied
HL 370
6/2/97

Don Gleason
Charles
Heller
Gene

*why would
we introduce
this bill
if we
didn't
have
the
legislation
(BGS)*

105TH CONGRESS
1ST SESSION

S. 1042

To require country of origin labeling of perishable agricultural commodities imported into the United States and to establish penalties for violations of the labeling requirements.

IN THE SENATE OF THE UNITED STATES

JULY 21, 1997

Mr. CRAIG (for himself, Mr. GRAHAM, and Mr. JOHNSON) introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

A BILL

To require country of origin labeling of perishable agricultural commodities imported into the United States and to establish penalties for violations of the labeling requirements.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Imported Produce La-
5 beling Act of 1997".

1 **SEC. 2. INDICATION OF COUNTRY OF ORIGIN OF IMPORTED**
2 **PERISHABLE AGRICULTURAL COMMODITIES.**

3 (a) DEFINITIONS.—For purposes of this section, the
4 terms “perishable agricultural commodity” and “retailer”
5 have the meanings given the terms in section 1(b) of the
6 Perishable Agricultural Commodities Act, 1930 (7 U.S.C.
7 499a(b)).

8 (b) NOTICE OF COUNTRY OF ORIGIN REQUIRED.—
9 A retailer of a perishable agricultural commodity imported
10 into the United States shall inform consumers, at the final
11 point of sale of the perishable agricultural commodity to
12 consumers, of the country of origin of the perishable agri-
13 cultural commodity.

14 (c) METHOD OF NOTIFICATION.—

15 (1) IN GENERAL.—The information required by
16 subsection (b) may be provided to consumers by
17 means of a label, stamp, mark, placard, or other
18 clear and visible sign on the imported perishable ag-
19 ricultural commodity or on the package, display,
20 holding unit, or bin containing the commodity at the
21 final point of sale to consumers.

22 (2) LABELED COMMODITIES.—If the imported
23 perishable agricultural commodity is already individ-
24 ually labeled regarding country of origin by the
25 packer, importer, or another person, the retailer

1 shall not be required to provide any additional infor-
2 mation to comply with this section.

3 (d) VIOLATIONS.—If a retailer fails to indicate the
4 country of origin of an imported perishable agricultural
5 commodity as required by subsection (b), the Secretary of
6 Agriculture may impose a monetary penalty on the retailer
7 in an amount not to exceed—

8 (1) \$1,000 for the first day on which the viola-
9 tion occurs; and

10 (2) \$250 for each day on which the same viola-
11 tion continues.

12 (e) DEPOSIT OF FUNDS.—Amounts collected under
13 subsection (d) shall be deposited in the Treasury of the
14 United States as miscellaneous receipts.

15 (f) APPLICATION OF SECTION.—This section shall
16 apply with respect to a perishable agricultural commodity
17 imported into the United States after the end of the 6-
18 month period beginning on the date of the enactment of
19 this section.

SUPPORTER OF S. 1042: THE IMPORTED PRODUCE LABELING ACT

American Agriculture Movement of
Arkansas

American Agriculture Movement/
American Corn Growers Association
Of Illinois

American Farm Bureau Federation

American Corn Growers Association

California Agricultural Commissioners
& Sealers Association

California Citrus Mutual

California Farm Bureau

California Women in Agriculture

Coalition of Labor, Agriculture
and Business

Dade County Farm Bureau

Desert Grape Growers Association

Florida Citrus Mutual

Florida Farmers & Suppliers Coalition

Florida Fruit & Vegetable Association

Florida Tomato Exchange

Georgia Fruit & Vegetable Growers
Association

George Peanut Producers Association

Grower-Shipper Vegetable Association

Grown in the U. S. A.

Indian River Citrus League

International Brotherhood of Teamsters

Made in the U. S. A. Foundation

Michigan Asparagus Advisory
Committee

National Association of Farmer
Committeemen

National Farmers Organization, Iowa

National Farmers Union

National Peach Council

National Onion Association

National Watermelon Council

Riverside County Farm Bureau

South Carolina Tomato Association

Texas Corn Growers Association

U. S. Business & Industrial Council

Western Growers Association

Peter/Sean - Who's doing this

THE WHITE HOUSE
OFFICE OF LEGISLATIVE AFFAIRS
FAX COVER SHEET

NOTE: THE INFORMATION CONTAINED IN THIS FACSIMILE MESSAGE IS
CONFIDENTIAL AND INTENDED FOR THE RECIPIENT ONLY.

DATE: 11-4-97

TO: Eric Bied

FAX: 62223

FROM: CHRISTOPHER WALKER

X **JANELLE ERICKSON**

456-7500 (TEL)

456-6221 (FAX)

RE: This was formally tasked to
USTR for a response. This is
a FYI for you.

PAGE 1 OF 4

If there are any problems with this transmission, please
call (202) 456-7500.

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

October 24, 1997

President Clinton
The White House
Washington, DC 20500

OCT 26 PM 6:23

Dear President Clinton:

As Members of the House of Representatives from New York, we are writing to express our strong opposition to expansion of the Caribbean Basin Initiative to include what is called NAFTA parity.

While expanding NAFTA parity to CBI countries would have a grave effect on apparel workers across the nation, New York workers would be particularly hard hit. Growing imports from the Caribbean and Mexico have cost the U.S. tens of thousands of apparel jobs. In the past two years, more than 150,000 apparel workers have lost their jobs, and another 56,000 are expected to lose their jobs this year. Granting CBI nations still greater access to the American apparel market would cost thousands more jobs, many of them in New York.

Every attack on apparel jobs impacts disproportionately on women and minorities, who make up the largest percentage of the textile and apparel workforce. The jobs lost are often in small, family-owned sewing contracting shops in rural areas and inner cities. The workers and owners typically have few, if any, other employment options once their factories are closed. This is certainly true in New York.

Paradoxically, supporters of expanding NAFTA parity to CBI countries argue that the CBI nations need increased access to the U.S. market in order to counter the competitive advantage Mexico enjoys as a result of NAFTA. NAFTA, however, has not hindered the massive flow of textile and apparel products from the CBI nations. Since NAFTA passed, the Caribbean's share of total apparel imports to the United States has increased from 19 to 23 percent. During 1996, CBI nations shipped an astonishing total of \$6.1 billion worth of textile and apparel products. By contrast, Mexico shipped only \$3.6 billion in textile and apparel products during 1996. Clearly, CBI nations have been quite successful in competing with Mexico even after NAFTA.

Faced with these figures, the Administration spokesman at the recent Ways and Means markup on expanding NAFTA parity to CBI countries could only complain that the rate of growth of imports to the United States from the CBI countries has slowed since

Ocother 24, 1997
Page 2

NAFTA. Surely, workers in New York need not be sacrificed to maintain an ever-increasing rate of growth of imports from another part of the world.

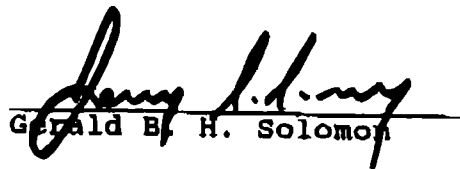
Expanding NAFTA parity to CBI countries will cost U.S. taxpayers more than \$1 billion over 5 years. It is small wonder that the supporters of the measure are presenting the program as a 14-month deal, requiring only 14 months worth of funding. There is no question that they will be back for the remaining \$800 million of taxpayer money as soon as the first installment is used up.

After reviewing the facts about expanding NAFTA parity to CBI countries, we have concluded that the measure represents a huge tax break for a few American corporations moving manufacturing jobs from the U.S. to the Caribbean, that would have a devastating effect on low-paid workers and small businesses in New York and the United States. We urge you to reject NAFTA parity for the Caribbean Basin countries.

Thank you for your consideration of this matter.

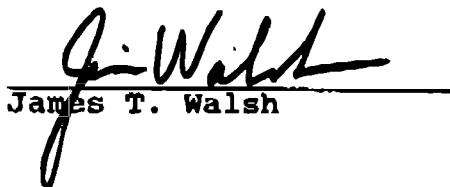
Sincerely,

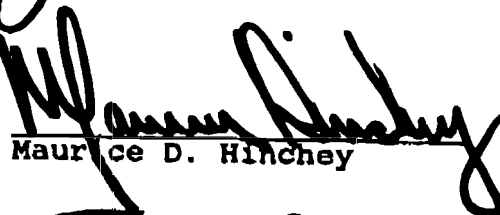

Terrold Nadler

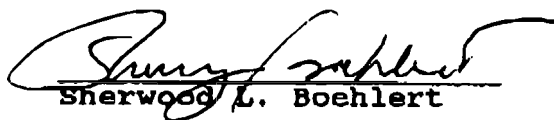

Gerald B. H. Solomon


Michael R. McNulty


Jack Quinn

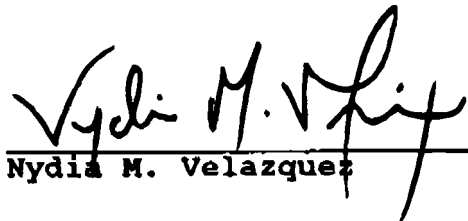

James T. Walsh


Maurice D. Hinchey

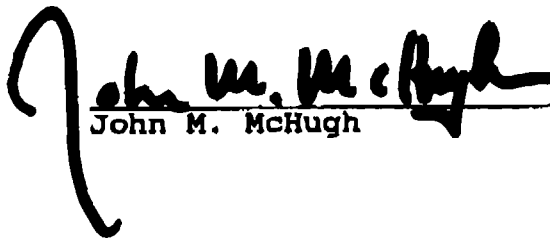

Sherwood L. Boehlert


Thomas J. Manton

October 24, 1997
Page 3


Nydia M. Velazquez


Carolyn B. Maloney


John M. McHugh

CC: Senator Daniel Patrick Moynihan
Senator Alfonse M. D'Amato

THE WHITE HOUSE

WASHINGTON

October 31, 1997

Dear Allen:

Thank you for your gracious note. I believe that American agriculture benefits from trade agreements. Since the North American Free Trade Agreement (NAFTA) was implemented, U.S. agricultural exports to the participating countries have increased from \$8.9 billion in 1993 to a record \$11.6 billion in 1996. In addition, the United States enjoyed an agricultural trade surplus of over \$1 billion with its NAFTA partners in 1996.

Nonetheless, please know that I take your concerns regarding the potential impact upon the agriculture community very seriously. As you know, my Administration negotiated a suspension agreement with Mexico, providing additional safeguards to Florida's tomato producers during an especially difficult 1996 growing season.

I welcome your support for maintaining U.S. economic and political leadership in trade negotiations in order to open markets for U.S. exports, and look forward to working closely with you and America's farmers and ranchers as we negotiate agreements to open foreign markets.

Sincerely,



The Honorable Allen Boyd
House of Representatives
Washington, D.C. 20515



HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

SEP 19 PM 2:09

F. ALLEN BOYD, JR.
SECOND DISTRICT
FLORIDA

September 17, 1997

Dear Mr. President:

I was embarrassed by the behavior of my colleague during the Democratic Caucus meeting yesterday. I am ashamed of the way you were treated and apologize that you were subjected to that type of ill mannered treatment. Your response was very appropriate and I wanted to personally let you know how proud I am to call you "my president."

I appreciate the opportunity to have the meeting in the White House last Friday, Sept. 12. You are right! This debate is not about environmental rules in Chile, or working standards and conditions in Mexico, but it's about jobs in America, keeping our economy growing, and keeping America the world's number one economic power as we move into the 21st century. Unfortunately, NAFTA has created some "winners and losers" in the process, and my constituency, Florida agriculture, has been one of the "losers". I know you recognize that, and have attempted to address that issue in your current "fast track" proposal. We will review your proposal with careful consideration as we move closer to a vote on this very important legislation.

Your record on economic growth speaks for itself. THANKS!

Sincerely,

A handwritten signature in cursive script, appearing to read "Allen".

F. Allen Boyd, Jr.

THE WHITE HOUSE
OFFICE OF LEGISLATIVE AFFAIRS
FAX COVER SHEET

NOTE: THE INFORMATION CONTAINED IN THIS FACSIMILE MESSAGE IS
CONFIDENTIAL AND INTENDED FOR THE RECIPIENT ONLY.

DATE: 11-3-97

TO: Eric Biel

FAX: 62223

FROM: CHRISTOPHER WALKER

X JANELLE ERICKSON

456-7500 (TEL)

456-6221 (FAX)

RE: _____

PAGE 1 OF 3

If there are any problems with this transmission, please
call (202) 456-7500.

Congress of the United States

Washington, DC 20515

October 1, 1997

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

Dear President Clinton:

We are writing to express our concern that the "fast-track" legislation presented to Congress may lead to trade agreements that do not adequately protect the environment or the health and safety of American families.

When you and Vice President Al Gore addressed the House Democratic Caucus on September 16, Vice President Gore stated that the negotiating objectives outlined in the Administration's "fast-track" legislation would include specific references to the environment. Upon reviewing the proposed legislation, we are concerned that the environmental references are inadequate. These references merely seek "to ensure that trade and environmental protection are mutually supportive," and in fact even serve to limit consideration of the environment to "foreign government policies and practices regarding . . . the environment . . . that are directly related to trade . . ." The bill also limits the ability of the U.S. to deal with environmental issues by requiring that negotiations take place through the World Trade Organization.

We feel very strongly that, more than simply making the environment a negotiating objective, "fast-track" should clearly set environmental protection guidelines for all parties involved. It is critical for "fast-track" to require that environmental concerns be directly addressed in negotiated trade agreements, rather than allowing environmental protection to be negotiated separately in unenforceable side agreements that do not adequately protect the environment or the health and safety of American families. To that end, agreements negotiated under "fast-track" should also be required to include enforcement mechanisms that will serve to hold governments to set environmental protection standards.

The inadequacy of the environmental side agreement to NAFTA in its protection of the U.S.-Mexico border environment serves as a disturbing example of the ineffectiveness of environmental side agreements. As a result of this agreement, the number of factories along the already heavily polluted U.S.-Mexico border has increased by 20 percent. Yet little is being done to ensure that these new facilities are complying with environmental standards. As a result, environmental quality and the health and safety of American families are being put at risk by the 44 tons of hazardous waste that are illegally dumped by these border factories every day.

Unfortunately, the environmental problems along the U.S.-Mexico border are just a symptom of the underlying problem: free trade agreements create pressure on neighboring governments to relax environmental regulations in an effort to lure manufacturers across borders, thereby allowing these companies to profit by polluting and abusing natural resources. Rather than entering into trade agreements that directly undermine U.S. efforts on the environment,

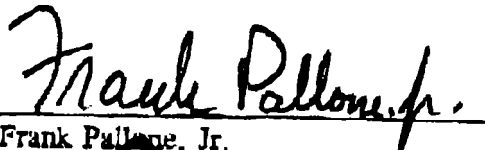
Letter to President Clinton
on Fast Track
Page 2

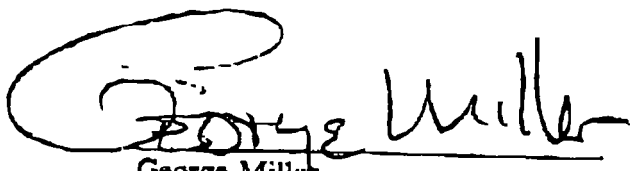
these agreements should establish a level playing field among neighboring countries that requires all parties involved to adequately protect the environment, natural resources, and human health.

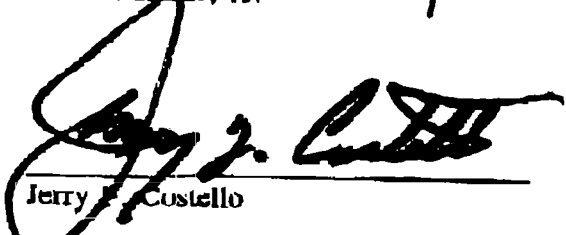
We strongly agree with the two out of three Americans who believe that the environment should be linked to trade agreements. Therefore, we will only support "fast-track" legislation that requires trade agreements to include the necessary safeguards and enforcement mechanisms to adequately protect environmental quality and the health and safety of all American families.

Thank you for your consideration.

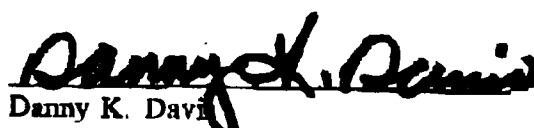
Sincerely,


Frank Pallone, Jr.

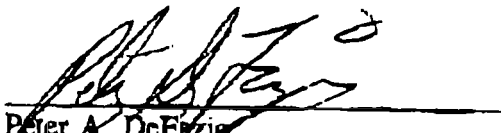

George Miller


Jerry E. Costello


Michael R. McNulty

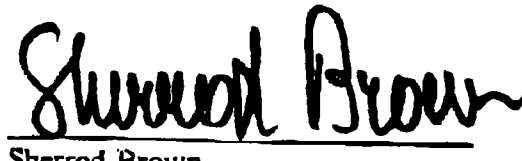

Danny K. Davis

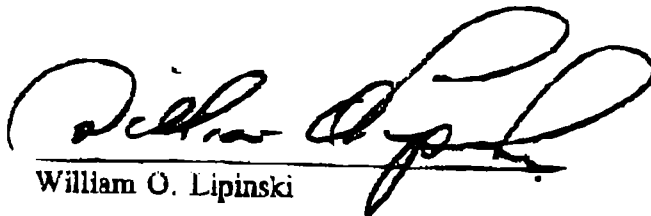

Rosa L. DeLauro

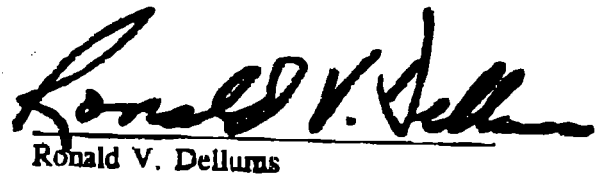

Peter A. DeFazio

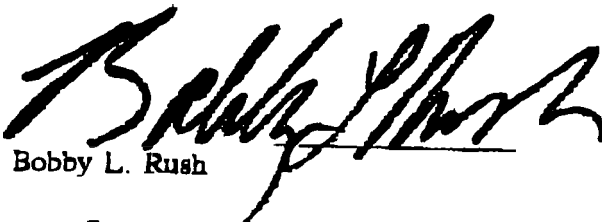

Peter J. Visclosky


Robert E. Andrews

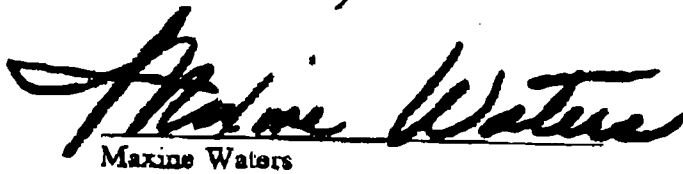

Sherrod Brown

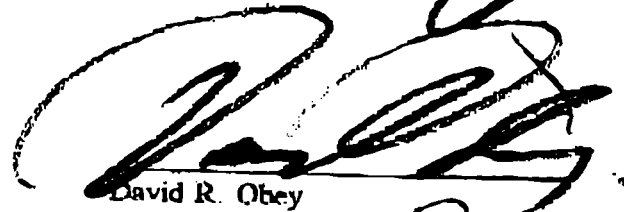

William O. Lipinski


Ronald V. Dellums

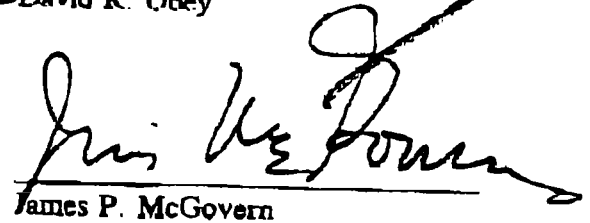

Bobby L. Rush

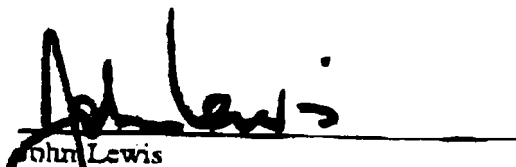

Bill Pascrell, Jr.

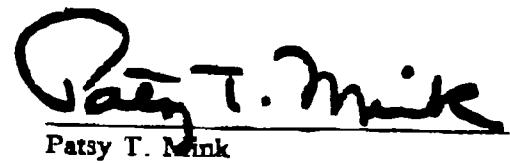

Maxine Waters


David R. Obey

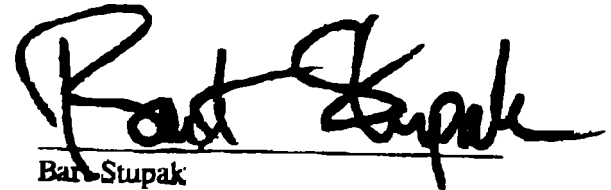

Fortney Pete Stark

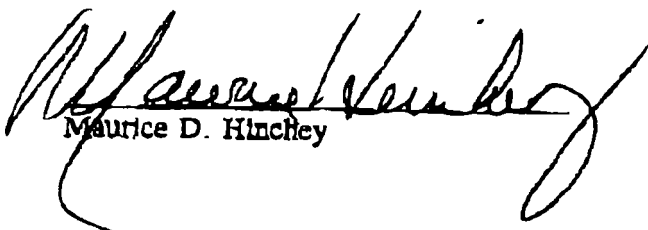

James P. McGovern

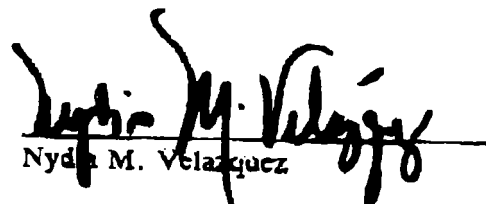

John Lewis


Patsy T. Mink


Robert Wexler


Bart Stupak


Maurice D. Hinchey


Nydia M. Velazquez

Dennis Kucinich
Dennis J. Kucinich

Dale E. Kildee
Dale E. Kildee

Bob Filner
Bob Filner

George E. Brown, Jr.
George E. Brown, Jr.

William D. Delahunt
William D. Delahunt

Marcy Kaptan
Marcy Kaptan

Paul McHale
Paul McHale

David E. Bonior
David E. Bonior

Thomas H. Allen
Thomas H. Allen

John Joseph Moakley
John Joseph Moakley

Ron Klink
Ron Klink

Melvin L. Watt
Melvin L. Watt

Patrick J. Kennedy
Patrick J. Kennedy

Walter H. Capps
Walter H. Capps

Elizabeth Furse
Elizabeth Furse

Bill Pascoe

Glenn Poshard
Glenn Poshard

Donna Christian-Green
Donna Christian-Green

Lynn Woolsey
Lynn Woolsey

Steven Rothman
Steven Rothman

Frederick W. W. W.

Jerold Nadler
Jerold Nadler

Bernard Sanders
Bernard Sanders

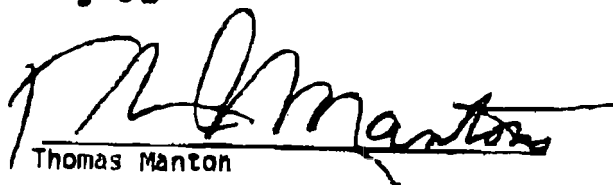
Thomas Barrett
Thomas Barrett

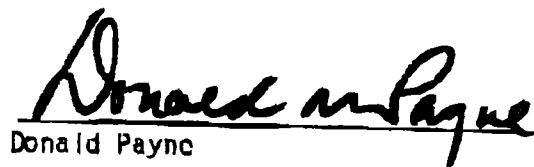
Henry Waxman
Henry Waxman

Albert Wynn
Albert Wynn

Ted Strickland
Ted Strickland

Letter to President Clinton
on Fast Track
Page 66


Thomas Manton


Donald Payne

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
OFFICE OF CONGRESSIONAL AFFAIRS
600 17TH STREET, N.W.
WASHINGTON, DC 20508

DATE: 10/28

NUMBER OF PAGES EXCLUDING COVER: 2

NAME

AGENCY

PHONE

FAX

Eric

62223

FROM: Erin Ennis
Congressional Affairs Specialist

PHONE: (202) 395-6951

FAX: (202) 395-4656

SUBJECT: Dorgan Dear Colleague

COMMENTS: Bob asked for y'all's input
on drafting a response to this
you can reach me at 54619,
or Bob at 59494.

- Eric spoke w/ Bob N - who agreed
that no response to Dorgan is
needed.

BYRON L DORGAN
NORTH DAKOTA
111 EAST BUILDING
WASHINGTON, DC 20510-3405
701-226-7901
701-226-8710

COMMITTEE
ADMINISTRATIVE
COMMERCE, SCIENCE & TECHNOLOGY
ENERGY & NATURAL RESOURCES
HUMAN AFFAIRS
ASSISTANT DEMOCRATIC CLERK

United States Senate

WASHINGTON, DC 20510-3405

October 20, 1997

STATE OFFICE:

312 FEDERAL BUILDING
THIRD AND ROSSER AVENUE
P.O. BOX 2878
BISMARCK, ND 58502
701-226-4818
1-800-466-4482 TOLL-FREE

112 ROBERTS STREET, ROOM 110
P.O. BOX 7260
FARGO, ND 58107
701-226-5289

101 NORTH 4TH STREET, ROOM 108
GRAND FORGE, ND 58201
701-746-8372

100 1ST STREET, S.W., ROOM 105
MINOT, ND 58701
701-852-0703

Dear Colleague:

Do our current trade policies, formed in the post-World War II era when the United States dominated world trade and trade took a back seat to foreign policy, meet the challenges of today's global economy? Before Congress can properly address the question of renewing fast-track authority, we should debate the goals and effectiveness of our current trade policies.

The vast majority of Americans understand that our current trade policies are not working. They are rightfully concerned that our nation has been getting the short end of the stick in our trade relationships. They don't believe that fast track will put this nation on the right trade track.

The American public has the good sense to know that it will take more than a few cosmetic changes and a set of new promises to get our trade policies working on their behalf. The bottom line is that our nation's trade policies need a major overhaul together with fundamental design changes.

While this nation has opened its doors to trade, we still do not have reciprocal market access with most of our major trading partners. The annual trade barriers report compiled by the Office of the U.S. Trade Representative documents that there are persistent, longstanding trade barriers to American manufactured goods, agricultural commodities, and services.

Despite hundreds of trade agreements in recent years, there has been little real progress toward full reciprocity in trade, leaving this nation with abiding, structural trade deficits that continue to establish new records year after year. The legacy of past fast track agreements has been a mushrooming trade deficit. NAFTA and the GATT Uruguay Round are the latest examples.

Rather than fixing the underlying systemic problems in our nation trade policies, our trade officials seem to be in a never-ending rush to achieve new agreements. Yet, we don't even have a good handle on the agreements that we have signed, not to mention how we ensure compliance with them.

Under current U.S. trade policies, we are either not enforcing the deals we make or we are making deals that don't serve our nation's real economic interests. Too often, between our bilateral and multilateral agreements we paint ourselves into a corner with the result that American farmers, businesses, and workers are left holding an empty bag of unkept promises.

Pg. 2, Dear Colleague: fast track

Our nation is suffering from the logical consequences of fast track which is defined by Webster as "a building method in which construction begins even before plans and designs are completed."

When the Senate takes up the fast-track bill, one of the amendments that I will be offering will provide for a new plan and design for our nation's trade policies. Such a trade policy for the 21st Century must:

- End chronic, escalating trade deficits by increasing U.S. net exports.
- Result in real growth in the U.S. economy, provide more and better jobs, and improve living standards.
- Provide performance standards for trade agreements together with enforcement to ensure full reciprocity in market access, the lowering of tariffs, and the reduction of export subsidies.
- Include adjustment mechanisms to prevent currency exchange rate fluctuations or manipulation from distorting trade flows or voiding tariff reductions.
- Maintain and strengthen U.S. defense and security capabilities.

I urge you to join me in the effort to put America's trade policies on the right track before we take another ride on the fast track. Thank you.

Sincerely,



Byron L. Dorgan
U.S. Senator

MICHAEL C. DOLEY, OHIO
 MICHAEL BLUMEN, FLORIDA
 DAN SCHAEFER, COLORADO
 JOE BARTON, TEXAS
 J. GERRARD HARTLEY, ILLINOIS
 FRED UPTON, MICHIGAN
 CLYDE STANTON, FLORIDA
 GILL PATTON, NEW YORK
 PAUL L. CELLER, OHIO
 SCOTT L. KLUG, WISCONSIN
 JAMES C. GREGORY, PENNSYLVANIA
 MICHAEL D. CAHILL, IDAHO
 CHRISTOPHER COX, CALIFORNIA
 NATHAN DEAN, GEORGIA
 STEVE LARGENT, OKLAHOMA
 RICHARD BURN, NORTH CAROLINA
 BRIAN F. BLUMAY, CALIFORNIA
 ED WHITFIELD, KENTUCKY
 GREG GANDE, IOWA
 CHARLIE NORMAN, ILLINOIS
 RICK WHITE, WASHINGTON
 TOM COLEMAN, OKLAHOMA
 RICK LINDO, NEW YORK
 BARBARA CLARK, WYOMING
 JAMES E. ROSS, CALIFORNIA
 JOHN SHUMAKER, ILLINOIS

JOHN D. DINGELL, MICHIGAN
 HENRY A. WAXMAN, CALIFORNIA
 EDWARD J. MARKEY, MASSACHUSETTS
 RALPH M. HALL, TEXAS
 STEVE SCHAEFER, VIRGINIA
 THOMAS J. MANTON, NEW YORK
 EDWIN J. TOLSON, NEW YORK
 FRANK PALLONE, JR., NEW JERSEY
 BERNARD BROWN, OHIO
 GARY GORDON, TENNESSEE
 ELIZABETH FURBER, OREGON
 PETER DEUTCH, FLORIDA
 BOBBY L. RUSH, ILLINOIS
 ANNA C. ESHOU, CALIFORNIA
 RON KLING, PENNSYLVANIA
 BART STUPAK, MICHIGAN
 EUGENE L. SPILL, NEW YORK
 THOMAS C. BARNETT, OHIO
 ALBERT R. WYNN, MARYLAND
 GENE GREEN, TEXAS
 SARA McCLINTOCK, MISSOURI
 TEB STRICKLAND, OHIO
 MARY BUCKLEY, COLORADO

JAMES E. BERGERMAN, CHIEF OF STAFF

U.S. House of Representatives
Committee on Commerce
 Room 2123, Rayburn House Office Building
 Washington, DC 20515-6115

November 5, 1997

SUPPORT H.R. 2621
FAST TRACK TO PROSPERITY IN A COMPETITIVE WORLD

Dear Colleagues:

As the United States wrestles with the question of renewing fast-track, the world is proceeding full speed ahead with trade liberalization. Earlier this year, I led a Congressional delegation to South America. The trip gave our delegation a first-hand impression of how America's competitive advantage in the region is being lost daily to the European Union and the East Asian nations as we delay passing fast-track. U.S. companies, the most productive in the world, stand to gain the most from greater trade liberalization. As the world continues economic integration and liberalization, the United States must decide whether we will embrace the process to the benefit of our workers and consumers, or let fear of a changing global landscape deny our people the benefits of free trade.

During the next decade, the global economy is expected to grow at twice the rate of the U.S. economy, while economic growth in Asia and Latin America is expected to be at least three times as great as economic growth in the United States. The United States cannot afford to be shut out from this global expansion of trade. Fast-track authority would enable the United States to be present at trade negotiating tables around the world. Furthermore, fast-track negotiating authority would maximize U.S. access to global markets, expand U.S. exports and investments overseas, and sustain the performance of our economy at home.

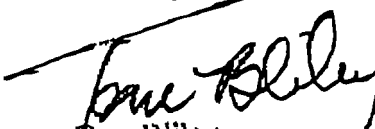
The international community has taken advantage of U.S. indecision on fast-track to improve their own access to the world's most dynamic economies. Indeed, our trading partners have negotiated more than one hundred market-opening trade agreements since the expiration of fast-track authority in 1994. Fast-track authority will result in more jobs for Americans, with better wages and benefits. Export-related jobs pay more on average than those that produce for the U.S. market alone. Without fast-track, other nations will continue to enter into new agreements that strengthen their economies, to the exclusion of U.S. competitors.

On Friday, November 7, the House is scheduled to vote on H.R. 2621, the "Reciprocal Trade Agreement Authorities Act of 1997," introduced last month by Representative Archer. This bill extends to the President fast-track authority until October 1, 2001 (with an extension until October 1, 2005, if Congress does not disapprove) to negotiate trade agreements that require Congressional approval. Representative Archer's bill provides fast-track authority only for such agreements covering matters that are directly related to trade, while preserving the Congress' constitutional prerogatives. Most importantly, the bill ensures consultation between the Congress and the President before, during, and after negotiations. The bill also focuses trade negotiations on those industries where the United States is the most competitive, including services, agriculture and manufacturing.

Fast-track was originally created for the limited purpose of preserving the constitutional responsibility of the Congress to "regulate Commerce with foreign Nations." The Commerce Committee is charged with jurisdiction over interstate and foreign commerce, and shares jurisdiction over trade matters. As Chairman of the Commerce Committee, I have followed this issue closely for the last several months. I support renewal of fast-track authority. *Without a doubt, this authority is essential to securing new trade agreements that benefit U.S. workers, businesses and consumers.*

The right course is to vote in favor of H.R. 2621. I urge each Member of this Committee to vote in favor of Chairman Archer's bill, which is of sufficient breadth and duration to give Americans the opportunity to receive the full benefits of free and fair trade.

Sincerely,


Tom Bliley
Chairman